



新天绿色能源股份有限公司

China Suntien Green Energy Corporation Limited*

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

Stock Code : 00956.HK 600956.SH



Annual Report

2022

**For identification purpose only*

IMPORTANT NOTICE

- I. THE BOARD OF DIRECTORS (THE "BOARD"), THE BOARD OF SUPERVISORS AND THE DIRECTORS (THE "DIRECTORS"), SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY CONFIRM THAT THE INFORMATION CONTAINED IN THIS ANNUAL REPORT IS TRUE, ACCURATE, AND COMPLETE WITHOUT ANY FALSE AND MISLEADING STATEMENTS OR MATERIAL OMISSIONS, AND SEVERALLY AND JOINTLY ACCEPT LEGAL RESPONSIBILITY FOR THE ABOVE.
- II. ALL DIRECTORS OF THE COMPANY ATTENDED THE BOARD MEETING.
- III. ERNST & YOUNG HUA MING LLP HAS ISSUED AN AUDITORS' REPORT WITH STANDARD UNQUALIFIED OPINIONS FOR THE COMPANY.
- IV. DR. CAO XIN, THE PERSON IN CHARGE OF THE COMPANY, MS. FAN WEI HONG, THE PERSON IN CHARGE OF ACCOUNTING AND MR. YANG ZHAN QING, THE HEAD OF THE ACCOUNTING DEPARTMENT (ACCOUNTING IN CHARGE), WARRANT THE TRUTHFULNESS, ACCURACY AND COMPLETENESS OF THE FINANCIAL STATEMENTS SET OUT IN THE ANNUAL REPORT.

- V. PROFIT DISTRIBUTION PROPOSAL OR PROPOSAL FOR TRANSFER OF CAPITAL RESERVE TO THE SHARE CAPITAL FOR THE REPORTING PERIOD RESOLVED AND APPROVED BY THE BOARD

In 2022, the Company's net profit attributable to shareholders of the parent company was RMB2,294,116,322.38 and undistributed profits were RMB7,823,373,780.42 as presented in the audited consolidated statements. The Company proposes to distribute a cash dividend of RMB1.93 (tax inclusive) for every 10 shares, and based on the total number of issued shares of the Company on the date of the Board meeting at which the 2022 profit distribution proposal was approved, being 4,187,093,073 shares, the total cash dividend will amount to RMB808,108,963.09 (tax inclusive). The balance of the undistributed profits of the Company will be carried forward to the next year. The total cash dividend proposed in the plan accounts for 35.23% of the net profit attributable to shareholders of the parent company in the Company's consolidated statements for 2022.

Should there be any change to the total share capital of the Company before the date of equity registration for the implementation of the interest distribution, the Company intends to keep the total distribution amount unchanged and make corresponding adjustment to the distribution amount per share and will make further announcement on the particulars of the adjustment.

- VI. STATEMENT FOR RISKS INVOLVED IN THE FORWARD-LOOKING STATEMENTS

Forward looking statements, including development strategies and future business plans, contained in this report do not constitute a real commitment to investors by the Company. Investors should understand the difference between plans, forecasts and commitment, and be aware of the investment risks.

- VII. IS THERE ANY MISAPPROPRIATION OF NON-OPERATING FUNDS BY THE CONTROLLING SHAREHOLDER(S) AND OTHER RELATED PARTIES?

No

- VIII. IS THERE ANY EXTERNAL GUARANTEE MADE IN VIOLATION OF THE REQUIRED DECISION-MAKING PROCEDURES?

No

- IX. IS THERE A CIRCUMSTANCE WHERE MORE THAN HALF OF THE DIRECTORS CANNOT WARRANT THE TRUTHFULNESS, ACCURACY AND COMPLETENESS OF THE ANNUAL REPORT DISCLOSED BY THE COMPANY

No

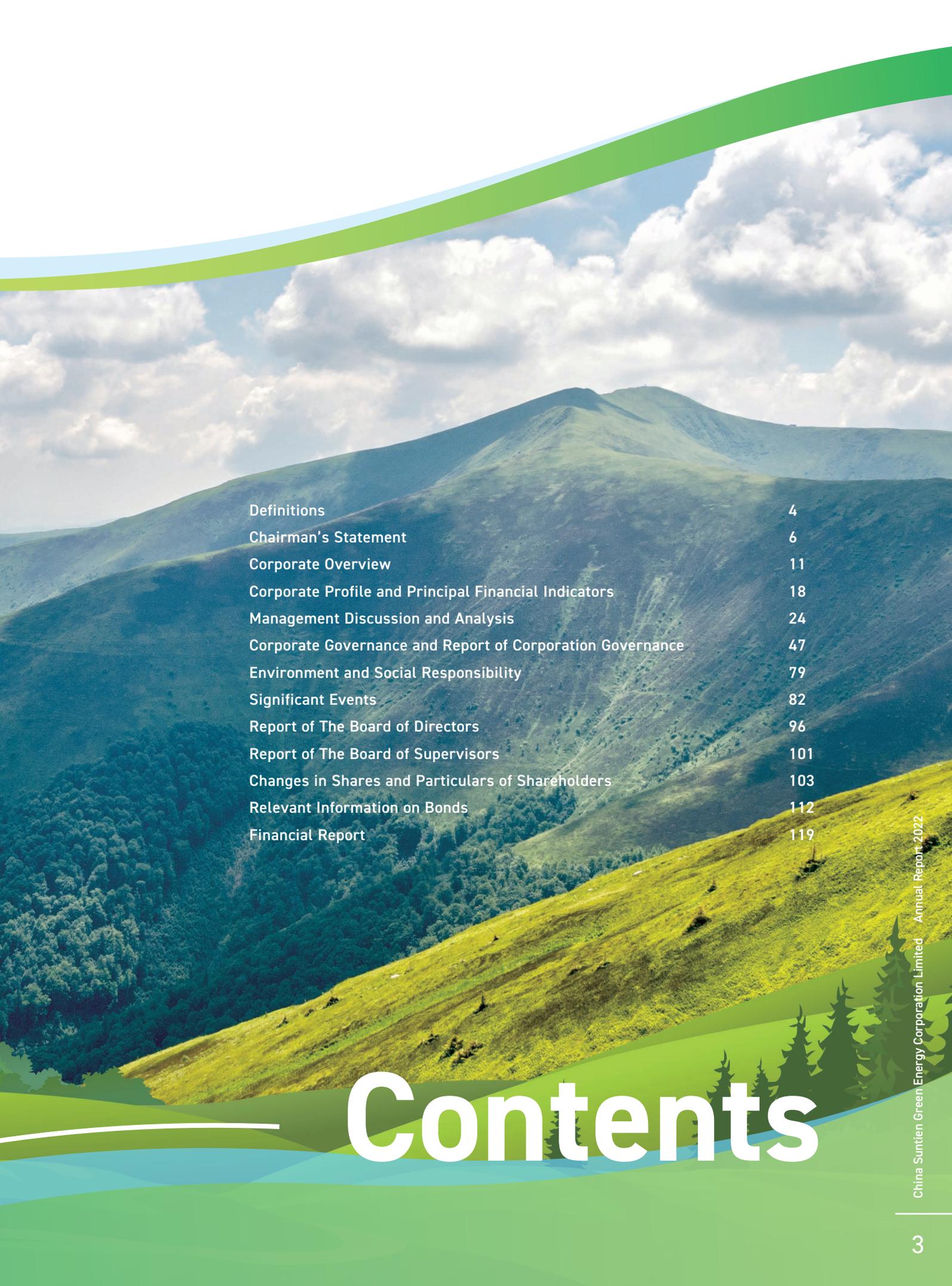
- X. WARNING OF MAJOR RISKS

The Company has described in detail the potential relevant risks and countermeasures in this report. Investors are reminded to read the description of risks faced by the Company set out in relevant sections including the "Management Discussion and Analysis" of this report.

- XI. OTHERS

Applicable Not applicable





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DEFINITIONS

I. DEFINITIONS

In this report, unless the context otherwise requires, the expressions stated below have the following meanings:

Definitions of frequently-used terms

"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)
"Company"	China Suntien Green Energy Corporation Limited (新天綠色能源股份有限公司)
"Group"	the Company and its wholly-owned and controlled subsidiaries
"Financial Statements"	the audited financial statements for the year ended 31 December 2022
"consolidated gross power generation"	the gross power generation of the project companies that the Group fully consolidates in its consolidated Financial Statements. For a specified period, the gross power generation of a power plant in that period includes net power delivered to grid, auxiliary electricity and electricity generated during the construction and testing period
"consolidated installed capacity"	the aggregate installed capacity or operating capacity (as the case may be) of the project companies that the Group fully consolidates in its consolidated Financial Statements. This is calculated by including 100% of the installed capacity or operating capacity of the project companies that the Group fully consolidates in its consolidated Financial Statements and are deemed as its subsidiaries. Consolidated installed capacity and consolidated operating capacity do not include the capacity of the Group's associated companies
"gross power generation"	for a specified period, the total amount of electricity produced by a power plant in that period, including net power delivered to grid, auxiliary electricity and electricity generated during the construction and testing period
"GW"	unit of power, 1 GW = 1,000 MW
"GWh"	unit of energy, gigawatt-hour. 1 GWh = 1 million kWh. GWh is typically used for measurement of the annual power production of a large wind farm
"HECIC"	Hebei Construction & Investment Group Co., Ltd. (河北建設投資集團有限責任公司), a state-owned enterprise established in the PRC and the controlling shareholder of the Company, which is primarily engaged in the investment in and development of projects in the foundation, infrastructures and provincial pillar industries, such as energy, transportation, water supply and commercial real estates
"Group Finance Company"	HECIC Group Finance Company Limited (河北建投集團財務有限公司), a limited liability company incorporated in the PRC, a non-banking financial institution under the supervision of the People's Bank of China and the CBIRC, and a non-wholly owned subsidiary of HECIC
"HECIC Water"	HECIC Water Investment Co., Ltd. (河北建投水務投資有限公司), a subsidiary of HECIC incorporated in the PRC and one of the promoters of the Company
"HECIC Communications"	HECIC Communications Investment Co., Ltd. (河北建投交通投資有限責任公司), a subsidiary of HECIC incorporated in the PRC
"JEI"	Jointo Energy Investment Co., Ltd. Hebei (河北建投能源投資股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 000600), controlled by HECIC, and formerly known as Shijiazhuang International Building (Group) Co., Ltd. (石家莊國際大廈(集團)股份有限公司)
"Caofeidian Company"	Caofeidian Suntien Liquefied Natural Gas Co., Ltd. (曹妃甸新天液化天然氣有限公司), a limited liability company incorporated in the PRC on 22 March 2018 and a subsidiary of the Company
"HK\$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited

DEFINITIONS

"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
"Hebei Natural Gas"	Hebei Natural Gas Company Ltd.(河北省天然氣有限責任公司), a non-wholly-owned subsidiary of the Company
"HECIC New Energy"	HECIC New Energy Co., Ltd. (河北建投新能源有限公司), a wholly-owned subsidiary of the Company
"HCIG Huineng"	HCIG Huineng New Energy Co., Ltd. (河北建投匯能新能源有限責任公司), a wholly-owned subsidiary of the Company
"Fengning Pumped Storage Company"	Hebei Fengning Pumped Storage Co., Ltd. (河北豐寧抽水蓄能有限公司), a 20% owned investee of the Company
"CISF"	Hebei Construction & Investment State Financing Energy Services Ltd. (河北建投國融能源服務有限公司), a non-wholly-owned subsidiary of JEI
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"A Share Listing Rules"	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
"LNG"	liquefied natural gas
"CNG"	compressed natural gas
"MW"	unit of power, megawatt. 1 MW = 1,000 kW. The installed capacity of power plants is generally expressed in MW
"MWh"	unit of energy, megawatt-hour. 1 MWh = 1,000 kWh
"National Energy Administration"	National Energy Administration of the People's Republic of China (中華人民共和國國家能源局)
"NDRC"	National Development and Reform Commission of the People's Republic of China (中華人民共和國國家發展和改革委員會)
"operating capacity"	the capacity of the wind turbines that have been connected to power grids and started generating electricity
"projects under construction"	projects for which the project company has received approval, detailed engineering and construction blueprints have been completed, and the construction work on the roads, foundations or electrical infrastructure has commenced
"Reporting Period"	the fiscal period from 1 January 2022 to 31 December 2022
"RMB" or "RMB'000" or "RMB'0,000" or "RMB'00 million"	Renminbi or Renminbi thousand or Renminbi ten thousand or Renminbi hundred million
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
"SSE"	the Shanghai Stock Exchange
"CSRC"	China Securities Regulatory Commission
"A shares"	the domestic listed RMB ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the main board of the SSE
"H shares"	the Hong Kong listed HKD ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the main board of the Hong Kong Stock Exchange



Chairman's statement

Dear Shareholders,

The year 2022 marked a milestone in the history of the CPC and our country. The 20th National Congress of the Communist Party of China (CPC), a nationally and internationally notable event, depicted the grand blueprint for building a modern socialist country in an all-round way and promoting the great rejuvenation of the Chinese nation. It also indicated the direction we will be heading towards and offered fundamental guidance for our future initiatives. The year was also of significance in the development history of the Company. The Company made the utmost effort in respect of development, risk prevention, safety and stability, thus creating the healthy and positive development conditions, a harmonious and stable in-house environment, as well as a clean and upbeat political ecology, and delivering prominent results featuring “acting amid difficulties, accomplishing goals with continued efforts and progressing while ensuring stability”.



I. VALUABLE AND OUTSTANDING RESULTS AMID HARSH CONDITIONS

Over the past year, we pulled together to overcome difficulties and successfully improved various comprehensive indicators. As at the end of 2022, the Company recorded the consolidated total assets of RMB77.409 billion, operating revenue of RMB18.561 billion, total profit of RMB3.295 billion, net profit of RMB2.819 billion and net profit attributable to shareholders of the parent company of RMB2.294 billion. The wind and photovoltaic power generation business of the Group recorded the power generation of 14.198 billion kWh, representing an increase of 4.13% as compared with the previous year, and the sales volume of electricity of 13.871 billion kWh, representing an increase of 4.27% year on year. Its natural gas business recorded a total transmission volume of 4.501 billion cubic meters, representing an increase of 8.27% as compared with the previous year, and a sales volume of gas of 3.885 billion cubic meters, representing an increase of 2.01% as compared with the previous year.

Last year, we further enhanced our corporate governance through joint efforts. The Company was listed in a number of rankings in the “Wind ESG Best Practice Rating of Listed Companies 2022”, and was rated the highest tier Grade A (Excellent) in the 2021-2022 information disclosure evaluation by the Shanghai Stock Exchange. It was also awarded the “Best Practice Case of Office of Board of Directors of Public Companies 2022” (2022年度上市公司董辦最佳實踐案例) by China Association for Public Companies, and won the Fifth New Fortune Best Investor Relations Hong Kong-listed Company (A+H shares) award. Such awards and recognitions demonstrated the Company's good development in standardized governance.



CHAIRMAN'S STATEMENT



Last year, we made concerted efforts to gain a growing momentum. The newly approved (registered) capacity of wind and photovoltaic power was 1.09 million kW, including 0.77 million kW of wind power and 0.32 million kW of photovoltaic power. In the 2022 annual declaration of new energy indicators organized by Hebei Province, the total declared capacity of onshore wind and photovoltaic power of the Company was 2.06 million kW. We also continued to expand high-quality terminal urban gas projects, and completed the acquisition of the projects including Gaocheng Jiecheng (藁城捷誠), Shijiazhuang Xinao Urban Gas (石家莊新奧城市燃氣), as part of our efforts to speed up deployment in the downstream urban gas markets.

Last year, we worked together and made satisfactory progress in projects. Our Fengning Waigoumen Wind and photostatic Power Complementation Phase I Project and Hunan Passage Phase II were connected to the grid for power generation; the “Jingshihan” Dual Track Project (“京石邯”復線項目) was put into trial operation. The Centra Hebei Pipeline Network Phase IV Project (冀中管網四期工程), Qinhuangdao-Fengnan Gas Pipeline Project (秦皇島-豐南沿海輸氣管道工程), and the South Baoding Connection Line Project of Sinopec Erdos-Anping-Cangzhou Gas Pipeline and Beijing-Handan Pipeline (鄂安滄與京邯線保定南部聯絡線項目) were on track smoothly. The Tangshan LNG Project Phase I Project (唐山 LNG 項目一階段工程), the outbound pipeline (Caofeidian-Baodi Section) and the outbound pipeline (Baodi-Yongqing Section) projects were substantially completed.

Last year, we worked together to overcome difficulties and delivered remarkable performance in innovation management. “Key Technologies and Application Demonstration of Large-scale Coupled Hydrogen Production from Renewable Energy Sources” (大規模可再生能源耦合制氫關鍵技術及應用示範), a Key Research and Development Program of Hebei Province, passed the second annual evaluation. The national-level innovation platform “National Energy Hydrogen and Renewable Energy Collaborative Technology Research and Development Center” has passed the preliminary examination by the National Energy Administration, ranking first in terms of comprehensive ratings, and is subject to the review process. The project of “Key Technology of Wind Turbine Generator/Field Cluster Frequency Modulation Control and its Large-scale Application” won the first prize in Science and Technology Progress Award organized by China Electrotechnical Institute and the second prize in Science and Technology Progress Award of Hebei Province.

II. A LONG JOURNEY WITH A GLORIOUS MISSION

Currently, both the domestic and overseas landscapes and industry competition is complex and changing.

From the perspective of the international landscape, the great change of the world not seen in a century is evolving acceleratedly. Under this background, the world economic growth has slowed down. In particular, the ongoing Russia-Ukraine conflict had a material impact on the energy security of China, and increased the energy costs. Due to the combined effects of unexpected domestic and foreign factors, Chinese economy is also under great downward pressure.

CHAIRMAN'S STATEMENT

From the perspective of industry development, despite the constantly improving technology and the profound changes to the business model of the new energy industry, we still see a variety of problems, including heavy reliance on policies, mismatch between the construction of power transmission passages and development speed of new energy projects, unbalanced development of onshore, offshore projects and the projects across the photovoltaic industry, supporting facilities and change of land use policies of new energy projects etc. The market-oriented reform of the natural gas industry has entered a new stage, but while promoting the reform, the optimization of the market price mechanism and the systematization of pipeline transmission and storage need to be further accelerated, and the distinct complexity and the potential safety hazards of local pipeline network need to be resolved.

However, there must be opportunities amid crisis, and spring will come after the cold winter. As a pioneer in the clean energy industry, we are now well positioned to make breakthroughs in building on existing progress. To achieve the excellence, strength and expansion in all aspects and fields of the development of Suntien, we must embed the national strategy of "double carbon" goal into our business, seize the opportunity of the reform of the national oil and gas pipeline network, and vigorous development of new energy, striving to play a leading role in building Hebei into a leading province in terms of new energy through multi-energy complementary integration, large base, as well as centralized and distributed energy development modes and others.

III. TAKING ON THE GREAT AND ARDUOUS MISSION AND DELIVERING BEST RESULT AFTER HARD WORK

Looking forward, firstly, we should mainly act in line with the major decisions and deployments made at the 20th National Congress of the CPC, while ensuring the delivery of the expected investment earnings of our projects, and striving to accelerate the Tangshan LNG project, the offshore wind power projects, key pipeline projects and big passage and big base projects to explore the downstream natural gas markets continuously; secondly, we should continuously improve the efficiency of talent recruitment, training and use, optimize and improve the Company's talent fostering mechanism of the innovation platforms, and accelerate the building of "digital Suntien" centered on digital and intelligent management; thirdly, we should fully leverage on the concept of "double carbon" and the allocation demands of financial institutions for green financial products, to strive to reduce the debt-to-asset ratio and financial costs; fourthly, we should continue to track and solve early warning risk points, and improve the Company's capabilities in risk prevention and dealing with emergencies.

We will maintain our passion and motivation, boost our morale, and make unswerving and concerted efforts to draw the largest "concentric circle" for the strategy of establishing the leading position of Hebei province in respect of new energy under China's modernization campaign.

Shijiazhuang, 23 March 2023



Cao Xin
Chairman



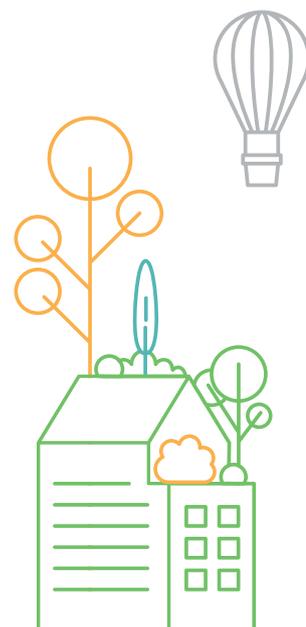
Corporate Overview

China Suntien Green Energy Corporation Limited was established on 9 February 2010 by HECIC and HECIC Water, and was listed on the Main Board of the Hong Kong Stock Exchange and SSE on 13 October 2010 and 29 June 2020 respectively.

The Group is primarily engaged in the exploration and utilization of new energy and clean energy by operating the wind power business, photovoltaic business and the natural gas business.

The Group is engaged in the planning, development and operation of wind farms and photovoltaic power stations as well as the sale of electricity. The Group owns wind power/photovoltaic projects in Hebei, Shanxi, Xinjiang, Shandong, Yunnan and Inner Mongolia, etc. Based in Hebei, the Group has invested and developed wind power and photovoltaic projects across the country, and has actively sought suitable investment projects overseas. As at 31 December 2022, the Group had a total wind power consolidated installed capacity of 5,811.85 MW, an installed capacity under management of 6,072.45 MW, as well as an attributable installed capacity of 5,482.49 MW; in 2022, its wind power generation reached 14,031 million kWh with 2,485 utilization hours. The Group had a photovoltaic consolidated installed capacity of 126.12 MW, an installed capacity under management of 296.12 MW, as well as an attributable installed capacity of 202.58 MW; in 2022, its photovoltaic power generation was 167 million kWh with 1,404 utilization hours.

The Group possesses and operates natural gas transmission and ancillary facilities in Hebei province, and sells natural gas through natural gas distribution channels. As at 31 December 2022, the Group owned 9 long-distance natural gas transmission pipelines, 21 high-pressure branch pipelines, 32 urban gas projects, 31 distribution stations, 19 gate stations, 6 CNG primary filling stations, 3 CNG secondary filling stations, 3 LNG filling (refilling) station, and 2 L-CNG joint filling stations. In 2022, the Group recorded a natural gas transmission volume of 4,501 million cubic meters and a sales volume of 3,885million cubic meters.



CORPORATE OVERVIEW

I. SUMMARY OF THE CONSOLIDATED WIND POWER PROJECTS OF THE GROUP

1. Summary of the consolidated wind power projects of the Group

By region	Installed capacity (MW)
Northern China (Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia)	4,714.55
Eastern China (Shanghai, Shandong, Jiangsu, Anhui, Zhejiang, Fujian, Jiangxi)	270.6
Northwestern China (Shaanxi, Ningxia, Xinjiang, Qinghai, Gansu)	243.5
Southwestern China (Sichuan, Yunnan, Chongqing, Guizhou, Tibet)	193.6
Central China (Henan, Hubei, Hunan)	156.2
Southern China (Guangdong, Guangxi, Hainan)	100
Northeastern China (Liaoning, Jilin, Heilongjiang)	133.4
Total	5,811.85

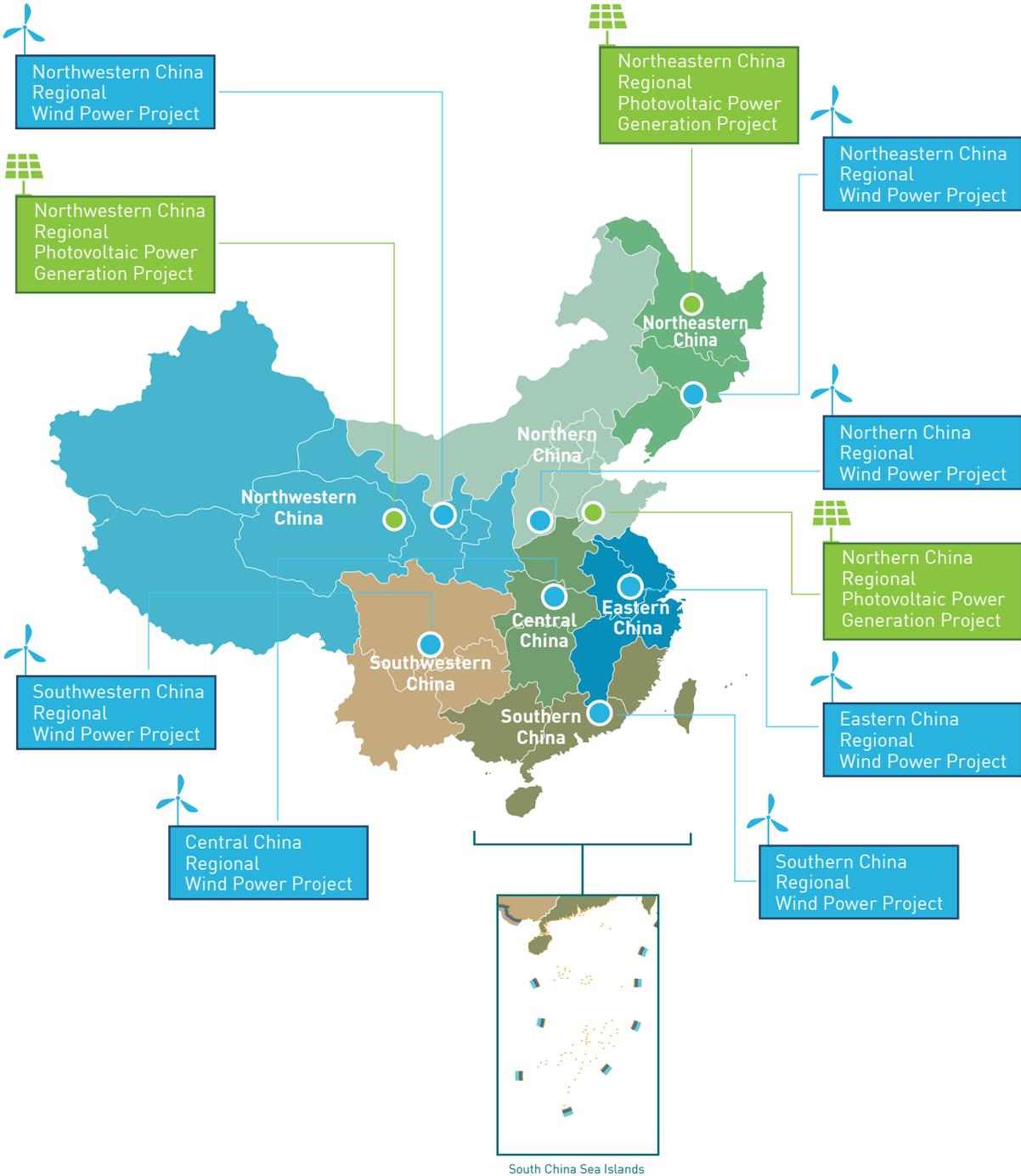
Note: 1. Wind farms in which the Group has shareholding have an installed capacity of 247.5 MW; 2. The wind farms managed and operated by the Group have an installed capacity of 260.6 MW.

2. Summary of the consolidated photovoltaic power projects of the Group

By region	Installed capacity (MW)
Northeastern China (Liaoning, Jilin, Heilongjiang)	50
Northern China (Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia)	56.12
Northwestern China (Shaanxi, Ningxia, Xinjiang, Qinghai, Gansu)	20
Total	126.12

Note: The photovoltaic power generation projects managed and operated by the Group have an installed capacity of 170 MW.

II. DISTRIBUTION OF THE WIND AND PHOTOVOLTAIC POWER PROJECTS OF THE GROUP



CORPORATE OVERVIEW

III. SUMMARY OF THE MAJOR NATURAL GAS PROJECTS OF THE GROUP

Project type	Project location	Ownership held by Hebei Natural Gas	Project summary
Long-distance transmission pipeline	Zhuozhou City to Handan City ¹	100%	Transmits natural gas from the Group's natural gas suppliers to the Group's various branch pipelines and city gas pipeline networks
	Gaoyi County to Qinghe County ²	100%	Supplies natural gas by the Group's natural gas suppliers to pipelines from Gaoyi County to Qinghe County and surrounding cities
	Suning County to Shenzhou City ³	100%	Supplies natural gas by the Group's natural gas suppliers to pipelines from Suning County to Shenzhou City and surrounding cities
	Gaocheng District to Shenzhou City ⁴	100%	Supplies natural gas by the Group's natural gas suppliers to pipelines from Gaocheng District to Shenzhou City and surrounding cities
	Xingzhou Station of Chengde (承德興洲首站) to Chengde City ⁵	90%	Supplies natural gas to Chengde City by the Group's natural gas suppliers
	Qinghe County to Linxi County ⁶	60%	Supplies natural gas to Linxi County and Linqing City by the Group's natural gas suppliers
	Guantao County to Handan City ⁷	100%	Supplies natural gas by the Group's natural gas suppliers to pipelines from Guantao County to Handan City and surrounding cities
	Zhuozhou City to Yongqing County ⁸	100%	Supplies natural gas by the Group's natural gas suppliers to pipelines from Zhuozhou City to Yongqing County and surrounding cities
	Zhuozhou City to Baoding City ⁹	100%	Supplies natural gas by the Group's natural gas suppliers to pipelines from Zhuozhou City to Baoding City and surrounding cities
City gas project	Shijiazhuang High-Tech Industrial Development Zone, Economic Development Zone, Chang'an District	100%	Distributes natural gas to retail customers of Shijiazhuang Economic and Technological Development Zone, High-Tech Industrial Development Zone and Chang'an District
	Shijiazhuang Recycling Chemical Industrial Zone	60%	Distributes natural gas to retail customers within Shijiazhuang Recycling Chemical Industrial Zone and in surrounding areas
	Industrial Zone of Southern Shijiazhuang	55%	Distributes natural gas to retail customers of the Industrial Zone of Southern Shijiazhuang
	Xinji City	100%	Distributes natural gas to retail customers in areas under the administration of Xinji City
	Jinzhou City	100%	Distributes natural gas to retail customers in areas under the administration of Jinzhou City
	Gaoyi County	100%	Distributes natural gas to retail customers within the area of Gaoyi County
	Baoding City	100%	Distributes natural gas to Baoding City
	Baoding Development Zone	17%	Distributes natural gas to retail customers of Baoding National High-Tech Industrial Development Zone

CORPORATE OVERVIEW

Project type	Project location	Ownership held by Hebei Natural Gas	Project summary
	Laiyuan County	100%	Distributes natural gas to retail customers in areas under the administration of Laiyuan County
	Anguo City	51%	Distributes the natural gas to retail customers under the administration of Anguo City
	Li County	60%	Distributes natural gas to retail customers under the administration of Li County
	Shahe City	100%	Distributes natural gas to Shahe City and retail customers in surrounding areas
	Qinghe County	80%	Distributes natural gas to retail customers in areas under the administration of Qinghe County
	Ningjin County	51%	Distributes natural gas to retail customers in areas under the administration of Ningjin County
	Dacaozhuang Management District	51%	Distributes natural gas to retail customers in areas under the administration of Dacaozhuang Management District
	Linxi County	60%	Distributes natural gas to retail customers under the administration of Linxi County
	Handan Development Zone	52.50%	Distributes natural gas to retail customers of Handan Economic and Technological Development Zone
	Feixiang County	52.50%	Distributes natural gas to retail customers of the area under the administration of Feixiang County
	Hengshui City	51%	Distributes natural gas to retail customers under the administration of Hengshui City
	Shenzhou City	100%	Distributes natural gas to retail customers in areas under the administration of Shenzhou City
	Raoyang County	60%	Distributes natural gas to retail customers under the administration of Raoyang County
	Anping County	100%	Distributes natural gas to retail customers within the area of Anping County
	Chengde City	90%	Distributes natural gas to retail customers in areas under the administration of Chengde City
	Luanping County	90%	Distributes natural gas to retail customers in areas under the administration of Luanping County
	Pingquan County	100%	Distributes natural gas to retail customers in areas under the administration of Pingquan County
	Lulong County	100%	Distributes natural gas to retail customers of Qinhuangdao Western Industrial Area Lulong Park
	Changli County	100%	Distributes natural gas to retail customers in areas under the administration of Qinhuangdao Western Industrial Park Changli Park (including Zhugezhuang Town)
	Laoting County	100%	Distributes natural gas to retail customers of Laoting New District

CORPORATE OVERVIEW

Project type	Project location	Ownership held by Hebei Natural Gas	Project summary
	Suning County	100%	Distributes natural gas to retail customers under the administration of Suning County
	Zanhuang County	100%	Distributes natural gas to retail customers under the administration of Zanhuang County
	Xingtai Economic Development Zone	67%	Distributes natural gas to the southern area of Xingtai Economic Development Zone
	Gaocheng District, Shijiazhuang City	80%	Distributes natural gas to retail customers in Gaocheng District
CNG primary filling station	Shijiazhuang ¹⁰	100%	Shijiazhuang Development Zone
	Shahe ¹¹	100%	Eastern Ring Road, Shahe City
	Chengde City ¹²	90%	Shuangluan District, Chengde City
	Baoding City ¹³	100%	Xinshi District, Baoding
	Ningjin County ¹⁴	51%	Ningjin County
	Anping County ¹⁵	100%	Madian Town, Anping County

Note:

1. Specification of the long-distance transmission pipeline from Zhuozhou City to Handan City: 6.3 MPa standard pipeline of 374.9 km in length.
2. Specification of the long-distance transmission pipeline from Gaoyi County to Qinghe County: 6.3 MPa standard pipeline of 116 km in length.
3. Specification of the long-distance transmission pipelines from Suning County to Shenzhou City: 6.3 MPa standard pipeline of 125.14km in length.
4. Specification of the long-distance transmission pipelines from Gaocheng District to Shenzhou City: 6.3 MPa standard pipeline of 101 km in length.
5. Specification of the long-distance transmission pipelines from Xingzhou Station of Chengde to Chengde City: 4.0 MPa standard pipeline of 31.8 km in length.
6. Specification of the long-distance transmission pipelines from Qinghe County to Linxi County: 6.3 MPa standard pipeline of 35.2 km in length.
7. The specifications of the long-distance transmission pipeline from Guantao County to Handan City are 6.3 MPa standard pipeline with a length of 83.7 km.
8. Specification of the long-distance transmission pipeline from Zhuozhou City to Yongqing County: 10.0 MPa standard pipeline of 82.566 km in length.
9. Specification of the long-distance transmission pipeline from Zhuozhou City to Baoding City: 10.0 MPa standard pipeline of 103 km in length.
10. Total designed capacity of Shijiazhuang CNG primary filling station is 0.20 million m³ per day.
11. Total designed capacity of Shahe CNG primary filling station is 0.08 million m³ per day.
12. Total designed capacity of Chengde CNG primary filling station is 0.10 million m³ per day.
13. Total designed capacity of Baoding CNG primary filling station is 0.20 million m³ per day.
14. Total designed capacity of Ningjin CNG primary filling station is 0.04 million m³ per day.
15. Total designed capacity of Anping CNG primary filling station is 0.05 million m³ per day.

CORPORATE PROFILE AND PRINCIPAL FINANCIAL INDICATORS

I. COMPANY PROFILE

Company name in Chinese	新天綠色能源股份有限公司
Abbreviation in Chinese	新天綠色能源
Company name in English	China Suntien Green Energy Corporation Limited
Abbreviation in English	China Suntien Green Energy
Legal representative of the Company	Cao Xin

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board	Securities Affairs Representative
Name	Ban Ze Feng	Yu Ping
Contact address	No. 9 Yuhua West Road, Shijiazhuang	No. 9 Yuhua West Road, Shijiazhuang
Telephone	86-311-85516363	86-311-85516363
Fax	86-311-85288876	86-311-85288876
Email	ir@suntien.com	ir@suntien.com

III. BASIC INFORMATION

Registered address of the Company	No. 9 Yuhua West Road, Shijiazhuang
Historical changes in the registered address of the Company	N/A
Office address of the Company	Block A, Yuyuan Plaza, No. 9 Yuhua West Road, Shijiazhuang
Postal code of the office address of the Company	050001
Company Website	www.suntien.com
Email	ir@suntien.com

IV. INFORMATION DISCLOSURE AND PLACE OF INSPECTION

Names of the media and websites for disclosing the annual report of the Company	"Shanghai Securities News" (www.cnstock.com), "China Securities Journal" (www.cs.com.cn), "Securities Times" (www.stcn.com) and "Securities Daily" (www.zqrb.cn)
Websites of stock exchanges for disclosing the annual report of the Company	www.sse.com.cn www.hkexnews.hk
Place of inspection of the annual report of the Company	Office of the Board of the Company at Block A, Yuyuan Plaza, No. 9 Yuhua West Road, Shijiazhuang

V. BASIC INFORMATION OF THE COMPANY'S SHARES

BASIC INFORMATION OF THE COMPANY'S SHARES				
Stock abbreviation	Stock exchanges on which the shares are listed	Stock abbreviation	Stock code	Stock abbreviation before the change
A shares	SSE	新天綠色	600956	N/A
H shares	Hong Kong Stock Exchange	China Suntien	00956	N/A

VI. OTHER RELEVANT INFORMATION

Auditor appointed by the Company (domestic)	Name	Ernst & Young Hua Ming LLP
	Office address	Level 15, Ernst & Young Tower, Oriental Plaza, No.1 East Chang An Ave., Dong Cheng District, Beijing, China
Sponsor performing continuous supervisory duty during the Reporting Period	Signing auditors	Zhang Ningning, Wang Ning
	Name	Zhong De Securities Company Limited
	Office address	22nd Floor, Tower 1, China Central Place, 81 Jianguo Road, Chaoyang District, Beijing
Period of continuous supervision	Signing representatives of sponsor	Sun Naiwei, Cui Shengchao
	Period of continuous supervision	29 June 2020 to 31 December 2023

CORPORATE PROFILE AND PRINCIPAL FINANCIAL INDICATORS

VII. PRINCIPAL ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE RECENT THREE YEARS

(I) Principal accounting data

Unit: Yuan Currency: RMB

Principal accounting data	2022	2021		Increase/ decrease for the period as compared to the same period last year (%)	2020
		After adjustment	Before adjustment		
Operating revenue	18,560,522,731.81	16,137,769,830.60	15,985,268,252.01	15.01	12,510,885,312.89
Net profit attributable to shareholders of the listed company	2,294,116,322.38	2,295,057,264.37	2,160,133,969.16	-0.04	1,510,555,357.16
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	2,268,592,374.75	2,289,621,485.27	2,154,698,190.06	-0.92	1,466,927,837.58
Net cash flows from operating activities	7,463,360,158.38	4,332,641,166.95	4,332,641,166.95	72.26	3,898,510,463.71

	At the end of 2022	At the end of 2021		Increase/ decrease at the end of the period as compared to the end of last year (%)	At the end of 2020
		After adjustment	Before adjustment		
Net assets attributable to shareholders of the listed company	20,464,970,898.87	19,834,599,822.27	19,684,364,276.94	3.18	13,164,966,950.11
Total assets	77,408,666,608.07	72,077,013,277.00	71,917,756,790.97	7.40	57,257,714,548.41

(II) Principal financial indicators

Principal Financial Indicators	2022	2021		Increase/ decrease for the period as compared to the same period last year (%)	2020
		After adjustment	Before adjustment		
Basic earnings per share (Yuan/share)	0.53	0.57	0.54	-7.02	0.38
Diluted earnings per share (Yuan/share)	0.53	0.57	0.54	-7.02	0.38
Basic earnings per share after deducting non-recurring profit or loss (Yuan/share)	0.53	0.57	0.54	-7.02	0.38
Weighted average net return rate of assets (%)	11.97	17.58	16.61	Decreased by 5.61 pct.pt	11.46
Weighted average return on net assets after deducting non-recurring gain or loss (%)	11.83	17.54	16.57	Decreased by 5.71 pct.pt	11.11

Particulars of principal accounting data and financial indicators of the Company over the past three years preceding the end of Reporting Period

The decrease in basic earnings per share, diluted earnings per share and basic earnings per share after non-recurring gain or loss as compared to last year was mainly due to the increase in the weighted average number of ordinary shares outstanding at the end of 2022 as a result of the Group's non-public offering of A shares in the second half of 2021.

CORPORATE PROFILE AND PRINCIPAL FINANCIAL INDICATORS

- (III) Principal accounting data and financial indicators of the Company over the past five years preceding the end of the Reporting Period are as follows (excerpted from the financial statements prepared in accordance with the Chinese Accounting Standards for Business Enterprises):

Unit: Yuan Currency: RMB

Items	2022	2021 (Restated)	2020	2019	2018
INCOME STATEMENT HIGHLIGHT					
Operating revenue	18,560,522,731.81	16,137,769,830.60	12,510,885,312.89	11,985,837,618.15	9,992,012,599.22
Total profit	3,295,069,142.96	3,271,311,398.34	2,264,016,314.19	2,190,641,643.43	1,743,157,955.55
Income tax expense	476,105,066.56	416,611,131.47	331,284,660.61	356,306,759.24	167,993,960.34
Net profit	2,818,964,076.40	2,854,700,266.87	1,932,731,653.58	1,834,334,884.19	1,575,163,995.21
Net profit attributable to owners of the parent company	2,294,116,322.38	2,295,057,264.37	1,510,555,357.16	1,420,669,278.97	1,268,505,976.29
Basic/diluted earnings per share	0.53	0.57	0.38	0.36	0.33
BALANCE SHEET HIGHLIGHTS					
Total assets	77,408,666,608.07	72,077,013,277.00	57,257,714,548.41	46,047,677,000.01	39,160,827,406.66
Total liabilities	52,223,427,296.61	48,153,452,750.53	40,562,225,451.00	31,256,950,889.38	26,764,275,590.58
Net assets	25,185,239,311.46	23,923,560,526.47	16,695,489,097.41	14,790,726,110.63	12,396,551,816.08
Net assets attributable to owners of the parent company	20,464,970,898.87	19,834,599,822.27	13,164,966,950.11	11,854,399,559.40	10,036,356,738.91

VIII. DISCREPANCIES OF ACCOUNTING DATA UNDER DOMESTIC AND FOREIGN ACCOUNTING STANDARDS

- (I) Discrepancies in the net profit and net assets attributable to shareholders of the listed company disclosed in the financial report prepared under both the International Accounting Standards and the Chinese Accounting Standards
 Applicable Not applicable
- (II) Discrepancies in the net profit and net assets attributable to shareholders of the listed company disclosed in the financial report prepared under both the Foreign Accounting Standards and the Chinese Accounting Standards
 Applicable Not applicable
- (III) Note on Discrepancies under the Domestic and Foreign Accounting Standards:
 Applicable Not applicable

IX. PRINCIPAL FINANCIAL DATA FOR 2022 BY QUARTERS

Unit: Yuan Currency: RMB

	First Quarter (January - March)	Second quarter (April-June)	Third Quarter (July-September)	Fourth Quarter (October-December)
Operating revenue	6,333,782,761.29	3,891,527,124.14	2,822,036,992.12	5,513,175,854.26
Net profit attributable to shareholders of the listed company	937,481,286.59	679,131,309.81	49,958,217.46	627,545,508.52
Net profit attributable to shareholders of the listed company after deducting non-recurring gain or loss	937,178,708.16	671,789,634.22	43,381,105.05	616,242,927.32
Net cash flows from operating activities	987,292,399.19	1,102,475,801.03	738,154,947.98	4,635,437,010.18

Explanation on the discrepancies between quarterly data and disclosed regular reporting data:

- Applicable Not applicable

CORPORATE PROFILE AND PRINCIPAL FINANCIAL INDICATORS

X. NON-RECURRING GAIN OR LOSS ITEMS AND AMOUNTS

Unit: Yuan Currency: RMB

Non-recurring gain or loss items	Amount for 2022	Notes (if applicable)	Amount for 2021 (Restated)	Amount for 2020
Gain or loss on disposal of non-current assets	-2,568,979.94		-11,752,187.79	-362,282.14
Tax refund or exemption from ultra vires approval or without official approval document or received occasionally				
Government subsidies included in profit or loss in the current period, but excluding those closely related to the Company's normal business operations, in line with national policies and regulations and in accordance with certain fixed amounts on a continuous basis	19,825,980.99		11,022,699.74	7,087,202.36
Capital utilization fee received from non-financial enterprises and included in profit or loss for the period				
Gain on investments of subsidiaries, associates and joint ventures in which the investment cost was less than the interest in fair value of identifiable net assets of the investees at the time of acquisition				
Gain or loss on exchange of non-monetary assets				
Gain or loss on entrusted investments or assets under management				
Asset impairment provisions for force majeure such as natural disasters				
Gain or loss on debt restructuring				
Corporate restructuring fees such as staff settlement expenses and consolidation charges				
Gain or loss arising from unfair trading transactions prices over their fair value				
Net gain or loss of subsidiaries from the beginning of the period to the consolidation date arising from the consolidation of enterprises under common control				397,456.14
Gain or loss on contingency items unrelated to the normal business operations of the Company				
Gain or loss on changes in fair value of financial assets held-for-trading, derivative financial assets, financial liabilities held-for-trading and derivative financial liabilities, and investment income from disposal of financial assets held for trading, derivative financial assets, financial liabilities held-for-trading, derivative financial liabilities and other equity investments, except for effective hedging transactions that are closely related to the Company's normal operation	17,139,186.28			
Reversal of impairment provisions for receivables and contract assets subject to individual impairment test	1,500.00		3,066,718.74	82,232,221.12
Gain or loss from external entrusted loans				274,873.47
Gain or loss on changes in fair value of investment properties adopting fair value method for subsequent measurements				
Effect on profit or loss for the period from one-off adjustment to profit or loss for the period according to the requirements of the tax and accounting laws and regulations				
Custody fee income received from custody operation				
Other non-operating income and expenses apart from the aforesaid items	13,856,124.28		16,690,028.33	10,068,452.28
Other items of non-recurring gain or loss	1,886,586.26		2,213,368.03	-62,600.00
Less: Effect of income tax	10,671,593.70		5,726,525.85	24,070,022.81
Effect of minority interests (after tax)	13,944,856.54		10,078,322.10	31,937,780.84
Total	25,523,947.63		5,435,779.10	43,627,519.58

CORPORATE PROFILE AND PRINCIPAL FINANCIAL INDICATORS

Explain why the Company defined the non-recurring profits and losses defined by the Company under the definition of "Explanatory Announcement No.1 on Information Disclosure for Companies Issuing Their Securities to the Public – Non-recurring Profits and Losses", and the non-recurring profits and losses listed in the "Explanatory Announcement No.1 on Information Disclosure for Companies Issuing Their Securities to the Public – Non-recurring Profits and Losses" to be recurring profits and losses.

Unit: Yuan Currency: RMB

Item	Amount involved	Reason
Value-added tax (VAT) refund	147,687,261.06	Government grants that are closely related to the Company's normal business operations and in line with national policies, can be continuously enjoyed according to certain standard quota or quantities, are defined as recurring gain or loss.

The amount involved in defining non-recurring gain or loss items set out in the "Explanatory Announcement No. 1 on Information Disclosure for Companies Issuing Their Securities to the Public – Non-recurring Gain or Loss Items" as recurring gain or loss items in 2021:

Items	Amount involved	Reasons
VAT refund	114,324,263.77	Government grants that are closely related to the Company's normal business operations and in line with national policies, can be continuously enjoyed according to certain standard quota or quantities, are defined as recurring gain or loss.

CORPORATE PROFILE AND PRINCIPAL FINANCIAL INDICATORS

XI. ITEMS MEASURED AT FAIR VALUE

Unit: Yuan Currency: RMB

Items	Opening balance	Closing balance	Changes in current period	Amounts that affect the profit of the current period
Tradable financial assets		520,000,000.00	520,000,000.00	0.00
Financing receivable	494,976,373.69	169,290,765.51	-325,685,608.18	0.00
Investment in other equity instruments	218,605,700.00	218,605,700.00	0.00	0.00
Total	713,582,073.69	907,896,465.51	194,314,391.82	0.00

XII. OTHERS

As at the end of the Reporting Period, principal accounting data of the Company over the past five years are as follows:

Items	2022	2021	2020	2019	2018
Wind power consolidated installed capacity (unit: MW)	5,811.85	5,673.85	5,471.95	4,415.75	3,858.15
Wind power consolidated net power delivered to grid (unit: MWh)	13,707,883.95	12,999,682.6	9,233,497.2	8,347,450.2	7,263,374.4
Natural gas sales volume (Unit: '00 million m ³)	38.85	38.079	35.249	32.369	26.311

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS DISCUSSION AND ANALYSIS

(I) Operating Environment

In 2022, amid the turbulent international environment and the challenging and arduous task of proceeding with reform while maintaining stability, the Central Committee of CPC, chaired by Xi Jinping, pulled together and led the CPC and the people of all ethnic groups to bravely and calmly respond to the domestic and international dynamics, balancing development and security, enhancing macro control and effectively navigating through unexpected shocks. As a result of these efforts, China maintained a generally steady macroeconomy, delivered new achievements in promoting high-quality development, enhanced security of people's livelihood continuously and kept the economic and social landscapes stable. According to preliminary figures, the annual GDP was RMB121,020.7 billion, an increase of 3.0% over the previous year at constant prices. Despite this positive result, attention should be drawn to the facts that in 2022 we continued to face complicated and challenging international situations, the triple pressures added by domestic demand contraction, supply shocks and weaker expectations, and that the foundation for economic recovery was yet to be further consolidated.

In 2022, the 20th National Congress of the CPC made important arrangement and deployment, and put forward new requirements to further promote energy reform, ensure energy security, make progress towards carbon peak and carbon neutrality, plan and build a new energy system, achieve independency and self-sufficiency in science and technology, and actively participate in the global governance of climate change. It is proposed to push ahead with energy supply revolution, comprehensively proceed with the supply-side structural reform, vigorously enhance the domestic resource production guarantee capacity, and continue to increase high-quality and effective supply. China has become a global leader in terms of the development in non-fossil energy. The multi-wheel drive energy supply system has been further consolidated and improved, providing a strong energy guarantee for the healthy and sustainable development of the economy and society. It is preliminarily estimated that total energy consumption in 2022 increased by 2.9% as compared with the previous year. The proportion of non-fossil energy consumption in total energy consumption increased by 0.8 percentage points over the previous year, the proportion of coal increased by 0.2 percentage points, the proportion of oil decreased by 0.6 percentage points, while the proportion of natural gas decreased by 0.4 percentage points.

1. Operating environment for the natural gas industry

According to the statistics disclosed by the NDRC and the National Energy Administration, in 2022, 217.8 billion cubic meters of natural gas were produced, representing an increase of 6.4% as compared with the same period of last year; 109.25 million tons of natural gas were imported, representing a decrease of 9.9% as compared with 2021. In 2022, the national apparent consumption of natural gas amounted to 366.3 billion cubic meters, representing a decrease of 1.7% as compared with the same period of 2021.

On May 20, 2022, the NDRC issued the Guiding Opinions on Improving the Pricing Mechanism of Gasification Services at Imported LNG Receiving Stations (《關於完善進口液化天然氣接收站氣化服務定價機制的指導意見》) (hereinafter referred to as the "Guiding Opinions") to guide local governments to further improve the pricing mechanism for gasification services, standardize pricing practice and ensure reasonable pricing. The Guiding Opinions is the first policy document specifically formulated by the State on the price of gasification services at receiving stations, which provides policy guidance for all regions to formulate and adjust the price of gasification services, and is conducive to promoting the fair and transparent operation of receiving stations. Meanwhile, the implementation of a relatively flexible government-guided price management mode is conducive to streamlining the operation of receiving stations, and better playing the role of price leverage in regulating supply and demand.

The "Action Plan for Peak Carbon Emissions by 2030" issued by the State Council clearly states that guidance will be given on natural gas consumption in an orderly manner, and the structure of utilization will be optimized with priority being given to ensuring the gas supply for the livelihood of its people. It also states that integrated development of natural gas and various energy sources will be vigorously promoted by building power stations for adjusting the peak of natural gas consumption according to local conditions, and guidance will be given on gas consumption for industrial purposes and chemical raw materials in a reasonable manner by supporting the use of LNG as fuel for vehicles and vessels.

2. Operating environment for the wind power and photovoltaic industry

According to the statistics published by the National Energy Administration, the nationwide power consumption in 2022 was 8,637.2 billion kWh, representing an increase of 3.6% as compared with the same period of 2021. In 2022, the newly installed grid-connected capacity of wind power in China was 37.63 million kW, and total installed capacity reached 365 million kW, representing an increase of 11.2% as compared with the same period of 2021. The newly installed photovoltaic capacity was 87.41 million kW, and total installed photovoltaic capacity reached 393 million kW, representing an increase of 28.1% as compared with the same period of 2021.

In 2022, the utilization of renewable energy in China remained at a high level, of which, the wind power average utilization rate was 96.8%, representing a decrease of 0.1 percentage point as compared with the same period of 2021. The photovoltaic power utilization rate was 98.3%, representing an increase of 0.3 percentage points as compared with the same period of 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

On 24 March 2022, the General Office of the National Development and Reform Commission, the Department of General Affairs under the National Energy Administration and the General Office of the Ministry of Finance jointly issued a circular on self-inspection of subsidies for renewable energy generation, deciding to carry out nationwide checks on subsidies for renewable energy generation to further build up a picture of such subsidies. The self-inspection covers renewable energy generation projects that have been connected to the grid and need subsidies as of 31 December 2021, mainly including wind power projects, centralised photovoltaic power stations and biomass power generation projects. The first batch of 7,334 projects confirmed was made public on 28 October 2022, and the checks are still underway.

On 1 June 2022, the "14th Five-Year Plan for Renewable Energy Development" ("十四五" 可再生能源發展規劃) was jointly released by nine authorities including the NDRC, the National Energy Administration and the Ministry of Finance, which anchors the carbon peak, carbon neutrality and the long-term goal by 2035. The plan also proposes to promote the development and utilization of renewable energy power generation, and expand the scale of utilization of renewable energy in areas other than power generation, in accordance with the requirements for the task of increasing the proportion of non-fossil energy consumption to approximately 20% by 2025.

On 16 October 2022, the 20th National Congress of CPC was held in Beijing. The report of the 20th National Congress of CPC proposed that China will actively and steadily promote initiatives towards carbon peak and carbon neutrality. Based on its energy and resource endowment, and adhering to the principle of building new first then breaking the old, China intends to implement the carbon peak action in a planned and step-by-step manner, further promote the energy revolution, strengthen the clean and efficient use of coal, accelerate the planning and establishment of a new energy system, and actively participate in the global governance of climate change.

On 28 November 2022, the National Energy Administration issued the Notice of the Comprehensive Department of the National Energy Administration on Promoting the Connection of New Energy Power Generation Facilities to the Grid (《國家能源局綜合司關於積極推動新能源發電項目應併盡併、能併早併有關工作的通知》) (hereinafter referred to as the "Notice"). The Notice proposes that on the premise of ensuring the security and stability of the power grid and the orderly supply of electricity, all power grid enterprises should take effective measures to ensure the timely grid connection of wind power and photovoltaic power generation projects that meet the grid connection conditions in accordance with the principle of "merging as much as possible and as soon as possible". It also stipulates that grid connection in batches is permitted, and the completion of full capacity shall not be considered a prerequisite for the grid connection of new energy projects. The Notice stressed that relevant entities should strengthen overall coordination, step up efforts in the construction of auxiliary projects for grid connection, ensure compatibility with wind power and photovoltaic power generation projects, and make the best efforts to ensure such projects are completed and put into operation simultaneously.

(II) BUSINESS OVERVIEW

1. Business review of natural gas business

(1) Increase in sales volume of natural gas as compared with the same period of 2021

During the Reporting Period, the Group's total transmission volume of the natural gas business was 4,501 billion cubic meters, representing an increase of 8.27% as compared with the same period of 2021, among which, the sales volume amounted to 3,885 billion cubic meters, representing an increase of 2.01% as compared with the same period of 2021, including (i) wholesale volume amounted to 1.957 billion cubic meters, representing a decrease of 5.9% as compared with the same period of 2021; (ii) retail sales volume amounted to 1.838 billion cubic meters, representing an increase of 12.6% as compared with the same period of 2021; (iii) sales volume of CNG amounted to 84 million cubic meters, representing an increase of 1.6% as compared with the same period of 2021; (iv) sales volume of LNG amounted to 5 million cubic meters, representing a decrease of 62.3% as compared with the same period of 2021; and the gas transmission volume amounted to 616 million cubic meters, representing an increase of 76.6% as compared with the same period of 2021.

(2) Active promotion of the construction of infrastructural projects

The Group's natural gas pipelines increased by 742.49 kilometers in 2022. As at 31 December 2022, the Group operated pipelines with a total of 8,347.23 kilometers, including 1,260.67 kilometers of long-distance transmission pipelines and 7,086.56 kilometers of city gas pipelines; and the Group operated a total of 31 distribution stations and 19 gate stations.

During the Reporting Period, the Jingshihan Dual Track Pipeline Project ("京石邯" 復綫項目) was put into operation; Central Hebei Pipeline Network Phase IV Project (冀中管網四期工程), Qinhuangdao-Fengnan Coastal Gas Transmission Pipeline Project (秦皇島-豐南沿海輸氣管道工程), and the South Baoding Connection Line Project of Sinopec Erdos-Anping-Cangzhou Gas Pipeline and Beijing-Handan Gas Pipeline (鄂安滄與京邯線保定南部聯絡線工程項目) were progressing smoothly. The pouring of outer tank of LNG storage tank in Beijing-Handan Pipeline LNG Gas Storage Peak Capacity Station Project Phase I Project (京邯線 LNG 儲氣調峰站一期工程) has been completed, while the inner tank construction has been completed by 96%, and the process area has been completed by 96% against the overall progress.

MANAGEMENT DISCUSSION AND ANALYSIS

The Tangshan LNG Phase I Project (唐山 LNG 項目一階段工程) has been basically completed, among which the Tangshan LNG Project Phase I Auxiliary Wharf Project (wharf #3) has been completed, and the installation of 3#, 4#, 7# and 8# storage tanks of the receiving station phase I project has been completed; the phase II project in relation to topping up of 1#, 2#, 5# and 6# storage tanks has been completed, and construction of bearing platform of four storage tanks, i.e. 9#, 10#, 15# and 16#, have been completed. Outbound pipelines (Caofeidian-Baodi section) and outbound pipelines (Baodi-Yongqing section) projects of the Tangshan LNG Receiving Station have been completed substantially.

(3) Continuous exploration of midstream and downstream natural gas markets

During the Reporting Period, leveraging on its newly operating pipelines, the Group vigorously developed its end user base of natural gas and resulted in an increase of 78,112 customers. As at 31 December 2022, the Group had an aggregate of 559,048 customers.

During the Reporting Period, the acquisition of 80% equity in Shijiazhuang Jiecheng Natural Gas Trading Co., Ltd. (石家莊市捷誠天然氣貿易有限公司) was completed, thus controlling the equity interests in the operation of some gas markets, including the eastern extended area of Shijiazhuang Economic Development Zone and Gaocheng District; the acquisition of 51% equity in Shijiazhuang Xinao Urban Gas Development Co., Ltd. (石家莊新奧城市燃氣發展有限公司) was completed; thus controlling the equity interests in the operation of third-ring pipelines in Shijiazhuang, and with its gas supply covering the area of Luquan District and Luancheng District in Shijiazhuang.

(4) Further improvement of transmission network

During the Reporting Period, the Group actively participated in the construction of gas transmission pipelines and made efforts to further improve the midstream gas transmission network. Bidding of the Beijing-Handan Natural Gas Pipeline (Luancheng section) Relocation Project (京邯線天然氣管道(樂城段)遷改項目), Southeast Cangzhou Natural Gas (sourced from Erdos-Anping-Cangzhou Gas Pipeline) Utilization Project (滄州東南天然氣(鄂安滄氣源)利用工程), and Luquan-Jingxing Gas Transmission Pipeline Project (鹿泉-井陘輸氣管道工程) have been completed, and the preparatory work prior to commencement of construction is under way; approval procedures for Baoding Qingyuan-Cangzhou Suning Pipeline Project (保定清苑-滄州肅寧管線項目) and Qinfeng Pipeline Qinx Industrial Park Branch Project (秦豐管線秦西工業園支線項目) are currently in progress.

(5) Robust operation of urban CNG and LNG businesses

During the Reporting Period, the Group operated its urban CNG and LNG businesses in a steady manner with no additional operating CNG secondary filling station. As at 31 December 2022, the Group operated a total of 6 CNG primary filling stations, 3 CNG secondary filling stations, 3 LNG refilling stations and 2 L-CNG joint filling stations.

2. Business review of wind power business

(1) Steady growth of installed capacity

In 2022, the Group's consolidated installed capacity of wind power increased by 203 MW, of which, the installed capacity is 138MW. A number of projects, such as Fengning Waigoumen Wind Power and Photovoltaic Power Complementation Phase I Project (豐寧外溝門風光互補一期項目), Hunan Passage Phase II Project (湖南通道二期項目) and Kortla Bailuzhou Decentralized Wind Power Project (庫爾勒白鷺洲分散式風電項目) were connected to the grid for power generation, with accumulative consolidated installed capacity of 5,811.85 MW, accumulative installed capacity under management of 6,072.45 MW, increased attributable installed capacity of wind power of 170.89 MW, and accumulated attributable installed capacity of 5,482.49 MW. The Group's commercial operation project capacity during the year increased by 304.1 MW, and its accumulated commercial operation project capacity was 5,667.25 MW.

As of 31 December 2022, total construction capacity of the Group's wind power projects under construction reached 516.4 MW. The offshore wind power 300 MW demonstration project on Puti Island, Laoting, Tangshan and Kangbao Yongfeng 200 MW wind power project, which are funded and constructed by the Group, won the 2021-2022 China Installation Works Merit Award (中國安裝工程優質獎) (China Installation Star) (中國安裝之星), which is the highest honor for engineering quality in domestic installation industry.

(2) The utilization hours of wind farms continued to remain a relatively high level

In 2022, the average utilization hours of the Group's consolidated wind farms were 2,485 hours, largely remained at the same level as in 2021, and was 264, respectively. The Group's consolidated wind farms realized a power generation of 14.031 billion kWh, representing an increase of 4.17% as compared with the same period of 2021. The average availability rate of wind power generation units was 98.16%, mainly due to the contribution from newly operating projects.

(3) Accelerated progress in wind resources reserves

In 2022, the Group's approved capacity increased by 771.5 MW, and the accumulative approved capacity of projects not yet commenced was 2,020 MW. New wind power projects with total capacity of 600 MW were included in the governmental development and construction plans. The Group's accumulative capacity included in the local development and construction plans of various regions reached 8,149.1 MW, locating in 16 provinces across China, including Hebei, Inner Mongolia, Heilongjiang, Xinjiang, Yunnan, Shanxi and Jiangsu.

During the Reporting Period, the Group's agreed wind power capacity increased by 14,200 MW and the accumulated agreed wind power capacity was 63,302.5 MW, locating across 19 provinces, such as Hebei, Heilongjiang, Xinjiang and Inner Mongolia.

3. Other businesses

During the Reporting Period, the Group's approved capacity of photovoltaic projects increased by 320.08 MW, and the accumulative approved capacity of projects not yet commenced was 607.2 MW. The agreed capacity of photovoltaic projects increased by 7,260 MW and the accumulated agreed capacity of photovoltaic projects was 19,459 MW. As at the end of 2022, the Group operated photovoltaic power generation projects with accumulated capacity of 120.32 MW and accumulated installed capacity under management of 296.12 MW. The number of hours available for photovoltaic projects was 1,404, 9 hours up from the same period of last year and 67 hours higher than the national average of photovoltaic power used.

The Company participated in an equity investment for the construction of Hebei Fengning pumped storage power station project (河北豐寧抽水蓄能電站項目), the designed total installed capacity of which amounted to 3,600 MW, which will be developed in two phases with installed capacity of 1,800 MW each for pumping and water retention functions such as peak load regulation and valley filling. As of December 31, 2022, a total of 7 units had been put into operation under the Hebei Fengning pumped storage power station project (河北豐寧抽水蓄能電站項目). During the Reporting Period, the agreed capacity of pumped storage of the Group increased by 6,400 MW. Four projects in Hebei, including Huanghuatan Pumped Storage Power Station in Laiyuan, Baoding; Qiaojiahe Pumped Storage Power Station in Yixian, Baoding, Sandaogou Pumped Storage Power Station in Luanping, Chengde, and Yangjiaqiao Pumped Storage Power Station in Pingshan, Shijiazhuang, with a total of 5,800 MW, have been selected as key preliminary projects of pumped storage in Hebei Province during the "14th Five-Year Plan" period.

The Group actively attempted to explore investment in new energy storage projects. During the Reporting Period, the Weichang Flywheel Energy Storage Demonstration Project (圍場飛輪儲能示範項目) and the Jingjing Flywheel Energy Storage Demonstration Project (井陘飛輪儲能示範項目) developed by the Group, namely, were included in the "2022 List of Independent Energy Storage Demonstration Projects on the Grid Side of Provincial Planning (First Batch)" issued by the Development and Reform Commission of Hebei Province, which are located in the northern grid of Hebei Province and the southern grid of Hebei Province, respectively. The Group will also continue to try to invest in new energy storage projects outside the province.

4. Progress in digital intelligence and technological innovation

During the Reporting Period, the Group increased investment in digital intelligence as well as research and development, promoted the application of new technologies, and steadily uplifted the capacity of smart production.

First, the Company constructed a data system management system framework. The Company has issued 10 digital management systems with the Data Management Regulations as the core, which has established the framework for the Company's data management system and covered the basic aspects of the Company's data management; The Company has built a unified portal to centrally display systems such as operation, projects, collaborative working, human resources, performance, e-learning, business emails, intelligence warehouse wind power big data platform, and data management and analysis platform.

Second, the Company deepened the development of multi-purpose digital scenarios. During the Reporting Period, the Company continued to develop a number of digital scenarios for production and operation management, such as production HQ, reliability management, management cockpit and knowledge warehouse, to further consolidate the digital foundation on the basis of data asset catalogues and data pools, and to provide a good support to realize digital business.

Third, the Company combined advanced technology with its production and operation. During the Reporting Period, the Company combined advanced technologies such as Beidou, fourth-generation laser analysis technology, public key encryption and digital signature with production practice, and developed advanced production management systems such as Beidou precision service-based gas leak detection devices, electronic signature system for metering certificates and safety check management system for non-resident users, which helped further enhance the AI level of the Company's production. The Company promoted the development and application of unmanned mode and automatic distribution control system for long-distance transmission stations integrating multiple technologies across the board, and realised unmanned and automatic distribution management mode of long-distance transmission stations.

MANAGEMENT DISCUSSION AND ANALYSIS

Fourthly, breakthroughs have been made in the application of relevant R&D achievements. The turbine control system based on the controller from a domestic manufacturer has been applied by the Company to many products such as the main shaft monitoring system of a foreign-brand 2MW turbine, the low-temperature starting system, and the main control system of developed by a domestic brand; protection of intellectual property rights have been strengthened, and a total of 39 authorized invention patents and 269 utility model patents have been obtained; the project "Key Technology and Large-Scale Application of Wind Turbine Unit/Field Cluster Frequency Modulation Control" was granted the second prize of Science and Technology Progress in Hebei Province 2022, and the project "Theory and Key Technology of Wind Power Primary Frequency Modulation Control" won the first prize of Science and Technology Progress Award granted by China Electrotechnical Society and the second prize of Power Technology Innovation Award granted by China Electricity Council.

(III) OPERATING PERFORMANCE DISCUSSION AND ANALYSIS

1. *Overview*

According to the audited consolidated financial statements for 2022, the Group recorded net profit of RMB2.819 billion, representing a decrease of 1.25% as compared with the same period of 2021, of which, RMB2.294 billion was the net profit attributable to shareholders of the listed company, which decreased by 0.04% as compared with the same period of 2021, mainly attributable to the decrease in net profit caused by an increase in Income tax expense compared with that of last year.

2. *Revenue*

In 2022, the Group recorded operating revenue of RMB18.561 billion, representing an increase of 15.01% year-on-year, of which:

- (1) RMB6.346 billion was the operating revenue of wind/photovoltaic business segment, which increased by 0.34% as compared with the same period of 2021. The operating revenue of the wind/photovoltaic business segment accounted for 34.19% of the Group's operating revenue. The increase in revenue was mainly attributable to the increase in operational installed capacity of the wind farms of the Group, which resulted in the increase in sales volume of electricity and revenue of electricity sales as compared with the same period of 2021.
- (2) RMB12.202 billion was the operating revenue of the natural gas business segment, which increased by 24.43% as compared with the same period of 2021. The operating revenue of the natural gas business segment accounted for 65.74% of the Group's total revenue. The increase in revenue was mainly attributable to the increase in both the sales volume and the unit price of natural gas of the Group as compared with the same period of 2021.

3. *Net profit*

During the Reporting Period, the Group recorded a net profit of RMB2.819 billion, representing a year-on-year decrease of 1.25%. During the Reporting Period, the wind power/photovoltaic segment reported an increase in revenue from electricity sales and achieved a net profit of RMB2.135 billion, a decrease of 6.74% year-on-year, mainly due to a decrease in the number of utilization hours in the wind power segment compared to the same period of the previous year; the natural gas segment realized a net profit of RMB727 million, representing an increase of 4.23% year-on-year, mainly due to an increase in the volume of natural gas sold compared to the same period of the previous year, as well as an increase in the gross profit per unit of natural gas.

4. *Net Profit attributable to shareholders of the listed company*

During the Reporting Period, the net profit attributable to shareholders of the listed company was RMB2.294 billion, representing a decrease of RMB1 million as compared with the RMB2.295 billion in the same period of the last year, which was mainly due to a decrease in the net profit of the Group compared with the same period of last year.

The basic earnings per share attributable to shareholders of the Company is RMB0.53.

5. *Gain or loss attributable to minority interests*

During the Reporting Period, the Group recorded net profit attributable to minority interests of RMB525 million, representing an increase of RMB35 million as compared with the RMB560 million in the same period of the last year, which was mainly due to a decrease in the net profit of the Group compared with the same period of last year.

6. *External equity investments*

During the Reporting Period, the Group's investment income from joint ventures and associates was RMB225 million, representing a decrease of RMB57 million as compared with RMB282 million in the same period of 2021. This was mainly due to a decrease in the profit of joint ventures and associates of the year.

During the Reporting Period, the Group's external investments amounted to RMB329 million, representing an increase of RMB22 million as compared with RMB307 million in the same period of 2021, mainly due to the increase in investments in additional associates as compared with 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

7. *Contingent liabilities*

As at 31 December 2022, the Group provided a guarantee in respect of application for loan credit from a financial institution made available to a joint venture Hebei Suintien Guohua Gas Co., Ltd., with a remaining amount of guarantee at RMB137 million.

As at 31 December 2022, the Group was subject to certain pending litigations/arbitrations with its suppliers, etc., involving RMB64 million. The cases are still under trial.

8. *Cash flows*

As at 31 December 2022, the Group's net current liabilities were RMB4.124 billion, and the net decrease in cash and cash equivalents was RMB367 million. The Group has obtained credit facilities of a total amount of RMB81.839 billion from various domestic banks, of which an amount of RMB23.271 billion was utilized.

The majority of the Group's income and expenses are denominated in Renminbi. The Group did not enter into any financial instrument for hedging purposes as it is expected that its foreign exchange exposure will not be material.

9. *Capital expenditure*

During the Reporting Period, capital expenditures mainly included project construction costs for new wind power projects, natural gas pipelines and acquisition of additional plants and equipment and prepayment for leased lands. Capital resources mainly included self-owned capital, bank borrowings and cash flows from the Group's operating activities. During the Reporting Period, the Group's capital expenditure was RMB7.241 billion, representing a decrease of 8.87% as compared with RMB7.946 billion in the same period of last year. A breakdown of capital expenditure is as follows:

	2022 (RMB'000)	2021 (RMB'000)	Change (%)
Natural gas	4,708,156.26	4,864,515.53	-3.21
Wind power and solar energy	2,527,745.37	3,077,598.39	-17.87
Unallocated capital expenditures	5,246.60	3,915.91	33.98
Total	<u>7,241,148.23</u>	<u>7,946,029.83</u>	<u>-8.87</u>

10. *Borrowings*

As at 31 December 2022, the Group's long-term and short-term borrowings totaled to RMB37.203 billion, representing an increase of RMB3.615 billion as compared with the end of 2021. Among all borrowings, the short-term borrowings (including long-term borrowings due within one year) were aggregated to RMB6.774 billion, and the long-term borrowings amounted to RMB30.429 billion.

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

11. *Debt-to-asset ratio*

As at 31 December 2022, the Group's debt-to-asset ratio (the ratio of total liabilities divided by total assets) was 67.46%, representing an increase of 0.65 percentage points from 66.81% as at 31 December 2021, mainly attributable to an increase in external financing for the current period.

12. *Substantial mortgage*

The Group has no material asset pledges on assets during the year.

13. *Substantial acquisitions and disposals*

The Group had no substantial acquisitions and disposals during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

II. CONDITION OF THE INDUSTRIES IN WHICH THE COMPANY OPERATED DURING THE REPORTING PERIOD

(I) Natural gas business

1. *Natural gas consumption declined for the first time, and will continue to grow steadily in the future*

According to NDRC statistics, China's apparent consumption of natural gas was 366.3 billion cubic meters in 2022, representing a decrease of 1.7% year-on-year. Due to the slowdown in economic growth and the surge of international natural gas prices, annual natural gas consumption declined for the first time in nearly a decade. China's natural gas consumption is expected to return to positive growth in 2023 as the economy recovers.

In recent years, the carbon peak, carbon neutral "1 + N" policy system has been gradually improved to further promote transformation to clean and low-carbon energy, with the adoption of natural gas and other clean energy to replace other energy sources in industry, construction, heating, transportation and other areas. As a high-quality, efficient, green and clean low-carbon energy, natural gas will play an important role as a bridge in the dual-carbon process. In addition, China is still accelerating the reform of the oil and gas system, and continue to promote the development of the natural gas production, storage and marketing system. Natural gas is anticipated to maintain a steady growth over the next period of time.

2. *Global LNG prices shook up while energy price factors stood out as risks.*

In 2022, the international environment led to a shift in geopolitical dynamics, and an eruption of conflict between Russia and Ukraine caused, a rise in international energy prices, coupled with a surge in the price of imported LNG. In the situation of the general sharp increase in foreign market prices, although China's energy prices remained overall stable, there was still the risk of large fluctuations in international energy prices.

3. *Natural gas system reform forged forward with increased competition seen in the end market*

In recent years, China vigorously promoted the reform of its natural gas system. With the official launch of PipeChina, and the continuous improved fairness and openness, gas source enterprises, like the three major oil companies, were taking their advantage in resources to penetrate the end market in a faster pace. The future market competition will become more intense. The gas industry will transit from the "resource-based" and "supply-oriented" period into a new stage of development featuring "diversified competition" and "market first".

(II) New energy business

1. *New energy industry still maintained a fast-growing trend*

Since the dual carbon goal was introduced, new energy sources, such as wind power and photovoltaic power, had continued to develop at a high speed as the main energy to achieve the dual carbon goal. According to the National Energy Administration, the installed capacity of wind power in China was about 370 million kW in 2022, representing an increase of 11.2% year-on-year; and the installed capacity of solar power was approximately 390 million kW, representing an increase of 28.1% year-on-year. Meanwhile, with a focus on the establishment of modern Hebei with Chinese characteristics, Hebei Province formulated its strategy to hasten the creation of a new energy-intensive province. The strategy proposed that by 2027, the province will strike a balance between electricity supply and demand, with the installed capacity of both wind and solar power reaching 114 million kW, the offshore installed capacity of wind power reaching 5 million kW and the connected installed capacity with pumped storage reaching 15 million kW. By 2035, the onshore installed capacity of wind and solar power will reach 166 million kW, and the offshore capacity of wind power developed will reach 15 million kW. A supply landscape of "wind, solar, hydraulic, fuel, nuclear, storage and hydrogen" being complementary to each other will be basically formed. In the future, there will be a lot of room for the development of the new energy industry.

2. *National policies for new energy projects embraced new changes often*

In 2022, new energy projects had entered the era of low margin. For annual energy security grid-connected projects with new energy and storage configuration, their revenue model is undergoing profound changes. Market-based grid-connected new energy projects and pumped storage power stations of considerable scale are officially on the fast track of development.

3. *Offshore wind power entered a fast growing period*

As a core driving technology for global decarbonization, offshore wind power has the advantages of stable operation, high generation hours and proximity to coastal areas with high demand for electricity, and is one of the industries that China attaches great importance to and vigorously develops. From 2014 to 2022, the installed capacity of China's offshore wind power industry continued to expand, and the industry had entered a period of rapid development. At present, 11 provinces and cities along the coast of China had proposed their offshore wind power development plans for the 14th Five-Year Plan period, and the total scale of offshore wind power projects under construction or planning is close to 110GW, with a planned grid-connected capacity of about 51GW. China's offshore wind power industry entered the "fast track" of development during the 14th Five-Year Plan.

4. *Large wind power and photovoltaic power generation bases were developed at a faster pace in the desert, gobi and barren areas*

In December 2022, the NDRC issued the Implementation Plan to Expand Domestic Demand during the 14th Five-Year Plan Period (the "Implementation Plan"). The Implementation Plan pointed out that: "strengthen the development of energy infrastructure, continue to improve the level of clean energy utilisation, construct clean energy base with multiple energy complimentary to each other, and speed up the development of large-scale wind and/or photovoltaic power base, particularly in desert, Gobi and barren areas".

III. DESCRIPTION OF BUSINESS ENGAGEMENT OF THE COMPANY DURING THE REPORTING PERIOD

The Company is a leader in the development and utilization of clean energy in northern China. The Company takes a deep root in Hebei and is committed to expanding across the country, by leveraging its rich wind and photovoltaic power resources, its experience in the development and management of wind and photovoltaic power projects and abundant project resource reserves in Hebei. The Company's principal business focuses on two segments: sale of natural gas and wind power generation. The other businesses in the principal business are ancillary or extended businesses that the Company develops by making use of its resources and technical advantages in the natural gas and wind power sectors. The photovoltaic power generation business is also one of the Company's important strategic investment and business development directions.

1. Natural gas business

The operation of the natural gas business mainly involves the purchase of gas from upstream companies, the construction, operation and management of long-distance pipelines, and the sale of natural gas to downstream customers. Currently, the principal business of the Company is in the middle and downstream of the natural gas industry, which involves the construction, operation and management of natural gas long-distance pipelines, sale of natural gas and other aspects.

(1) *The construction, operation and management of natural gas long-distance pipelines*

The natural gas long-distance pipeline project must go through the stages of feasibility study, approval of project application report, preliminary design, construction drawing design, construction, and completion acceptance. The project shall obtain the approval of the NDRC and other competent government authorities, and pass the completion acceptance conducted by relevant government departments before it can be put into production and operation.

At the feasibility study stage of the project, the Company will determine the gas source according to the supply of natural gas; after the construction of natural gas long-distance pipeline is completed, it will connect with downstream users through various stations. The Company will supply gas to downstream users in accordance with gas supply contracts entered into with downstream users. After the completion of the long-distance pipeline, the natural gas pipeline transmission price will be determined by the provincial authority in charge of commodity price by taking into consideration the construction costs and other factors.

(2) *Sale of natural gas*

Sale of natural gas mainly refers to the procurement of gas sources from upstream producers and the subsequent distribution of such sources to downstream end consumers. The revenue from sale of natural gas mainly includes pipeline transmission income and urban gas distribution income. The unit profit rate of this business is relatively stable. The increase in revenue and total profit is mainly due to an increase in sales volume of natural gas.

2. Wind power and photovoltaic business

The Company's wind power generation and photovoltaic power generation business mainly involves the construction, operation and management of wind farms and photovoltaic power stations, sale of electricity to downstream power grid customers and other aspects.

(1) *The construction, operation and management of wind farms and photovoltaic power stations*

In the early stage of the construction of a wind farm or a photovoltaic power station, the location of the project shall have abundant and stable wind energy and solar energy resources, which are suitable for power generation and convenient to connecting to power grids. Preliminary research and feasibility studies and other related work shall be carried out, and approvals or replies from development and reform, environmental protection and natural resources departments and other regulatory authorities shall be obtained before the commencement of construction. In addition, it is also necessary to obtain the connection permit of the power grid company to be connected. After the project construction and completion acceptance, according to industry regulations, wind farms and photovoltaic power stations need to go through trial operation before they can be transferred to commercial operation.

MANAGEMENT DISCUSSION AND ANALYSIS

(2) *Sale of electricity*

At present, the sales of wind power and photovoltaic electricity mainly adopt direct sale method. In accordance with the national policy and the grid connection commitment when the project was approved, the project company will enter into the "Agreement on the Purchase and Sale of Electricity" with a local grid company during the construction of the project to connect the electricity generated by the wind farms and photovoltaic power stations to the designated grid connection points so as to achieve electricity delivery. The amount of electricity will be confirmed by the grid company using the metering device recognized by it on a monthly basis, and the power price will be determined according to the regional power price or concession bidding price determined by the national department in charge of energy prices.

With the deepening reform of the state's electricity system, the market-based electricity trading volume is expected to further growth. The Company will conduct in-depth study on the business rules of market-based electricity trading, carefully study the electricity sales policies promulgated by the country and various provinces, understand and master the relevant operating procedures, and increase the Company's grid-connected power by actively participating in market-based trading, striving to maximize the interests of the Company.

IV. ANALYSIS ON THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD

Through years of development and accumulation, the Company has established a professional team in the wind power and photovoltaic segment and natural gas segment, and has accumulated rich experience in management, operation, technology, and talents, to provide development momentum for the future. Meanwhile, the Company has established a set of efficient management mechanism suitable for its future development, and makes continuous efforts to improve it, striving to get a favourable position in the fierce market competition in the future. During the Reporting Period, the Company's core competitiveness did not undergo major changes.

1. The Company is a leading clean energy company in North China. At present, with its main business located in Hebei Province, the Company is steadily growing its business presence across the country. Thanks to the long history and its rich experience in the field of new energy and clean energy in Hebei Province, the Company enjoys strong competitive advantages in terms of policy support, technology, customers, brand awareness and other areas. While maintaining its advantages in North China, it also continues to tap into new markets in relevant provinces.
2. The Company's management team has been engaged in the clean energy industry for many years and has extensive management experience in the wind power, photovoltaic, and natural gas fields. The Company has established a team consisting of several hundreds of production and technical service personnel with high-level professional knowledge and relevant technical qualifications, and strong professional operation and maintenance capabilities. During the Reporting Period, the Company built a smart digital manufacturing platform at group-level based on its internet of things, big data and cloud computing technology, and fully implement the management model of "remote centralized control, unattended operation (minimal manpower)" so as to continuously improve operational maintenance, cost reduction and efficiency enhancement measures and refine management capabilities.
3. The Company's wind power and photovoltaic business and the natural gas business are complementary to each other in a benign way, which can effectively reduce the volatility of the Company's profits, prevent adverse changes for a single business and diversify operational risks.
4. The Company has established a robust natural gas production, supply, storage and marketing system. The diversified supply of resources has been continuously strengthened, the construction of natural gas transmission pipeline network has been accelerated, the capacity of gas storage and peak regulation has been steadily improved, the advantages of resources, pipeline network, price and other favorable factors have been given full play to actively explore the downstream market, and research on and deployment of gas power plant projects have been carried out. Meanwhile, we also expand our high-quality natural gas urban gas projects by means of cooperation and through mergers and acquisitions to capture greater share in the end-user market.
5. The Company has established a sound and effective sustainable development management system with emphasis on environmental, social and governance management. The Company has been focusing on ESG issues since 2014 and has been disclosing ESG reports year by year. The Company has established an internal control governance structure and a comprehensive risk management system. It won the Best Environmental Responsibility Award of the China ESG Golden Awards during the Reporting Period. The Company continuously promotes environmental protection and rural revitalisation to fulfill its commitment to sustainable development through practical actions.
6. The Company actively carries out technological innovation and lays out digital intelligence, and strives to build a "digital Suntien". In order to further reduce costs and increase efficiency, the Company has been continuously stepping up its efforts in "digital intelligence" research and development and technological innovation, and continuously optimized business processes based on the enterprise structure with the help of data and technology, so as to continuously improve the Company's business management and production operation, and maximize the its organizational efficiency.

MANAGEMENT DISCUSSION AND ANALYSIS

V. MAJOR OPERATIONS DURING THE REPORTING PERIOD

Major operations during the Reporting Period are as follows:

(I) ANALYSIS OF PRINCIPAL BUSINESS

1. Analysis of changes in relevant items of Income Statement and Statement of Cash Flows

Unit: Yuan Currency: RMB

Items	Amount for the Reporting Period	Amount for the same period of last year (Restated)	Percentage of Change (%)
Operating revenue	18,560,522,731.81	16,137,769,830.60	15.01
Operating costs	13,318,562,338.06	11,243,375,530.93	18.46
Selling expenses	3,287,198.88	3,108,585.99	5.75
Administration expenses	659,800,606.76	675,455,283.69	-2.32
Finance costs	1,185,123,687.32	1,215,605,465.95	-2.51
R&D expenses	427,157,752.69	72,022,183.84	493.09
Net cash flows from operating activities	7,463,360,158.38	4,332,641,166.95	72.26
Net cash flows from investing activities	-7,648,675,576.32	-7,311,400,135.16	4.61
Net cash flows from financing activities	-175,591,681.98	8,649,377,654.09	-102.03

Explanation on reasons for changes in operating revenue: During the Reporting Period, the increase in revenue was mainly attributable to the increase in operational installed capacity of the wind farms under the wind power segment, which resulted in the increase in sales volume of electricity and revenue of electricity sales as compared with the same period of 2021, as well as the increase in cost of gas under the natural gas segment as compared with the same period of 2021.

Explanation on reasons for changes in operating costs: During the Reporting Period, the Group's operating costs increased by 18.46% as compared with the same period of 2021, mainly due to the increase in the operating costs as a result of the commencement of operation of new wind farms and the increase in sales volume of gas.

Explanation on reasons for changes in selling expenses: During the Reporting Period, the Group's selling expenses were RMB3.2872 million, representing an increase of 5.75% as compared with the same period of 2021, mainly due to the increase in the sales staff remuneration as compared with the same period of 2021.

Explanation on reasons for changes in administrative expenses: During the Reporting Period, the Group's administrative expenses were RMB660 million, representing a decrease of 2.32% as compared with the same period of 2021, mainly due to decrease in staff remuneration in 2022.

Explanation on reasons for changes in finance costs: During the Reporting Period, the Group's finance costs were RMB1,185 million, representing a year-on-year decrease of 2.51% from RMB1,216 million for the same period of the previous year. This was mainly due to the increase in interest income from the Group's cash management of the proceeds.

Explanation on the reasons for the changes in R&D expenses: During the Reporting Period, the Group's R&D expenses were RMB427.1578 million, representing an increase of 493.09% from RMB72.0222 million for the same period of the previous year. This is mainly due to the increased investment in science and technology R&D projects during the period.

Explanation on reasons for changes in net cash flows from operating activities: In 2022 and 2021, the net cash flows from operating activities were RMB7,463 million and RMB4,333 million, respectively, representing a year-on-year increase of 72.26%. In 2022 and 2021, the net cash inflows from operating activities were mainly from cash received from sales of goods and rendering for services, accounting for 98.10% and 98.55% of the net cash inflows from operating activities, respectively. The net cash outflows from operating activities were mainly cash used in purchase of goods and services, accounting for 84.83% and 84.34% of the net cash outflows from operating activities in 2022 and 2021, respectively.

Explanation on reasons for changes in net cash flows from investing activities: In 2022 and 2021, the net cash flows from investing activities were RMB-7,649 million and RMB-7,311 million, respectively. The investment activities of the Company are mainly cash paid for the purchase and construction of fixed assets during the current period. The Company's cash inflows from investing activities were mainly cash received from recovery of investment, cash received from other investing activities and cash received from investment income, accounting for 99.67% and 99.57% of the cash inflows from investing activities in 2022 and 2021, respectively. Cash outflows were mainly cash paid for the purchase of fixed assets, intangible assets and other long-term assets cash paid for investment, accounting for 98.36% and 98.57% of the cash outflows from investing activities in 2022 and 2021, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Explanation on reasons for changes in net cash flows from financing activities: In 2022 and 2021, the net cash flows generated from the Company's financing activities were RMB-176 million and RMB8,649 million, respectively. The net cash inflows from financing activities significantly decreased as compared with the same period in 2021, which was mainly attributable to the fact that the amount generated from the issuance of shares, perpetual bonds was larger during the same period of last year while there were no such financing activities during the current period, and the increase in the cash outflows caused by repayment of debts and perpetual bonds during the current period as compared with the same period of 2021. The cash inflows from the Company's financing activities were mainly cash received from loans, accounting for 95.74% and 70.39% of the cash inflows from financing activities in 2022 and 2021, respectively; the cash outflows from the Company's financing activities were mainly debt repayment and dividend distribution, accounting for 70.01% and 20.07%, and 74.73% and 18.72% of the cash outflows from financing activities in 2022 and 2021, respectively.

Explanation on major changes in the type of business, composition or source of profit of the Company during the current period

Applicable Not applicable

2. Analysis of revenue and costs

Analysis of revenue and costs is as follows:

(1). Analysis of principal business by industry, product, region and distribution model

Unit: Yuan Currency: RMB

Product	Principal business by product			Increase/ (decrease) of operating revenue as compared with last year (%)	Increase/ (decrease) of operating costs as compared with last year (%)	Increase/ (decrease) of gross profit margin as compared with last year (%)
	Operating revenue	Operating costs	Gross profit (%)			
Natural gas sales business	11,850,603,245.84	10,716,572,623.62	9.57	24.49	23.58	Increase of 0.67 percentage points
Wind/photovoltaic power generation business	6,294,904,687.69	2,420,534,388.87	61.55	-0.08	1.30	Decrease of 0.52 percentage points
Business of connection and construction of gas pipeline network	191,427,130.36	108,013,558.97	43.57	-9.37	-28.00	Increase of 14.60 percentage points
Sales of natural gas-related commodities	58,880,426.56	53,103,550.61	9.81	700.38	1,260.95	Decrease of 37.15 percentage points
Rental income	2,769,740.91	1,859,081.28	32.88	16.37	0.07	Increase of 10.94 percentage points
Others	161,937,500.45	18,479,134.71	88.59	66.27	-29.81	Increase of 15.62 percentage points

Analysis of principal business by industry, product, region and distribution model

During the Reporting Period, the Group recorded operating revenue of RMB11.851 billion from its natural gas sales business. In particular, the pipe wholesale business recorded sales revenue of RMB5.62 billion, accounting for 47.42% of the Group's revenue from its natural gas sales business; the Group's retail business, such as city gas, recorded sales revenue of RMB5.931 billion, accounting for 50.05% of the Group's sales revenue from its natural gas business; CNG business recorded sales revenue of RMB286 million, accounting for 2.41% of the Group's revenue from its natural gas sales business; and other revenue was RMB14 million, accounting for 0.12% of the Group's revenue from its natural gas sales business.

More than 90% of the Group's revenue is derived from North China, which is managed in a unified and centralized manner by the management. Therefore, the Group has only one regional segment.

(2). Table of production and sales analysis

Applicable Not applicable

(3). Performance of material procurement contracts, material sales contracts

Applicable Not applicable

MANAGEMENT DISCUSSION AND ANALYSIS

(4). Cost analysis table

Unit: Yuan

By product	Costs component	By product		Amount for the same period of last year (restated)	Percentage of the amount for the same period of last year in total costs (%)	Year-on-year change (%)	Explanation
		Amount for the period	Percentage of the amount for the period in total costs (%)				
Natural gas	Operating costs	10,887,531,947.34	81.75	8,831,442,643.15	78.55	23.28	Nil
Wind and photovoltaic power generation	Operating costs	2,425,161,045.40	18.21	2,409,621,532.91	21.43	0.64	Nil
Others	Operating costs	5,869,345.32	0.04	2,311,354.86	0.02	153.94	Nil

Cost analysis and explanation

During the Reporting Period, the operating costs of the Group's wind power and photovoltaic business were RMB2,425 million, representing an increase of 0.64% year-on-year. This was mainly due to an increase in operating costs resulting from the wind power projects gradually being put into operation.

During the Reporting Period, the costs of the Group's natural gas business amounted to RMB10.888 billion, representing an increase of 23.28% from RMB8.831 billion of the previous year. This was mainly due to an increase in corresponding operating costs as a result of the increase in both purchase volume and unit price of gas as compared with the same period of the previous year.

(5). Changes in the scope of consolidation as a result of changes in shareholdings of major subsidiaries during the Reporting Period

Applicable Not applicable

(6). Material changes or adjustments to the Company's business, products or services during the Reporting Period

Applicable Not applicable

(7). Information on major customers and major suppliers

A. Major customers of the Company

Sales to the top five customers amounted to RMB8,024.7637 million, accounting for 43.24% of the total sales for the year, of which sales to the largest customer amounted to RMB 5,855.1993 million, accounting for 31.55% of the total sales for the year, and sales to related parties were zero among the sales to the top five customers, accounting for 0.00% of the total sales for the year.

The proportion of sales to a single customer during the Reporting Period exceeded 50% of the total amount, and there were new customers among the top five customers or there was significant reliance on a small number of customers.

Applicable Not applicable

B. Major suppliers of the Company

Purchases from the top five suppliers were RMB13,511.7936 million, accounting for 69.95% of the total purchases for the year, of which purchases from the largest supplier amounted to RMB7,309.9604 million, accounting for 37.84% of the total purchases for the year, and purchases from related parties were zero among the purchases from the top five suppliers, accounting for 0% of the total purchases for the year.

MANAGEMENT DISCUSSION AND ANALYSIS

Purchases from a single supplier during the Reporting Period exceeded 50% of the total amount, and there were additional suppliers in the top five suppliers or there was a heavy reliance on a small number of suppliers.

Applicable Not applicable

Other explanation

To the best of the Directors' knowledge, none of the Company's substantial shareholders (shareholders owning more than 5% of the Company's equity interest) or associates of Directors or supervisors is interested in any of the Group's top five suppliers or top five customers.

3. Expenses

- (1) During the Reporting Period, the selling expenses of the Group were RMB3,287,200, representing an increase of 5.75% as compared with the same period of 2021. This was mainly due to the increase in the sales staff remuneration as compared with the same period of 2021.
- (2) During the Reporting Period, the Group's administration expenses amounted to RMB660 million, representing a decrease of 2.32% year-on-year, mainly due to the decrease in staff remuneration in 2022.
- (3) During the Reporting Period, the finance costs of the Group were RMB1,185 million, representing a decrease of 2.51% from RMB1,216 million for the same period of the previous year. This was mainly due to the increase in interest income from the Group's cash management of the proceeds. Of which, the finance costs of the wind power and photovoltaic business amounted to RMB1,058 million, representing a decrease of 1.99% year-on-year, mainly due to the increase in capitalization of borrowing costs leading to a decrease in interest expenses included in the current period as a result of the new wind power and photovoltaic projects under construction; the finance costs of natural gas business were RMB114 million, representing an increase of 26.03% year-on-year, mainly due to the increase in interest expense on bank borrowings as compared with the same period of the previous year.
- (4) During the Reporting Period, the Group's R&D expenses were RMB427.1578 million, representing an increase of 493.09% from RMB72.0222 million for the same period of the previous year. This was mainly due to increase in investment in science and technology R&D projects for the period.

4. R&D investment

- (1). Table of R&D investment

Unit: Yuan

Expensed research and development expenses for the period	427,157,752.69
Capitalized research and development expenses for the period	5,730,511.43
Total R&D investment	432,888,264.12
Percentage of the total R&D investment to operating revenue (%)	2.33
Percentage of R&D expenditure capitalized (%)	1.32

MANAGEMENT DISCUSSION AND ANALYSIS

(2). Research and Development Personnel

Number of research and development personnel in the Company		158
Percentage of research and development personnel in the total number of persons in the Company (%)		6.16%
	Qualification of research and development personnel	
Qualification types		Number
PhD		3
Postgraduate		76
Undergraduate		78
Diploma		1
High school or below		0
	Age group of research and development personnel	
Age groups		Number
30 or below (excluding 30)		44
30-40 (including 30 while excluding 40)		88
40-50 (including 40 while excluding 50)		22
50-60 (including 50 while excluding 60)		4
60 or above		0

(3). Explanation

Applicable Not applicable

(4). Reasons for the material changes in the composition of the R&D personnel and the impact on the future development of the Company

During the Reporting Period, the Group increased its investment in R&D and R&D personnel, and will continue in the future to further enhance the level of technological R&D of the Company.

5. *Cash flows*

For details of cash flows during the Reporting Period, please refer to the relevant information as set out in "(I) ANALYSIS OF PRINCIPAL BUSINESS 1. Analysis of changes in relevant items of Income Statement and Statement of Cash Flows".

(II) Major changes in profits caused by non-principal businesses

Applicable Not applicable

MANAGEMENT DISCUSSION AND ANALYSIS

(III) Analysis of assets and liabilities

1. Assets and liabilities

Unit: Yuan

Item	Balance as at the end of the Reporting Period	Balance as at the end of the Reporting Period as a percentage of total assets (%)	Balance as at the end of the same period of last year (restated)	Balance as at the end of the same period of last year as a percentage of total asset (%)	Change in balance as at the end of the Reporting Period as compared with balance as at the end of the same period of last year (%)	Explanation
Trading financial assets	520,000,000.00	0.67	0.00	0.00	0.00	Mainly due to the Company's purchase of structured deposits from banks
Notes receivable	235,764,112.96	0.30	0.00	0.00	0.00	Due to the classification of unmatured banker's acceptances at the end of the period according to the Group's business model for managing bills receivable and the risk of the accepting bank
Receivables financing	169,290,765.51	0.22	494,976,373.69	0.69	-65.80	Due to the classification of unmatured banker's acceptances at the end of the period according to the Group's business model for managing bills receivable and the risk of the accepting bank
Advances to suppliers	534,453,113.73	0.69	161,631,341.92	0.22	230.66	Mainly due to the increase in prepayments for purchase of natural gas
Other receivables	207,110,462.03	0.27	135,599,831.17	0.19	52.74	Mainly due to the newly added performance bonds for natural gas procurement contracts during the period
Inventories	104,531,171.77	0.14	214,186,265.69	0.30	-51.20	Mainly due to the decrease in natural gas inventories held during the period
Non-current assets due within one year	22,349,480.00	0.03	0.00	0.00	0.00	Due to the additional long-term receivables due within one year during the period
Long-term receivables	1,664,186.71	0.00	41,133,817.83	0.06	-95.95	Due to the maturity of certain long-term receivables during the period
Construction in progress	19,162,911,804.71	24.76	13,724,320,499.93	19.04	39.63	Increase in investment in construction projects during the period
Goodwill	96,922,283.74	0.13	55,450,878.54	0.08	74.79	Mainly goodwill arising from new business combinations not under common control during the period
Short-term borrowings	2,698,366,568.48	3.49	1,978,114,966.89	2.74	36.41	Due to the increase in borrowings from financial institutions during the period
Advances from customers	1,161,061,946.88	1.50	778,761,061.94	1.08	49.09	Due to advances received for the costs of entrusted construction of storage tanks
Other current liabilities	1,086,927,077.13	1.40	704,107,945.21	0.98	54.37	Increase in super short-term commercial papers issued during the period
Debentures payable	1,500,000,000.00	1.94	1,000,000,000.00	1.39	50.00	Increase in medium-term notes during the period
Long-term payables	186,079,230.66	0.24	361,236,137.17	0.50	-48.49	Due to the repayment of sale-leaseback finance leases during the period

Other explanation

Nil

2. Overseas assets

(1) Asset scale

Of which: overseas assets 0.22 (Unit: '00 million Yuan; Currency: RMB), accounting for 0.28% of total assets.

(2) Explanation of the high proportion of overseas assets

Applicable Not applicable

MANAGEMENT DISCUSSION AND ANALYSIS

3. Restrictions on major assets as at the end of the Reporting Period

Unit: Yuan

Item	Carrying amount as at the end of the period	Reasons for such restriction
Cash	160,370,310.33	Land reclamation deposit, risk collateral, guarantee deposit, etc.
Accounts receivable	4,459,760,109.54	Financing pledges
Fixed assets	261,713,427.79	Financing pledges
Intangible assets	3,228,776.38	Financing pledges
Total	4,885,072,624.04	

4. Other explanation

Applicable Not applicable

(IV) Analysis on operational information in the industry

Applicable Not applicable

(V) Analysis of investment status

General analysis of external equity investments

During the Reporting Period, the Group's external investments amounted to RMB329 million, representing an increase of RMB22 million as compared with RMB307 million in the same period of 2021, mainly due to the increase in investment in new associates compared to the previous year.

Unit: '0,000 yuan

Investment amount during the Reporting Period	Investment amount of the same period of last year	Percentage of change
32,869.96	30,703.56	7.06%

1. Material equity investments

Applicable Not applicable

2. Material non-equity investments

Applicable Not applicable

3. Financial assets measured at fair value

Unit: Yuan Currency: RMB

Asset category	Opening balance	Profit and loss from changes in fair value for the current period	Cumulative changes in fair value included in equity	Provisions for impairment for the current period	Amount of acquisition for the current period	Amount of disposal/redemption for the current period	Other changes	Closing balance
Financial assets for trading					520,000,000.00			520,000,000.00
Receivables financing	494,976,373.69						-325,685,608.18	169,290,765.51
Investments in other equity instruments	218,605,700.00		11,805,700.00					218,605,700.00
Total	713,582,073.69		11,805,700.00		520,000,000.00		-325,685,608.18	907,896,465.51

Security investments

Applicable Not applicable

Investments in private funds

MANAGEMENT DISCUSSION AND ANALYSIS

At the Twenty-ninth Extraordinary Meeting of the Fourth Session of the Board of Directors of the Company held on 18 January, 2022, it was agreed that CIC Huineng, a wholly-owned subsidiary of the Company would contribute RMB179 million as a limited partner to establish Hebei Suntien Green Shuifa Carbon Neutrality Equity Investment Fund (Limited Partnership) with a total fund size of RMB360 million, of which CIC Huineng owns 49.722%. On September 2022, the Suntien Shuifa Fund had completed the filing procedures with the Asset Management Association of China. As of 31 December 2022, CIC Huineng, a wholly-owned subsidiary of the Company, made a capital contribution of RMB1.00 million.

Derivative investments

Applicable Not applicable

4. Particulars of the progress on the reorganization and integration of major assets during the Reporting Period

Applicable Not applicable

(VI) Material disposal of assets and equity interest

Applicable Not applicable

(VII) Analysis of major subsidiaries and investee companies

As at the end of the Reporting Period, net profit from a single subsidiary or investment income from a single investee company that equals to 10% or more of the net profit of the Company:

Unit: '0,000 yuan

Company name	Proportion of shareholding	Main business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
HECIC New Energy Co., Ltd. (河北建投新能源有限公司)	100%	Wind power generation, wind farm investment and service consulting	519,730.00	2,534,870.28	832,858.34	364,949.94	120,862.10	107,566.54
Hebei Natural Gas Company Limited (河北省天然氣有限責任公司)	55%	Sale of natural gas and gas appliances, as well as the connection and construction of natural gas pipelines	190,000.00	1,201,461.93	407,249.80	1,220,152.68	104,153.98	81,532.43
Hebei Fengning CIC New Energy Co., Ltd. (河北豐寧建投新能源有限公司)	100%	Wind power generation	93,483.00	462,908.42	166,267.36	99,087.11	60,601.14	54,148.91

(VIII) Structured entities controlled by the Company

Applicable Not applicable

VI. DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT

(I) Industry landscape and trend

Against the backdrop of global dual-carbon goals and energy shortage, we have seen an accelerated transition to clean energy. To date, more than 130 countries and regions around the world have put forward the climate goal of "zero carbon" or "carbon neutrality", as the pursuit of green and sustainable development has become a consensus of the global community.

In 2020, China proposed the strategic goals of "striving to peak its carbon dioxide emission by 2030, and achieving carbon neutrality by 2060", outlining the vision of green and low-carbon transformation and development. The "Development of Renewable Energy in the 14th Five-Year Plan Period" issued by the central government clearly proposes that the annual power generation of renewable energy will reach about 3.3 trillion kWh by 2025. During the "14th Five-Year Plan" period, power generation from renewable energy will account for more than 50% of the increase of domestic electricity consumption, and the volume of wind power and photovoltaic power generation will be doubled.

The "Modern Energy System Plan for the 14th Five-Year Plan Period" issued by the central government clearly proposes relevant direction and goals, including increasing domestic annual natural gas output to more than 230 billion cubic meters by 2025, accelerating the construction of long-distance natural gas transmission pipelines and regional natural gas pipeline networks, promoting the interconnection of pipeline networks, improving the LNG storage and transportation system, and enhancing the natural gas storage and regulation capacity. It is also anticipated that the target proportion of natural gas in the primary energy consumption structure will be increased from 8.9% in 2021 to 15.0% in 2030.

The Hebei Provincial Government has proposed to build Hebei into a prominent province in terms of new energy, as one of the ambitions of the modernization of province, and has put forward the goal of achieving the balance of power supply and demand in the province by 2027. The 14th Five-Year Plan for National Economic and Social Development of Hebei Province and the Outline of the Long-term Goals for 2035 issued by the Hebei Provincial Development and Reform Commission clearly set out the proposal to establish a green and clean energy production and supply system, accelerate the construction of wind power base and photovoltaic power generation application base, develop distributed photovoltaic, accelerate the production of hydrogen from new energy, and support the production of hydrogen from renewable energy power. The installed capacity of wind power and photovoltaic power generation is expected to reach 43 million kW and 54 million kW respectively by 2025.

The report of the 20th National Congress of the CPC proposed that we should actively and steadily move towards carbon peak and carbon neutrality; promote clean, low-carbon and efficient use of energy, and promote clean and low-carbon transformation in industries, construction, transportation and other fields; accelerate the planning and construction of a new energy system; strengthen the construction of energy production, supply, storage and marketing system to ensure energy security. Meanwhile, in 2022, the State issued and implemented a series of important policies, including the Implementation Plan for Promoting the Transformation to Green and Low-Carbon of Energy and Initiatives to Achieve Carbon Peak (《推動能源綠色低碳轉型做好碳達峰工作的實施方案》), the Opinions on Improving the System, Mechanism and Policy Measures for the Green and Low-Carbon Transformation of Energy (《關於完善能源綠色低碳轉型體制機制和政策措施的意見》), and the Implementation Plan for Promoting the High-quality Development of New Energy in the New Era (《關於促進新時代新能源高質量發展的實施方案》), to further promote the green and low-carbon transformation of energy in terms of policies. We will guide the adoption of clean energy alternatives such as new energy and natural gas in industries, construction, heating, transportation and other fields, and accelerate the construction of an energy supply system dominated by clean and low-carbon energy. It also proposed the goal of increasing the total installed capacity of wind power and solar power generation to more than 1.2 billion kilowatts by 2030. The two main sectors in which the Company operates enjoy great potential for growth as they are completely in line with such national policies.

In the new energy sector, the State continued to support the development of wind power generation projects, while offshore wind power has also entered a the stage of rapid development. Single energy can no longer meet the needs of energy structure transformation. It is necessary to improve the comprehensive and deep utilization of resources by means of multi-energy complementary integration, large base, centralized and distributed. Meanwhile, new energy projects have fully entered the era of parity, this, coupled with the accelerated deployment in the new energy industry by large power groups, led to further intensified competition in resource development.

In the natural gas sector, China continues to promote the construction of natural gas production, supply, storage and marketing system, continuously accelerates the construction of long-distance natural gas pipelines and regional natural gas pipeline networks, coordinates the construction of LNG terminals and underground gas storage, and improves the construction of natural gas storage and transportation system. It is expected that the natural gas industry will maintain stable development in the future. Meanwhile, with the deepening of the reform of the natural gas system and mechanism, the independent operation of the natural gas pipeline network and the enhancement in the level of fairness and openness of the pipeline network, the competition in the downstream market of natural gas will further intensify in the future.

(II) Development strategies of the Company

1. *Adhere to the strategy of "based in Hebei and expanding the presence across the country", and continue to strengthen the development of new energy.*

The Company will proceed with the deployment of wind power and photovoltaic projects within and outside Hebei Province and actively promote the integrated development of multiple energy sources in line with the proposal of regional large-scale development.

In terms of onshore wind power, the Company will continue to adhere to the strategy of "based in Hebei and expanding the presence across the country", further explore new resource reserves, closely track the comprehensive energy base projects in Hebei Province, and promote the implementation of existing reserve projects and the technical transformation as well as the upgrading of existing old wind farms. Outside Hebei Province, the Company will focus on the projects that have been put into production and further expand the projects leveraging on the existing and planned delivery channels. Meanwhile, the Company will step up its efforts in promoting the transformation and implementation of reserve resources, while leveraging on its diversified resources and project experience to develop inter-provincial cooperation. In addition, the Company will also plan to promote a number of "gas turbine+new energy" multi-energy complementary integration projects, give full play to the synergy between the Company's two main business sectors, i.e. new energy and natural gas, and achieve the "double peak regulation" effect on the power grid and gas grid.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of offshore wind power, building on the Puti Island offshore wind power project in Laoting, Tangshan, which has already been put into operation, the Company will integrate new business forms such as marine ranching and offshore wind power hydrogen production, and actively develop offshore wind power projects with well-developed base and better construction conditions in Hebei Province. In addition, the Company has also carried out preliminary work of offshore wind power projects in other provinces and cities, striving to make breakthroughs in offshore wind power projects in Hebei Province in the near future.

In terms of photovoltaic power generation business, on the one hand, on the premise of ensuring power grid transmission, we will step up our efforts in resources reserve and development, and promote the construction of large-scale centralized photovoltaic power stations, such as the agriculture-, fishery- and forestry- photovoltaic power symbiosis projects. On the other hand, moderately develop distributed or building-integrated photovoltaic projects. The Company will also actively explore a variety of photovoltaic development modes, such as wind-solar coupling hydrogen production, photovoltaic hydrogen storage, wind-solar-gas multi-energy complementary integration, and steadily develop its photovoltaic power generation business.

2. *Improve the layout of natural gas industry chain and improve the capacity of stable gas supply.*

Building on its own geographical advantages, the Company will actively plan to participate in the upstream market, promote and improve the establishment of the midstream pipeline network, steadily develop the downstream segment on a merit basis, and gradually build a domestic leading comprehensive operation mode in respect of natural gas.

In terms of the upstream markets, we will accelerate the production of Tangshan LNG terminal and supporting gas transmission pipeline project, gradually build a comprehensive operation mode that focuses on gasification and pipeline transportation services, supplemented by liquid distribution, tank capacity leasing, LNG procurement and sales and other businesses commenced at the same time, extend and improve the layout of the natural gas industry chain, and strengthen the natural gas storage and peak regulation capacity.

In the midstream markets, we will continue to promote the interconnection of existing pipelines, Tangshan LNG outbound pipeline and other newly built main trunk lines with national gas source pipelines and pipelines in neighboring provinces, and speed up the construction of pipeline network in the province, form the "one network in the province" pattern as soon as possible, enhance the flexibility of natural gas resource allocation, and steadily improve the natural gas support capacity of the Company. Meanwhile, the Company will continue to increase its invest in digital intelligence, further improve the gas transmission efficiency of the pipeline network and reduce the operating costs of the pipeline network.

In the downstream markets, we will steadily promote regional market development and expand urban gas projects within the scope of pipeline network. The Company will take advantage of its sophisticated management capabilities and rich operation experience, steadily promote the M&A and integration of relevant urban natural gas enterprises, and further grow the market share on the downstream market. In addition, in the existing regional market, further tap the potential, accelerate the expansion of the scale of industrial and commercial users, public welfare users and residential users, and adopt diversified sales strategies to improve the penetration of the Company's existing market.

3. *Lay out diversified energy storage business market and solve the problem of new energy consumption through multiple channels.*

The Company will plan for the construction of multi-energy complementary bases for wind and photovoltaic power storage integration project, actively construct the pumped storage and the renewable energy hydrogen production project, while exploring other new energy storage modes to promote the efficient consumption of new energy.

The Company will leverage on the resources strength in Hebei Province, steadily promote the approval, construction and production of pumped storage projects on the basis of maintaining a reasonable rate of return. We will promote the construction of Fengning pumped storage power station and put it into operation on schedule, and promote the preliminary work of pumped storage power stations that have signed development agreements on a merit basis, and strive for early approval, and strive to provide strong support for the construction of a strong province of new energy.

Meanwhile, the Company will take the hydrogen business as one of the key points for diversified development, seek to further expand the advantages of wind power and photovoltaic resources to the hydrogen industry chain. The Company will make use of the experience accumulated from the wind power to hydrogen comprehensive utilization project and the scenic coupling to hydrogen project, etc. to continuously expand the renewable energy to hydrogen project and explore feasible business models and further realize the coordinated development of the Company's renewable energy and hydrogen business.

In addition, the Company is also exploring the investment of other new energy storage projects, such as projects using all-vanadium liquid-flow battery energy storage, flywheel energy storage and other technologies, and gradually improving its diversified energy storage business presence.

4. *Steadily expand overseas business presence.*

In order to meet domestic demand for natural gas and ensure stable natural gas prices and supply, the Company will continue to seize the industry opportunities and actively explore cooperation opportunities with international natural gas suppliers, strive for overseas upstream high-quality gas sources, and expand the long-term natural gas procurement channels in the international market, securing diversified natural gas suppliers and price options for the Company. In 2021, the Company entered into a long-term LNG purchase and sales agreement with Qatar Liquefied Gas Company Limited. With the relatively flexible financing policies abroad, the Company will actively develop overseas LNG trading business by relying on the advantages of the internationalised platform of its Hong Kong subsidiary.

In addition, the Company adheres to the implementation of the national carbon peak and carbon neutrality strategic plan. Based on domestic new energy development experience and advanced technology, it actively seeks suitable overseas investment projects and M&A targets, strengthens the Global expansion of the Company's business, and promotes the expansion of overseas projects under the principle of pragmatism and stability.

5. *Fully perform environmental, social and governance responsibilities, and continue to promote high-quality development of the society.*

The Company will continue to fully fulfill its environmental, social and governance responsibilities and strive to set a model for the industry. On the one hand, the Company will continue to focus on developing wind power, photovoltaic and other new energy in the future, and promote the initiative of the country to accelerate the transformation to clean energy and low-carbon. On the other hand, the Company adheres to the concept of "people-oriented and harmonious development", devotes itself to creating a diverse and equal work platform, and provides competitive benefits for its employees according to law and regulations. In addition, the Company focuses on maintaining a high level of corporate governance, constantly optimizing and improving the internal management mechanism, improving shareholder value and protecting shareholder rights and interests. It has also been actively participating in social activities such as poverty alleviation and love giving, and continuously promoting the high-quality development of society.

(III) Business plan

1. *New energy business*

- (1) In view of approved new energy projects, the Group will strive to facilitate the preparatory work for construction, promptly go through various preliminary procedures and ensure early completion of approval/filing process; we will accelerate the development of the offshore wind power projects, including the Tangshan and Qinhuangdao projects; we will also keep a close eye on the big passage and big base projects within and crossing Hebei starting from Mengdong, Mengxi and Xinjiang, to drive the large-scale development of new energy projects beyond Hebei.
- (2) Facilitating the pumped-storage projects steadily and in particular, prioritizing the approval procedure of those in respect of which a development agreement has been entered into.
- (3) Prioritizing the "integrated source-grid-load-storage projects", and ongoing promotion of "combustion engines + new energy" multi-energy complementary and integrated projects; actively deploying in the zero-carbon and low-carbon parks, and upholding comprehensive energy businesses which are involved in cooling, heating, gas and electricity in the parks.
- (4) In terms of integrated management and control of projects, highlighting the progress of construction in a planned and step-by-step manner and ensuring the control of safety, quality, progress and investment of construction projects; striving to ensure the projects would be put into production as scheduled and the quality and efficiency standards are met, including Shuangcheng Phase II wind power project in Heilongjiang, Ruoqiang Buzhuang wind power project in Xinjiang, Daxigou wind power project of Hebei Weichang and Zhangbei Zhanhai Wind Farm Project in Hebei.
- (5) Focusing on relevant policies associated with electricity trading, carbon emission trading market dynamics and those issued by the state, and making swift and accurate adjustments to the trading strategies responding to changes of policies to maximize the Company's interests.

2. *Natural gas business*

- (1) Accelerating the preparatory work and obtaining relevant approvals as soon as possible of projects including Qinxi Industrial Park branch line of Qinfeng Pipeline, Qingyuan-Suning gas transmission pipeline and Yongwei Pipeline; striving to prepare the dual pipeline project of the Tangshan LNG Outbound Pipelines project for approval and obtaining the preliminary supporting document from competent authorities for 2# wharf.

MANAGEMENT DISCUSSION AND ANALYSIS

- (2) Accurately and timely obtaining knowledge of the international LNG market dynamics, cautiously study and judge the price tolerance of the downstream markets and the timing of international procurement, selecting suppliers with competitive prices, steady resources and flexible supply terms, and further expanding and optimizing the LNG resource pool of the Company.
- (3) Facilitating the operation of Jinghan Pipeline LNG Gas Storage Peak Capacity Station Project Phase I and Southeast Cangzhou Natural Gas (sourced from Erdos-Anping-Cangzhou Gas Pipeline) Utilization Project, while achieving the connection of Central Hebei Pipeline Network Phase IV project, South Baoding Connection Line Project of Sinopec Erdos-Anping-Cangzhou Gas Pipeline and Beijing-Handan Gas Pipeline, and Luquan-Jingxing Gas Transmission Pipeline Project.
- (4) Expanding the natural gas downstream markets continuously, facilitating the acquisition of premium urban gas projects, to improve our share in the end market.

3. *Leveraging the advantage of industrial synergy*

By leveraging its advantage of the internal complementary synergy between the two principal business segments of the Company, namely the new energy business segment and natural gas business segment, the Group plans to develop multi-energy complementary and integrated projects for wind power + photovoltaic + energy (gas and electricity) storage, thereby creating an integrated intelligent energy system to further promote a high proportion of new energy consumption and ensure the safe and steady supply of electricity.

4. *Constantly diversifying financing methods*

In 2023, the Group will continue to explore channels for financing and innovative financing means and to obtain capital at low cost for project construction in order to ensure the stability and security of the Group's capital chain.

- (1) Closely tracking the monetary market dynamics, fully leveraging on the concept of "double carbon" and the allocation demands of financial institutions for green financial products to strive to reduce the financing costs
- (2) Making concrete efforts to enhance fund management, properly arrange and use the subsidies associated renewable energy and proceeds that are on hand.
- (3) Making the utmost to properly proceed with the issue of Global Depositary Receipts (GDR), and ensure all stages of initiatives would be performed smoothly based on the general schedule.

5. *Enhancing safety production*

- (1) In 2023, the operation of HSE shall be put into practice. The construction and special examination of material management units and the typical management units under the HSE system shall be prioritized; the research and development of HSE management information-based system will be unfolding comprehensively, to give full play of digitalization and weave a densely knitted net for screening safety hazards.
- (2) Improving the safety production accountability system among all employees, focusing on detailed and robust risk management and control and hidden hazard elimination and governance, organizing emergency drills for major hazardous source accidents in key projects such as the Tangshan LNG project, and comprehensively enhancing the capabilities of the Company's systems in dealing with emergencies.

(IV) Potential risks

1. *Wind power/photovoltaic business*

(1) Uncertain wind resources

The major climatic risk faced by the wind power industry is the fluctuation of wind resources between years, as the power generation is at a higher level in years of greater wind resources and at a lower level in years of fewer wind resources, as compared to normal years. Due to the randomness and uncontrollability of wind resources, there might be a risk of decreasing wind speed in 2023 as compared to 2022. During the project planning phase and before the construction of wind farms, the Group will conduct a comprehensive wind resources test to evaluate the potential installed capacity of such locations in order to reduce the climatic risks.

(2) Remaining concern of power constraints

As the construction of power grids is lagging behind the construction of wind power and photovoltaic projects, the development of wind power and photovoltaic projects is limited by electricity output, especially in certain regions where wind and photovoltaic resources are concentrated. With the new wind power and photovoltaic projects in regions across the country where wind and photovoltaic resources are relatively concentrated being put into operation, it is expected that power constraints are likely to further intensify in the next few years.

MANAGEMENT DISCUSSION AND ANALYSIS

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

(3) Increase in management difficulty of construction

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

(4) Risk of market-based electricity trading

With the deepening of national power system reform, the scale of highly-market-based electricity trading is expected to further expand, and the Company's wind power and photovoltaic business will face the risk of market-based bidding transactions leading to a decrease in electricity prices. The Company will conduct an in-depth study on the business rules of market-based electricity trading, carefully study the electricity sales policies promulgated by the country and various provinces, understand and master the relevant operating procedures, and increase the Company's grid-connected power by actively participating in market-based trading, striving to maximize the interests of the Company.

(5) Surge in project investment due to energy storage requirements

Many provinces across the country successively introduced energy storage solutions for new energy since the start of the 14th Five-Year Plan, with the energy storage installations ancillary to wind power and photovoltaic projects gradually becoming the industry norm, which will inevitably lead to an increase in the initial investment cost for new energy operators. The excessive requirements on the ratio and duration of energy storage in some regions may make it difficult for projects to achieve a reasonable rate of return.

2. *Natural gas business*

(1) Risks of falling pipeline transmission fees and urban gas charges

In recent years, the state has continued to promote natural gas price reforms in accordance with the general idea of "enhancing control in the middle and deregulating on both ends". With the deepening reform, transmission fees and urban gas charges are subject to the risk of declining.

The Company will seize the favorable opportunity of promoting clean energy in China, fully utilize the government's policy guidance of promoting clean energy and strengthening pollution control, give full play to its resources and service advantages, continue to expand the development of natural gas customers, and strive to expand the scope of the Company's operating regions and increase its market share.

(2) Risk of further increased difficulty for market expansion

With the gradual availability of the national pipeline network infrastructure in a fair manner, the Group will face direct competition from major upstream enterprises as the major upstream gas source suppliers continue to expand into downstream business, making it more difficult to expand the market in the future.

The Group will firmly adhere to the market-oriented philosophy, further optimize its resource mix, explore cooperation with resources units, improve market layout, formulate sales strategies, continue to broaden market reach, deeply tap the market potential, make full use of its resource and synergy advantages, open up new channels amid fierce market competition, and take multiple measures to ensure the continuous growth of gas volume.

(3) The risk of incomplete recovery of original accounts receivable

Due to the downturn in the glass industry in previous years, the business of sale of natural gas of the Company has historically incurred certain receivables for natural gas from customers in the downstream glass industry. In recent years, through the Group's relentless efforts, most of the relevant outstanding amounts have been recovered, but it will still take some time to recover the remaining amounts.

The Group will actively explore new measures and ideas for payment collection, focus on government policies and asset and debt disposal proposals, accelerate the recovery of natural gas arrears, and proactively prevent various risks to safeguard the interests of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

(4) Risk of natural gas price rise

In 2022, subject to the effects of geopolitical tensions and elevated international energy prices, the natural gas price saw a significant rise over last year, which dragged on the terminal demand to some extent.

The Group will continuously enhance its efforts in downstream market exploration, and actively employ flexible resources and low-cost gas sources, improving its competitiveness and striving to safeguard the growth of the sales volume of gas.

3. Interest rate risk

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

4. Risk of safety

(1) As for the new energy sector, the operating condition of equipment such as wind turbines in old wind farms that have been in operation for a long time is a major factor that directly affects the sustainable and stable operation of the Company's safety production, and good operations and maintenance work is required in advance for reducing the risk of safety in the new energy sector.

(2) As for the gas sector, the existing pipeline network has been in operation for a long period of time, and the equipment and facilities of gas stations and gas pipelines are aging to varying degrees, coupled with the impact of possible damage caused by third parties, the risk of safety in the gas sector has been increased from an objective perspective, which has brought greater pressure and difficulty to the safety management of the Company.

(V) Others

Applicable Not applicable

VII. EXPLANATION ON THE COMPANY'S FAILURE TO MAKE DISCLOSURE IN ACCORDANCE WITH THE STANDARDS DUE TO INAPPLICABILITY OF STANDARDS OR SPECIAL REASONS SUCH AS NATIONAL SECRETS OR BUSINESS SECRETS, AND THE REASONS THEREOF

Applicable Not applicable

CORPORATE GOVERNANCE AND REPORT OF CORPORATION GOVERNANCE

I. RELEVANT EXPLANATION ON CORPORATE GOVERNANCE

The Board of the Company hereby presents to shareholders the corporate governance report 2022.

The Company focuses on high standards of corporate governance, so as to enhance value for shareholders and protect their interests. The Company has established a modern corporate governance structure and set up the Board, the board of supervisors, Board committees and senior management in accordance with the PRC Company Law, the Mandatory Provisions for the Articles of Association of Companies Listed Overseas and the Corporate Governance Code set out in the Hong Kong Listing Rules. During the Reporting Period, the Company has complied with all provisions set out in the Corporate Governance Code, except for code provision F.2.2 in Part 2. In accordance with the requirements of provision F.2.2 in Part 2 of the Corporate Governance Code, the chairman of the Board shall attend the annual general meeting. Mr. Cao Xin, the Chairman of the Company, was not able to attend the 2021 annual general meeting of the Company due to other business engagement. According to relevant requirements, the meeting was chaired by Mr. Mei Chun Xiao, an executive Director, as jointly recommended by more than half of all the Directors of the Company.

The Company has adopted the Model Code set out in Appendix 10 to the Hong Kong Listing Rules as the code of conduct and rules regarding securities transactions of the Company by all Directors and supervisors. Subsequent to enquiries made to all of the Directors and supervisors of the Company, all Directors and supervisors had confirmed that during the Reporting Period, they had fully complied with the standards set out in the Model Code.

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

(I) Composition of the Board

During the Reporting Period, the Board of the Company comprises of 9 Directors, including 4 non-executive Directors, 2 executive Directors and 3 independent non-executive Directors.

During the Reporting Period, each appointed Director has entered into a service contract with the Company. The term of each service contract commences from the relevant date of appointment up to the end of term of the fifth session of the Board.

In 2022, the Board had consistently complied with the Hong Kong Listing Rules with respect to the requirements of appointment of at least three independent non-executive Directors, among which at least one independent non-executive Director possesses appropriate professional qualifications, accounting or related financial management expertise, and at least one-third of independent non-executive Directors is represented in the total number of members in the Board. Moreover, the Company has received from each of the independent non-executive Director an annual confirmation of independence, and is in the view that all the independent non-executive Directors are independent from the Company.

(II) Role and responsibilities of the Board

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

(III) Role and responsibilities of management

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

(IV) Board meetings

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

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

Save as consideration of the Board of matters in relation to connected transactions as stipulated by the Articles of Association, the quorum of a Board meeting shall be formed in the presence of at least half of the total number of Directors. A Director may attend

CORPORATE GOVERNANCE AND REPORT OF CORPORATION GOVERNANCE

the Board meeting in person, or appoint another Director as his proxy. The secretary to the Board of the Company is responsible for preparing and keeping the minutes of Board meetings and ensuring that such minutes are available for inspection by any Director.

To assist Directors in the proper discharge of their duties, all Directors may, as they deem necessary, seek advice from the Company secretary or in-house legal team, or from independent professional advisors at the Company's expense.

The Company is of the opinion that the composition of the Company's Board of Directors (including the number and proportion of independent non-executive Directors), the Directors' access to information and resources, the Director nomination process and the implementation of the Board diversity policy ensure that the Board has access to independent views and opinions.

(V) Chairman and president

During the Reporting Period, Dr. Cao Xin served as chairman of the Board of the Company, and Mr. Mei Chun Xiao served as president of the Company. The roles of the chairman of the Board and the president of the Company are separated and are served by different persons to ensure independence of each role.

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

(VI) Appointment of Directors

According to the Articles of Association of the Company, Directors shall be elected at a general meeting with a term of three years and is eligible for re-election. The Company has formulated procedures for the appointment of Directors. The Nomination Committee is responsible for nomination of new Directors, and a nominee list shall be submitted to the Board for consideration. All newly nominated Directors are subject to election and approval at the general meeting.

(VII) Independence of Independent Non-executive Directors

The Company currently consists of three independent non-executive Directors and none of them serves as an independent non-executive Director for more than six years. The number and qualification of the independent non-executive Directors are in compliance with the requirements of the Hong Kong Listing Rules and the Articles of Association. The independence is highly guaranteed, none of the independent non-executive Directors has any business and financial interests in the Company or its subsidiaries, nor performs any management function in the Company.

The Company had received the annual confirmation of independence presented by the independent non-executive Directors in accordance with Rule 3.13 of the Hong Kong Listing Rules and it is believed that all independent non-executive Directors are independent from the Company.

(VIII) Directors' remuneration

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

(IX) Directors' training

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

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

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During the Reporting Period, several Directors and supervisors of the Company participated in the training programs organized by The Hong Kong Institute of Chartered Secretaries. In particular, Cao Xin, Li Lian Ping, Qin Gang, Mei Chun Xiao, Wang Hong Jun, and Cao Zhi Jie participated in the "Joint Training for Board Secretary and Financial Director"; Guo Ying Jun, Wan Yim Keung, Daniel, Lin Tao, Gao Jun, and Zhang Dong Sheng participated in the Special Training for Directors and Supervisors; Wu Hui Jiang participated in the Special Training for M&A and Transaction Control. In addition, during the Reporting Period, Cao Zhi Jie, who served as the Company's supervisor for the first time, also participated in the training for directors, supervisors and executives of listed companies for the first time organised by the Shanghai Stock Exchange.

(X) Joint company secretaries and trainings

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

The joint company secretaries' biographies are set out in IV. "Particulars of Directors, Supervisors and Senior Management" contained in this section of this annual report. During the Reporting Period, the joint company secretaries undertook over 15 hours of professional training to advance their skills and knowledge.

(XI) Liability insurance for Directors

The Company has arranged appropriate insurance for each of the Directors and senior management in respect of any possible legal proceedings and reviews such insurance every year.

Reasons should be provided for any discrepancies between the corporate governance of the Company and the laws, administrative regulations and the requirements of CSRC on the governance of listed companies

Applicable Not Applicable

II. SPECIFIC MEASURES TAKEN BY THE CONTROLLING SHAREHOLDER AND THE DE FACTO CONTROLLER OF THE COMPANY TO ENSURE THE INDEPENDENCE OF THE COMPANY'S ASSETS, PERSONNEL, FINANCE, ORGANIZATION AND BUSINESS, AS WELL AS THE SOLUTIONS ADOPTED TO AFFECT THE INDEPENDENCE OF THE COMPANY, AND THEIR PROGRESS AND PLAN FOR FOLLOW-UP WORK

Applicable Not Applicable

Explanation on the engagement of the controlling shareholder, the de facto controller and other entities under their control in business identical or similar to the business of the Company, as well as the impact of industry competition or significant changes in the industry competition on the Company, the measures taken for resolution, the progress of the resolution and the plan for subsequent resolution

Applicable Not Applicable

III. INTRODUCTION OF GENERAL MEETINGS

Session	Date of meeting	Enquiry index of the designated website on which the resolutions were published	Publication date of the resolutions	Resolutions of the meeting
2021 Annual General Meeting	14 June 2022	www.sse.com.cn www.hkexnews.hk	15 June 2022 14 June 2022	All resolutions were passed
First extraordinary general meeting in 2022	12 August 2022	www.sse.com.cn www.hkexnews.hk	13 August 2022 12 August 2022	All resolutions were passed
Second extraordinary general meeting in 2022	22 September 2022	www.sse.com.cn www.hkexnews.hk	23 September 2022 22 September 2022	All resolutions were passed
Third extraordinary general meeting in 2022	29 December 2022	www.sse.com.cn www.hkexnews.hk	30 December 2022 29 December 2022	All resolutions were passed

Requisition made by preferred shareholders with restored voting rights for convening an extraordinary general meeting

Applicable Not Applicable

Descriptions of general meeting

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- On 14 June 2022, the Company convened the 2021 Annual General Meeting, at which the "Resolution on Authorizing the Board of Directors to Exercise General Mandate to Issue Shares", "Resolution on the 2021 Annual Report of the Company", "Resolution on the 2021 Report of the Board of Directors of the Company", "Resolution on the 2021 Report of the Board of Supervisors of the Company", "Resolution on the 2021 Financial Report of the Company", "Resolution on the Report on the 2021 Final Accounts of the Company", "Resolution on the 2021 Profit Distribution Proposal of the Company", "Resolution on the Appointment of the Audit Institution of the Company for 2022", "Resolution on the Remuneration Package for Directors of the Fifth Session of the Board of Directors", "Resolution on the Change in Method of Investment of the Proceeds Raised", "Resolution on the Provision of Interest-bearing Loans to a Subsidiary for the Implementation of Investment in Projects Funded by the Proceeds Raised", "Resolution on Election of Non-executive Directors and Executive Directors of the Fifth Session of the Board", "Resolution on Election of Independent Directors of the Fifth Session of the Board", "Resolution on Election of Non-Employee Representative Supervisors of the Fifth Session of the Board of Supervisors" were considered and approved, and the 2021 Work Report of the Independent Directors of the Company.
- On 12 August 2022, the Company convened the 2022 First Extraordinary General Meeting, the "Resolution on the Public Registration and Issuance of Super Short-term Commercial Papers of the Company of not Exceeding RMB2 Billion" was considered and approved.
- On 22 September 2022, the Company convened the 2022 Second Extraordinary General Meeting, at which the "Resolution on the Company's Joint Liability Guarantee for Huihai Financial Leasing Co., Ltd.", "Resolution on the Estimated Amount of Guarantee Provided by the Company for the Controlled Subsidiary, S&T International Natural Gas Trading Company Limited" were considered and approved.
- On 29 December 2022, the Company convened the 2022 Third Extraordinary General Meeting, at which the "Resolution on Waiver of the Pre-emptive Rights in respect of Caofeidian Suntien Liquefied Natural Gas Co., Ltd." was considered and approved.

IV. PARTICULARS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

- (I) Particulars about changes in the shareholding and remuneration of current and resigned directors, supervisors and senior management during the Reporting Period

Unit: Shares

Name	Position (Note)	Gender	Age	Commencement date of term of office	End date of term of office	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in shares during the year	Reason for the changes	Total remuneration before tax obtained from Company during the Reporting Period (RMB'0,000)	Whether remuneration obtained from the connected parties of the Company
Cao Xin	Chairman, Non-executive Director	Male	51	14-06-2022	13-06-2025	50,000	50,000	0	Nil	0	Yes
Li Lian Ping	Non-executive Director	Male	60	14-06-2022	13-06-2025	0	0	0	Nil	0	Yes
Mei Chun Xiao	Executive Director, President	Male	54	14-06-2022	13-06-2025	50,000	50,000	0	Nil	157.41	No
Wang Hong Jun	Executive Director	Male	58	14-06-2022	13-06-2025	0	0	0	Nil	169.92	No
Qin Gang	Non-executive Director	Male	48	14-06-2022	13-06-2025	0	0	0	Nil	0	Yes
Wu Hui Jiang	Non-executive Director	Male	43	14-06-2022	13-06-2025	0	0	0	Nil	0	Yes
Guo Ying Jun	Independent Non-executive Director	Male	49	14-06-2022	13-06-2025	0	0	0	Nil	8.66	No
Wan Yim Keung, Daniel	Independent Non-executive Director	Male	64	14-06-2022	13-06-2025	0	0	0	Nil	8.66	No
Lin Tao	Independent Non-executive Director	Male	52	14-06-2022	13-06-2025	0	0	0	Nil	8.66	No
Gao Jun	Chairman of the Board of Supervisors	Female	52	14-06-2022	13-06-2025	0	0	0	Nil	0	Yes
Qiao Guo Jie (resigned)	Employee Representative Supervisor	Male	60	14-06-2022	08-10-2022	0	0	0	Nil	154.67	No
Cao Zhi Jie	Employee Representative Supervisor	Male	43	08-10-2022	13-06-2025	0	0	0	Nil	15.52	No
Zhang Dong Sheng	Independent Supervisor	Male	62	14-06-2022	13-06-2025	0	0	0	Nil	4.33	No
Sun Xin Tian (Resigned)	Vice President	Male	58	14-06-2022	07-03-2023	0	0	0	Nil	151.56	No
Ding Peng	Vice President	Female	52	14-06-2022	13-06-2025	0	0	0	Nil	132.92	No
Lu Yang	Vice President	Male	53	14-06-2022	13-06-2025	0	0	0	Nil	152.97	No
Tan Jian Xin	Vice President	Male	43	14-06-2022	13-06-2025	0	0	0	Nil	139.98	No
Lu Shengxin	Vice President	Male	54	07-03-2023	13-06-2025	0	0	0	Nil	0	No
Fan Wei Hong	Chief Accountant	Female	52	14-06-2022	13-06-2025	0	0	0	Nil	128.75	No
Ban Ze Feng	Vice President, Board Secretary	Male	45	14-06-2022	13-06-2025	50,000	50,000	0	Nil	122.77	No
Total	/	/	/	/	/	150,000	150,000	0	/	1,356.78	/

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- Notes: 1. The shares of the Company held by Mr. Cao Xin, Mr. Mei Chun Xiao and Mr. Ban Ze Feng are H shares.
2. In 2022, Mr. Mei Chunxiao, an executive Director and the President of the Group, received take-home pay of RMB970,207.38 (2021: RMB1,406,624.27) from the Group. In 2022, the Group paid a total of RMB1,574,058.29 (2021: RMB2,233,647.48) in remuneration before tax to Mr. Mei Chunxiao, comprising 1) RMB649,815.57 (2021: RMB1,251,349.28) in salaries, allowances, various insurance policies (including Group and individual contributions, excluding endowment insurance and annuity), and benefits in kind; 2) RMB874,227.92 (2021: RMB935,564.44) in performance related-bonus; and 3) RMB50,014.80 (2021: RMB46,733.76) in contribution to pension plans (i.e., endowment insurance paid by the Group and individuals) paid to or for Mr. Mei Chunxiao.
- In 2022, Mr. Wang Hongjun, an executive Director of the Group, received take-home pay of RMB937,182.07 (2021: RMB1,382,548.47) from the Group. In 2022, the Group paid a total of RMB1,699,153.13 (2021: RMB2,995,940.55) in remuneration before tax to Mr. Wang Hongjun, comprising 1) RMB766,371.82 (2021: RMB2,017,358.83) in salaries, allowances, various insurance policies (including Group and individual contributions, excluding endowment insurance and annuity), and benefits in kind; 2) RMB882,766.51 (2021: RMB931,847.96) in performance related-bonus; and 3) RMB50,014.80 (2021: RMB46,733.76) in contribution to pension plans (i.e., endowment insurance paid by the Group and individuals) paid to or for Mr. Wang Hongjun.
- In 2022, Mr. Qiao Guojie, a Supervisor of the Group, received take-home pay of RMB893,693.49 (2021: RMB1,231,764.25) from the Group. In 2022, the Group paid a total of RMB1,546,685.98 (2021: RMB2,799,869.79) in remuneration before tax to Mr. Qiao Guojie, comprising 1) RMB605,753.55 (2021: RMB1,940,303.66) in salaries, allowances, various insurance policies (including Group and individual contributions, excluding endowment insurance and annuity), and benefits in kind; 2) RMB909,503.17 (2021: RMB812,832.37) in performance related-bonus; and 3) RMB31,429.26 (2021: RMB46,733.76) in contribution to pension plans (i.e., endowment insurance paid by the Group and individuals) paid to or for Mr. Qiao Guojie.
- In 2022, Mr. Cao Zhijie, a Supervisor of the Group, received take-home pay of RMB83,483.85 from the Group. In 2022, the Group paid a total of RMB155,212.41 in remuneration before tax to Mr. Cao Zhijie, comprising 1) RMB137,811.69 in salaries, allowances, various insurance policies (including Group and individual contributions, excluding endowment insurance and annuity), and benefits in kind; and 2) RMB17,400.72 in contribution to pension plans (i.e., endowment insurance paid by the Group and individuals) paid to or for Mr. Cao Zhijie.
- In 2022, Mr. Sun Xintian, a Vice President of the Group, received take-home pay of RMB951,114.66 (2021: RMB1,216,721.05) from the Group. In 2022, the Group paid a total of RMB1,515,622.86 (2021: RMB1,881,377.35) in remuneration before tax to Mr. Sun Xintian, comprising 1) RMB540,459.26 (2021: RMB1,037,225.80) in salaries, allowances, various insurance policies (including Group and individual contributions, excluding endowment insurance and annuity), and benefits in kind; 2) RMB925,148.80 (2021: RMB797,417.79) in performance related-bonus; and 3) RMB50,014.80 (2021: RMB46,733.76) in contribution to pension plans (i.e., endowment insurance paid by the Group and individuals) paid to or for Mr. Sun Xintian.
- In 2022, Ms. Ding Peng, a Vice President of the Group, received take-home pay of RMB686,027.02 (2021: RMB1,437,794.91) from the Group. In 2022, the Group paid a total of RMB1,329,233.35 (2021: RMB2,819,370.37) in remuneration before tax to Ms. Ding Peng, comprising 1) RMB764,010.71 (2021: RMB1,761,346.05) in salaries, allowances, various insurance policies (including Group and individual contributions, excluding endowment insurance and annuity), and benefits in kind; 2) RMB515,207.84 (2021: RMB1,011,290.56) in performance related-bonus; and 3) RMB50,014.80 (2021: RMB46,733.76) in contribution to pension plans (i.e., endowment insurance paid by the Group and individuals) paid to or for Ms. Ding Peng.
- In 2022, Mr. Lu Yang, a Vice President of the Group, received take-home pay of RMB957,669.10 (2021: RMB1,219,301.91) from the Group. In 2022, the Group paid a total of RMB1,529,718.88 (2021: RMB1,881,835.36) in remuneration before tax to Mr. Lu Yang, comprising 1) RMB556,372.71 (2021: RMB1,055,604.64) in salaries, allowances, various insurance policies (including Group and individual contributions, excluding endowment insurance and annuity), and benefits in kind; 2) RMB923,331.37 (2021: RMB779,496.96) in performance related-bonus; and 3) RMB50,014.80 (2021: RMB46,733.76) in contribution to pension plans (i.e., endowment insurance paid by the Group and individuals) paid to or for Mr. Lu Yang.
- In 2022, Mr. Tan Jianxin, a Vice President of the Group, received take-home pay of RMB796,592.00 (2021: RMB1,246,014.01) from the Group. In 2022, the Group paid a total of RMB1,399,771.61 (2021: RMB1,995,718.63) in remuneration before tax to Mr. Tan Jianxin, comprising 1) RMB671,934.71 (2021: RMB1,123,150.60) in salaries, allowances, various insurance policies (including Group and individual contributions, excluding endowment insurance and annuity), and benefits in kind; 2) RMB677,822.10 (2021: RMB825,832.83) in performance related-bonus; and 3) RMB50,014.80 (2021: RMB46,735.20) in contribution to pension plans (i.e., endowment insurance paid by the Group and individuals) paid to or for Mr. Tan Jianxin.
- In 2022, Ms. Fan Weihong, the chief accountant of the Group, received take-home pay of RMB709,187.75 (2021: RMB1,243,851.58) from the Group. In 2022, the Group paid a total of RMB1,287,486.16 (2021: RMB2,008,317.28) in remuneration before tax to Ms. Fan Weihong, comprising 1) RMB670,044.93 (2021: RMB1,108,317.05) in salaries, allowances, various insurance policies (including Group and individual contributions, excluding endowment insurance and annuity), and benefits in kind; 2) RMB567,426.43 (2021: RMB853,266.47) in performance related-bonus; and 3) RMB50,014.80 (2021: RMB46,733.76) in contribution to pension plans (i.e., endowment insurance paid by the Group and individuals) paid to or for Ms. Fan Weihong.
- In 2022, Mr. Ban Zefeng, a Vice President and Secretary to the Board of the Group, received take-home pay of RMB672,170.04 (2021: RMB1,278,878.26) from the Group. In 2022, the Group paid a total of RMB1,227,691.32 (2021: RMB2,049,730.19) in remuneration before tax to Mr. Ban Zefeng, comprising 1) RMB669,682.29 (2021: RMB1,117,466.61) in salaries, allowances, various insurance policies (including Group and individual contributions, excluding endowment insurance and annuity), and benefits in kind; 2) RMB507,994.23 (2021: RMB885,529.82) in performance related-bonus; and 3) RMB50,014.80 (2021: RMB46,733.76) in contribution to pension plans (i.e., endowment insurance paid by the Group and individuals) paid to or for Mr. Ban Zefeng.

CORPORATE GOVERNANCE AND REPORT OF CORPORATION GOVERNANCE

Name	Major Work Experience
Cao Xin	Aged 51, Dr. Cao joined the Group in February 2010, and is currently a non-executive Director, Chairman of the Company, deputy secretary of the Party committee, general manager and vice president of HECIC. He obtained a doctorate in economics from Renmin University of China (中國人民大學) and is a chief senior economist. Dr. Cao successively served as the executive Director and President of the Company, general manager of HECIC New Energy Co., Ltd, the assistant to the general manager, member of Party committee and deputy general manager of Hebei Construction & Investment Group Co., Ltd. and the manager of the Public Utilities Department II of Hebei Construction Investment Company.
Li Lian Ping	Aged 60, Dr. Li served the Group from February 2010 to March 2013, resigned the directorship in March 2013 for job transfer and rejoined the Group in June 2016. He is currently a non-executive Director of the Company. He obtained a doctorate in materials processing engineering from the University of Science and Technology Beijing (北京科技大學) and is a chief senior engineer. Dr. Li successively served as deputy secretary of the Party committee, deputy officer (departmental level) of State-owned Assets Supervision and Administration Commission of Hebei Province, director, deputy general manager and a member of the standing committee of the Party committee of Hebei Iron & Steel Group Co., Ltd. and general manager, deputy chairman and deputy secretary of the Party committee of Handan Iron & Steel Group Co., Ltd., and the chairman and secretary of the Party committee of HECIC.
Mei Chun Xiao	Aged 54, Mr. Mei joined the Group in August 2006, and is currently an executive Director, president and secretary of the Party committee of the Company. He obtained a master's degree in electrical engineering from Beijing Jiaotong University (北京交通大學) and is a chief senior engineer. Mr. Mei successively served as vice president of the Company, general manager, deputy general manager and chief engineer, and an assistant to the general manager of HECIC New Energy.
Wang Hong Jun	Aged 58, Mr. Wang joined the Group in March 2013, and is an executive Director of the Company and deputy secretary of the Party Committee. He obtained a master's degree in business administration from Tianjin University (天津大學). Mr. Wang successively served as director of the general office of HECIC, and director of the general manager office of Hebei Construction Investment Company (the predecessor of HECIC).
Qin Gang	Aged 48, Mr. Qin joined the Group in October 2014, and is currently a non-executive Director of the Company and assistant to the general manager of HECIC. He obtained a master's degree in corporate management from Nankai University (南開大學) and is a principal senior economist. Mr. Qin successively served as deputy departmental manager of the capital operation department of HECIC and deputy manager of the financial management department of Hebei Construction Investment Company (the predecessor of HECIC).
Wu Hui Jiang	Aged 43, Mr. Wu joined the Group in June 2015, and is currently a non-executive Director of the Company. He obtained a master's degree in political economy of Zhejiang University and is a senior economist. Mr. Wu was deputy general manager of the Investment Development Department of HECIC, general manager, deputy general manager of CIC Huaxin Capital Co., Ltd. (建投華信資本有限公司), manager of the Investment Development Department of HECIC Water Investment Co., Ltd. and project manager of the Public Utilities Department I of Hebei Construction Investment Company (the predecessor of HECIC).
Guo Ying Jun	Aged 49, Mr. Guo has been an independent non-executive Director of the Company since November 2020, and is an associate professor and a supervisor of postgraduates for master degree at the School of Electrical Engineering, Hebei University of Science and Technology, and the director of Hebei Engineering Laboratory for Wind Power/Photovoltaic Coupling Hydrogen Production and Comprehensive Utilization. Mr. Guo worked in the Mechatronics Engineering Technology Centre of Hebei University of Science and Technology from July 1996 to August 2001, and studied for a master's degree in control theory and control engineering at Beijing Institute of Technology from September 2001 to March 2004. He has been working at the School of Electrical Engineering, Hebei University of Science and Technology since April 2004. He was a visiting scholar at the University of Manchester from 13 August to 12 September 2011.
Wan Yim Keung, Daniel	Aged 64, Mr. Wan has been an independent non-executive Director of the Company since June 2019, and is the vice chairman and chief executive officer of Haifu International Finance Holding Group Limited. He obtained master's degrees in business administration from The Chinese University of Hong Kong and the University of Wales. Mr. Wan is a fellow member of each of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. Mr. Wan was the managing director and chief financial officer of Shui On Land Limited, the general manager of The Bank of East Asia, Ltd. and the Chief financial officer of the BEA Group, and the chief executive officer of First Pacific Bank Limited. Besides, Mr. Wan also served as a part-time member of the Central Policy Unit of Hong Kong, chairman of the Investment Committee of the Travel Industry Compensation Fund, member of the Advisory Board of CFO Asia Magazine, member of the Travel Industry Compensation Fund Management Board, member of the Board of Review (Inland Revenue), member of the Small and Medium Enterprises Committee, member of the Auditing Standards Committee of the Hong Kong Society of Accountants, member of the Accounting Standards Advisory Panel of the Hong Kong Society of Accountants, member of the Taxation Committee of the Taxation Institute of Hong Kong and newly appointed member of the Tax Liaison Committee.

CORPORATE GOVERNANCE AND REPORT OF CORPORATION GOVERNANCE

Name	Major Work Experience
Lin Tao	Aged 52, Dr. Lin has been an independent non-executive Director of the Company since June 2019, and is a professor of the Department of Internet of Things Engineering of the School of Artificial Intelligence and Data Science, and a supervisor of postgraduates for master degree at the Department of Computer Science and Technology, Control Theory and Control Engineering of Hebei University of Technology. He obtained a doctoral degree in control theory and control engineering from Hebei University of Technology. Dr. Lin has been working at the School of Artificial Intelligence and Data Science of Hebei University of Technology since July 1993. Dr. Lin studied at Tianjin University for a master's degree from September 1996 to October 1999, and at Hebei University of Technology for a doctoral degree from April 2003 to April 2007. From September 2010 to August 2013, he completed his post-doctoral research work at the post-doctoral research station of Hebei University of Technology.
Gao Jun	Aged 52, Ms. Gao has been the chairman of the board of supervisors of the Company and general manager of the audit management department of HECIC since October 2020. She graduated from Hebei University of Economics and Business majoring in financial accounting. She is a senior economist. Ms. Gao served successively as general manager, deputy director, assistant to director, assistant to manager and other positions of the financial management department of HECIC.
Qiao Guojie (Resigned)	Aged 60, ceased to be an employee representative supervisor of the Company with effect from October 2022. Mr. Qiao obtained a master's degree in business administration from Tianjin University. Mr. Qiao served as the deputy secretary of the Party committee, secretary of the disciplinary committee and chairman of the labour union of the Company, and the deputy secretary of the Party committee, secretary of the disciplinary committee and chairman of the labour union of HECIC New-energy.
Cao Zhi Jie	Aged 43, Mr. Cao has been an employee representative supervisor of the Company since October 2022, and is secretary of the disciplinary committee and chairman of the labour union. He obtained a master's degree in international economics and trade from Flinders University jointly organised by Nankai University and Flinders University, and is a senior political engineer and economist. Mr. Cao successively served as assistant to the general manager, deputy general manager of the human resources department of HECIC, assistant to the director, deputy director, and deputy secretary of the Youth League Committee of the Party Committee Organisation Department, deputy secretary of the party committee, secretary of the disciplinary committee, and chairman of the labour union of Hebei Xibaipo Power Generation Co., Ltd.
Zhang Dong Sheng	Aged 62, Mr. Zhang has been an independent supervisor of the Company since October 2020, and is the head of the Department of Business Administration, School of Economics and Management, Hebei University of Technology. He obtained a doctorate in management majoring in management science and engineering from Hebei University of Technology, and is a professor and an advisor to Ph.D. students. From 1983 to 1984, Mr. Zhang worked in Tangshan Mining & Metallurgical Machinery Plant (唐山冶金礦山機械廠). In July 1984, he studied in Hebei University of Technology for a master's degree. He has been teaching in that university since his graduation in 1987, during which, he studied in Hebei University of Technology for a doctorate. From 2006 to 2007, he was a senior visiting scholar at the University of Manchester, the United Kingdom.
Sun Xin Tian (Resigned)	Aged 58, Mr. Sun ceased to be a vice president of the Company since March 2023. Mr. Sun obtained a master's degree in power engineering from Huabei Electricity University (華北電力大學) and is a principal senior engineer. Mr. Sun successively served as deputy general manager and chief engineer of HECIC New Energy, deputy general manager of HECIC Zhangjiakou Wind Energy Co., Ltd., and deputy chief engineer, deputy director and deputy chief engineer of the equipment and technology department, engineer and deputy factory manager of a power engineering branch factory of Hebei Xingtai Power Co., Ltd.(河北興泰發電有限責任公司, formerly known as Xingtai Electricity Generation Factory(邢台發電廠)).
Ding Peng	Aged 52, Ms. Ding joined the Group in June 2001, and is currently a vice president of the Company. She obtained a master's degree in senior business administration from Renmin University of China (中國人民大學) and is a principal senior accountant. Ms. Ding successively served as deputy general manager and chief accountant, chief accountant and financial manager of Hebei Natural Gas.
Lu Yang	Aged 53, Mr. Lu joined the Group in January 2008, and is currently a vice president of the Company. He obtained a master's degree in senior business administration from Renmin University of China (中國人民大學) and is a principal senior engineer. Mr. Lu successively served as deputy general manager of Hebei Natural Gas, manager for engineering technical support of Hong Kong & China Gas Investment Limited, and as deputy general manager and chief engineer of Handan City Gas Company.
Tan Jian Xin	Aged 43, Mr. Tan joined the Group in October 2006, and is currently a vice president of the Company. He obtained a master's degree in Mechanical Electronic Engineering from Huabei Electricity University (華北電力大學) and is a principal senior engineer. Mr. Tan successively served as deputy general manager, assistant to the general manager and manager of the construction management department of HECIC New Energy Co., Ltd., secretary of the Party general branch of Hebei Suntien Kechuang New Energy Technology Co., Ltd., general manager and deputy general manager of HECIC Yuzhou Wind Energy Co., Ltd., general manager of engineering construction and equipment supply department of Yuxian Suntien Wind Power Co., Ltd..

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Name	Major Work Experience
Lu Shengxin	Aged 54, Mr. Lu joined the Group in April 2007, and is the Vice President of the Company. He holds a Bachelor's degree in Thermal Engineering from Huabei Electricity University (華北電力大學) and is a senior engineer. Mr. Lu ever served as, among others, deputy general manager (presiding over the operation) of HECIC Offshore Wind Power Co., Ltd., assistant general manager and deputy general manager of HECIC New Energy Co., Ltd., general manager of Laoting CIC Wind Power Co., Ltd., general manager of Changli Suntien Wind Power Co., Ltd., general manager of Lingqiu CIC Wind Power Co., Ltd., and general manager of CIC Yanshan (Guyuan) Wind Power Co., Ltd.
Fan Wei Hong	Aged 52, Ms. Fan joined the Group in June 2013, and is currently the chief accountant of the Company. She obtained a bachelor's degree in accounting from Hebei University of Economics and Business (河北經貿大學) and is a principal senior accountant and PRC certified public accountant. Ms. Fan successively served as deputy manager and manager of the financial planning department of HECIC Communications, deputy general manager and financial controller of Shijiazhuang Construction and Investment Company (石家莊市建設投資公司), accountant of Shijiazhuang Committee of Planned Economy (石家莊市計劃經濟委員會) and accountant of Shijiazhuang Sixth Cotton Mill Factory (石家莊市第六棉紡織廠).
Ban Ze Feng	Aged 45, Mr. Ban joined the Group in June 2013, and is currently a vice president and secretary of the board of directors of the Company. He obtained a master's degree in business administration from Nankai University (南開大學) and is a principal senior accountant. Mr. Ban was appointed as joint company secretary of the Company on 24 March 2014. Mr. Ban was appointed as joint company secretary of the Company on 24 March 2014. Mr. Ban successively served as assistant to the director of the general office, head of the secretarial confidential documents department and general office secretary of HECIC, deputy director of the general manager's office of Shijiazhuang International Building Co., Ltd. (石家莊國際大廈股份有限公司), and secretary of the general office of Hebei Construction Investment Company (the predecessor of HECIC).

Other explanation

Joint company secretaries

Particular of joint company secretary Mr. Ban Ze Feng may be referred to as stated above.

Ms. Lam Yuen Ling Eva (林婉玲), aged 56, was appointed as the joint company secretary of the Company on 1 April 2010. Ms. Lam has over 20 years of experience in company secretarial services and commercial solutions. She is currently a director of BMI Listed Corporate Services Limited and is responsible for supervising the company secretarial teams to provide full range of listed and private company secretarial services to clients. Ms. Lam obtained a Higher Certificate in Company Secretaryship and Administration from the Hong Kong Polytechnic University and was awarded a degree of Master of Science in Corporate Governance and Directorship by the Hong Kong Baptist University. Ms. Lam is a fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute, and was awarded the qualification of Chartered Governance Professional. She is also a permanent affiliate member of The Hong Kong Independent Non-Executive Director Association. Ms. Lam is currently the company secretary or joint company secretary of several companies listed on the Main Board of the Stock Exchange of Hong Kong Limited.

(II) Employment status of current and resigned directors, supervisors, and senior Management during the reporting period

1. Employment status at shareholder entities

Name of employee	Name of shareholder entity	Position in shareholder entity	Commencement date of term of office	End date of term of office
Cao Xin	HECIC	Deputy Secretary of the Party Committee, General Manager, Vice Chairman	08-2022	-
		Member of the Standing Committee of the Party Committee	04-2010	
Li Lian Ping	HECIC	Deputy General Manager	01-2014	
		Chairman, Secretary of the Party Committee	09-2015	08-2022
Qin Gang	HECIC	Assistant to General Manager	04-2015	-
Wu Hui Jiang	HECIC	General Manager of Investment Development Department	07-2015	02-2023
Gao Jun	HECIC	General Manager of Audit Management Department	04-2015	-
Explanation on the employment status at shareholder entities	Nil			

CORPORATE GOVERNANCE AND REPORT OF CORPORATION GOVERNANCE

2. Employment status at other entities

Name of employee	Name of other entity	Position in other entity	Commencement date of term of office	End date of term of office
Cao Xin	Huihai Financial Leasing Co., Ltd.	Vice Chairman	03-2017	
Cao Xin	Mao Tian Capital Limited	Chairman	09-2016	
Cao Xin	Datang International Power Generation Co., Ltd.	Non-executive Director	06-2013	
Cao Xin	Yanshan Development Limited Company	Director, General Manager	09-2016	
Cao Xin	Yanshan International Investment Company Limited	Director, General Manager	09-2016	
Li Lian Ping	Group Finance Company	Director	01-2019	
Li Lian Ping	HCIG Energy Investment Company	Director	07-2017	
Li Lian Ping	HECIC AVIC Saihan Green Energy Technology Development Co., Ltd.	Chairman	04-2022	
Mei Chun Xiao	HECIC New Energy Co., Ltd.	Chairman	12-2017	
Mei Chun Xiao	Hebei Natural Gas Company Limited	Chairman	04-2017	
Mei Chun Xiao	Hebei Jinjianjia Natural Gas Co., Ltd.	Chairman	11-2022	
Mei Chun Xiao	Huihai Financial Leasing Co., Ltd.	Director	05-2017	
Mei Chun Xiao	Caofeidian Suntien Liquefied Natural Gas Co., Ltd.	Chairman	03-2018	
Mei Chun Xiao	Hebei Gas Co., Ltd.	Chairman	12-2018	
Mei Chun Xiao	HECIC New-energy Supply Chain Management Co., Ltd.	Chairman	07-2019	
Mei Chun Xiao	HECIC AVIC Saihan Green Energy Technology Development Co., Ltd.	Director	04-2022	
Mei Chun Xiao	Cangzhou Suntien Botou Energy Co., Ltd.	Chairman	05-2022	
Mei Chun Xiao	Cangzhou Suntien Green Energy Co., Ltd.	Chairman	05-2022	
Wang Hong Jun	Junan Suntien Wind Energy Co., Ltd.	Chairman	09-2013	
Wang Hong Jun	Fuliang Zhongling Suntien Green Energy Co., Ltd.	Chairman	11-2016	
Wang Hong Jun	Suntien Green Energy Xuyi Co., Ltd.	Chairman	12-2016	
Wang Hong Jun	Caofeidian Suntien Liquefied Natural Gas Co., Ltd.	Director	03-2018	
Wang Hong Jun	Hebei Fengning Pumped Storage Co., Ltd.	Vice Chairman	06-2019	
Wang Hong Jun	Hebei Gas Co., Ltd.	Director	12-2018	
Wang Hong Jun	Suntien Green Energy Lianyungang Co., Ltd.	Chairman	07-2018	
Wang Hong Jun	Hebei Fengning Construction & Investment New Energy Co., Ltd.	Chairman	05-2019	
Wang Hong Jun	Suntien Green Energy (Fengning) Co., Ltd.	Chairman	05-2019	
Wang Hong Jun	HECIC New-energy Supply Chain Management Co., Ltd.	Director	07-2019	
Wang Hong Jun	Chengde Dayuan New Energy Co., Ltd.	Vice Chairman	05-2019	
Qin Gang	Mao Tian Capital Limited	Director, General Manager	10-2016	
Qin Gang	Hebei Coastal Industry Investment Fund Management Co., Ltd.	Chairman	04-2017	
Qin Gang	Maotian (Beijing) Equity Investment Fund Management Co., Ltd.	Executive Director	06-2017	
Qin Gang	Gaokang Capital Investment Management Company Limited	Vice Chairman	09-2018	
Qin Gang	HECIC Chuangfa Fund Management Co., Ltd.	Executive Director	07-2017	
Qin Gang	Huihai Financial Leasing Co., Ltd.	Director	05-2017	
Qin Gang	Yanshan Development Limited Company	Director	05-2013	
Qin Gang	Yanshan International Investment Company Limited	Director	05-2013	
Qin Gang	Longxing Capital Limited	Chairman	02-2017	
Qin Gang	Jointo Energy Investment Co., Ltd. Hebei	Vice Chairman	07-2017	
Qin Gang	HECIC Water Investment Co., Ltd.	Director	08-2016	
Qin Gang	Lao Tonglian Mining Co., Ltd.	Director	12-2013	
Qin Gang	Hebei Asset Management Co., Ltd.	Director	10-2015	
Qin Gang	Yan Zhao Property Insurance Co., Ltd.	Director	03-2015	
Qin Gang	CIC Southeast Asia Investment Co., Ltd.	Director	10-2016	
Qin Gang	CIC Huaxin Capital Co., Ltd.	Executive Director	05-2014	
Qin Gang	CIC Huatian Insurance Brokers Co., Ltd.	Director	04-2018	
Qin Gang	Caofeidian Suntien Liquefied Natural Gas Co., Ltd.	Director	07-2020	
Qin Gang	Hebei Financial Leasing Co., Ltd.	Director	03-2018	
Qin Gang	Taiwei Aviation Technology Co., Ltd.	Chairman	08-2022	
Wu Hui Jiang	HECIC Transportation Investment Co., Ltd.	General Manager	02-2023	
Wu Hui Jiang	Hebei Coastal Industry Investment Fund Management Co., Ltd.	Director	03-2015	
Wu Hui Jiang	Yanshan International Investment Company Limited	Director	04-2015	
Wu Hui Jiang	Mao Tian Capital Limited	Director	09-2016	
Wu Hui Jiang	Hebei Financing Investment Holding Group Co., Ltd.	Supervisor	02-2014	
Wu Hui Jiang	Yanshan Development Limited Company	Director	04-2015	
Wu Hui Jiang	Caofeidian Suntien Liquefied Natural Gas Co., Ltd.	Director	07-2020	
Wu Hui Jiang	HECIC Urbanization Construction & Development Co., Ltd.	Director	07-2018	
Wu Hui Jiang	Hebei Gas Co., Ltd.	Director	12-2018	
Wu Hui Jiang	HECIC Digital Industry Co., Ltd.	Director	04-2021	

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Name of employee	Name of other entity	Position in other entity	Commencement date of term of office	End date of term of office
Wu Hui Jiang	HECIC Healthcare Industry Investment Co., Ltd.	Director	11-2022	
Guo Ying Jun	School of Electrical Engineering, Hebei University of Science and Technology	Tutor	04-2004	
Wan Yim Keung, Daniel	Haifu International Finance Holding Group Limited	Deputy Chairman and Chief Executive Officer	10-2015	
Wan Yim Keung, Daniel	Bonjour Holdings Limited	Executive Director	03-2016	
Lin Tao	School of Artificial Intelligence and Data Science, Hebei University of Technology	Tutor	07-1993	
Gao Jun	Hebei Water Supply Co., Ltd.	Director	12-2014	
Gao Jun	Mao Tian Capital Limited	Supervisor	09-2016	
Gao Jun	Hebei Relocation of Poverty Alleviation and Relocation Development and Investment Co., Ltd.	Supervisor	03-2016	
Qiao Guo Jie	Hebei Gas Co., Ltd.	Supervisor	12-2018	11-2022
Cao Zhi Jie	Hebei Gas Co., Ltd.	Supervisor	11-2022	
Cao Zhi Jie	HECIC Wellness Industry Investment Co., Ltd.	Director	11-2022	
Zhang Dong Sheng	School of Economics and Management, Hebei University of Technology	Tutor	06-1987	
Zhang Dong Sheng	Hebei Port Group Co., Ltd.	External Director	10-2017	
Sun Xin Tian	HECIC New Energy Co., Ltd.	Director	10-2010	
Sun Xin Tian	HECIC Offshore Wind Power Co., Ltd.	Chairman	01-2011	
Sun Xin Tian	HECIC New-energy (Tangshan) Co., Ltd.	Chairman	06-2014	
Sun Xin Tian	Jianshui Suntien Wind Energy Co., Ltd.	Chairman	07-2012	
Sun Xin Tian	Guangxi Suntien Green Energy Co., Ltd.	Chairman	10-2014	
Sun Xin Tian	Fangchenggang Suntien Green Energy Co., Ltd.	Chairman	10-2014	
Sun Xin Tian	Hebei Gas Co., Ltd.	General Manager	06-2022	
Sun Xin Tian	Suntien Green Energy (Shanglin) Co., Ltd.	Chairman	04-2019	
Sun Xin Tian	HECIC New-energy Supply Chain Management Co., Ltd.	Director	07-2019	
Sun Xin Tian	Cangzhou Suntien Botou Energy Co., Ltd.	Director, General Manager	05-2022	
Sun Xin Tian	Cangzhou Suntien Green Energy Co., Ltd.	Director, General Manager	05-2022	
Sun Xin Tian	Suntien Green Energy (Tianjin) Co., Ltd.	Chairman	04-2022	
Ding Peng	Hebei Natural Gas Company Limited	Secretary of the Party Committee, General Manager	03-2013	
		Director	03-2010	
Ding Peng	PipeChina HECIC Natural Gas Co., Ltd.	Chairman	04-2018	
Ding Peng	Caofeidian Suntien Liquefied Natural Gas Co., Ltd.	Director	03-2018	
Ding Peng	PetroChina Jingtang Liquefied Natural Gas Co., Ltd.	Director	08-2013	
Ding Peng	Hebei Provincial Entrepreneurs Association	Executive Member	06-2013	
Ding Peng	Hebei Investment Association	Executive Member	03-2013	
Ding Peng	PipeChina North China Natural Gas Pipeline Co., Ltd.	Vice Chairman	12-2018	
Ding Peng	HECIC New-energy Supply Chain Management Co., Ltd.	Director	07-2019	
Lu Yang	Hebei Jinjianjia Natural Gas Co., Ltd.	Director	04-2015	
Lu Yang	Hebei Natural Gas Company Limited	Director	01-2014	
Lu Yang	Hebei Suntien Guohua Gas Co., Ltd.	Vice Chairman	08-2016	
Lu Yang	Tongdao Suntien Green Energy Co., Ltd.	Chairman	07-2015	
Lu Yang	Xingyang Suntien Wind Energy Co., Ltd.	Chairman	07-2014	
Lu Yang	Weihui Suntien Green Energy Co., Ltd.	Chairman	07-2015	
Lu Yang	Caofeidian Suntien Liquefied Natural Gas Co., Ltd.	Director, General Manager	03-2018	
Lu Yang	S&T International Natural Gas Trading Company Limited	Chairman of the Board, General Manager	08-2019	
Lu Yang	Huludao Liaohe Oil Field Gas Co., Ltd.	Director	10-2017	
Lu Yang	HECIC New-energy Supply Chain Management Co., Ltd.	Director, General Manager	07-2019	
Tan Jian Xin	HECIC New Energy Co., Ltd.	Director, General Manager	12-2017	
Tan Jian Xin	Suntien Green Energy Investment (Beijing) Co., Ltd.	Chairman	06-2019	
Tan Jian Xin	Heilongjiang Suntien Hadian New Energy Investment Co., Ltd.	Chairman	06-2019	
Tan Jian Xin	Chaoyang Suntien New Energy Co., Ltd.	Chairman	06-2019	
Tan Jian Xin	Harbin Ruifeng New Energy Co., Ltd.	Chairman	06-2019	
Tan Jian Xin	Wuchuan Mengtian Wind Energy Co., Ltd.	Chairman	11-2016	
Tan Jian Xin	Keyouqianqi Suntien Wind Energy Co., Ltd.	Chairman	05-2016	
Tan Jian Xin	Suntien Hebei Solar Energy Development Co., Ltd.	Chairman	06-2019	
Tan Jian Xin	Lulong County Liuyin Photovoltaic Power Co., Ltd.	Chairman	04-2019	
Tan Jian Xin	Suntien Hebei Power Sale Co., Ltd.	Chairman	09-2019	
Tan Jian Xin	Tailai Suntien Green Energy Co., Ltd.	Chairman	06-2019	
Tan Jian Xin	Tai'an Sanglin Wind Power Generation Co., Ltd.	Chairman	09-2019	
Tan Jian Xin	HECIC Huineng New Energy Co., Ltd.	Director	04-2021	
Tan Jian Xin	Cangzhou Suntien Botou Energy Co., Ltd.	Director	05-2022	
Tan Jian Xin	Cangzhou Suntien Green Energy Co., Ltd.	Director	05-2022	
Tan Jian Xin	HECIC AVIC Saihan Green Energy Technology Development Co., Ltd.	Director	04-2022	

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Name of employee	Name of other entity	Position in other entity	Commencement date of term of office	End date of term of office
Tan Jian Xin	HCIG Guo Rong Energy Service Co., Ltd.	Director	05-2021	
Tan Jian Xin	Harbin Qingfeng New Energy Co., Ltd.	Chairman	08-2022	
Lu Shengxin	HECIC New Energy (Tangshan) Co., Ltd	Director and General Manager	06-2014	
Lu Shengxin	HECIC Offshore Wind Power Co., Ltd.	Director and General Manager	08-2017	
Lu Shengxin	HECIC Offshore Wind Power Sheyang Co., Ltd.	Chairman	08-2018	
Lu Shengxin	Suntien Green Energy Qinhuangdao Beidaihe New District Co., Ltd.	Director	12-2022	
Lu Shengxin	Suntien Offshore Wind Power (Qinhuangdao) Co., Ltd.	Director	09-2022	
Lu Shengxin	Suntien Green Energy (Tianjin) Co., Ltd. (新天綠色能源(天津)有限公司)	Director and General Manager	04-2022	
Fan Wei Hong	HECIC New Energy Co., Ltd.	Chairman of the Board of Supervisors	12-2017	
Fan Wei Hong	Group Finance Company	Director	12-2015	
Fan Wei Hong	Caofeidian Suntien Liquefied Natural Gas Co., Ltd.	Supervisor	03-2018	
Fan Wei Hong	Hebei Natural Gas Company Limited	Chairman of the Board of Supervisors	04-2018	
Fan Wei Hong	Huihai Financial Leasing Co., Ltd.	Director	05-2017	
Fan Wei Hong	Ruoqiang Suntien Green Energy Co., Ltd.	Chairman	05-2019	
Fan Wei Hong	Hejing Suntien Green Energy Co., Ltd.	Chairman	07-2019	
Fan Wei Hong	Liquan Jisheng Green Energy Co., Ltd.	Chairman	01-2022	
Fan Wei Hong	Xinjiang Yusheng New Energy Development Co., Ltd.	Chairman	05-2022	
Fan Wei Hong	Fuping Jixin Suntien Green Energy Co., Ltd.	Chairman	06-2019	
Fan Wei Hong	HECIC AVIC Saihan Green Energy Technology Development Co., Ltd.	Supervisor	04-2022	
Fan Wei Hong	HECIC New-energy Supply Chain Management Co., Ltd.	Supervisor	07-2019	
Ban Ze Feng	HECIC New Energy Co., Ltd.	Director	12-2017	
Ban Ze Feng	Hebei Natural Gas Company Limited	Director	04-2017	
Ban Ze Feng	Suntien Green Energy (Hong Kong) Corporation Limited	Chairman	06-2017	
Ban Ze Feng	Hebei Jinjianjia Natural Gas Co., Ltd.	Director	08-2017	
Ban Ze Feng	Huihai Financial Leasing Co., Ltd.	Chairman of the Board of Supervisors	05-2017	
Ban Ze Feng	Shenzhen Suntien Green Energy Investment Co., Ltd.	Chairman	06-2019	
Ban Ze Feng	International Wind Farm Development V Limited	Chairman	08-2019	
Ban Ze Feng	Cangzhou Suntien Botou Energy Co., Ltd.	Director	05-2022	
Explanation on employment status at other entities	Nil			

(III) Remuneration of directors, supervisors and senior management

Determination procedure for remuneration of directors, supervisors and senior management	Remunerations of directors are, after review, consideration and adoption of the Remuneration Committee and Appraisal Committee of the board, subject to approval at general meeting. Remunerations of supervisors are, after review, consideration and adoption of the board of supervisors of the Company, subject to approval at general meeting. Remunerations of senior management are, after review, consideration and adoption of the remuneration committee of the Board, subject to approval of the Board of Directors.
Basis for determination of remuneration directors, supervisors and senior management	Remunerations of directors, supervisors and senior management are determined by the Company subject to the annual operating results of the Company and their appraisals of performance.
Particulars of remuneration actually paid to directors, supervisors and senior management	Please refer to "IV. (I) Particulars about Changes in the Shareholding and Remuneration of Current and Resigned Directors, Supervisors and Senior Management during the Reporting Period" of this section
Total remuneration actually received by directors, supervisors and senior management as a whole at the end of the Reporting Period	Please refer to "IV. (I) Particulars about Changes in the Shareholding and Remuneration of Current and Resigned Directors, Supervisors and Senior Management during the Reporting Period" of this section

(IV) Changes of directors, supervisors and senior management of the Company

Name	Position	Changes	Reason for the changes
Qiao Guo Jie	Employee Representative Supervisor	Resigned	Reaching the age for retirement
Cao Zhi Jie	Employee Representative Supervisor	Elected	Election at workers' congress

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(V) Penalties imposed by securities regulatory authorities in the recent three years

Applicable Not Applicable

(VI) Others

Applicable Not Applicable

V. BOARD MEETINGS HELD DURING THE REPORTING PERIOD

Session	Date of meeting	Resolutions
The twenty-eighth extraordinary meeting of the fourth session of the Board	11 January 2022	"Resolution on Depositing Raised Funds by way of Negotiated Deposit" was considered and approved
The twenty-ninth extraordinary meeting of the fourth session of the Board	18 January 2022	"Resolution on the Participation of a Wholly-owned Subsidiary of the Company in the Establishment of the Hebei Suntien Green Shuifa Carbon Neutrality Equity Investment Fund" was considered and approved
The thirtieth extraordinary meeting of the fourth session of the Board	23 February 2022	The following resolutions were considered and approved: 1. "Resolution on Adjusting the Amount to be Invested in Investment Projects for Proceeds from the Non-public Issuance of A Shares" 2. "Resolution on Replacing Advanced Amounts of Preliminary Investment in the Investment Projects and Issue Fees Paid with the Proceeds Raised"
The twelfth meeting of the fourth session of the board of directors	23 March 2022	The following resolutions were considered and approved: 1. "Resolution on the 2021 Work Report of the Board of Directors of the Company" 2. "Resolution on the 2021 Performance Report of the Audit Committee of the Company" 3. "Resolution on the 2021 Work Report of the Independent Directors of the Company" 4. "Resolution on the 2021 Work Report of the President of the Company" 5. "Resolution on the 2021 Operation Activities Analysis Report of the Company" 6. "Resolution on the 2021 Internal Audit and Risk Management Work Report of the Company" 7. "Resolution on the 2021 Financial Report of the Company" 8. "Resolution on the Report on the 2021 Final Accounts of the Company" 9. "Resolution on Explanation of 2022 Operation and Financing Situation of the Company" 10. "Resolution on the Provision for Impairment and Confirmation of Asset Losses of the Company in 2021" 11. "Resolution on the 2021 Profit Distribution Proposal of the Company" 12. "Resolution on the Placement and Actual Use of the Proceeds of the Company for 2021" 13. "Resolution on Authorizing the Board of Directors to Exercise General Mandate to Issue Shares" 14. "Resolution on the 2021 Annual Report Summary and Report, Result Announcement, Corporate Social Responsibility Report and ESG Report" 15. "Resolution on the Continuous Risk Assessment Report (2021) of HECIC Group Finance Company Limited" 16. "Resolution on 2021 Internal Control Evaluation Report of the Company" 17. "Resolution on Nominating Director Candidates for the Fifth Session of the Board of the Company" 18. "Resolution on Reviewing the Directors' Remuneration Plan of the Fifth Session of the Board" 19. "Resolution on Reviewing the 14th Five-Year Strategic Plan of the Company" 20. "Resolution on Reviewing Internal Control Management Regulations and Internal Control Self-evaluation Management Regulations"
The thirty-first extraordinary meeting of the fourth session of the Board	07 April 2022	"Resolution on Reviewing the Implementation Plan of China Suntien Green Energy Corporation Limited on Implementing the Powers of the Board of Directors" was considered and approved

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Session	Date of meeting	Resolutions
The thirty-second extraordinary meeting of the fourth session of the Board	20 April 2022	The following resolutions were considered and approved: 1. "Resolution on Using Part of Idle Raised Funds for Cash Management" 2. "Resolution on Temporarily Supplementing Working Capital with Part of Idle Raised Funds" 3. "Resolution on Reviewing the Comprehensive Risk Management Regulations"
The thirty-third extraordinary meeting of the fourth session of the Board	28 April 2022	The following resolutions were considered and approved: 1. "Resolution on the 2022 First Quarterly Report of the Company" 2. "Resolution on the Change in Method of Investment of the Proceeds Raised" 3. "Resolution on Using Raised Funds to Provide Interest-bearing Loans to Subsidiaries to Implement Investment Projects for Proceeds Raised" 4. "Resolution on Engaging Gram Capital Limited as Independent Financial Adviser of the Company"
The thirty-fourth extraordinary meeting of the fourth session of the Board	20 May 2022	The following resolutions were considered and approved: 1. "Resolution on the Appointment of the Audit Institution for the Company for 2022" 2. "Resolution on Requesting to Convene the 2021 Annual General Meeting" 3. "Resolution on the Review and Implementation of the Relevant Systems Involved in the Implementation of the Board of Directors' Powers" 4. "Resolution on Reviewing the Regulations on the Management of Investor Relations"
The thirty-fifth extraordinary meeting of the fourth session of the Board	31 May 2022	"Resolution on Reviewing the Regulations on the Authorization of the Board of Directors of China Suntien Green Energy Corporation Limited to the Management" was considered and approved
The first extraordinary meeting of the fifth session of the Board	14 June 2022	The following resolutions were considered and approved: 1. "Resolution on Election of Members and Chairpersons of Special Committees of the Fifth Session of Board of Directors" 2. "Resolution on Election of Chairman of the Fifth Session of the Board of Directors" 3. "Resolution on the Appointment of Mr. Mei Chun Xiao as the President of the Company" 4. "Resolution on Appointing Mr. Sun Xin Tian, Ms. Ding Peng, Mr. Lu Yang, Mr. Tan Jian Xin, and Mr. Ban Ze Feng as Vice Presidents of the Company" 5. "Resolution on Appointment of Ms. Fan Wei Hong as Chief Accountant of the Company" 6. "Resolution on Appointing Mr. Ban Ze Feng as Secretary of the Board of Directors of the Company" 7. "Resolution on Appointing Ms. Yu Ping as Securities Affairs Representative of the Company"
The first meeting of the fifth session of the Board	29 June 2022	The following resolutions were considered and approved: 1. "Resolution on Reviewing the Production and Operation Activities Analysis of the Company in the First Quarter of 2022" 2. "Resolution on Reviewing 4 Systems including Strategic Planning Management Regulations" 3. "Resolution on Reviewing the 2022 Comprehensive Risk Management Report" 4. "Resolution on Reviewing the Risk Disposal Plan for Financial Business Development with HECIC Group Finance Company Limited" 5. "Resolution Implementing the Company's Tenure System and Contractual Management Related Appointment Work"
The second extraordinary meeting of the fifth session of the Board	20 July 2022	The following resolutions were considered and approved: 1. "Resolution on the Public Registration and Issuance of Super Short-term Commercial Papers of not Exceeding RMB2 Billion by the Company" 2. "Resolution on Requesting to Convene the 2022 First Extraordinary General Meeting" 3. "Resolution on Reviewing the Regulations on the Management of Internal Audit Work"

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Session	Date of meeting	Resolutions
The third extraordinary meeting of the fifth session of the Board	16 August 2022	"Resolution on the 2021 and 2019-2021 Term Remuneration Realization Plan for the Company's Managers" was considered and approved
The second meeting of the fifth session of the Board	25 August 2022	The following resolutions were considered and approved: <ol style="list-style-type: none"> "Resolution on 2022 President Interim Work Report of the Company" "Resolution on the Production and Operation Activities Analysis of the Company for First Half of 2022" "Resolution on the Placement and Actual Use of the Proceeds for First Half of 2022" "Resolution on Reviewing the Interim Results Announcement and Report as at 30 June 2022 and Summary and Report of 2022 Interim Report" "Resolution on the Company's Joint Liability Guarantee for Huihai Financial Leasing Co., Ltd." "Resolution on the Estimated Amount of Guarantee Provided by the Company for the Controlled Subsidiary, S&T International Natural Gas Trading Company Limited" "Resolution on the Continuous Risk Assessment Report (2022 Interim) of HECIC Group Finance Company Limited" "Resolution on Requesting to Convene the 2022 Second Extraordinary General Meeting"
The fourth extraordinary meeting of the fifth session of the Board	27 September 2022	"Resolution on Increasing the Registered Capital of Caofeidian Suntien Liquefied Natural Gas Co., Ltd. by RMB230.01 million by the Company based on the Proportion of Shareholding" was considered and approved
The fifth extraordinary meeting of the fifth session of the Board	20 October 2022	The following resolutions were considered and approved: <ol style="list-style-type: none"> "Resolution on Increasing the Registered Capital of Hebei Gas Co., Ltd. by RMB30.25 million by the Company based on the Proportion of Shareholding" "Resolution on Adjusting the Members of the Remuneration and Evaluation Committee of the Fifth Session of the Board of Directors"
The sixth extraordinary meeting of the fifth session of the Board	28 October 2022	"Resolution on Reviewing the 2022 Third Quarterly Report of the Company" was considered and approved
The seventh extraordinary meeting of the fifth session of the Board	30 November 2022	"Resolution on Changing Accounting Estimates" was considered and approved
The eighth extraordinary meeting of the fifth session of the Board	05 December 2022	The following resolutions were considered and approved: <ol style="list-style-type: none"> "Resolution on Waiver of Pre-emptive Rights in respect of Caofeidian Suntien Liquefied Natural Gas Co., Ltd." "Resolution on Requesting to Convene the 2022 Third Extraordinary General Meeting"
The third meeting of the fifth session of the Board	23 December 2022	The following resolutions were considered and approved: <ol style="list-style-type: none"> "Resolution on Reviewing the Production and Operation Activities Analysis of the Company in the Third Quarter of 2022" "Resolution on Amending the Internal Control Self-evaluation Management Regulations and Inside Information Insider Registration and Filing Management Regulations"

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VI. DIRECTORS' DUTIES PERFORMANCE

(I) Directors' attendance at Board meetings and general meetings

Director Name	Whether or not he or she is an independent director	Mandatory times of attendance in Board meetings during the year	Attendance of Board meeting(s)			Whether or not he or she has been absent in person for two consecutive times	Attendance in general meeting(s)
			Times of attendance in person	Times of attendance by telecommunication	Times of attendance by proxy		
Cao Xin	No	20	20	20	0	0 No	1
Li Lian Ping	No	20	20	20	0	0 No	1
Mei Chun Xiao	No	20	20	14	0	0 No	2
Wang Hong Jun	No	20	20	13	0	0 No	4
Qin Gang	No	20	20	19	0	0 No	1
Wu Hui Jiang	No	20	20	20	0	0 No	1
Guo Ying Jun	Yes	20	20	17	0	0 No	4
Wan Yim Keung, Daniel	Yes	20	20	20	0	0 No	3
Lin Tao	Yes	20	20	20	0	0 No	3

Explanation on failure to attend Board meetings in person for two consecutive times

Applicable Not Applicable

Number of Board meetings convened during the year	20
Including: number of meetings on-site	0
Number of meetings held by teleconference	13
Number of meetings held both on-site and by teleconference	7

(II) Disagreement of the Directors with the Company

Applicable Not Applicable

(III) Others

Applicable Not Applicable

VII. DEDICATED COMMITTEES OF THE BOARD²

(1). Members of the dedicated committees of the Board

Category of the dedicated committee	Name of member
Audit Committee	Wan Yim Keung, Daniel, Qin Gang, Guo Ying Jun
Nomination Committee	Guo Ying Jun, Cao Xin, Li Lian Ping, Wan Yim Keung, Daniel, Lin Tao
Remuneration and Appraisal Committee	Lin Tao, Cao Xin, Qin Gang, Guo Ying Jun, Wan Yim Keung, Daniel
Strategy Committee	Cao Xin, Mei Chun Xiao, Wang Hong Jun, Qin Gang, Wu Hui Jiang

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(2). The Audit Committee held nine meetings during the Reporting Period

Date of meeting	Matters of the meeting	Important comments and suggestions	Other particulars of performance of duties
23 March 2022	The following resolutions were considered and approved: 1. "Resolution on the Audit Results of the Company in 2021" 2. "Resolution on the 2021 Performance Report of the Audit Committee of the Company" 3. "Resolution on the 2021 Internal Audit and Risk Management Work Report of the Company" 4. "Resolution on the 2021 Annual Report of the Company" 5. "Resolution on the 2022 Internal Audit Work Plan of the Company" 6. "Resolution on 2021 Internal Control Evaluation Report of the Company" 7. "Resolution on the Report on the 2021 Final Accounts of the Company" 8. "Resolution on Explanation of 2022 Operation and Financing Situation of the Company" 9. "Resolution on the Provision for Impairment and Confirmation of Asset Losses of the Company in 2021" 10. "Resolution on the 2021 Profit Distribution Proposal of the Company"	Agreed to propose the resolution to the Board of the Company for consideration	
28 April 2022	"Resolution on the 2022 First Quarterly Report of the Company" was considered and approved	Agreed to propose the resolution to the Board of the Company for consideration	
20 May 2022	"Resolution on the Appointment of the Audit Institution for the Company for 2022" was considered and approved	Agreed to propose the resolution to the Board of the Company for consideration	
20 July 2022	"Resolution on Reviewing the Regulations on the Management of Internal Audit Work" was considered and approved	Agreed to propose the resolution to the Board of the Company for consideration	
25 August 2022	All attending members listened carefully to Ernst & Young Hua Ming LLP's report on the 2022 interim agreed-upon procedures of the Company and concurred with its content The following resolutions were considered and approved: 1. "Resolution on the Company's Joint Liability Guarantee for Huihai Financial Leasing Co., Ltd." 2. "Resolution on the Estimated Amount of Guarantee Provided by the Company for the Controlled Subsidiary, S&T International Natural Gas Trading Company Limited"	Agreed to propose the resolution to the Board of the Company for consideration	
28 October 2022	The following resolutions were considered and approved: 1. "Resolution on Reviewing the 2022 Third Quarterly Report of the Company" 2. "Resolution on Reviewing the Routine Audit Report on Raised Funds and Guarantees in the First Half of 2022"	Agreed to propose the resolution to the Board of the Company for consideration	
30 November 2022	"Resolution on Changing Accounting Estimates" was considered and approved	Agreed to propose the resolution to the Board of the Company for consideration	

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Date of meeting	Matters of the meeting	Important comments and suggestions	Other particulars of performance of duties
05 December 2022	"Resolution on Waiver of Pre-emptive Rights in respect Caofeidian Suntien Liquefied Natural Gas Co., Ltd." was considered and approved	Agreed to propose the resolution to the Board of the Company for consideration	
23 December 2022	All attending members listened carefully to Ernst & Young Hua Ming LLP's report on the 2022 audit plan of the Company and concurred with its content "Resolution on Amending the Internal Control Self-evaluation Management Regulations" was considered and approved	Agreed to propose the resolution to the Board of the Company for consideration	

(3). The Remuneration and Appraisal Committee held two meetings during the Reporting Period

Date of meeting	Matters of the meeting	Important comments and suggestions	Other particulars of performance of duties
14 March 2022	Resolution on the Proposed Remunerations of Directors of the Fifth Session of the Board was considered and adopted	Agreed to propose the resolution to the Board of the Company for consideration	
16 August 2022	"Resolution on the 2021 and 2019-2021 Term Remuneration Realization Plan for the Company's Managers" was considered and approved	Agreed to propose the resolution to the Board of the Company for consideration	

(4). The Strategic and Investment Committee held one meeting during the Reporting Period

Date of meeting	Matters of the meeting	Important comments and suggestions	Other particulars of performance of duties
23 March 2022	"Resolution on Reviewing the 14th Five-Year Strategic Plan of the Company" was considered and approved	Agreed to propose the resolution to the Board of the Company for consideration	

(5). The Nomination Committee held two meetings during the Reporting Period

Date of meeting	Matters of the meeting	Important comments and suggestions	Other particulars of performance of duties
14 March 2022	"Resolution on Nominating Director Candidates for the Fifth Session of the Board of the Company" was considered and approved	Agreed to propose the resolution to the Board of the Company for consideration	
14 June 2022	The following resolutions were considered and approved: <ol style="list-style-type: none"> 1. "Resolution on Nominating Chairman of the Fifth Session of the Board of Directors" 2. "Resolution on Nominating Mr. Mei Chun Xiao as President of the Company" 3. "Resolution on Nominating Mr. Sun Xin Tian, Ms. Ding Peng, Mr. Lu Yang, Mr. Tan Jian Xin, and Mr. Ban Ze Feng as Vice Presidents of the Company" 4. "Resolution on Nominating Ms. Fan Wei Hong as Chief Accountant of the Company" 5. "Resolution on Nominating Mr. Ban Ze Feng as Secretary of the Board of Directors of the Company" 	Agreed to propose the resolution to the Board of the Company for consideration	

(6). Particulars of disagreements

Applicable Not Applicable

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VIII. EXPLANATION ON THE RISKS IDENTIFIED BY THE BOARD OF SUPERVISORS

Applicable Not Applicable

The board of supervisors has no disagreement on the matters under its supervision during the Reporting Period.

IX. EMPLOYEES OF THE PARENT COMPANY AND PRINCIPAL SUBSIDIARIES FOR THE REPORTING PERIOD

(I) Employees

As at 31 December 2022, the Group had a total of 2,564 employees under labour contracts, of whom 2,217 were male and 347 were female, with an average age of 33.4.

Number of employee in-service in the parent company		63
Number of employee in-service in the major subsidiaries		2,501
Total number of employee in-service		2,564
Number of employees retired whose expense are borne by the parent company and its major subsidiaries		80
Composition of professions		
Type of profession		Number of staff
Production staff		1,366
Sales staff		47
Technical staff		254
Finance staff		112
Administrative staff		629
Management staff		156
Total		2,564
Education level		
Type of education level		Number of persons
PhD graduates		4
Master graduates		273
University graduates		1,560
College graduates and below		727
Total		2,564

(II) Remuneration policy

1. Human resources strategy

Based on the overall strategic operational objectives in combination with the need in a changing business environment as well as the core business, the Group keeps improving the system and procedures of recruitment, human resources, training, remuneration, performance and labour relationship management, promoting the innovation and improvement in human resources management system of the Group. To cope with the changes, we will continually optimize, and establish an organizational structure and system that can keep pace with the rapid development of the Group, strive to formulate efficient business processes and provide a human resources support platform for the implementation of the Group's business strategy.

2. Remuneration and performance management

During the Reporting Period, the Group adhered to the principle of "performance-oriented with objective management in a fair, just and open manner", carried out and implemented a new remuneration and performance management system, fully utilized the incentives of performance evaluation, and the performance of the Group's management was steadily improved. With incentives, the Group will further improve the remuneration system taking into account the business development of the Group and following closely the development of the market. Guided by the Group's strategies, the Group will improve the incentive system and assessment indicators, focus our concerns on assessment procedures and results and continue to conduct performance evaluation for all staff.

3. Recruitment management

In order to realize the strategic development target, the Group has optimized the allocation of human resources to the fullest extent and made recruitment more systematic and process-oriented. During the Reporting Period, according to the needs of business development, the Group adopted a combination of internal and external recruitment, innovated the way of talent introduction, and introduced high-quality talents through campus recruitment and market-oriented recruitment, so as to provide human resources support and guarantee for the business development of the Group, while providing more career choice opportunities for internal employees, attracting and recruiting external high-quality and high-skilled talents.

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4. *Human resources development and management*

In 2022, the Group adhered to Suntien's specific philosophy on talents training, which is "intended to serve corporate development, result-oriented and information-based system", to formulate a talent training system which is administered, through categorizing people by demand, such as mid-to-high level management, high-potential back-up, general employees and new employees. The Group studied and devised a three-year (2022-2024) training plan for the mid-level managers and system enterprise leaders of the Company and actively promoted various talent nurture and training programs of the Company.

5. *Staff relations management*

The Group regulates the labour usage and social insurance management in strict compliance with the relevant laws and regulations, including the "Labour Law" and the "Labour Contract Law", to maximize the protection of legal rights and interests of employees. During the Reporting Period, the Group improved the social security welfare management, further advanced the Company's staff benefits system, arranged negotiations for the execution of collective contract and collective wage agreement, standardized the staff profile management to clarify the approach towards labour relations, and to enable the continued maintenance of stable and harmonious labour relations.

(III) Training plan

During the Reporting Period, the Group kept pace with the times, innovated practices, and constantly enriched and improved the talent cultivation system with Suntien characteristic.

First, the Group actively implemented the Company's three-year (2022-2024) training plan for management personnel subsidiary leadership, and led and organised training for middle-level and senior management personnel, subsidiary leadership and reserve senior management, and for management personnel at various functions including Party building, finance, engineering, production and human resources, adopting a flexible approach of "online and offline, hierarchical decentralized". Among them, the leadership enhancement training for middle and senior management personnel in 2022 focused on the four thematic contents of "interpretation of the spirit of the 20th National Congress of the Communist Party of China, double-carbon strategy, digital intelligence empowerment, and leadership thinking". It adopted the form of compulsory + elective online learning courses, which strongly promoted the enhancement of organisation and leadership capability of the Company's middle-level and senior personnel.

Secondly, due to the requirements of digital transformation, the Company focused on promoting Suntien online courses. Through multiple learning programs, the platform combined online and offline methods. For employees at different levels, different learning projects were designed in the online courses for training and training management to empower new employees, new managers, internal trainers, safety managers, legal affairs and middle and high-level managers. In 2022, a total of 18 learning projects have been launched, and 12 categories of internal courses have been created.

Thirdly, the Group has implemented the echelon training requirements for the Company's management talents and the reasonable proposals on the Company's training work in the previous year's management personnel training, organised the Company's middle-level managers to carry out online life-long learning empowerment training for managers in the new era in 2022. The Company has fully anchored the demand for the improvement of the knowledge and ability of managers under the new environment, new development, and new opportunities.

Fourthly, according to the Company's actual management needs, the 2022 Grassroots Temporary Training Implementation Plan was formulated and implemented to select and encourage high-quality, high-potential young talents to go to the Company's primary level for training, so as to meet the urgent needs of the Company's rapid development for middle and senior management personnel at the primary level, and promote the rapid growth of corporate management talents.

Fifthly, the closed-loop management of training was strengthened to actively improve the effectiveness of training. The Company organised the heads of various functional departments to conduct a symposium on reasonable suggestions, evaluated and provided feedback to the 103 reasonable suggestions put forward by the Company's middle and high-level training, clarified the time limit for completion, and determined the person in charge of the matter, realising closed-loop management of training.

Sixthly, the Company organised training for newly appointed managers, exploring the new way of "Suntien online classroom live streaming + community operation + online assessment" to systematically promote the implementation of training, from the theoretical cognition of management to the implementation of methods, from the design logic of the system process to the exchange and sharing of practical work experience.

(IV) Labour outsourcing

Applicable Not Applicable

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(V) Diversity and inclusion

The Company is committed to building an aggressive corporate culture to achieve its mission, vision and values, establishing a healthy, diverse and inclusive culture and creating a working environment where employees can express their true self, develop their potential and bring out their best. The Company continuously pays attention to various issues, such as gender equality, family responsibilities, and the rights and interests of people of different abilities and cultural backgrounds.

The Company focuses on gender diversity in the workplace while balancing the needs of corporate development. During the Reporting Period, there were three female Supervisors and senior management members in the Company, holding important positions such as chairperson of the board of supervisors, vice president and chief accountant.

X. PROFIT DISTRIBUTION OR CAPITAL RESERVE CONVERSION PLAN

(I) Formulation, implementation or adjustment of cash dividend policy

According to the "Articles of Association" and the "Plan of China Suntien Green Energy Corporation Limited for Distribution of Dividends to Shareholders for the Three Years Following the Initial Public Offering and Listing of A Shares" approved by the shareholders meeting, the Company shall fully take into account the returns for investors and shall maintain the consistency and stability of designing the profit distribution policy taking into account the long-term interests of the Company, the entire interests of shareholders as a whole, and the sustainable development of the Company. Specifically, it includes:

1. *Forms of profit distribution*

The Company may distribute profit in cash, in shares or in a combination of both or otherwise permitted under the laws, regulations and normative documents, and cash dividend shall take precedence in profit distribution;

- (1) Subject to the conditions for cash dividends set out in the Articles of Association, the Company shall distribute dividend actively in cash and shall distribute cash dividend once each year in principle. The Board of Directors may propose the distribution of interim dividends taking account into the profitability and capital needs of the Company;
- (2) In order to increase of share capital of the Company coupling with its business growth, the Company may distribute profits by means of share dividends taking account into the total distributable profit, capital reserve and cash flow position, subject to the satisfaction of minimum percentage of cash dividend and the aforesaid conditions for cash dividends.

2. *Specific conditions and proportions of cash dividend distribution*

Dividends may be distributed in cash providing that a positive was recorded in the distributable profit realised by the Company (i.e. the profit after taxation after offsetting loss and setting aside reserves) in for the year and a standard auditor's report without qualifying opinions on the Company's financial report for the year is issued by the auditor. The total profit distributed in cash by the Company each year shall be no less than 15% of the distributable profit attributable to the shareholders of the Company for the year. The distributable profit undistributed in the year can be carried forward for distribution in subsequent years. The profit distribution of the Company shall not exceed the total distributable profit or affect the Company's sustainable operation ability;

3. *Differentiated cash dividend policy*

The Board shall propose differentiated cash dividend policies after taking into full consideration the characteristics of the industry in which the Company operates, its stage of development, business model, profitability and whether there are any arrangements for significant capital expenses:

- (1) If the Company is at mature stage and has no arrangements for significant capital expenses, in making profit distribution, cash dividends shall account for at least 80% of the total profit to be distributed;
- (2) If the Company is at mature stage and has arrangements for significant capital expenses, in making profit distribution, cash dividends shall account for at least 40% of the total profit to be distributed;
- (3) If the Company is at growth stage and has arrangements for significant capital expenses, in making profit distribution, cash dividends shall account for at least 20% of the total profit to be distributed;
- (4) If it is difficult to identify the Company's development stage and the Company has arrangements for significant capital expenses, when making profit distribution, the Company shall distribute cash dividend accounting for at least 20% of the total dividends distributed.

The "Arrangements for significant capital expenses" above refer to the proposed total expenses of the Company in investments, acquisition of assets or purchase of equipment and buildings in the forthcoming 12 months reach or exceed 20% of the latest audited net assets of the Company and are over RMB50 million in absolute value.

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4. *Procedures for review on profit distribution plan*

- (1) The annual profit distribution proposal of the Company shall be raised and prepared by the board of directors in accordance with the requirements of the Articles of Association and in view of the profitability and capital supply and needs. Independent directors shall issue their independent opinions on the profit distribution proposal, which is subject to the consideration and approval by the Board of Directors before submission to the shareholders' meeting for consideration and approval by the shareholders. Independent directors may seek opinions from minority shareholders, prepare and submit a distribution proposal directly to the Board for consideration.
- (2) In considering the profit distribution plan at the shareholders' meeting, the Company shall provide shareholders with the channel for online voting, or the Board of Directors, independent directors and shareholders meeting the relevant conditions may solicit voting rights from shareholders, in particular the minority shareholders, in respect of the voting on the profit distribution proposal during the period from the date of equity registration for the shareholders' meeting to the date of the shareholders' meeting.
- (3) Subject to the conditions of cash dividends set out in the Articles of Association, in the event that the Company is under special circumstances such as material investment opportunity, great prospects for investment and significant capital needs, and the Company intends not to execute the cash dividend proposal in the immediate future, the Board of Directors shall explain the specific reason for no cash dividends, the actual and planned uses of proceeds not distributed as dividends and disclose the same in regular reports, which shall be proposed at the shareholders' meeting for consideration after the independent directors have expressed their opinions and shall be disclosed on the media designated by the Company.
- (4) If any adjustment or change to the policy for cash dividends of the Company is indeed necessary, they shall be made for the purpose of protecting the interests of the shareholders. The Board shall thoroughly discuss the rationale of the adjustment or change to the profit distribution plan and adopt it as a resolution before submission to the shareholders' meeting for consideration. When being considered at the shareholders' meeting, it shall be approved by more than 2/3 voting rights held by shareholders attending the shareholders' meeting.

5. *Dividend policy in relation to the Non-public Issuance of A shares in 2021*

In addition to the above requirements, the main provisions of the "Proposal for the Non-public Issuance of A Shares of China Suntien Green Energy Corporation Limited" and the "Shareholders' Return Plan for the Next Three Years (2021-2023) after the Non-public Issuance of China Suntien Green Energy Corporation Limited" (the "Shareholders' Return Plan for the Next Three Years (2021-2023) after the Non-public Issuance") considered and approved at the general meeting on 23 April 2021 are as follows:

- (1) Distribution plan of accumulated undistributed profits: the accumulated distributable profit of the Company prior to the completion of this Non-public Issuance of A shares shall be shared by existing and new shareholders immediately following completion of the issuance in proportion to their respective shareholding.
- (2) The shareholders' return plan for the next three years after the Company's Non-public Issuance of A Shares is as follows:
 - ① **Factors considered in preparing the plan for shareholders' returns**

In view of the Company's long-term and sustainable development and taking into account its actual status and development objectives, the Company aims at establishing a consistent, stable and scientific return plan and mechanism for investors to make systematic arrangements for dividend distribution and ensure the continuity and stability of its dividend distribution policy.
 - ② **Principles of preparing the plan for shareholders' returns**

In preparing the plan for shareholders' returns, the Company has fully considered and listened to the demands and desires of the shareholders, in particular, the minority shareholders, adhered to the basic principle of cash dividend while ensuring the normal operation and business development of the Company, and taken into account the characteristics of the industry in which the Company operates, its stage of development, its business model, profitability and whether there are significant capital expenses.
 - ③ **Cycle of preparing the plan for shareholders' returns**

The Company shall review the Plan for Distribution of Dividends to Shareholders at least once every three years, and the Board of the Company shall prepare year-end or interim dividend distribution plan based on the results of operation of the Company and taking into account its current profitability, cash flow, stage of development and existing capital needs.

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④ Plan for distribution of dividends to shareholders for the three years following the Non-public Issuance (including the year of the Issuance)

i. Basic principles of the profit distribution policy of the Company

The Company adopts an active profit distribution policy and emphasizes on reasonable investment returns to investors. The profit distribution policy of the Company shall be consistent and stable, taking into account the long-term interests of the Company, the entire interests of shareholders as a whole, and the sustainable development of the Company. The profit distribution shall be up to the distributable profit and shall not harm the Company's ability to continue as a going concern. In discussing and determining the profit distribution policy, the Board, the board of supervisors and the general meeting shall give full consideration to the opinions of independent directors and public investors.

ii. Methods of profit distribution

The Company may distribute profit in cash, shares or in combination of both, and cash dividend shall take precedence in profit distribution.

iii. Condition and percentage of dividend distribution

Dividends may be distributed subject to the following conditions:

- (a) the distributable profit realized by the Company (i.e. the profit after tax offsetting loss and allocating reserves) for the year is a positive value;
- (b) a standard auditor's report without qualified opinions has been issued by the auditors for the financial report of the Company for the year.

The Company may distribute profit in cash when it has realized profit but without uncovered loss, and there is sufficient cash for cash dividend distribution without affecting the normal operation of the Company. The profit distributed in cash by the Company each year shall not be less than 20% of the distributable profit attributable to Shareholders of the Company for the year. The distributable profit undistributed in the year can be carried forward for distribution in subsequent years. The profit distribution of the Company shall not exceed the total distributable profit or affect the Company's sustainable operation ability.

iv. Percentage and intervals of cash dividends

The Board shall propose differentiated cash dividend policies after taking into full consideration the characteristics of the industry in which the Company operates, its stage of development, business model, profitability and whether there are any arrangements for significant capital expenses:

- (a) If the Company is at mature stage and has no arrangements for significant capital expenses, in making profit distribution, cash dividends shall account for at least 80% of the total profit to be distributed;
- (b) If the Company is at mature stage and has arrangements for significant capital expenses, in making profit distribution, cash dividends shall account for at least 40% of the total profit to be distributed;
- (c) If the Company is at growth stage and has arrangements for significant capital expenses, in making profit distribution, cash dividends shall account for at least 20% of the total profit to be distributed;
- (d) If it is difficult to identify the Company's development stage and the Company has arrangements for significant capital expenses, when making profit distribution, the Company shall distribute cash dividend accounting for at least 20% of the total dividends distributed.

The "Arrangements for significant capital expenses" above refer to the proposed total expenses of the Company in investments, acquisition of assets or purchase of equipment and buildings in the forthcoming 12 months reach or exceed 20% of the latest audited net assets of the Company and are over RMB50 million in absolute value.

In principle, the Company shall distribute dividends in cash each year following the approval at the annual general meeting, and the Board of the Company may propose interim cash dividends in view of the Company's profitability and capital needs.

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⑤ Conditions for distribution of share dividends

Where the Company is at a good business operation status and the Board considers that the distribution of share dividend will be in the interests of the shareholders of the Company as a whole, the Company may propose a plan for distribution of share dividend, provided that there are sufficient cash for dividend distribution. Profit distribution in shares shall be based on true and reasonable factors such as the growth of the Company and the dilution of net assets per share.

⑥ Procedures for reviewing the profit distribution plan of the Company

- i. The annual profit distribution proposal of the Company shall be raised and prepared by the board of directors in accordance with the requirements of the Articles of Association and in view of the profitability and capital supply and needs. Independent directors shall issue their independent opinions on the profit distribution proposal, which is subject to the consideration and approval by the Board of Directors before submission to the shareholders' meeting for consideration and approval by the shareholders. Independent directors may seek opinions from minority shareholders, prepare and submit a distribution proposal directly to the Board for consideration.
- ii. In considering the profit distribution plan at the shareholders' meeting, the Company shall provide shareholders with the channel for online voting, or the board of directors, independent directors and shareholders meeting the relevant conditions may solicit voting rights from shareholders, in particular the minority shareholders, in respect of the voting on the profit distribution proposal during the period from the date of equity registration for the shareholders' meeting to the date of the shareholders' meeting.
- iii. Subject to the conditions of cash dividends set out in the Articles of Association, in the event that the Company is under special circumstances such as material investment opportunity, great prospects for investment and significant capital needs, and the Company intends not to execute the cash dividend proposal in the immediate future, the board of directors shall explain the specific reason for no cash dividends, the actual and planned uses of proceeds not distributed as dividends and disclose the same in regular reports, which shall be proposed at the shareholders' meeting for consideration after the independent directors have expressed their opinions and shall be disclosed on the media designated by the Company.
- iv. If any adjustment or change to the policy for cash dividends of the Company is indeed necessary, they shall be made for the purpose of protecting the interests of the shareholders. The Board shall thoroughly discuss the rationale of the adjustment or change to the profit distribution plan and adopt it as a resolution before submission to the shareholders' meeting for consideration. When being considered at the shareholders' meeting, it shall be approved by more than 2/3 voting rights held by shareholders attending the shareholders' meeting.

⑦ Changes in profit distribution policy of the company

The Company shall prepare or adjust the plan and scheme for distribution of dividends in view of its own situations and taking into account the opinions of shareholders (especially public investors) and independent directors. However, the Company shall ensure that the existing and future plans and scheme for distribution of dividends will not violate any of the following principles: if the Company is profitable for any year and the conditions for cash dividends have been met, the Company shall distribute cash dividends in the amount representing no less than 20% of the profit distributed for that time.

If any adjustment to the profit distribution policy is necessary as a result of material changes in the external operating environment or the operation of the Company, a detailed demonstration and explanation shall be given in the proposal produced at the general meeting in order to protect the interests of shareholders. The adjusted profit distribution policy shall not violate any requirements of the CSRC and stock exchanges. The resolution on the adjustment to the profit distribution policy is subject to the consideration and approval by the Board and the board of supervisors before submission to the general meeting for approval. Independent directors shall express independent opinions on the resolution, and in considering the resolution at the general meeting, online voting method shall be provided to public shareholders for them to attend and vote at the meeting. The proposal for the adjustment to profit distribution policy shall be approved by more than 2/3 of the voting rights held by shareholders attending the general meeting.

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The material changes in the external operating environment or the operation of the Company means any of the following:

- i. the Company suffers from operating loss as a result of a material adverse effect on its production and operation due to significant changes in the national laws, regulations and industry policies;
- ii. the Company suffers from operating loss as a result of a material adverse effect on its production and operation due to war, natural disasters and other force majeure factors;
- iii. the percentage of net cash flows from operating activities and net profit of the Company is lower than 20% for three consecutive accounting years due to material changes in the external operating environment or the operation of the Company;
- iv. any other matters specified by the CSRC and stock exchanges.

6. *Explanation on 2022 profit distribution proposal and opinions of independent Directors*

In 2022, the Company's net profit attributable to shareholders of parent company was RMB2,294,116,322.38 and undistributed profits were RMB7,823,373,780.42 as presented in the audited consolidated statements. The Company proposes to distribute a cash dividend of RMB1.93 (tax inclusive) for every 10 shares, and based on the total number of issued shares of the Company on the date of the Board meeting at which the 2022 profit distribution proposal was approved, being 4,187,093,073 shares, the total cash dividend will amount to RMB808,108,963.09 (tax inclusive). The balance of the undistributed profits of the Company will be carried forward to the next year. The total cash dividend proposed in the plan accounts for 35.23% of the net profit attributable to shareholders of parent company in the Company's consolidated statements for 2022.

Should there be any change to the total share capital of the Company before the date of equity registration for the implementation of the interest distribution, the Company intends to keep the total distribution amount unchanged and make corresponding adjustment to the distribution amount per share and will make further announcement on the particulars of the adjustment.

The above profit distribution proposal is subject to consideration and approval at the 2022 annual general meeting of the Company. The independent non-executive Directors of the Company are of the view that the profit distribution proposal is formulated based on the consideration of reasonable returns of investors and the Company's long-term development, and profit distribution by cash was adopted. The content and decision-making procedures of the Company's profit distribution proposal comply with the laws, regulations and regulatory documents such as the Listed Companies Regulatory Guidance No. 3 - Cash Dividends Distribution of Listed Companies and the relevant provisions of the Articles of Association of China Suntien Green Energy Corporation Ltd., and there is no obvious unreasonable or relevant shareholder abuse of shareholders' rights to improperly interfere with the Company's decision-making. The Company's profit distribution proposal was agreed and submitted to the Company's general meeting for consideration.

7. *Policies of withholding and exemption of dividend income tax*

In accordance with the Enterprise Income Tax Law of the People's Republic of China and its implementation rules effective on 1 January 2008, where a PRC domestic enterprise distributes dividends for financial periods beginning from 1 January 2008 to non-resident enterprise shareholders, it is required to withhold 10% enterprise income tax for such non-resident enterprise shareholders. Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of final dividends as enterprise income tax, distribute the final dividends to non-resident enterprise shareholders, i.e. any shareholders who holds the Company's shares in the name of non-individual shareholders, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or shareholder of H shares registered in the name of other organisations and groups.

Due to changes in the PRC tax laws and regulations, according to the Announcement on the List of Fully and Partially Invalid and Repealed Tax Regulatory Documents issued by the State Taxation Administration on 4 January 2011, individual shareholder who hold the Company's H shares and whose names appeared on the H Share Register of the Company can no longer be exempted from individual income tax pursuant to the Notice on Matters Concerning the Taxation of Gains on Transfer and Dividends from Shares (Equities) Received by Foreign Investment Enterprises, Foreign Enterprises and Foreign Individuals (Guo Shui Fa [1993] No. 045) issued by the State Taxation Administration, whilst pursuant to the letter titled Tax Arrangements on Dividends Paid to Hong Kong Residents by Mainland Companies issued by the Hong Kong Stock Exchange to the issuers on 4 July 2011 and the Notice on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 of State Administration of Taxation (Guo Shui Han [2011] No. 348), it is confirmed that the overseas resident individual shareholders holding shares of domestic non-foreign invested enterprises issued in Hong Kong are entitled to the relevant preferential tax treatments pursuant to the provisions in the tax arrangements between the countries where they reside and the PRC or the tax arrangements between the PRC and Hong Kong (Macau). Therefore, the Company will withhold 10% of the dividend as individual income tax, unless it is otherwise specified in the relevant tax regulations and tax agreements, in which case the Company will withhold individual income tax of such dividends in accordance with the tax rates and the relevant procedures as specified by the relevant regulations.

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Subject to the approval of the 2022 profit distribution proposal at the annual general meeting, the Company shall distribute cash dividends within two months upon conclusion of the annual general meeting in accordance with the Articles of Association. As per current work plan, the Company expects to complete the distribution of cash dividends by 31 July 2023. In case of any change in the above-mentioned expected time schedule and distribution arrangement, the Company will make an announcement in due course in accordance with the relevant regulations of the places where the shares are listed.

The Company will determine the resident status of shareholders of H shares based on their registered addresses as recorded in the register of members of the Company on the record date for dividend payment. The Company will neither take any responsibility for nor entertain any claims or disputes regarding the withholding and payment arrangements due to the failure of timely or accurate determination of identity of shareholders. Shareholders should consult with their tax advisors regarding the tax implications of holding and disposing of the H shares of the Company in the PRC, Hong Kong and other regions.

(II) Specific explanation on the policy of cash dividends

Whether it complies with the provisions of the Articles of Association or the requirements of resolutions of the general meetings	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the criteria and percentage of dividend distribution are clear and unambiguous	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the relevant decision-making procedures and mechanisms are comprehensive	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the independent Directors have performed their duties and responsibilities and properly played their roles	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the minority shareholders have been provided adequate opportunities to express their opinions and needs, and whether their legitimate rights and interests have been adequately safeguarded	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

(III) Provided that the Company recorded profits and the parent company's profits distributable to shareholders were positive, but no plan for distribution of profits by cash was proposed during the Reporting Period, the Company shall disclose in detail the reasons thereof and the use and plan of use of the undistributed profits

Applicable Not Applicable

(IV) Profit distribution and capital reserve conversion during the Reporting Period

Unit: Yuan Currency: RMB

Bonus shares for every 10 shares (shares)	0
Dividend per 10 shares (Yuan) (tax inclusive)	1.93
Number of conversions per 10 shares (shares)	0
Amount of cash dividends (tax inclusive)	808,108,963.09
Net profit attributable to ordinary shareholders of listed companies in the annual consolidated statement of dividends	2,294,116,322.38
Ratio of the net profit attributable to ordinary shareholders of listed companies in the consolidated financial statements (%)	35.23
Amount included in cash dividends in the form of repurchasing shares in cash	0
Total cash dividends (tax inclusive)	808,108,963.09
Ratio of the total dividend amount to the net profit attributable to ordinary shareholders of listed companies in the consolidated statements (%)	35.23

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XI. SHARE OPTION INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP SCHEME AND OTHER INCENTIVE MEASURES OF THE COMPANY AND THE IMPACTS THEREOF

(I) Relevant share incentive events which have been published in interim announcements and without further progress or changes in subsequent implementation

Applicable Not Applicable

(II) Incentive events not disclosed in interim announcements or with subsequent development

Share option incentive

Applicable Not Applicable

Other explanation

Applicable Not Applicable

Employee stock ownership scheme

Applicable Not Applicable

Other incentive measures

Applicable Not Applicable

(III) Share incentives granted to Directors and senior management during the Reporting Period

Applicable Not Applicable

(IV) Establishment and implementation of evaluation and incentive mechanisms for senior management during the Reporting Period

Applicable Not Applicable

XII. ESTABLISHMENT AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

During the Reporting Period, the Company strictly followed the internal control management requirements of the CSRC and the Shanghai Stock Exchange, and established a strict internal control management system in accordance with the provisions of the Company Law and the Articles of Association. The Company continued to improve and update the internal control system by taking into account the characteristics of the industry and the actual operation of the Company, so as to enhance the efficiency of corporate decision-making and safeguard the legal compliance of corporate operation and management and the safety of assets, thereby effectively promoting the steady implementation of the Company's strategies.

The internal control system of the Company is reasonably structured, and the framework of the internal control system complies with the requirements of five ministries and commissions including the Ministry of Finance and the CSRC on the integrity, reasonableness and effectiveness of the internal control system and is able to meet the needs of the management and development of the Company. The Company has constantly improved its internal control system and its internal control mechanism is effective in achieving the expected objectives of internal control, safeguarding the interests of the Company and its shareholders as a whole.

Explanation on the material defects on internal control during the Reporting Period

Applicable Not Applicable

XIII. MANAGEMENT AND CONTROL OF SUBSIDIARIES DURING THE REPORTING PERIOD

During the Reporting Period, the Group newly acquired three holding subsidiaries, Xinjiang Yusheng New Energy Development Co., Ltd., Shijiazhuang Jiecheng Natural Gas Trading Co., Ltd., and Shijiazhuang Xinao City Gas Development Co., Ltd. The delivery of relevant assets, personnel, and finance has been completed on May 2022, March 2022, and October 2022, respectively, which has been included in the management system of the Group. Currently, the operation is normal.

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XIV. RELEVANT EXPLANATIONS ON THE AUDIT REPORT OF INTERNAL CONTROL

Ernst & Young Hua Ming LLP has been engaged by the Company to conduct an independent audit on the effectiveness of the Company's internal control over financial reporting for the year 2022 and issued an audit report of internal control with standard unqualified opinions. For details of the audit report of internal control, please refer to the relevant report published by the Company on the website of the Shanghai Stock Exchange (www.sse.com.cn) on the same day.

Whether the audit report of internal control has been disclosed: Yes
Type of opinions of the audit report of internal control: Standard unqualified opinions

XV. RECTIFICATION OF ISSUES IDENTIFIED IN SELF-INSPECTION FOR SPECIAL ACTION ON GOVERNANCE OF LISTED COMPANIES

Not applicable.

XVI. OTHERS

(I) Board committee

During the Reporting Period, the Board had performed corporate governance functions of regularly review of corporate governance policies and practices, review of compliance with the Corporate Governance Code and the disclosure of Corporate Governance Report, review and oversight trainings of Directors and the senior management, review and oversight the Company's compliance with laws and relevant policies and regulations.

The Board has established four committees, namely, the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee and the Strategic and Investment Committee. The Company has formulated the terms of reference of each Board committee.

1. Audit Committee

During the Reporting Period, the Audit Committee of the Company consisted of three Directors, namely Mr. Wan Yim Keung, Daniel (an independent non-executive Director) served as the chairman of the Audit Committee, Mr. Qin Gang (a non-executive Director) and Mr. Guo Ying Jun (an independent non-executive Director) served as members of the Audit Committee.

Pursuant to the amended Terms of Reference of the Audit Committee of the Company, the major responsibilities of the Audit Committee are: to review the principal financial control objectives, to supervise the implementation of financial and accounting regulations, to consider and review financial control, risk management and internal control system as well as the aims of such control measures, to consider the Company's annual internal audit plan, to ensure communication between the internal audit department and external audit institution and coordination is made, to review the financial information of the Company and its disclosure, independently review and make recommendations on the integrity of the financial statements, annual and half-year reports and quarterly reports (if proposed to be published), and significant financial reporting judgements made towards any relevant financial information. For details of the terms of reference of the Audit Committee of the Company, please refer to the Company's announcement on the website of the Hong Kong Stock Exchange.

The Board and the Audit Committee are in consensus on the selection, appointment or dismissal of external auditors or the resignation of auditors. During the Reporting Period, the Audit Committee convened nine meetings, at which the following resolutions were respectively reviewed and approved:

- (1) On 23 March 2022, the following resolutions were considered and approved: "Resolution on the Audit Results of the Company in 2021", "Resolution on the 2021 Performance Report of the Audit Committee of the Company", "Resolution on the 2021 Internal Audit and Risk Management Work Report of the Company", "Resolution on the 2021 Annual Report of the Company", "Resolution on the 2022 Internal Audit Work Plan of the Company", "Resolution on 2021 Internal Control Evaluation Report of the Company", "Resolution on the Report on the 2021 Final Accounts of the Company", "Resolution on Explanation of 2022 Operation and Financing Situation of the Company", "Resolution on the Provision for Impairment and Confirmation of Asset Losses of the Company in 2021" and "Resolution on the 2021 Profit Distribution Proposal of the Company".
- (2) On 28 April 2022, "Resolution on the 2022 First Quarterly Report of the Company" was considered and approved.
- (3) On 20 May 2022, "Resolution on the Appointment of the Audit Institution for the Company for 2022" was considered and approved.

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- (4) On 20 July 2022, the "Resolution on Reviewing the Regulations on the Management of Internal Audit Work" was considered and approved.
- (5) On 25 August 2022, all attending members listened carefully to Ernst & Young Hua Ming LLP's report on the 2022 interim agreed-upon procedures of the Company and concurred with its content, the "Resolution on the Company's Joint Liability Guarantee for Huihai Financial Leasing Co., Ltd.", "Resolution on the Estimated Amount of Guarantee Provided by the Company for the Controlled Subsidiary, S&T International Natural Gas Trading Company Limited" were considered and approved.
- (6) On 28 October 2022, the "Resolution on Reviewing the 2022 Third Quarterly Report of the Company" and "Resolution on Reviewing the Routine Audit Report on Raised Funds and Guarantees in the First Half of 2022" were considered and approved.
- (7) On 30 November 2022, the "Resolution on Changing Accounting Estimates" was considered and approved.
- (8) On 5 December 2022, the "Resolution on Waiver of Pre-emptive Rights in respect of Caofeidian Suntien Liquefied Natural Gas Co., Ltd." was considered and approved.
- (9) On 23 December 2022, all attending members listened carefully to Ernst & Young Hua Ming LLP's report on the 2022 audit plan of the Company and concurred with its content, and the "Resolution on Amending the Internal Control Self-evaluation Management Regulations" was considered and approved.

All members of the Audit Committee attended the above meetings. At these meetings, they discussed and passed the relevant resolutions. The Audit Committee has reviewed the effectiveness of the internal control policy of the Company on 31 December 2022, and reviewed the risk management and internal control system of the Company. During the Reporting Period, the Audit Committee considered that the internal audit and risk management functions of the Company were reasonable, effective and sufficient.

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

2. Remuneration and Appraisal Committee

During the Reporting Period, the Audit Committee of the Company consisted of five Directors, namely Dr. Lin Tao (an independent non-executive Director) served as the chairman of the Remuneration and Appraisal Committee, Dr. Cao Xin (Chairman of the Board and a non-executive Director), Mr. Qin Gang (a non-executive Director), Mr. Guo Ying Jun (an independent non-executive Director) and Mr. Wan Yim Keung, Daniel (an independent non-executive Director) served as members of the Remuneration and Appraisal Committee.

Pursuant to the amended Terms of Reference of the Remuneration and Appraisal Committee of the Company, the major responsibilities of the Remuneration and Appraisal Committee are: to determine the appraisal standards of Directors and senior management, to determine formal and transparent remuneration policy and structure as well as remuneration and performance appraisal plans of Directors and senior management, and to study the Company's incentive plans, remuneration system and option plans. For details of the terms of reference of the Remuneration and Appraisal Committee of the Company, please refer to the Company's announcement on the website of the Hong Kong Stock Exchange.

During the Reporting Period, the Remuneration and Appraisal Committee convened two meetings with the attendance of all members, at which the following resolutions were considered and adopted:

- (1) On 14 March 2022, the Resolution on the Proposed Remunerations of Directors of the Fifth Session of the Board was considered and adopted;
- (2) On 16 August 2022, the Resolution on the 2021 and 2019-2021 Term Remuneration Plan for the Company's Managers was considered and adopted.

During the Reporting Period, the Remuneration and Appraisal Committee recommended the remunerations of Directors and senior management to the Board and reviewed the compensation policies, strategies and principles for Directors and senior management.

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3. Nomination Committee

During the Reporting Period, the Nomination Committee of the Company consisted of five Directors, namely Mr. Guo Ying Jun (an independent non-executive Director) served as the chairman of the Nomination Committee, and Dr. Cao Xin (a non-executive Director), Dr. Li Lian Ping (a non-executive Director), Mr. Wan Yim Keung, Daniel (an independent non-executive Director) and Dr. Lin Tao (an independent non-executive Director) served as members of the Nomination Committee.

Pursuant to the Terms of Reference of the Nomination Committee of the Company, the major responsibilities of the Nomination Committee are: to develop the standards, procedures and methods for selection of Directors and senior management of the Company, to give recommendations to the Board in respect of the appointment, reappointment of Directors and succession for Directors (especially the chairman of the Board and the president), to assess the independence of independent non-executive Directors, to monitor the implementation of the Board diversity policy and the Board nomination policy and review such policies as appropriate, and to make recommendations to the Board on quantifiable objectives for better diversity of the Board. For details of the terms of reference of the Nomination Committee of the Company, please refer to the Company's announcement on the website of the Hong Kong Stock Exchange.

During the Reporting Period, the Nomination Committee convened two meetings with all members attended the meetings, at which the following resolutions were considered and approved respectively:

- (1) On 14 March 2022, the Resolution on the Nomination of Candidates for the Fifth Session of the Board of Directors of the Company was considered and passed;
- (2) On 14 June 2022, the "Resolution on Nomination of Chairman of the Fifth Session of the Board", "Resolution on Nomination of Mr. Mei Chun Xiao as President of the Company", "Resolution on Nomination of Mr. Sun Xin Tian, Ms. Ding Peng, Mr. Lu Yang, Mr. Tan Jian Xin and Mr. Ban Ze Feng as Vice Presidents of the Company", "Resolution on Nomination of Ms. Fan Wei Hong as Chief Accountant of the Company" and "Resolution on Nomination of Mr. Ban Ze Feng as Secretary to the Board of the Company" were reviewed and approved.

4. Strategic and Investment Committee

During the Reporting Period, the Strategic and Investment Committee of the Company consisted of five Directors, namely Dr. Cao Xin (a non-executive Director) served as the chairman of the Strategic and Investment Committee, Mr. Mei Chun Xiao (an executive Director), Mr. Wang Hong Jun (an executive Director), Mr. Qin Gang (a non-executive Director) and Mr. Wu Hui Jiang (a non-executive Director) serve as members of the Strategic and Investment Committee.

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

During the Reporting Period, the Strategic and Investment Committee convened one meeting, with all members of the Committee attended, at which the Resolution on Reviewing the 14th Five-Year Strategic Plan of the Company was considered and passed.

CORPORATE GOVERNANCE AND REPORT OF CORPORATION GOVERNANCE

(II) Director's nomination and diversity policy of the Board

The Company truly believes and recognises that a diversified Board is highly beneficial to the quality and performance enhancement of the Company. The Company is of the view that an increasingly diversified board is a key factor for sustainable development, achievement of strategic goals and maintenance good corporate governance.

To achieve sustainable and balanced development, the Company sees increased diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the composition of the Board, the Company considers the board diversity from a number of perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All appointments of the Board adopt the principle of meritocracy, and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board. For male and female employees with the necessary experience, skills and expertise for operations and businesses, the Group will provide comprehensive training, including but not limited to operations, management, accounting, finance and compliance. The Board is of the opinion that the above strategy will provide the Board with the opportunity to select competent female employees to be nominated as Board members in the future and further promote gender diversity on the Board in the long run.

During the Reporting Period, the Nomination Committee reviewed the composition of the fifth session of the Board of the Company and concluded that the Company had met the diversification requirements with regard to age, cultural and educational background, professional experience, skills and knowledge. When making the appointment and re-appointment of directors in the future, the Nomination Committee will nominate new directors pursuant to the requirements of the Board Diversity Policy to achieve the objective of diversity in Board members. The analysis of the Board diversity is as follows. The Board believes that the composition of the Board during the Reporting Period are in line with the requirements of the Board Diversity Policy. Subject to compliance with the Hong Kong Listing Rules, we will appoint at least one female Director to the Board by 31 December 2024.

Item	Category	Number	Proportion to Board members (%)
Gender	Male	9	100.0
	Female	0	0.0
Age	30 to 40	0	0.0
	41 to 50	3	33.3
	51 to 60	5	55.6
	61 to 70	1	11.1
Directorship	Independent Non-executive Director	3	33.3
	Non-executive Director	4	44.4
	Executive Director	2	22.2
Economic, finance and accounting professional		5	55.6
Outside Directorships (Number of listed companies)	Within 2 (2 inclusive)	9	100.0
	Above 3 (3 inclusive)	0	0.0

(III) Directors' responsibilities on the financial statement

The Company does not identify any material uncertainties of matters or events which may cast significant doubts on the Company's ability on going concern. The Board acknowledges its responsibility for preparing the Financial Statements of the Group as at 31 December 2022.

(IV) Risk management and internal controls

In 2022, the Group continued to focus on its strategic deployment and adhered to its established objectives and principles for operation to steadily and orderly implement various risk management initiatives. The Group mainly carried out the annual risk assessment, the material risk warning and the response to material risks for its risk management. During the Reporting Period, based on the actual risk management, the preparation of the Risk Assessment Report was completed. The material risk warning indicators for the systems of the Company were updated and improved, the monitoring and control of material risk warning indicators was completed on a quarterly basis, and the Material Risk Warning Indicators Control Report was prepared and completed.

Based on the risk response strategy formulated at the beginning of the year and taking account into the risk warnings this year, practical and feasible risk response measures were stipulated, and corresponding risk prevention work was carried out on a quarterly basis, to implement the established mitigation measures for risks and hidden dangers, thereby keeping the risks and hidden dangers which have an impact on the operation of the Company under control.

CORPORATE GOVERNANCE AND REPORT OF CORPORATION GOVERNANCE

During the year, the Group continued to improve and optimize the establishment of its management system, and promoted the improvement and iteration of its internal control system and internal control processes, thereby ensuring that various businesses of the Company are carried out in reliance of applicable basis and in line with relevant systems. The Group completed the upgrade and iteration of various management systems. As at 31 December 2022, the Group created 18 separate business segment data banks such as the Administrative Informatisation Data Bank and Financial Accounting Data Bank according to the types of business operations of the Company, for the incorporation of 349 currently effective systems. Meanwhile, each department updated the Job Responsibilities and Departmental System Comparison Table according to the requirements of the job setting and responsibilities under the system of the respective department, thereby effectively implementing all the systems administered by the departments to the corresponding jobs, and providing a strong support to the effective implementation of the systems.

In order to ensure that the implementation of the systems is effective, all departments organized and carried put training and promotional activities in relation to the systems in various ways such as centralized training, on-site guidance, communication and answering questions and solving problems, thereby constantly enhancing the standards of implementation of the systems in each unit.

The Board is responsible for the risk management and internal control systems of the Company and reviewing the effectiveness. The risk management and internal control system of the Company are designed to manage rather than eliminate the risk of failures to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board reviews the risk management and internal controls annually. The statement of the Board has included the examination and review of the Company's risk management and internal control systems as at 31 December 2022. The Board has confirmed that it has reviewed the effectiveness of the risk management and internal control systems and the Board considers that the risk management and internal control systems are effective and sufficient, and they can effectively prevent against the existing risks in the Company's operation.

The Company established an internal control system of material information, and a system of processing procedures and internal control measures for addressing and disseminating inside information. The Company has established systems relating to information disclosure, registration and management of inside information and prevention of misuse and dissemination of inside information. Meanwhile, the Company carries out information disclosure in a true, accurate, complete, and timely manner pursuant to the relevant regulations such as the Hong Kong Listing Rules, the Articles of Association and Administrative Measures for the Disclosure of Information of Listed Companies, so as to ensure equal opportunities of all investors to have timely access to relevant Company information.

(V) Auditor's remuneration

In 2022, Ernst & Young Hua Ming LLP was appointed to provide audit services to the Company in accordance with the PRC Accounting Standards for Business Enterprises, and annual audit fees of RMB2.5 million, interim agreed-upon procedures fees of RMB1.05 million, internal control and audit fees of RMB0.75 million, and special explanation and forensic report fees of RMB0.42 million were made. The reporting responsibilities statement of Ernst & Young Hua Ming LLP on the financial statements is set out in the "Financial Report" of this annual report. In 2022, the Company engaged Ernst & Young (China) Advisory Limited to provide consulting services for the preparation of an ESG report at a fee of RMB550,000.

(VI) Rights of shareholders

1. *Shareholders are entitled to propose the convening of an extraordinary general meeting*

Pursuant to the Articles of Association of the Company, shareholders are entitled to the following right: one or several shareholders holding more than 10% (including 10%) of shares (with voting rights) of the Company may request the Board in writing on convening an extraordinary general meeting of shareholders.

2. *Shareholders are entitled to table provisional proposals in a general meeting*

Pursuant to the Articles of Association of the Company, shareholder(s) holding more than 3% (including 3%) of shares (with voting rights) of the Company shall be entitled to table provisional proposals in writing to the Company in a general meeting convened. The Board office of the Company located at its registered office and headquarters in the PRC is responsible for dealing with any proposals tabled by shareholders. The Company shall include in the agenda those matters which are within the scope of duties of the general meeting.

CORPORATE GOVERNANCE AND REPORT OF CORPORATION GOVERNANCE

3. *Shareholders are entitled to enquiries*

Shareholders may directly send their enquiries required attention of the Board to the principal place of business in Hong Kong. The Company will handle all enquiries in a timely and appropriate manner. The contact information of the Company's office in Hong Kong is as follows:

Address: Suite 2103, Prudential Tower, Harbour City, Kowloon, Hong Kong

Fax: (852) 2153 0925

(VII) Communication with shareholders

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding on the business and strategy of the Company. The Company highly appreciates shareholders' opinions and advices, and actively organises various investor relations activities to maintain its communication with shareholders and to meet the reasonable demands of shareholders in a timely manner. The Company has formulated relevant systems, such as the Rules for the Implementation of Investor Relations Work and Rules for the Management of Investor Relations, and reviews their effectiveness annually to maintain close contact with investors. During the Reporting Period, the Company effectively implemented the above systems.

The Company publishes annual reports, interim reports, main monthly/quarterly operating data, and other latest information to ensure that its shareholders can keep abreast of the Company's operational position. The Company has also organized on-site visits to facilitate shareholders' understanding on business operations, as well as offline or online occasions such as roadshows on results and meetings with shareholders and summits to report on the Company's latest operational position.

The annual general meeting of the Company is also the best channel for exchange of opinions between the Board and the shareholders. Shareholders are encouraged to attend the annual general meetings or appoint proxy(ies) to attend and vote at the annual general meetings. Pursuant to company laws and the Articles of Association of the Company, shareholders are legitimately entitled to request responses to shareholders' inquiries by the chairman of the Board, chairmen of specific Board committees and the auditor of the Company at the annual general meetings.

During the Reporting Period, the Company convened the 2021 Annual General Meeting on 14 June 2022 where various resolutions were respectively voted on by polls. Directors and senior management of the Company answered enquiries of the shareholders on the operations of the Company. The Company also convened extraordinary general meetings on 12 August 2022, 22 September 2022 and 29 December 2022 respectively, where various resolutions such as the "Resolution on the Public Registration and Issuance of Super Short-term Commercial Papers not Exceeding RMB2 Billion by the Company", "Resolution on the Company's Joint Liability Guarantee for Huihai Financial Leasing Co., Ltd." and "Resolution on Waiver of Pre-emptive Rights in respect of Caofeidian Suntien Liquefied Natural Gas Co., Ltd." were respectively voted on by polls. All resolutions were passed.

(VIII) Investor relations

As at 31 December 2022, the total number of shares in issue of the Company was 4,187,093,073, comprising of 2,348,088,677 A shares and 1,839,004,396 H shares.

The Company believes that good investor relations enable building on a more stable shareholders base. Accordingly, the Company is committed to maintaining high transparency, providing investors with comprehensive and accurate information in a timely manner and continuously performing the information disclosure obligations of listed companies in compliance with the Shanghai Stock Exchange Stock Listing Rules and the Hong Kong Listing Rules.

During the Reporting Period, the Company strengthened its communication with its investors through roadshows on results, participating investors' summits, and voluntary information disclosure so as to enable the shareholders to understand the corporate strategy and business operations of the Company. In order to obtain and collect opinions from its shareholders, the Company has set up a dedicated position for investor relations. For major transactions, the Company has actively communicated with its shareholders to seek their advices in this regard.

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

(IX) Articles of association

During the Reporting Period, the Company has completed the registration procedures for non-public issuance of A shares, and amended Articles 19 and 22 of the Company's Articles of Association in accordance with the authorisation of the general meeting, details of which are set out in the relevant announcements published by the Company on the Hong Kong Stock Exchange and the SSE.

ENVIRONMENT AND SOCIAL RESPONSIBILITY

I. ENVIRONMENT INFORMATION

Are there environmental protection-related mechanisms established	Yes
Investment in environmental protection during the Reporting Period (Unit: RMB'0,000)	2,517.33

(I) Explanation on the environmental protection situation of the companies and their principal subsidiaries which are classified as the key pollutant discharging units announced by the environmental protection authorities

Applicable Not applicable

(II) Explanation on the environmental protection situation of the companies which are not classified as the key pollutant discharging units

1. *Administrative penalties imposed for environmental problems*

During the Reporting Period, Fuping Jixin Green Energy Company Limited (富平冀新綠色能源有限公司), a subsidiary of the Group, was imposed two administrative penalties of RMB20,000 and RMB200,000 by the Environment and Ecology Bureau of Weinan City (渭南市環境生態局處) for the Fuping Xintian Wind Farm Phase I and Phase II projects, due to failure of conducting risk assessment of environmental emergencies in accordance with the relevant laws and regulations and use of the completed and equipped environmental protection facilities without environmental acceptance inspection, respectively. The Company immediately made rectification after the incident and paid the fine on time. The rectification has been completed now. The above punishment is not a penalty for major violations and has no significant adverse impact on the Company. The Company will further improve environmental awareness, standardise production and operation, and strengthen environmental control and supervision.

2. *Disclosure of other environmental information with reference to the key pollutant discharging units*

The wind farms held by the Group have constructed customized hazardous waste storage room tailored for storage of wastes, used batteries and pollutants such as waste oil. Disposals of replaced batteries, waste oil, waste oil drums, waste filters and waste packaging for hazardous waste of wind farms and waste fluid from compressors of gas companies are commissioned to qualified entities with relevant experience, and hazardous waste disposal, collection and transportation agreements are signed. Relevant enterprises under the Group have formulated environmental emergency plans which are filed to environmental protection authorities.

3. *Explanation of reasons for the non-disclosure of other environmental information*

Applicable Not applicable

(III) Information on ecological protection, pollution prevention and fulfillment of environmental responsibility

The Company strictly abides by the national and local laws, regulations and provisions concerning environmental protection, always adheres to the concept of green development, and pays attention to ecological and environmental protection. It established a leading group for ecological and environmental protection headed by the president to coordinate and lead its ecological and environmental protection work, and implement the centralised management for environmental protection function departments. In accordance with the hierarchical control model, the Company's headquarters and each management unit oversaw and managed environmental protection work in all aspects of business activities according to different authorities to ensure the full coverage of environmental protection work in business segments. The Company insists on the "three simultaneousness" management for ecological and environmental protection and defines the responsibilities of the "decision maker, person-in-charge, approver and polluter".

ENVIRONMENT AND SOCIAL RESPONSIBILITY

(IV) Measures taken to reduce carbon emissions during the Reporting Period and their effectiveness

Whether to adopt carbon reduction measures	Yes
Reduction in CO2 equivalent emissions (unit: ton)	11,755,944
Types of carbon reduction measures (e.g., using clean energy to generate electricity, using carbon reduction technologies in the production process, developing and producing new products that help reduce carbon emissions, etc.)	Use new energy resources such as wind power and photovoltaic power generation.

Specific Description

In 2022, the Company generated a total of 14.198 billion kWh of green electricity, which is equivalent to avoidance of 11,755,944 tons of carbon dioxide emissions (approximately 828 g of carbon dioxide per kWh of thermal power generation nationwide), approximately 1,434.00 tons of sulfur dioxide emissions (approximately 0.101 g of sulfur dioxide per kWh of thermal power generation nationwide), approximately 2,158.10 tons of nitrogen oxide emissions (approximately 0.152 g of nitrogen oxide per kWh of thermal power generation nationwide) and 312.36 tons of dust emissions (approximately 0.022 g of soot per kWh of thermal power generation nationwide).

II. SOCIAL RESPONSIBILITY COMMITMENTS

(I) Whether to disclose a separate social responsibility report, sustainability report or ESG report

For details, please refer to the "2022 Corporate Social Responsibility Report" disclosed by the Company on the website of the Shanghai Stock Exchange.

(II) Specific information on social responsibility commitments

External donations and public welfare projects	Times/Content	Description
Total expenses (RMB'0,000)	1.08	A program was launched to support three poor students in Pingshan County.
Of which: Funds (RMB'0,000)	1.08	
Discount on supplies (RMB'0,000)	0	
Number of beneficiaries (person)	3	

Specific Description

In 2013, Hebei Natural Gas Co., Ltd. (河北省天然氣有限責任公司), a subsidiary of the Company, actively responded to the initiative of the Hebei Provincial Department of Education for the "Good deeds in Hebei and care for children (善行河北關愛花朵)" campaign, and selected three poor children in Pingshan County for targeted financial support after several investigations to make donations until they graduated from college. A total of RMB10,800 was funded in 2022.

The employees of Hebei Natural Gas Co., Ltd., a subsidiary of the Company, actively took part in public welfare activities and joined the ZEBRA RESCUE volunteer team in their spare time, contributing to road rescue and vehicle rescue.

In June 2022, HECIC New Energy Co., Ltd., a subsidiary of the Company, launched a one-month volunteer activity called "Stand Steady as the Youth, Carry Forward the Volunteer Spirit". During the activity, employees from wind farms cleaned up garbage along the way in their daily inspection and operation and maintenance to restore the original state of nature.

In 2022, HECIC New Energy Co., Ltd., a subsidiary of the Company, extensively launched a voluntary blood donation activity to promote a healthy and civilised lifestyle and the spirit of "humanity, fraternity and devotion". The employees actively participated in it.

ENVIRONMENT AND SOCIAL RESPONSIBILITY

III. DETAILS OF CONSOLIDATING AND DEVELOPING THE ACHIEVEMENTS IN POVERTY ALLEVIATION BATTLE AND RURAL REVITALIZATION

Applicable Not applicable

Specific Description

Year 2022 is a year of continuously consolidating and developing the achievements in poverty alleviation battle and rural revitalization. During the year, the resident teams of the Company, in accordance with the important task of consolidating and developing the achievements in poverty alleviation, the development planning of rural revitalization and the actual situation of support work, did a good job in village work and ensured that practical results were achieved in terms of village revitalization under the unified leadership of the county and township party committees. The specific tasks were as follows:

The first is to build and strengthen village party organizations. The Company's resident teams assisted the county and rural party committees in strengthening the building of the "two committees" of Leguo Village, helping the village party organizations to improve their ability and work style, and to perform their duties and responsibilities in village development and governance.

The second is to promote the strengthening of the village and enrich the people. The Company's resident teams actively carried out investigation and dynamic monitoring of drinking water safety in Leguo Village, paying constant attention to the amount and quality of drinking water, the convenience of water consumption and the attainment of the water supply guarantee rate by villagers. They visited households on a regular basis to actively promote the policy of monitoring and helping villagers to prevent return to poverty; assist village cadres to conduct household verification, study and judge risks, and include eligible villagers as targets for monitoring to prevent return to poverty. They also prevented the spread of illegal religions and promoted harmony and stability in rural areas.

The Company will continue to follow the important remarks of General Secretary Xi Jinping on the strategy of rural revitalization, take political responsibility, demonstrate the commitment of state-owned enterprises, and deeply implement the requirements of "four non-removals", i.e. removing poverty without removing responsibility, policies, assistance and supervision, so as to continuously consolidate and enhance the effect and result of poverty alleviation, enable the villages receiving assistance to drive sustainable internal motivation, and lay a solid foundation for rural revitalization.

SIGNIFICANT EVENTS

I. PERFORMANCE OF UNDERTAKINGS

(1) Undertakings made by relevant parties such as the actual controller, shareholders, related parties and acquirers of the Company and the Company during the Reporting Period or subsisting to the Reporting Period

Background of undertakings	Type of undertakings	Undertaking party	Description of undertakings	Date and period of undertakings	Whether there is a time limit for performance	Whether it is strictly performed in a timely manner	If not performed timely, specify the reasons in detail	If not performed timely, specify further plans
Undertakings relating to the initial public offering of shares	Selling restrictions on shares	HECIC	Complying with the requirements on lock-up period and selling restriction for the controlling shareholders of the listed company	36 months from the date of listing of A shares of the Company	Yes	Yes	/	/
	Others	HECIC	Complying with the requirements on reduction of shares for the controlling shareholder of the listed company	Long-term validity	No	Yes	/	/
	Others	the Company	True, accurate and complete disclosures in the Prospectus	Long-term validity	No	Yes	/	/
	Others	HECIC	True, accurate and complete disclosures in the Prospectus	Long-term validity	No	Yes	/	/
	Others	Directors, supervisors and senior management	True, accurate and complete disclosures in the Prospectus	Long-term validity	No	Yes	/	/
	Others	HECIC, the Company, Directors (excluding independent Directors) and senior management	Complying with the requirements on stock price stabilization measures for the controlling shareholder of the listed company, the Company, its Directors (excluding independent Directors) and senior management	Within three years from the date of listing of A shares of the Company	Yes	Yes	/	/
	Others	HECIC	Adoption of remedial measures for the dilution of current return as a result of the initial public offering of shares of the Company	Long-term validity	No	Yes	/	/
	Others	Directors, supervisors and senior management	Adoption of remedial measures for the dilution of current return as a result of the initial public offering of shares of the Company	Long-term validity	No	Yes	/	/
	Others	the Company	Measures to be taken if undertakings disclosed in the Prospectus fail to be performed	Long-term validity	No	Yes	/	/
	Others	HECIC	Measures to be taken if undertakings disclosed in the Prospectus fail to be performed	Long-term validity	No	Yes	/	/
	Others	Directors, supervisors and senior management	Measures to be taken if undertakings disclosed in the Prospectus fail to be performed	Long-term validity	No	Yes	/	/
	Others	HECIC	Avoiding horizontal competition	Long-term validity	No	Yes	/	/
	Resolving title defects in land, etc.	HECIC	Full compensation shall be made to the Company for any actual losses suffered by the Company or its subsidiaries as a result of any disputes, risks or administrative penalty imposed by competent authorities or being unable to carry out normal production and operation arising from or in connection with any use of land non-conformity with standards, defect of property, defect of leased property or incomplete leasing procedures (excluding land grant fee or rent, land requisition fee, title registration fee, tax and levies and other related expenses payable by the Company according to laws and regulations) after the actual losses caused by such matters are ascertained by the Company in accordance with legal procedures.	Long-term validity	No	Yes	/	/

SIGNIFICANT EVENTS

Background of undertakings	Type of undertakings	Undertaking party	Description of undertakings	Date and period of undertakings	Whether there is a time limit for performance	Whether it is strictly performed in a timely manner	If not performed timely, specify the reasons in detail	If not performed timely, specify further plans
Undertakings relating to refinancing	Selling restrictions on shares	HECIC	Undertaking in relation to the lock-up period of shares held by the shareholders	Within 36 months from the date of closing of the non-public issuance of A shares	Yes	Yes	/	/
	Selling restrictions on shares	21 subscribers	Undertaking in relation to the lock-up period of shares held by the shareholders	Within 6 months from the date of closing of the non-public issuance of A shares	Yes	Yes	/	/
	Others	HECIC	Undertaking of not reducing the shares of the Company held for a specified period	From the pricing benchmark date for the non-public issuance of A shares to the date on which the 6-month period after the completion of the Issuance ends	Yes	Yes	/	/
	Others	HECIC	Undertaking of not reducing the shares of the Company obtained under the subscription for a specified period	Within 36 months from the date of completion of the non-public issuance of A shares	Yes	Yes	/	/
	Distribution of dividends	the Company	Subject to the distribution of dividends in accordance with the provisions of the Shareholders' Return Plan for the Next Three Years (2021-2023) after the Non-public Issuance, the profits distributed by the Company in the form of cash dividends every year shall not be less than 20% of the distributable profits attributable to the shareholders of the Company realized in that year.	3 years after the non-public issuance of A shares	Yes	Yes	/	/

(II) When there is profit forecast regarding assets or projects of the Company, and if the Reporting Period remains in the span of the forecast period, the Company shall disclose whether such assets or projects have realized the original profit forecast and relevant reasons

Realized Not Realized Not Applicable

(III) Fulfillment of performance undertakings and its impact on goodwill impairment test

Applicable Not Applicable

II. APPROPRIATION OF FUNDS FOR PURPOSES OTHER THAN FOR BUSINESS OPERATION BY THE CONTROLLING SHAREHOLDER AND OTHER RELATED PARTIES DURING THE REPORTING PERIOD

Applicable Not Applicable

III. NON-COMPLIANT GUARANTEES

Applicable Not Applicable

IV. EXPLANATION OF THE BOARD OF THE COMPANY ON "NON-STANDARD AUDITORS' REPORT" ISSUED BY THE AUDITORS

Applicable Not Applicable

SIGNIFICANT EVENTS

V. THE COMPANY'S ANALYSIS AND EXPLANATION ON THE REASONS FOR AND IMPACTS OF CHANGES OF ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OR CORRECTION OF SIGNIFICANT ACCOUNTING ERRORS

(I) The Company's analysis and explanation on the reasons for and impacts of changes of accounting policies and accounting estimates

Changes in accounting policies

Accounting for COVID-19-related rent concessions

In accordance with the Provisions on the Accounting for COVID-19-related Rent Concessions, a simplified method may be chosen for COVID-19-related rent concessions in accordance with such accounting provisions. During the year, the Group had no relevant concessions, and such change in accounting policy had no impact on the consolidated and company net profit and owners' equity of the Company.

Accounting treatment for trial sales

In accordance with ASBE No. 15, the Group shall account for revenues and costs related to the external sale of products or by-products produced before the fixed assets reach their intended useable state (hereinafter collectively referred to as trial run sales) separately in profit or loss for the current period (those belonging to ordinary activities are included in "operating income" and "operating costs", and in "gain on disposal of assets" for those that are not ordinary activities) starting from 1 January 2022. The products or by-products from the trial run which are qualified for asset recognition conditions are recognized as inventories or other related assets until they are sold externally. For trial run sales occurred in 2021, the Group makes retrospective adjustments in accordance with the provisions of ASBE Interpretation No. 15.

The main impact of the retrospective adjustments arising from the above change in accounting policy on the consolidated financial statements of the Group are as follows:

2022

Items	Before accounting policy changes Opening balance	Changes in accounting policies Increase in trial sales adjustment	After accounting policy changes Opening balance
Fixed assets	32,220,077,891.90	149,508,803.46	32,369,586,695.36
Construction in progress	13,714,572,817.36	9,747,682.57	13,724,320,499.93
Undistributed profits	6,316,513,894.20	150,235,545.33	6,466,749,439.53
Minority interests	4,079,939,763.50	9,020,940.70	4,088,960,704.20

2021

Items	Before accounting policy changes Amount for the current year	Changes in accounting policies Increase in trial sales adjustment	After accounting policy changes Amount for the current year
Operating revenue	15,985,268,252.01	152,501,578.59	16,137,769,830.60
Operating costs	11,233,945,477.61	9,430,053.32	11,243,375,530.93
Net profit	2,711,628,741.60	143,071,525.27	2,854,700,266.87
Net profit attributable to shareholders of the parent company	2,160,133,969.16	134,923,295.21	2,295,057,264.37
Gain or loss attributable to minority interests	551,494,772.44	8,148,230.06	559,643,002.50

Items	Opening balance before change in accounting policy	Changes in accounting policies Increase in trial sales adjustment	Opening balance after change in accounting policy
Construction in progress	13,983,364,988.28	16,184,960.76	13,999,549,949.04
Undistributed profits	4,928,503,066.37	15,312,250.12	4,943,815,316.49
Minority interests	3,530,522,147.30	872,710.64	3,531,394,857.94

Note: These changes in accounting policies had no impact on the balance sheet items of the parent company as at 1 January 2021 and 1 January 2022.

SIGNIFICANT EVENTS

Changes in accounting estimates

The Group, taking into account the actual situation of construction, operation, management and maintenance of the long-distance natural gas transmission pipelines, decided to change the depreciation period for long-distance natural gas transmission pipelines from 30 years to 40 years on 30 November 2022 after a resolution was approved at the seventh extraordinary meeting of the fifth session of the Board and the third extraordinary meeting of the fifth session of the board of supervisors of the Group, which was made public.

In accordance with the relevant provisions of ASBE No. 28 – Accounting Policies, Changes in Accounting Estimates and Corrections of Errors”, the change in accounting estimate was accounted for using the future applicable method without retrospective adjustment and will not have any impact on the Group’s previously disclosed financial position and results of operations for each period.

After the change in accounting estimate, the estimated impact on the Group’s consolidated financial statements for the year 2022 was as follows: the reduction in depreciation provision amounted to approximately RMB3,180,482.33 (the amount of depreciation impact from 1 November 2022 to 31 December 2022), and assuming that the above depreciation amount was fully carried forward to the current profit and loss, and excluding the Group’s increase or decrease in fixed assets from November to December 2022, the increase in the Group’s total profit for the year 2022 was approximately RMB3,180,482.33, and the increase in net profit attributable to the parent company is RMB1,304,355.09.

(II) The Company’s analysis and explanation on the reasons for and impacts of correction of significant accounting errors

Applicable Not Applicable

(III) Communication with the former accounting firm

Applicable Not Applicable

(IV) Other explanation

Applicable Not Applicable

VI. DESCRIPTION OF APPOINTMENT AND DISMISSAL OF AUDITOR

Unit: Yuan Currency: RMB

	Current engagement
Name of domestic auditor	Ernst & Young Hua Ming LLP
Remuneration of domestic auditor	2,500,000.00
Number of years of service of domestic auditor	3
Name of certified public accountants of domestic auditor	Zhang Ningning and Wang Ning
Number of years of continuous service of certified public accountants of domestic auditor	1
Name of overseas auditor	Ernst & Young Hua Ming LLP
Remuneration of overseas auditor	-
Number of years of service of overseas auditor	3

Note: The Company has appointed one auditor as the domestic auditor and the overseas auditor.

	Name	Remuneration
Accounting firm responsible for the audit of internal control	Ernst & Young Hua Ming LLP	750,000.00
Sponsor	Zhong De Securities Company Limited	5,000,000.00

Explanation on appointment and dismissal of auditor

Applicable Not Applicable

Explanation on the change in appointment of auditor during the audit period

Applicable Not Applicable

SIGNIFICANT EVENTS

VII. RISKS EXPOSURE TO DELISTING

(I) Reasons for delisting risk warning

Applicable Not Applicable

(II) Measures proposed by the Company in response to risks

Applicable Not Applicable

(III) Situation of and reasons for delisting

Applicable Not Applicable

VIII. EVENTS IN RELATION TO BANKRUPTCY AND REORGANISATION

Applicable Not Applicable

IX. MATERIAL LITIGATIONS AND ARBITRATIONS

(I) Litigations and arbitrations that have been disclosed in interim announcements without further progress

Applicable Not Applicable

(II) Litigation and arbitration not disclosed in interim announcements or with subsequent development

Applicable Not Applicable

(III) Other explanation

1. On 6 May 2020, a civil ruling in respect of the case of debt payable by Hebei Yuanhua Glass Co., Ltd. (河北元華玻璃股份有限公司) ("Yuanhua") to Hebei Natural Gas were made by the Intermediate People's Court of Xingtai City, Hebei Province, the bankruptcy liquidation application of Yuanhua was judged and accepted. On the same day, the Intermediate People's Court of Xingtai City, Hebei Province issued an announcement on the appointment of Hebei Bohai Liquidation Affairs Co., Ltd. (河北博海清算事務有限公司) as the administrator of Yuanhua. The creditors of Yuanhua shall declare their creditor's rights to the administrator by 12 August 2020. According to the requirements of the aforementioned document, Hebei Natural Gas submitted the creditor's rights declaration materials to the administrator, with the principal and interest of its creditor's rights of RMB291,217,037.46 in total. On 17 August 2020, the administrator issued a Notice of Administrator of Hebei Yuanhua Glass Co., Ltd., the amount of creditor's right claimed by Hebei Natural Gas was confirmed. On 21 July 2021, the Intermediate People's Court of Xingtai City, Hebei Province issued a civil ruling, declaring Yuanhua bankrupt. It is still in the bankruptcy liquidation process.

Prior to the Initial Public Offering and Listing of A shares, the provision for bad debts payable by Yuanhua regarding natural gas was made at 100% by the Company. The bankruptcy of Yuanhua did not constitute any material adverse effect to the Company.

2. With regard to the case of debt payable by Hebei Daguangming Industrial Group Jiajing Glass Co., Ltd. ("Daguangming Company") to Hebei Natural Gas, the Xingtai Intermediate People's Court issued (2018) Ji 05 Zhi No. 198 Enforcement Order on 4 December 2018, ruling that the relevant properties of Daguangming Company and the joint liable guarantor Hebei Daguangming Industrial Group Juwuba Carbon Black Co., Ltd. ("Juwuba Carbon Black Company") would be sealed up, seized and frozen as Daguangming Company failed to fulfill the obligations set forth in the enforcement certificate. On 16 May 2019, Hebei Natural Gas entered into the Enforcement Settlement Agreement with Daguangming Company and Juwuba Carbon Black Company, pursuant to which the Respondents agreed on a repayment plan for the debt of RMB76.9 million for the purchase of natural gas, which was intended to be repaid in installments after Daguangming Company resumed production in August 2020. On 14 November 2022, Xingtai Intermediate People's Court issued (2018) Ji 05 Zhi No. 198 3rd Enforcement Order, ruling that the relevant properties of Daguangming Company and Juwuba Carbon Black Company would be continuously sealed up.

SIGNIFICANT EVENTS

X. SUSPECTED BREACHES OF LAWS AND REGULATIONS, PUNISHMENTS AND RECTIFICATIONS INVOLVED BY THE LISTED COMPANY, ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS AND ACTUAL CONTROLLERS

Applicable Not Applicable

XI. EXPLANATION ON CREDIBILITY OF THE COMPANY, ITS CONTROLLING SHAREHOLDERS AND ACTUAL CONTROLLER DURING THE REPORTING PERIOD

During the Reporting Period, the Company, its controlling shareholder and actual controller operate in good faith with good credibility.

XII. MATERIAL RELATED PARTY TRANSACTIONS

(I) Related party transactions in relation to ordinary operations

1. *Events disclosed in interim announcements but without subsequent development or changes during implementation*

Applicable Not Applicable

2. *Events disclosed in interim announcements but with progress or change in subsequent implementation*

(1) Property Tenancy Framework Agreement In 2022-2024

HECIC has leased continuously office properties at Yu Yuan Plaza, No. 9 Yuhua West Road, Shijiazhuang City, Hebei Province, PRC to the Group, with a provision of certain ancillary office support services. In consideration of the Group's intent on continual usage of the office properties and the needs on expansion of office area subject to the future business development plan, the Company and HECIC had entered into a Master Tenancy Agreement on 28 October 2021, subject to a leasing term of three years from 1 January 2022 to 31 December 2024. The Company continued to rent such property from HECIC and its subsidiaries (the "Properties Renting Project"). Under the obligations of the agreement, the annual transaction amount (including rent, property fees and management and office support service fees) is capped at RMB15 million, RMB20 million and RMB27 million in 2022, 2023 and 2024 respectively, which is well within the effective period of the agreement that ends at 31 December 2024. HECIC and/or its subsidiaries shall be responsible for insurance and maintenance of such properties. The Group shall be responsible for utility charges. The annual cap of the Properties Renting Project in 2022 was RMB15 million.

HECIC is the controlling shareholder of the Company and a related party of the Company. The transaction is completely exempted from complying the requirements under the Hong Kong Listing Rules as it does not meet the disclosure requirements for related party transactions under the Hong Kong Listing Rules. For details, please refer to the announcement of the Company disclosed on the website of the SSE and the Hong Kong Stock Exchange dated 29 October 2021.

(2) Asset Financing Services Framework Agreement In 2020

Pursuant to the New Asset Financing Services Framework Agreement dated 21 December 2020 entered into between the Company and Huihai Leasing, the Group will, on a voluntary and non-compulsory basis, utilize the asset financing services provided by Huihai Leasing. The agreement came into effect from the date of approval at the extraordinary general meeting, being 8 February 2021, with a term until 31 December 2023.

According to the New Asset Financing Services Framework Agreement, Huihai Company provides financing services to the Company and its subsidiaries, including finance leasing services (including direct lease service and sale-and-leaseback service), and other services provided by Huihai Company of which it has obtained regulatory license for operation, including but not limited to the disposal of residual value and maintenance of leased assets, consulting service and provision of guarantees in leasing transactions, etc. For each year ending 31 December during the term of the agreement, newly added direct lease and sale-and- leaseback service shall not be higher than RMB800 million and RMB800 million, respectively. In 2022, there is neither new direct lease nor new sale-and-leaseback service.

SIGNIFICANT EVENTS

The New Asset Financing Services Framework Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules. As one or more applicable percentage ratio(s) in respect of the annual caps of each of the direct lease and sale-and-leaseback under the finance leasing services exceed(s) 0.1% but is/are lower than 5%, the finance leasing services are subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. As all the applicable percentage ratios in respect of other services are lower than 0.1%, other services are exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Although the New Asset Financing Services Framework Agreement and the transactions contemplated thereunder are exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules, as the amount of the transactions exceeds 5% of the latest audited net assets of the Company, the transactions are still subject to the Company's non-related shareholders' approval at the extraordinary general meeting in accordance with the Rules Governing the Listing of Stocks on SSE. For details, please refer to the announcement and the shareholders' circular published by the Company in relation to this continuing connected transaction on 21 December 2020 and 15 January 2021, respectively. The transaction was approved at the extraordinary general meeting of the Company on 8 February 2021. On the same day, the Company published the announcement regarding the poll results of the extraordinary general meeting on the websites of the Hong Kong Stock Exchange and the Company.

(3) Financial Services Framework Agreement

The Group Finance Company has been providing financial services to the Group since the fourth quarter of 2013. In view of the Group's needs on the relevant financial services, the charges of the Group Finance Company and the service quality of the Group Finance Company, on 28 October 2021, the Company and the Group Finance Company entered into a renewed financial services framework agreement (the "Renewed Financial Services Framework Agreement"), pursuant to which the Group will, on a voluntary and non compulsory basis, continue to utilize various financial services provided by the Group Finance Company, including (i) the Deposit Service, (ii) the Loan Service, (iii) the Bill Discounting Service, (iv) the Miscellaneous Fee-based Financial Services (including guarantee service, acceptance service, entrusted loan service and other fee-based services), and (v) the Other Permitted Financial Services (including but not limited to the finance lease service and settlement service, financial and financing advisory services, credit authentication and relevant consulting and agency services, insurance agency service and corporate bonds underwriting service).

Under the Renewed Financial Services Framework Agreement, the Group Finance Company has undertaken to the Company that whenever it provides financial services to the Group, the terms thereof shall not be less favorable than those offered by any commercial banks or other financial institutions for comparable financial services. The term of the agreement is effective from 1 January 2022 to 31 December 2023, and the annual caps of the agreed services are as follows: (i) the maximum daily deposit balance (including accrued interests) of the Deposit Service will be RMB3,570 million; (ii) the maximum daily loan balance (including accrued interests) of the Loan Service will be RMB4,000 million; (iii) the maximum daily discounting fund balance (including discounting interests) of the Bill Discounting Service will be RMB500 million; (iv) the annual caps on the handling fees of the Miscellaneous Fee-based Financial Services will be RMB5 million. During the Reporting Period, the proposed maximum daily balance under the deposit service under the agreement was RMB3,570 million and the actual maximum daily balance under the deposit service was RMB3,511 million.

Details are set out in the announcement and shareholders' circular published by the Company on the SSE and the Stock Exchange in relation to this continuing connected transaction. The transaction was approved at the extraordinary general meeting of the Company on 14 December 2021. On the same day, the Company published the announcement regarding the poll results of the extraordinary general meeting on the websites of the Hong Kong Stock Exchange and the Company.

SIGNIFICANT EVENTS

Confirmation by the independent non-executive Directors

The independent non-executive Directors of the Company have reviewed the aforementioned continuing connected transactions in Parts (2) and (3) and confirmed that the transactions have been conducted:

1. in the ordinary and usual course of business of the Group;
2. on normal commercial or better terms; on conditions no less favourable to the Company than those offered to or by (as the case may be) independent third parties, if it was not practical to make such judgement based on comparable transactions as to whether such transactions have been carried out on normal commercial terms; and
3. in accordance with relevant agreement whose terms are fair and reasonable and in the interest of the shareholders of the Company as a whole.

Confirmation by auditor

Ernst & Young Hua Ming LLP ("Ernst & Young Hua Ming") has provided the Board with a letter confirming that, with respect to the aforesaid continuing connected transactions in Parts (2) and (3) as at 31 December 2022:

1. nothing has come to Ernst & Young Hua Ming's attention that causes it to believe that the transactions have not been approved by the Board;
2. in relation to the transactions involving products and services supplied by the Group, nothing has come to Ernst & Young Hua Ming's attention that causes it to believe that the transactions have not followed the Group's pricing policy in any material aspect;
3. nothing has come to Ernst & Young Hua Ming's attention that causes it to believe that the transactions were not carried out, in any material respects, in accordance with the relevant agreements; and
4. nothing has come to Ernst & Young Hua Ming's attention that causes it to believe that the transaction amount of any of the aforesaid continuing connected transactions has exceeded its annual cap as stated above.

3. *Events not disclosed in interim announcements*

Applicable Not Applicable

(II) Related party transactions in relation to acquisition of assets or acquisition or disposal of equity

1. *Events disclosed in interim announcements but without subsequent development or changes during implementation*

Applicable Not Applicable

2. *Events disclosed in interim announcements but with progress or change in subsequent implementation*

Applicable Not Applicable

3. *Events not disclosed in interim announcements*

Applicable Not Applicable

4. *Where an agreement on performance is involved, the performance achievements during the Reporting Period shall be disclosed*

Applicable Not Applicable

SIGNIFICANT EVENTS

(III) Material related party transactions related to joint external investment

1. *Events disclosed in interim announcements but without subsequent development or changes during implementation*

Events Summary	Index for details
<p>Details of the capital increase in Caofeidian Company made by the Company and HECIC on the same proportion are as follows:</p> <p>Pursuant to the Capital Increase Agreement of Caofeidian Suntien Liquefied Natural Gas Co., Ltd., Caofeidian Company added registered capital of RMB451 million, and the Company and HECIC subscribed to the new registered capital in proportion to their shareholdings in Caofeidian Company, with the Company contributing RMB230.01 million and HECIC contributing RMB220.99 million. Upon completion of the capital increase, the registered capital of Caofeidian was changed to RMB2.6 billion and the shareholding structure remained unchanged.</p> <p>Details of the capital increase in Hebei Gas Co., Ltd. made by the Company and HECIC on the same proportion are as follows:</p> <p>Pursuant to the Capital Increase Agreement of Hebei Gas Co., Ltd., Hebei Gas added registered capital of RMB55 million. Upon completion of the capital increase, the registered capital of Caofeidian was RMB155 million. The Company and HECIC subscribed to the new registered capital in proportion to their shareholdings in Hebei Gas, with the Company contributing RMB30.25 million for 55% shareholdings in Hebei Gas and contributing RMB24.75 million for 45% shareholdings in Hebei Gas. Both parties contributed in currency.</p>	<p>For details, please refer to the relevant announcement published by the Company on the website of the SSE (www.sse.com.cn) on 29 September 2022 (Announcement No.: 2022-071) and the relevant announcement published by the Company on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 27 September 2022.</p> <p>For details, please refer to the relevant announcement published by the Company on the website of the SSE (www.sse.com.cn) on 21 October 2022 (Announcement No.: 2022-075) and the relevant announcement published by the Company on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 20 October 2022.</p>

2. *Events disclosed in interim announcements but with progress or change in subsequent implementation*

Details of joint investment in the establishment of Suntien Shuifa Fund by HECIC Huineng, a wholly-owned subsidiary of the Company, and HECIC Chuangfa Fund Management Co., Ltd. ("HECIC Chuangfa"), a wholly-owned subsidiary of Mao Tian Capital Limited, which is in turn a wholly-owned subsidiary of HECIC, are as follows: The target fund size of the Suntien Shuifa Fund is RMB360 million, of which RMB179 million is contributed by HECIC Huineng as a limited partner; RMB179 million is contributed by Hunan Shuifa Xingye Green Energy Co., Ltd. ("Hunan Shuifa Xingye") as a limited partner; RMB1 million is contributed by each of HECIC Chuangfa and Shandong Shuifa Innovation Investment Co., Ltd. ("Shuifa Innovation Investment") as a general partner. The percentages of capital contribution from HECIC Huineng, Hunan Shuifa Xingye, HECIC Chuangfa and Shuifa Innovation Investment were 49.722%, 49.722%, 0.278% and 0.278%, respectively. On 7 September 2022, the Suntien Shuifa Fund has completed the filing procedures with the Asset Management Association of China.

For details, please refer to the relevant announcement published by the Company on the website of the SSE and the Hong Kong Stock Exchange.

3. *Events not disclosed in interim announcements*

Applicable Not Applicable

SIGNIFICANT EVENTS

(IV) Amounts due to or from related parties

1. *Events disclosed in interim announcements but without subsequent development or changes during implementation*

Applicable Not Applicable

2. *Events disclosed in interim announcements but with progress or change in subsequent implementation*

Applicable Not Applicable

3. *Events not disclosed in interim announcements*

Applicable Not Applicable

(V) Financial businesses between the Company and its affiliated finance companies and between the Company's controlled finance companies and its related parties

1. *Deposit business*

Unit: RMB100 million Currency: RMB

Related party	Related relationship	Maximum daily deposit limit	Range of deposit interest rates	Opening balance	Amount for the current period		Closing balance
					Total amount deposited during the current period	Total amount withdrawn during the current period	
Group Finance Co.,	Under common control	35.70	0.35%-1.2075%	31.16	433.99	430.04	35.11
Total	/	/	/	31.16	433.99	430.04	35.11

2. *Loan business*

Unit: RMB100 million Currency: RMB

Related party	Related relationship	Loan facilities	Range of loan interest rates	Opening balance	Amount for the current period		Closing balance
					Total amount of loans granted during the current period	Total amount of loans repaid during the current period	
Group Finance Co.,	Under common control	38.43	2.80%-4.35%	10.82	30.61	17.56	23.87
Total	/	/	/	10.82	30.61	17.56	23.87

3. *Credit business or other financial businesses*

Unit: RMB100 million Currency: RMB

Related party	Related relationship	Type of business	Total amount	Actual amount
Group Finance Co.,	Under common control	General credit facility	42.65	38.90

SIGNIFICANT EVENTS

4. *Other explanation*

Applicable Not Applicable

(VI) Others

1. *Provision of financial assistance to a controlled subsidiary*

On 28 April 2022, the Company entered into a loan agreement with Caofeidian Suntien Liquefied Natural Gas Co., Ltd. ("Caofeidian Company"), pursuant to which, conditional upon, among other things, the resolution on the proposed change in the method of investment of use of proceeds being considered and approved at a general meeting of the Company, the Company will provide interest-bearing loans of RMB3 billion in aggregate to Caofeidian Company in phases according to Caofeidian Company's capital use plan for a term of not more than 36 months from the first drawdown date. The repayment date of any drawdown shall not exceed the loan expiry date as set out in the loan agreement. The loans shall be funded by the proceeds of the A Share Offering and will be specifically used for the investment and construction of the funded projects. The interest rate of borrowings shall be calculated based on the one-year loan prime rate (LPR) as announced by the National Interbank Funding Center on the working day prior to the drawdown date, minus five base points. The loan interest rate(s) shall be determined with reference to the interest rates for bank loans of Caofeidian Company with the same duration from financial institutions and adjusted simultaneously according to the loan prime rate (LPR) for loans with the same duration. In the event that the interest rates for bank loans of Caofeidian Company with the same duration from financial institutions are adjusted, the loan interest rate(s) may be revised through the execution of a supplemental agreement upon the provision of supporting documents to the Company such as loan contracts or withdrawal slips. The revised interest rate(s) shall only be applicable to the future period, and the final adjustment right shall be determined by the Company.

HECIC, the controlling shareholder of the Company, holds 10% or more equity interest in Caofeidian Company, and Caofeidian Company is therefore a connected subsidiary of the Company. As such, the loans constitute a connected transaction involving the provision of financial assistance to a connected person by the Company under Chapter 14A of the Hong Kong Listing Rules. As one or more of the applicable percentage ratios in respect of the loans are 5% or above, the loans are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The transaction was approved by the Company at the 2021 annual general meeting held on 14 June 2022. Details and the poll results are set out in the relevant announcements of the Company published on the website of the SSE (www.sse.com.cn) on 29 April 2022 and 15 June 2022 and the relevant announcements published by the Company on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 28 April 2022 and 14 June 2022.

2. *Provision of guarantee for its controlled subsidiary*

The Company held the second extraordinary meeting of the fifth session of the Board on 25 August 2022, at which the "Resolution on the Estimated Amount of Guarantee to be Provided by the Company to its Controlled Subsidiary, S&T International Natural Gas Trading Company Limited" was considered and approved, to authorize the Company to provide guarantee in a total estimated amount up to RMB2 billion for S&T. According to the financing proposal(s) by bank(s), the shareholders of S&T will be required to provide guarantees in respect of S&T's financing. If each of the shareholder of S&T (including the Company) provides a guarantee for joint and several liability for S&T in proportion to its shareholding, then it will not be required to provide a counter-guarantee and each of them will charge S&T a guarantee fee on the actual amount of guarantee. If the guarantee is provided by the Company for the full guarantee in the first place, then each of shareholders of S&T will provide a counter-guarantee to the Company in proportion to its shareholding, and the shareholders of S&T will charge S&T a guarantee fee on the actual amount of the counter-guarantee. The choice of guarantee method shall be subject to the financing terms to be negotiated with bank(s). As Yanshan Company is a wholly-owned subsidiary of HECIC, the controlling shareholder of the Company, Yanshan Company is a related legal person of the Company and providing guarantee and/or counter-guarantee by Yanshan Company as well as charging guarantee fees constitute related party transactions.

In accordance with the requirements of the A Share Listing Rules, the transactions were considered and approved by the shareholders at the extraordinary general meeting of held on 22 September 2022.

3. *Provision of guarantees for related parties*

The Company held the second extraordinary meeting of the fifth session of the Board on 25 August 2022, at which the "Resolution on the Provision of Guarantee for Joint and Several Liability by the Company for Huihai Financial Leasing Co., Ltd." was considered and approved, to provide joint and several liability guarantee for the loan borrowed by Huihai Company from China Minsheng Bank Corp., Ltd., Shijiazhuang Branch, with a maximum principal credit amount of RMB300 million; Huihai Company provided a counter-guarantee by way of a pledge of rent receivable from its existing and proposed investment in finance lease projects. The Company charged a guarantee fee at an annualised rate of not more than 0.5% on the actual occurrence of the guarantee. Huihai Company has a registered capital of RMB650 million, shares of which are owned as to 22.50% and 7.50% by Shenzhen Suntien Green Energy Investment Co., Ltd. and Suntien Green Energy (Hong Kong) Corporation Limited (both being wholly-owned subsidiaries of the Company), respectively, and 30.77%, 23.08%, 8.46% and 7.69% by other shareholders, namely JEI, Yanshan International Investment Company Limited, Mao Tian Capital Limited and Hebei Construction & Investment Xiongan Construction & Development Co., Ltd., respectively. As JEI, Yanshan International Investment Company Limited, Mao Tian Capital Limited and Xiongan Company are all enterprises controlled by HECIC, the controlling shareholder of the Company, and as Huihai Company is an enterprise controlled by HECIC, Huihai Company is a related legal person of the Company in accordance with the relevant provisions of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, and this guarantee constitutes a related party transaction.

The transactions were considered and approved by the shareholders at the extraordinary general meeting of held on 22 September 2022.

4. *Waiver of pre-emptive right*

The Company held the eighth extraordinary meeting of the fifth session of the Board on 5 December 2022, at which the the "Resolution on the Waiver of the Pre-emptive Right in respect of Caofeidian Suntien Liquefied Natural Gas Co., Ltd." was considered and approved, authorizing the Company to waive the pre-emptive rights of 20% equity interest in Caofeidian Company. Caofeidian Company is a controlled subsidiary of the Company with a registered capital of RMB2,149 million. The Company currently holds 51% equity interest in Caofeidian Company and HECIC holds 49% equity interest in Caofeidian Company. HECIC proposed to transfer its 20% equity interest in Caofeidian Company to Tangshan Caofeidian Development Investment Group Limited by way of an agreed transfer. It was estimated that the transfer price was RMB550 million to RMB620 million (the specific price is subject to the actual signing of the agreement), based on the entire shareholders' equity of Caofeidian Company as of 31 December 2021 (the base date of appraisal), i.e. RMB1,920,704,800, which is evaluated by China Enterprise Appraisals Consultation Co., Ltd. and subject to the valuation results filed with the state-owned assets supervision and administration authority, taking into account factors such as the amount of capital contribution and asset appreciation after the base date of appraisal, and the Company proposed to waive the pre-emptive rights. Given that HECIC is the controlling shareholder of the Company, the waiver of pre-emptive rights by the Company constitutes a related party transaction under the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Hong Kong Listing Rules.

Considering that the amount of the Group's related transactions (as defined under the A Share Listing Rules) with HECIC and companies directly or indirectly controlled by HECIC in the past 12 months accounted for 5% of the absolute value of the latest audited net assets of the Company, the waiver of the pre-emptive right is subject to approval by the general meeting of the Company, pursuant to the A Share Listing Rules and the articles of association. The transactions were considered and approved by the shareholders at the extraordinary general meeting of held on 29 December 2022.

XIII. MATERIAL CONTRACTS AND PERFORMANCE THEREOF

(I) Trusteeship, contracting and leasing

1. *Trusteeship*

Applicable Not Applicable

2. *Contracting*

Applicable Not Applicable

3. *Leasing*

Applicable Not Applicable

SIGNIFICANT EVENTS

(II) Guarantees

Unit: '0,000 yuan Currency: RMB

External guarantees provided by the Company (excluding guarantees provided for subsidiaries)														
Guarantor	Relationship between guarantor and the Company	Guaranteed party	Amount guaranteed	Guarantee date (agreement date)	Commencement of guarantee	Expiry of guarantee	Type of guarantee	Collateral (if any)	Whether fully performed	Whether overdue	Overdue amount	Any counter guarantee	Whether provided for related parties	Related relationship
China Suntien Green Energy Corporation Limited	The Company's head office	Hebei Suntien Guohua Gas Co., Ltd.	14,000	2021.09.27	2021.09.27	2033.06.27	Joint liability guarantee	Nil	No	No	0	Nil	Yes	Joint venture
Total amount of guarantees incurred during the Reporting Period (excluding guarantees provided for subsidiaries)														0
Total balance of guarantees as at the end of the Reporting Period (A) (excluding guarantees provided for subsidiaries)														13,650
Guarantees provided by the Company and its subsidiaries for their subsidiaries														
Total amount of guarantees incurred for subsidiaries during the Reporting Period														0
Total balance of guarantees for subsidiaries as at the end of the Reporting Period (B)														32,783.76
Total amount of guarantees provided by the Company (including guarantees provided for subsidiaries)														
Total amount of guarantees (A+B)														46,433.76
Percentage of the total amount of guarantees in the net assets of the Company (%)														1.84
Of which:														
Amount of guarantees provided for shareholders, de facto controller and their related parties (C)														0
Amount of debt guarantees directly or indirectly provided for guaranteed parties with a gearing ratio exceeding 70% (D)														28,417.32
Total amount of guarantees in excess of 50% of net assets (E)														0
Total amount of guarantees of the above three items (C+D+E)														28,417.32
Statement on the potential joint liability in connection with unexpired guarantees														Nil
Details of guarantees														N/A

(III) Entrusting third parties with cash asset management

1. Asset management on trust

(1) Overall asset management on trust

Applicable Not Applicable

Others

Applicable Not Applicable

(2) Breakdown of entrusted wealth management

Applicable Not Applicable

Others

Applicable Not Applicable

(3) Provisions for impairment of entrusted wealth management

Applicable Not Applicable

SIGNIFICANT EVENTS

2. *Entrusted loans*

(1) Overall entrusted loans

Applicable Not Applicable

Others

Applicable Not Applicable

(2) Breakdown of entrusted loans

Applicable Not Applicable

Others

Applicable Not Applicable

(3) Provision for impairment of entrusted loans

Applicable Not Applicable

3. *Others*

Applicable Not Applicable

(IV) Other material contracts

Applicable Not Applicable

XIV. EXPLANATION ON OTHER SIGNIFICANT MATTERS THAT HAVE A SIGNIFICANT IMPACT ON THE VALUE JUDGMENTS AND INVESTMENT DECISIONS OF INVESTORS

Applicable Not Applicable

REPORT OF THE BOARD OF DIRECTORS

I. BUSINESS REVIEW

1. Operating environment

The Company is principally engaged in the investment of projects involving the exploration and utilization of natural gas, LNG, CNG, coal gas and coalbed methane, as well as projects of new energy sources including wind power and solar power, etc. Details of principal subsidiaries of the Company are set out in the "Financial Report - IX. Interests in Other Entities - 1. Interests in subsidiaries". During the Reporting Period, the Company actively expanded the renewable energy and clean energy business and steadily promoted the reserve of wind resources, therefore, the installed capacity experienced steady growth. With active facilitation of the construction of infrastructure of natural gas, continued expansion of the market of downstream users, development of CNG and LNG businesses in a steady manner, and further improvement in the transmission network, the sales volume obviously increased. Details of the business environment policy of the Company are set out in the "Management Discussion and Analysis" of this annual report.

2. Key financial indicators

In 2022, the Group's wind and photovoltaic power generation business realized a power generation of 13.871 billion kWh, representing a year-on-year increase of 4.27%; sold 3,885 million cubic meters of natural gas, representing a year-on-year increase of 2.01%; realized operating revenue of RMB18.561 billion, representing a year-on-year increase of 15.01%; a total profit of RMB3.295 billion, representing a year-on-year increase of 0.73%; and a net profit of RMB2.819 billion, representing a year-on-year decrease of 1.25%, of which the net profit attributable to the shareholders of parent company amounted to RMB2.294 billion, representing a year-on-year decrease of 0.04%.

As at 31 December 2022, the total share capital of the Company was 4,187,093,073 shares, comprising of 2,348,088,677 A shares and 1,839,004,396 H shares. Details of liquidity of the Company are set out in the "Management Discussion and Analysis" of this annual report.

3. Compliance with laws and regulations and performance

In 2022, the Group complied with laws and regulations that had material impacts on the building, production and operation of wind power, photovoltaic power and natural gas projects, which mainly included:

- (1) The Group abides by the laws and regulations such as the Law of the People's Republic of China on Production Safety, Regulations on Production Safety in Hebei Province, and Provisional Regulations on the Investigation and Management of Potential Dangers for Production Safety. The Group has kept improving its safety policies and systems and formulated a number of management measures in four key aspects: safety supervision and inspection, occupational health and safety, emergency preparedness and accident management. In 2022, the Group added 9 new internal management systems, including the "SE Management System Assessment Measures, Safety Commitment and HSE Action Plan Working Guidelines and Emergency Management Measures, and updated 27 internal guidance documents, including the Safety Risk Classification and Control Management Measures, Occupational Health Management Measures and Safety Production and Accident Emergency Plan Implementation Rules, to further standardize the safety management in production and operation and enhance the inherent safety assurance capability.
- (2) The Group abides by relevant laws and regulations such as the Law of the People's Republic of China on the Advancement of Science and Technology and the Law of the People's Republic of China on the Promotion of the Transformation of Scientific and Technological Achievements, formulated internal systems such as the Management Measures for Industry-University-Research Cooperation and the Management Measures for the Incentives of Scientific and Technological Achievements. The Group actively followed the cutting-edge technologies in the industry, continued to put more efforts in developing basic business information systems around the Company's management needs, continued to strengthen industry-university-research cooperation between the Group and research institutes, increased investment in innovative research and development projects, and continued to stimulate and cultivate the innovative thinking and ability of employees.
- (3) The Group abides by the relevant laws and regulations such as the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Employment Promotion Law of the People's Republic of China and the Law of the People's Republic of China on the Protection of Minors, and amended the internal systems such as the Regulations on the Management of Employees of China Suntien Green Energy Corporation Limited adheres to legal and compliant employment and continues to improve the Group's remuneration and benefit system to protect the legitimate rights and interests of the employees.
- (4) The Group strictly abides by the relevant laws and regulations and national standards, such as the Environmental Protection Law of the People's Republic of China, and the Environmental Management Systems - Requirements with Guidance for Use. The Group has formulated the HSE Management Manual to further clarify the Company's environmental management structure, management guidelines and promotion approach and establish an environmental management system with clear responsibilities and a complete chain among all dedicated personnel from each management unit.

4. Major risk factors

The major risks and uncertain factors of the Company include the slowdown of the growth of macroeconomy, competition of alternative energy, collection of account receivables, decrease in price of electricity, climate and wind curtailments and power constraints. Details of which are set out in the "Management Discussion and Analysis – VI. Discussion and Analysis on the Company's Future Development – (IV) Potential risks" of this annual report.

5. Business development forecast in the future

Subsequent to the Reporting Period, no significant event that has had impact on the Company occurs.

For the business development in 2023, please refer to the "Management Discussion and Analysis – VI. Discussion and Analysis on the Company's Future Development" of this annual report.

6. Staff relationship

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

7. Client and supplier relations

The Group shoulders the responsibility of supplying natural gases to urban residents and industrial enterprises in Hebei Province. Hebei Natural Gas has adhered to the operational philosophy of "valuing customers, focusing on service", and been committed to providing customers with friendly, professional and efficient services. With the adoption of various measures, such as developing a number of management systems, providing convenient services to residents, reinforcing the promotion of knowledge about the use of gas and organizing service training, it has, on the basis of maintaining safe energy supply service, optimized the customer experience and constantly improved the living standard of residents, thereby building a more harmonious and inclusive society with an emphasis on humanistic care.

The Group has formulated management procedures on suppliers of each product and service in compliance with relevant national and local regulations, to ensure that the procurement process is legitimate and compliant, and that the suppliers selected are highly efficient in managing different aspects of their business, such as quality, environmental protection and safety. As always, by upholding the concept of open cooperation, equality and mutual benefit, the Group has actively explored diversified modes of information exchange and cooperation with suppliers. We establish strategic partnership with excellent suppliers, open up communication with suppliers throughout the whole process of product development, delivery and sales, overcome technical challenges in production together, carry out discussions related to cutting-edge technology, and grow together with suppliers with an open and cooperative mindset.

8. Environmental protection policies and performance

As a green energy company, the Group aligns closely with the adjusted national energy strategic direction and endeavours to develop natural gas, wind power and solar energy businesses as well as to deliver clean energy to various industries. Apart from creating economic value, the Group also reduces the impact to the environment through its products and services. Meanwhile, the Group has paid great attention to low-carbon and environmental protection of every part of the process of project construction, production and operation by strictly monitoring and managing the impact of the Company's operation on the surrounding environment. It has also actively strengthened environmental risk management and environmental protection awareness through formulating contingency plans for environmental emergencies, carrying out regular training and drills for contingency plans, and strengthening the promotion and education on environmental protection and green development to raise the awareness of ecological and environmental protection among all employees. By fulfilling its commitment to sustainable development with practical actions, the Group has actively contributed to the construction of a resource-saving and environment-friendly modern green enterprise.

II. RESULTS

The audited results of the Company and its subsidiaries for the year ended 31 December 2022 are set out in the consolidated income statement contained in the "Financial Report" of this annual report. The financial position of the Company and its subsidiaries for the year ended 31 December 2022 is set out in the consolidated balance sheet contained in the "Financial Report". The consolidated cash flows of the Company and its subsidiaries for the year ended 31 December 2022 are set out in the consolidated cash flow statement contained in the "Financial Report".

The discussion and analysis of the Group's performance and financial position for the year is set out in the "Management Discussion and Analysis" of this annual report.

REPORT OF THE BOARD OF DIRECTORS

III. SHARE CAPITAL

As at 31 December 2022, the total issued share capital of the Company amounted to RMB4,187,093,073.00, divided into 4,187,093,073 shares with a par value of RMB1 each.

On 28 January 2014, the Company successfully placed 476,725,396 H shares, as a result, the registered capital increased by RMB476,725,396 and proceeds of approximately HK\$1,597,030,077 were raised. Upon completion of the placing, the total issued share capital of the Company amounted to RMB3,715,160,396, divided into 3,715,160,396 shares with a par value of RMB1 each.

On 9 July 2015, HECIC Water transferred 375,231,200 domestic shares held in the Company to HECIC at nil consideration. Upon completion of the equity transfer, HECIC directly holds 1,876,156,000 domestic shares of the Company, representing 50.5% of the issued share capital of the Company.

On 28 May 2020, as approved by the Zheng Jian Xu Ke [2020] No. 1012 issued by the China Securities Regulatory Commission, the Company conducted the initial public A-share offering of shares on 29 June 2020 and listed on the Shanghai Stock Exchange, under which, a total of 134,750,000.00 ordinary shares (A shares) were issued at RMB3.18 per share and aggregate proceeds of RMB428,505,000.00 were raised.

On 19 August 2021, as approved by the Zheng Jian Xu Ke [2021] No. 2730 issued by the China Securities Regulatory Commission, the Company conducted the non-public issuance of A shares on 29 December 2021, under which, 337,182,677 shares were issued to specific subscribers at the issue price of RMB13.63 per share, raising total proceeds of RMB4,595,799,887.51, and completed share registration on 6 January 2022. Upon completion of the issuance, the total number of shares increased from 3,849,910,396 to 4,187,093,073, and the total number of A shares increased from 2,010,906,000 to 2,348,088,677, of which, 49.17%, 43.92% and 6.91% are held by HECIC, shareholders of H shares and other shareholders of A shares, respectively.

IV. PRE-EMPTIVE RIGHTS

There is no provision relating to pre-emptive rights entitled to shareholders of the Company under laws and regulations, such as the PRC Company Law, and the Articles of Association of the Company.

V. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

None of the Directors or supervisors of the Company has entered into a service contract with the Company or its subsidiaries that is not determinable within one year without payment of compensation (other than statutory compensation).

VI. INTERESTS OF DIRECTORS AND SUPERVISORS (AND ITS ASSOCIATED ENTITIES) IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

As at the end of year 2022 or at any time during the year 2022, none of the Directors and supervisors (and any of their associated entities) of the Company had any personal interest, either directly or indirectly, in any transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party.

VII. SUPERVISORS AND DIRECTORS' INTEREST IN BUSINESS COMPETING WITH THE COMPANY

During the Reporting Period, none of the Directors and supervisors and their associates (as defined under the Hong Kong Listing Rules) had any interests that competes either directly or indirectly, with the business of the Group.

VIII. MANAGEMENT CONTRACTS

Save for the service contracts with Directors, supervisors and all employees of the Group, at any time during the Reporting Period, the Group has not entered into any contract with any individual, company or body corporate to manage or handle the whole department or any material part of the Company's business.

IX. PERMITTED INDEMNITY PROVISION

The Company purchased applicable liability insurance policies for all Directors of the Company on indemnification of liabilities that may be caused under corporate activities.

X. COMPLIANCE WITH NON-COMPETITION AGREEMENT

On 19 September 2010, the Company had entered into a Non-Competition Agreement with controlling shareholder HECIC. Pursuant to the Non-Competition Agreement, HECIC undertook that it would not and would procure its subsidiaries not to compete with the Group in the relevant businesses, and HECIC granted the Company the options of new business opportunity, acquisition of retained business, new business opportunities and pre-emptive rights.

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

REPORT OF THE BOARD OF DIRECTORS

HECIC undertook that it had obliged to its undertakings of the Non-Competition Agreement in 2022. The independent non-executive Directors of the Company had reviewed the execution of the Non-Competition Agreement in 2022 and it was confirmed that HECIC had duly complied with the agreement and any violations of non-compliance of the agreement was not observed.

For other undertakings made by the controlling shareholder of the Company, please refer to SIGNIFICANT EVENTS – (I) Undertakings made by relevant parties such as the actual controller, shareholders, related parties and acquirers of the Company and the Company during the Reporting Period or subsisting to the Reporting Period of this annual report.

XI. RETIREMENT AND EMPLOYEE BENEFIT PLANS

Details of the Group's retirement and employee benefit plans are set out in the "Financial Report – VII. Notes to Items of the Consolidated Financial Statements – 39. Employee benefits payable" of this annual report.

XII. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As a company listed on the Hong Kong Stock Exchange, the Company strives to maintain a high standard of corporate governance practices and adopts the code provisions as set out in the Corporate Governance Code and Corporate Governance Report to Appendix 14 of the Hong Kong Listing Rules. During the Reporting Period, the Company has complied with all provisions set out in the CG Code, except for code provision F.2.2 of Part 2 of the CG Code. In accordance with the requirements of provision F.2.2 of Part 2 of the CG Code, Chairman of the Board shall attend the annual general meeting. Mr. Cao Xin, Chairman of the Company, was not able to attend the 2021 annual general meeting of the Company due to other business engagement. According to relevant requirements, the meeting was chaired by Mr. Mei Chun Xiao, an executive Director, as jointly recommended by more than half of all the Directors of the Company.

XIII. PUBLIC FLOAT

According to the information publicly available to the Company and to the knowledge of the Directors, as at the latest practicable date prior to the publication of this annual report (i.e. 23 March 2023), the issued A shares and H shares of the Company held by the public accounted for no less than 25% of the total issued share capital of the Company, maintaining a sufficient public float to meet the requirements under the Hong Kong Listing Rules.

XIV. AUDIT COMMITTEE

China Suntien Green Energy Corporation Limited Annual Report 2022 The Audit Committee of the Company had reviewed the 2022 annual results of the Group and the Financial Statements for the year ended 31 December 2022 prepared in accordance with the PRC Accounting Standards for Business Enterprises.

XV. AUDITORS

On 26 August 2020, Reanda Certified Public Accountants (利安達會計師事務所) tendered its resignation as the PRC auditor of the Company. On 13 October 2020, at an extraordinary general meeting of the Company, the resolution on the appointment of Ernst & Young Hua Ming LLP (安永華明會計師事務所(特殊普通合夥)) as the domestic auditor of the Company for 2020 was passed. On 25 November 2020, at an extraordinary general meeting of the Company, the resolutions on the preparation of Financial Statements in accordance with the PRC Accounting Standards for Business Enterprises and the termination of the appointment of international auditors were passed.

Ernst & Young Hua Ming LLP was appointed auditor for preparation of the Financial Statements for the year ended 31 December 2022 in accordance with the PRC Accounting Standards for Business Enterprises. The Financial Statements contained in this annual report were prepared in accordance with the PRC Accounting Standards for Business Enterprises and have been audited by Ernst & Young Hua Ming LLP.

XVI. RELATED PARTY TRANSACTIONS

The following categories of related party transactions as set out in the "Financial Report – XII. Related Parties and Related Party Transactions" of this annual report which constitute continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules:

- (a) the transactions with HECIC: the transactions had been continued in year 2022;
- (b) the transactions with subsidiaries of HECIC: including the transactions with Group Finance Company, Hebei Construction & Investment Rongtan Asset Management Co., Ltd. and HECIC Mingjia Property Management Service Co., Ltd. (such transactions had been continued in year 2022) and the transactions with other subsidiaries of HECIC; and
- (c) the transactions with Huihai Leasing: the transactions had been continued in year 2022.

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

REPORT OF THE BOARD OF DIRECTORS

XVII. INFORMATION OF TAX DEDUCTION FOR HOLDERS OF LISTED SECURITIES

Shareholders are taxed and/or enjoy tax relief for the dividend income received from the Company in accordance with the Individual Income Tax Law of the People's Republic of China, the Enterprise Income Tax Law of the People's Republic of China, and relevant administrative rules, governmental regulations and guiding documents. Please refer to the announcement published by the Company on the website of the SSE on 13 July 2022 for the information on income tax in respect of the dividend distributed to A shareholders during the Reporting Period, and the announcement published by the Company on the HKExnews website of the Hong Kong Exchanges and Clearing Limited on 14 June 2022 for the information on income tax in respect of the dividend distributed to H shareholders during the Reporting Period.

XVIII. RESERVES

Details of the changes in the Company's reserves during the year are set out in the "Financial Report – VII. Notes to Items of the Consolidated Financial Statements – 60. Undistributed profits", and the details of the reserves available for distribution to shareholders are set out in the "Financial Report – VII. Notes to Items of the Consolidated Financial Statements – 60. Undistributed profits".

XIX. BANK BORROWINGS AND OTHER BORROWINGS

Details of bank borrowings and other borrowings of the Company and its subsidiaries as at 31 December 2022 are set out in the "Financial Report – VII. Notes to Items of the Consolidated Financial Statements – 32. Short-term borrowings and 45. Long-term borrowings".

By order of the Board

Cao Xin

Chairman/Non-executive Director

23 March 2023

REPORT OF THE BOARD OF SUPERVISORS

I. COMPOSITION OF THE BOARD OF SUPERVISORS

During the Reporting Period, the composition of the fifth session of the board of supervisors was as follows:

Name	Age	Position	Date of Appointment	Term of office
Gao Jun	52	Chairman of the board of supervisors	14 June 2022	until expiration of the term of the fifth session of the board of supervisors
Cao Zhi Jie	43	Employee representative supervisor	8 October 2022	until expiration of the term of the fifth session of the board of supervisors
Zhang Dong Sheng	62	Independent supervisor	14 June 2022	until expiration of the term of the fifth session of the board of supervisors

II. MEETINGS CONVENED BY THE BOARD OF SUPERVISORS

During the Reporting Period, the board of supervisors of the Company held ten meetings and all supervisors attended the meetings, the details of which were as follows:

1. On 11 January 2022, the Company held the twelfth extraordinary meeting of the fourth session of the board of supervisors, at which the "Resolution on Depositing the Proceeds by Way of Negotiated Deposit" was considered and approved.
2. On 18 January 2022, the Company held the thirteenth extraordinary meeting of the fourth session of the board of supervisors, at which the "Resolution on the Participation of the Company's Wholly-owned Subsidiary in Investing in the Establishment of Hebei Xintian Green Water Development Carbon Neutral Equity Investment Fund" was considered and passed.
3. On 23 February 2022, the Company held the fourteenth extraordinary meeting of the fourth session of the board of supervisors, at which the "Resolution on Adjustment to the Amount of Proceeds Proposed to be Invested in the Investment Projects Funded by Proceeds Raised from the Non-Public Issuance of A Shares" and the "Resolution on Replacing Advanced Amounts of Preliminary Investment in the Investment Projects and Issue Fees Paid with the Proceeds Raised" were considered and passed.
4. On 23 March 2022, the Company convened the sixth meeting of the fourth session of the board of supervisors, at which the "Resolution on Nomination of Candidates for Supervisors of the Fifth Session of the Board of Supervisors of the Company", "Resolution on Consideration of the Remuneration Package for Supervisors of the Fifth Session of the Board of Supervisors", "Resolution on the 2021 Work Report of the Board of Supervisors of the Company", "Resolution on the 2021 Work Report of the President of the Company", "Resolution on the 2021 Financial Report of the Company", "Resolution on the Report on the 2021 Final Accounts of the Company", "Resolution on the Explanation of the Company's Operation and Financing for 2022", "Resolution on the Provision for Impairment and Recognition of Asset Loss by the Company or 2021", "Resolution on the 2021 Profit Distribution Proposal of the Company", "Resolution on the Placement and Actual Use of the Proceeds of the Company for 2021", and "Resolution on the 2021 Annual Report Summary and Report and Result Announcement" were considered and approved.
5. On 20 April 2022, the Company held the fifteenth extraordinary meeting of the fourth session of the board of supervisors, at which the "Resolution on the Use of Part of the Idle Proceeds for Cash Management" and "Resolution on the Use of Part of the Idle Proceeds for Temporary Replenishment of Working Capital" were considered and approved.
6. On 28 April 2022, the Company held the sixteenth extraordinary meeting of the fourth session of the board of supervisors, at which the "Resolution on the First Quarterly Report of the Company for 2022 and "Resolution on the Change of the Implementation Method of the Investment Project of the Proceeds" were considered and approved.
7. On 14 June 2022, the Company held the first extraordinary meeting of the fifth session of the board of supervisors, at which the "Resolution on the Election of the Chairman of the Fifth Session of the Board of Supervisors" were considered and approved.
8. On 25 August 2022, the Company held the first extraordinary meeting of the fifth session of the board of supervisors, at which the "Resolution on the 2022 President Half-year Work Report of the Company", "Resolution on the Placement and Actual Use of the Proceeds for First Half of 2022 of the Company", and "Resolution on Reviewing the Interim Results Announcement and Report as at 30 June 2022 and Summary and Report of 2022 Interim Report" were considered and approved.
9. On 28 October 2022, the Company held the second extraordinary meeting of the fifth session of the board of supervisors, at which the "Resolution on Reviewing the 2022 Third Quarterly Report of the Company" was considered and approved.
10. On 30 November 2022, the Company held the third extraordinary meeting of the fifth session of the board of supervisors, at which the "Resolution on Change of Accounting Estimates" was considered and approved.

REPORT OF THE BOARD OF SUPERVISORS

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

During the Reporting Period, the major inspection and supervision work of the board of supervisors of the Company was as follows:

1. Monitoring the Company's operation

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

2. Monitoring the performance of the Company's Directors and senior management

During the Reporting Period, members of the board of supervisors of the Company had attended Board meetings to review each resolution of the Board and supervised the performance of the Company's Directors and senior management by inspecting the Company's routine management of operations. The board of supervisors is of the opinion that the Company's Directors and senior management have diligently and dutifully fulfilled their duties, and no illegal, non-compliant behavior or behavior which harms the interests of the Company and its shareholders in the course of discharging their duties has been found.

3. Monitoring the Company's financial condition

During the Reporting Period, the board of supervisors carefully reviewed the relevant financial information and auditors' report of the Company. The board of supervisors is of the opinion that the preparation of the financial statements has been in conformity with the financial reporting standards, and the report was consistent with past practice that presented an accurate, complete, true and fair view to the financial conditions and operating result of the Company.

4. Monitoring the Company's connected/related transactions

During the Reporting Period, the board of supervisors reviewed the information of the connected/related transactions between the Company and the controlling shareholder. The board of supervisors is of the opinion that such connected/related transactions are conducted on normal commercial terms and are fair, justified and reasonable and have not caused any harm to the interests of the Company and other shareholders of the Company.

5. Monitoring the Company's disclosure of information

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

Gao Jun

Chairman of the board of supervisors
23 March 2023

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

(I) Table of changes in shares

1. Table of changes in shares

Unit: Shares

	Before the change		Increase or decrease (+, -) Shares				After the change		
	Number	Percentage (%)	Issuance of new shares	Bonus share	converted from capital reserve	Others	Sub-total	Number	Percentage (%)
I. Restricted shares	2,213,338,677	52.86				-154,497,424	-154,497,424	2,058,841,253	49.17
1. State-owned shares									
2. State-owned legal person shares	2,082,318,874	49.73				-23,477,621	-23,477,621	2,058,841,253	49.17
3. Other domestically-owned shares	131,019,803	3.13				-131,019,803	-131,019,803		
Including: Domestic non-state-owned legal person shares	118,547,316	2.83				-118,547,316	-118,547,316		
Domestic natural person shares	12,472,487	0.30				-12,472,487	-12,472,487		
4. Shares held by foreign investors									
Including: Shares held by foreign legal person									
Shares held by foreign natural person									
II. Unrestricted shares	1,973,754,396	47.14				154,497,424	154,497,424	2,128,251,820	50.83
1. Renminbi-denominated ordinary shares	134,750,000	3.22				154,497,424	154,497,424	289,247,424	6.91
2. Domestically-listed foreign shares									
3. Overseas-listed foreign shares	1,839,004,396	43.92				0	0	1,839,004,396	43.92
4. Others									
III. Total number of shares	4,187,093,073	100.00				0	0	4,187,093,073	100.00

2. Explanation for changes in shares

As approved by the China Securities Regulatory Commission through the Approval in Relation to the Non-public Issuance of Shares by China Suntien Green Energy Corporation Limited (Zheng Jian Xu Ke [2021] No. 2730), the Company conducted the non-public issuance, under which, 337,182,677 RMB ordinary shares (A shares) were issued to 22 specific subscribers at the issue price of RMB13.63 per share. The registration procedures for the new shares at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited were completed on 6 January 2022. Upon the completion of the Issuance, the total number of shares increased from 3,849,910,396 to 4,187,093,073, and the total number of A shares increased from 2,010,906,000 to 2,348,088,677. In this offering, the shares subscribed by the controlling shareholder HECIC were subject to a lock-up period of 36 months, and the shares subscribed by the other 21 target subscribers were locked up for 6 months. On 6 July 2022, the shares held by 21 specific investors other than HECIC were unlocked. The number of shares unlocked was 154,497,424 shares, accounting for 3.69% of the current total shares of the Company.

3. Effects of changes in shares on financial indicators such as earnings per share and net assets per share for the most recent year and most recent period (if any)

Applicable Not Applicable

4. Other information the disclosure of which is deemed necessary by the Company or is required by securities regulatory authorities

Applicable Not Applicable

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

(II) Change in restricted shares

Unit: Shares

Name of shareholders	Number of restricted shares at the beginning of the year	Shares released from restrictions on sales in current year	Increase in restricted shares in current year	Number of restricted shares at the end of the year	Reason for restrictions on sales	Date of release from restrictions on sales
Xiamen Borui Oriental Investment Management Co., Ltd. (廈門博芮東方投資管理有限公司) – Borui Oriental Value No. 12 Private Securities Investment Fund (博芮東方價值12號私募證券投資基金)	5,869,405	5,869,405	0	0	Non-public issuance of A shares	6 July 2022
Qingdao Fanyi Asset Management Co., Ltd. (青島凡益資產管理有限公司) – Fanyiduo Strategy Yushixixing No. 1 Private Securities Investment Fund (凡益多策略與時偕行1號私募證券投資基金)	5,135,730	5,135,730	0	0	Non-public issuance of A shares	6 July 2022
Sheng Jianying	5,135,730	5,135,730	0	0	Non-public issuance of A shares	6 July 2022
UBS AG	11,005,135	11,005,135	0	0	Non-public issuance of A shares	6 July 2022
CSC Financial Co., Ltd.	6,162,875	6,162,875	0	0	Non-public issuance of A shares	6 July 2022
China Southern Asset Management Co., Ltd.	5,355,832	5,355,832	0	0	Non-public issuance of A shares	6 July 2022
Caitong Fund Management Co. Ltd.	28,041,085	28,041,085	0	0	Non-public issuance of A shares	6 July 2022
Wang Yulan	5,135,730	5,135,730	0	0	Non-public issuance of A shares	6 July 2022
Jinan Jiangshan Investment Partnership (Limited Partnership)	22,010,271	22,010,271	0	0	Non-public issuance of A shares	6 July 2022
CLSA Asset Management Limited	18,341,892	18,341,892	0	0	Non-public issuance of A shares	6 July 2022
Nuode Asset Management Co. Ltd.	4,402,054	4,402,054	0	0	Non-public issuance of A shares	6 July 2022
China International Capital Corporation Limited	7,776,962	7,776,962	0	0	Non-public issuance of A shares	6 July 2022
Guangdong Tianchuang Private Equity Investment Fund Management Limited (廣東天創私募證券投資基金管理有限公司)- Tianchuang Opportunity 15 Private Equity Investment Fund (天創機遇15號私募證券投資基金)	2,201,027	2,201,027	0	0	Non-public issuance of A shares	6 July 2022
Shanghai Boshen Investment LP- Boshen 29 Private Equity Investment Fund (鉞紳二十九號證券投資私募基金)	2,201,027	2,201,027	0	0	Non-public issuance of A shares	6 July 2022
Huabao Securities Value Growth Single Asset Management Plan (華寶證券價值成長單一資產管理計劃)	3,668,378	3,668,378	0	0	Non-public issuance of A shares	6 July 2022
Southern Industrial Assets Management Co., Ltd.	7,336,757	7,336,757	0	0	Non-public issuance of A shares	6 July 2022
Nanfang Tianchen (Beijing) Investment Management Co., Ltd. – Nanfang Tianchen Jingsheng First Tranche Private Securities Investment Fund (南方天辰景晟1期私募證券投資基金)	5,913,426	5,913,426	0	0	Non-public issuance of A shares	6 July 2022
Ningbo Hao Ying Equity Investment Partnership (Limited Partnership) (寧波灝盈股權投資合夥企業(有限合夥))	2,201,027	2,201,027	0	0	Non-public issuance of A shares	6 July 2022

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

Name of shareholders	Number of restricted shares at the beginning of the year	Shares released from restrictions on sales in current year	Increase in restricted shares in current year	Number of restricted shares at the end of the year	Reason for restrictions on sales	Date of release from restrictions on sales
Xiamen Borui Oriental Investment Management Co., Ltd. (廈門博芮東方投資管理有限公司) - Borui Yuanwang Private Securities Investment Fund (博芮遠望私募證券投資基金)	2,201,027	2,201,027	0	0	Non-public issuance of A shares	6 July 2022
Li Pengyong	2,201,027	2,201,027	0	0	Non-public issuance of A shares	6 July 2022
China Galaxy Securities Co. Ltd.	2,201,027	2,201,027	0	0	Non-public issuance of A shares	6 July 2022
Total	154,497,424	154,497,424	0	0	/	/

II. ISSUANCE AND LISTING OF SECURITIES

(I) Issue of securities during the Reporting Period

Applicable Not Applicable

Issue of securities during the Reporting Period (particulars of bonds with different interest rates during duration shall be provided separately):

Applicable Not Applicable

(II) Change in total number of shares, shareholding structure and asset and liability structure of the Company

Applicable Not Applicable

(III) Information of current employee shares

Applicable Not Applicable

III. SHAREHOLDERS AND THE DE FACTO CONTROLLER

(I) Total number of shareholders

As at 31 December 2022, the number of shareholders of the Company was: 65,365 A shareholders and 1,224 H shareholders, totaling 66,589 shareholders.

Total number of holders of ordinary shares as at the end of the Reporting Period (person)	66,589
Total number of holders of ordinary shares as at the end of the month immediately before the publication date of the annual report (person)	63,565
Total number of holders of preferred shares with restored voting right as at the end of the Reporting Period (person)	0
Total number of holders of preferred shares with restored voting right as at the end of the month immediately before the publication date of the annual report (person)	0

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

- (II) Table of shareholding of the top 10 shareholders and the top 10 shareholders of tradable shares or shares not subject to selling restrictions as at the end of the Reporting Period

Unit: Shares

Name of the shareholders (Full name)	increase/ decrease during the Reporting Period	Number of shares held as at the end of the Reporting Period	Percentage (%)	Shareholding of the top 10 shareholders			Nature of shareholder
				Number of restricted shares held	Shares pledged, marked or frozen Status of shares	Number	
HECIC	0	2,058,841,253	49.17	2,058,841,253	Nil	0	State-owned legal person
HKSCC NOMINEES LIMITED ⁽¹⁾	78,000	1,835,718,285	43.84	0	Unknown	0	Overseas legal person
Wang Yulan	74,100	5,209,830	0.12	0	Frozen	4,160,000	Domestic natural person
Southern Industrial Assets Management Co., Ltd.	-2,315,800	5,020,957	0.12	0	Nil	0	State-owned legal person
Nanfang Tianchen (Beijing) Investment Management Co., Ltd. - Nanfang Tianchen Jingsheng First Tranche Private Securities Investment Fund (南方天辰景晟 1 期私募證券投資 基金)	-2,011,116	3,902,310	0.09	0	Nil	0	Others
Hong Kong Securities Clearing Company Limited	-3,954,152	2,817,953	0.07	0	Nil	0	Overseas legal person
China Construction Bank Corporation - Qianhai Kaiyuan Public Utilities Equity Securities Investment Fund	0	2,170,100	0.05	0	Nil	0	Others
Caitong Fund-Postbank-Caitong Fund- Yuquan Bohai Life No. 1 Asset Management Plan (財通基金-郵儲 銀行-財通基金-玉泉渤海人壽1 號資產管理計劃)	1,834,189	1,834,189	0.04	0	Nil	0	Others
Li Pengyong	-558,400	1,642,627	0.04	0	Nil	0	Domestic natural person
Agricultural Bank of China Limited - CSI 500 Exchange-traded and Open-ended Index Securities Investment Fund	404,876	1,581,876	0.04	0	Nil	0	Others

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

Shareholding of the top 10 shareholders holding non-restricted shares

Name of the shareholders	Number of tradable non-restricted shares	Class and number of shares	
		Class	Number
HKSCC NOMINEES LIMITED ⁽¹⁾	1,835,718,285	Overseas listed foreign shares	1,835,718,285
Wang Yulan	5,209,830	RMB ordinary shares	5,209,830
Southern Industrial Assets Management Co., Ltd.	5,020,957	RMB ordinary shares	5,020,957
Nanfang Tianchen (Beijing) Investment Management Co., Ltd. – Nanfang Tianchen Jingsheng First Tranche Private Securities Investment Fund (南方天辰景晟 1期私募證券投資基金)	3,902,310	RMB ordinary shares	3,902,310
Hong Kong Securities Clearing Company Limited	2,817,953	RMB ordinary shares	2,817,953
China Construction Bank Corporation – Qianhai Kaiyuan Public Utilities Equity Securities Investment Fund	2,170,100	RMB ordinary shares	2,170,100
Caitong Fund-Postbank-Caitong Fund-Yuquan Bohai Life No. 1 Asset Management Plan (財通基金—郵儲銀行—財通基金—玉泉渤海人壽1號資產管理計劃)	1,834,189	RMB ordinary shares	1,834,189
Li Pengyong	1,642,627	RMB ordinary shares	1,642,627
Agricultural Bank of China Limited – CSI 500 Exchange-traded and Open-ended Index Securities Investment Fund	1,581,876	RMB ordinary shares	1,581,876
Caitong Fund – Huazhang Tiandi Media Investment Co., Ltd. – Caitong Fund Yu Quan 1018 Single Asset Management Plan (財通基金玉泉1018號單一資產管理計劃)	1,501,027	RMB ordinary shares	1,501,027
Description of designated accounts for repurchase among the top ten shareholders	Nil		
Description of rights to vote by proxy, proxy and abstention from voting among the above shareholders	Nil		
Description of connected relationship or acting in concert among the above shareholders	The Company is not aware that there are any shareholders above with related party relationship or acting in concert under The Measures for the Administration of the Takeover of Listed Companies.		
Description of holders of preferred shares subject to restored voting rights and their shareholdings	N/A		

Note:

- (1) The shares are the total number of H shares of the Company held by HKSCC NOMINEES LIMITED on behalf of investors, which are deposited into the central clearing and settlement system of the Hong Kong Stock Exchange and registered in the name HKSCC NOMINEES LIMITED, a wholly-owned subsidiary of the Hong Kong Stock Exchange.

Number of restricted shares held by top 10 shareholders and the terms of selling restrictions

Unit: Shares

No.	Name of shareholder holding restricted shares	Number of restricted shares held	Tradable status of restricted shares		Term of selling restriction
			Date of being tradable	Number of additional tradable shares	
1	HECIC	1,876,156,000	29 June 2023	0	36 months from the listing date of A shares of the Company
1	HECIC	182,685,253	6 January 2025	0	36 months from the closing date of the non-public offering of A shares
	Description of connected relationship or acting in concert among the above shareholders	Nil			

(III) Strategic investors or general legal persons became the top 10 shareholders as a result of the placement of new shares

- Applicable Not Applicable

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

(IV) Directors', supervisors' and senior management's interests and short positions of the shares, underlying shares and debentures

As at 31 December 2022, the interests of Directors, supervisors and senior management of the Company in the shares of the Company are as follows:

Name of the shareholders	Class of shares	Position	Capacity	Number of shares held	Percentage in the relevant class of share equity (%)	Percentage in the total share equity (%)
Cao Xin	H shares	Chairman	Beneficial owner	50,000 (Long position)	0.0027	0.0012
Mei Chun Xiao	H shares	Executive Director and President	Beneficial owner	50,000 (Long position)	0.0027	0.0012
Ban Ze Feng	H shares	Vice president and Secretary to the Board	Beneficial owner	50,000 (Long position)	0.0027	0.0012

Saved as disclosed above, as at 31 December 2022, none of other Directors, supervisors and senior management of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code (for this purpose, the relevant provisions of the SFO will be interpreted as if they were also applicable to the supervisors).

(V) Interests and short positions of substantial shareholders and other persons in shares and underlying shares

As at 31 December 2022, to the best knowledge of the Directors of the Company, the following persons (other than the Directors, supervisors or senior management of the Company) had interests or short positions in the shares or underlying shares of the Company which requires disclosure to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of the shareholders	Class of shares	Capacity	Number of shares/ underlying shares held	Percentage in the relevant class of share equity (%)	Percentage in the total share equity (%)	
HECIC	A shares	Beneficial owner	2,058,841,253	87.68	49.17	
Citigroup Inc. ⁽¹⁾	H shares	Interest of a controlled corporation	171,152,669	9.30	4.09	
			(Long position)	18,318,979	0.99	0.44
		Approved lending agent	(Short position)	152,728,981	8.30	3.65
GIC Private Limited	H shares	Investment manager	(Shares available for lending)	131,533,000	7.15	3.14
			(Long position)	133,138,033	7.24	3.18
Brown Brothers Harriman & Co.	H shares	Approved lending agent	(Long position)	133,138,033	7.24	3.18
			(Shares available for lending)	92,314,000 (Long position)	5.02	2.20
FIL Limited ⁽²⁾	H shares	Interest of a controlled corporation	92,314,000 (Long position)	5.02	2.20	
Pandanus Associates Inc. ⁽²⁾	H shares	Interest of a controlled corporation	92,314,000 (Long position)	5.02	2.20	
Pandanus Partners L.P. ⁽²⁾	H shares	Interest of a controlled corporation	92,314,000 (Long position)	5.02	2.20	

Note:

- (1) Citigroup Inc. holds the interests of the Company through its controlled entities, namely Citibank N.A., Citigroup Global Markets Inc. and Citigroup Global Markets Limited. In particular, 539,000 H shares is a long position under unlisted derivatives – cash settled.
- (2) Pandanus Associates Inc. controls Pandanus Partners L.P., thereby controlling FIL Limited. FIL Limited further holds the interests of the Company through its multiple controlled entities, including FIL Investment Management (Hong Kong) Limited, FIL Investment Management (Singapore) Limited and FIL Fund Management (Ireland) Limited.

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

(VI) Purchase, sale or redemption of listed securities of the Company

In order to enhance the profitability and sustainable development capabilities, lower asset-liability ratio and enhance risk resistance capacity, the Company commenced a non-public offering of A shares in 2021 (the "A Share Offering"). The A Share Offering was completed on 29 December 2021 and the registration of additional shares was completed on 6 January 2022. The price of the A Share Offering was determined on 9 December 2021, the trading day following the delivery date of the invitation of subscription and the first day of the period of the A Share Offering, on which the Company's A shares were closed at RMB18.34 per share. The subscribers to the offering are HECIC, the controlling shareholder of the Company, and 21 legal persons, natural persons or other lawful investment organisations that meet the requirements of the CSRC and other relevant laws and regulations. Other than HECIC, the other subscribers and their respective ultimate beneficial owners are third parties independent of and not connected with the Company or its connected persons. The par value of the additional A shares in the A Share Offering was RMB1 per share and the issue price was RMB13.63 per share. The number of shares issued was 337,182,677, raising total proceeds of RMB4,595,799,887.51. The actual net proceeds raised were RMB4,545,055,183.47 after deducting the expenses related to the offering. Upon completion of the A Share Offering, the total number of shares in issue of the Company increased from 3,849,910,396 shares to 4,187,093,073 shares, and the total number of A shares increased from 2,010,906,000 to 2,348,088,677.

For details of the A Share Offering, please refer to the circular of the Company dated 1 April 2021 and the announcements dated 5 March 2021, 23 April 2021, 7 May 2021, 18 May 2021, 28 June 2021, 15 July 2021, 26 July 2021, 24 August 2021, 6 January 2022 and 9 January 2022.

As of December 31, 2022, the Company completed a non-public offering of A shares on 6 January 2022, as described in this Section I. Changes in Share Capital – (I) Table of changes in shares – 2. Explanation for changes in shares, and also issued corporate bonds, medium-term notes and other debentures, as described in this annual report under "Particulars of Bonds", except for which neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Furthermore, in order to further promote the Company's internationalization strategy, further supplement the Company's capital strength, seek external growth opportunities, promote the transformation of internal growth momentum, and comprehensively improve the Company's operating level, on 5 January 2023, the Company announced that it intended to issue GDRs, and to apply for listing on the SIX Swiss Exchange. The new A Shares represented by the GDRs as underlying securities to be issued by the Company shall be no more than 334,967,446 Shares (including the exercise of any over-allotment option, if any) and shall not account for more than 8.00% of the total share capital of ordinary Shares and 14.27% of the A Shares of the Company prior to the issuance. The GDR issuance plan was approved by the Board and the extraordinary general meeting of the Company. Further details of the GDR issuance are set out in the relevant announcements of the Company on the Hong Kong Stock Exchange and the SSE.

(VII) Use of Proceeds from the A Share Offering

As at 31 December 2022, the Company has used RMB3,067,083,296.69 of the proceeds, of which RMB1,212,526,762.15 was used to replenish working capital and repay bank loans; RMB285,600,000.00 was used for replacement of the Company's preliminary investment in projects; RMB1,568,956,534.54 was used for investment in the construction of fundraising projects; the balance of the proceeds was RMB1,529,687,662.12 (including wealth management products of RMB520,000,000.00).

As at 31 December 2022, the use of proceeds from the Company's A Share Offering was as follows:

Unit: Yuan

No.	Items	Proceeds to be invested	Actual use of proceeds during the Reporting Period ⁽¹⁾	Unutilised net proceeds as at 31 December 2022 ⁽¹⁾	Expected timetable
1	Tangshan LNG Project (Phase I and Phase II)	2,397,971,114.80	1,462,085,356.27	935,885,758.53	By the end of 2027
2	Tangshan LNG Terminal Outbound Pipelines Project (Caofeidian-Baodi section)	699,029,487.22	221,117,372.50	477,912,114.72	December 2023
3	Tangshan LNG Terminal Outbound Pipelines Project (Baodi-Yongqing section)	236,797,375.06	171,353,805.77	65,443,569.29	December 2023
4	Replenishment of liquidity and repayment of bank loans ⁽²⁾	1,211,257,206.39	699,999,400.00	-1,269,555.76	-
	Total	4,545,055,183.47	2,554,555,934.54	1,477,971,886.78	-

Note: (1) The amounts set out in these fields are the proceeds and the accrued bank interest (including wealth management income) generated therefrom. The related bank interest was also applied to the corresponding use of the proceeds in accordance with the rules.

(2) The net unused proceeds as of December 31, 2022 were negative, mainly due to the Company's use of interest income from bank deposits, gain on wealth management and the amount of paid but unreplaced issuance expense to replenish liquidity.

(3) As at 31 December 2022, interest income (including gain on wealth management) accrued on the proceeds amounted to RMB50.4664 million.

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

IV. CONTROLLING SHAREHOLDERS AND THE DE FACTO CONTROLLER

(I) Controlling shareholders

1 Legal person

Name	HECIC
Person-in-charge or legal representative	Mi Dabin
Date of establishment	21 March 1990
Principal business	Investment and management of energy, transportation, water affairs, agriculture, tourism, service industry, real estate, industry, and commerce.
Details of controlling interests and investments in other domestically-and foreign-listed companies during the Reporting Period	The controlling shareholder holds 65.63% of Jointo Energy Investment Co., Ltd. Hebei, 3.14% of Huaneng Power International, Inc, 6.93% of Datang International Power Generation Co., Ltd., and 1.23% of Caida Securities Co., Ltd..
Other information and explanation	Nil

2 Natural person

Applicable Not Applicable

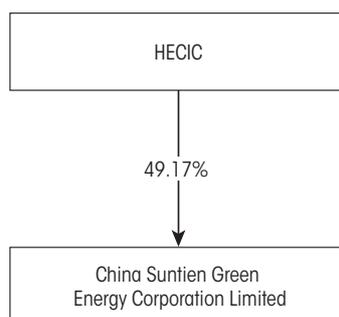
3 Specific explanation on non-existence of controlling shareholder of the Company

Applicable Not Applicable

4 Explanation on changes in controlling shareholder during the Reporting Period

Applicable Not Applicable

5 Chart on the equity and controlling relationship between the Company and controlling shareholders



(II) De facto controller

1 Legal person

Name	State-owned Assets Supervision and Administration Commission of The People's Government of Hebei Province
Other information and explanation	Nil

2 Natural person

Applicable Not Applicable

3 Special explanation on the absence of the de facto controller of the Company

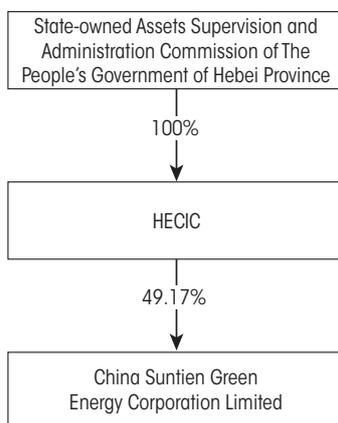
Applicable Not Applicable

4 Explanation on changes in controller of the Company during the Reporting Period

Applicable Not Applicable

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

5 *Diagram of the equity and control relationship between the Company and the de facto controller*



6 *De facto controller controlling the Company through trust or other asset management*

Applicable Not Applicable

(III) **Other information on the controlling shareholder and the de facto controller**

Applicable Not Applicable

V. **THE CONTROLLING SHAREHOLDER OR THE LARGEST SHAREHOLDER OF THE COMPANY AND ITS PARTIES ACTING IN CONCERT HAVE PLEDGED A TOTAL OF MORE THAN 80% OF THE SHARES HELD IN THE COMPANY**

Applicable Not Applicable

VI. **OTHER LEGAL PERSON SHAREHOLDERS HOLING MORE THAN 10% OF THE SHARES**

Applicable Not Applicable

VII. **EXPLANATION OF RESTRICTIONS ON REDUCTION OF HOLDING OF SHARES**

Applicable Not Applicable

VIII. **PARTICULARS OF THE IMPLEMENTATION OF SHARE REPURCHASES DURING THE REPORTING PERIOD**

Applicable Not Applicable

RELEVANT INFORMATION ON BONDS

I. DEBENTURE, CORPORATE BONDS AND DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES

(I) Debenture

Applicable Not Applicable

(II) Corporate Bonds

1. Basic Information on Corporate Bonds

Unit: RMB100 million Currency: RMB

Name of bond	Abbreviation	Code	Issue date	Value date	Maturity date	Balance	Interest rate (%)	Means to repay principal and interest	Trading place	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Risk of termination of listing and trading
2021 renewable green corporate bonds (first tranche) publicly issued by China Suntien Green Energy Corporation Limited	G21 New Y1	175805	8 March 2021 - 9 March 2021	10 March 2021	9 March 2024	10.4	5.15	3+N, interest to be paid annually	SSE	For professional investors	Listed	No
2019 renewable green corporate bonds (first tranche) publicly issued by China Suntien Green Energy Corporation Limited	G19 New Y1	155956	1 March 2019 - 5 March 2019	5 March 2019	5 March 2022	0	4.70	3+N, interest to be paid annually	SSE	For eligible investors	Listed	No

The response of the Company to the risk of termination of trading of the bonds

Applicable Not Applicable

Overdue bonds

Applicable Not Applicable

Settlement of principal and interest payment for bonds during the Reporting Period

Name of bond	Explanation on settlement of principal and interest payment
G19 New Y1	The principal and interest were fully settled when due on 7 March 2022. For details, please refer to the "Announcement on Settlement of Payment for Principal and Interest in 2022 for, and Delisting of, 2019 Renewable Green Corporate Bonds (First Tranche) Publicly Issued by China Suntien Green Energy Corporation Limited" available on the website of the Shanghai Stock Exchange (www.sse.com.cn).
G21 New Y1	Not yet matured, and no payment of principal made; the interest was fully paid when due as follows: Interest for the period from 10 March 2021 to 9 March 2022 was paid on 10 March 2022. For details, please refer to the "Announcement on Payment for Interest in 2022 for 2021 Renewable Green Corporate Bonds (First Tranche) Publicly Issued by China Suntien Green Energy Corporation Limited" available on the website of the Shanghai Stock Exchange (www.sse.com.cn).

RELEVANT INFORMATION ON BONDS

2. *The triggering and execution of option terms of issuers or investors and investors' protection terms*

- (1) G19 New Y1: taking every 3 interest accruing years as a cycle, the Company has the right to choose to extend the term of the bonds by 1 cycle (that is, to extend it by 3 years) at the end of each cycle, or choose to settle the payment for the bonds in full at the end of the cycle. The bonds were issued with an option for the issuer to defer the payment of interest. Save for the occurrence of any mandatory interest payment events, on every interest payment date of the bonds, the Company may, at its sole discretion, choose to defer the payment for the interest payable for the current period, and all the interest and yields that were deferred according to this term, to the next interest payment date, and there is no limit on the number of times of interest payment deferral. The aforementioned interest deferral is not a failure of the Company to pay the full amount of interest in accordance with the agreement. The Company elected and settled the payment for the principal and interest in full and the delisting of the bonds on 7 March 2022.
- (2) G21 New Y1: taking every 3 interest accruing years as a cycle, the Company has the right to choose to extend the term of the bonds by 1 cycle (that is, to extend it by 3 years) at the end of each cycle, or choose to settle the payment for the bonds in full at the end of the cycle. The bonds were issued with an option for the issuer to defer the payment of interest. Save for the occurrence of any mandatory interest payment events, on every interest payment date of the bonds, the Company may, at its sole discretion, choose to defer the payment for the interest payable for the current period, and all the interest and yields that were deferred according to this term, to the next interest payment date, and there is no limit on the number of times of interest payment deferral. The aforementioned interest deferral is not a failure of the Company to pay the full amount of interest in accordance with the agreement. As at the end of the Reporting Period, this tranche of bonds was not due yet, and no option term was triggered. The payment for principal was not settled yet.

3. *Intermediaries providing services for business in relation to bond issuance and terms*

Name of intermediary	Office address	Contact person	Contact telephone number
China Galaxy Securities Co., Ltd.	2-6/F, No. 35 Financial Street, Xicheng District, Beijing	Yu Junqin, Hu Guangzhao	010-80927152
China Chengxin International Credit Rating Co., Ltd.	Building 6, Galaxy SOHO, No. 2 Nanzhugan Hutong, Chaoyangmennei Avenue, Dongcheng District, Beijing	Wang Ying	010-66428877

Explanation on the changes in the aforesaid intermediaries

Applicable Not Applicable

4. *Use of proceeds as at the end of the Reporting Period*

Unit: RMB100 million Currency: RMB

Name of bond	Total amount of proceeds	Utilized amount	Unutilized amount	Operation of the designated account for the proceeds (if any)	Rectification of non-compliant utilization of proceeds (if any)	Whether the proceeds were used for the purposes committed and according to the plan of use and other agreements stated in the prospectus
						Yes
G19 New Y1	9.1	9.1	0	Normal	No	Yes
G21 New Y1	10.4	10.4	0	Normal	No	Yes

RELEVANT INFORMATION ON BONDS

Progress and operation efficiency of the use of proceeds for the construction of projects

- (1) G19 New Y1: The aggregate proceeds from the issuance of bonds amounted to RMB910.00 million, and after deducting the issuance expenses, the net proceeds amounted to RMB906.36 million. Among the 24 green projects that are intended to be invested with the proceeds from the issuance of bonds, except for the construction of the wind farm at Mayi Mountain in Jianshui County, Honghe Prefecture, Yunnan Province, Suntien's 30MW wind farm in Wulongshan, Junan, and the wind farm in Daxigou, Weichang, Chengde, which have not yet commenced, all other projects commenced production and became operational as at the end of the Reporting Period. The net proceeds from the issuance of "G19 New Y1" Renewable Green Corporate Bonds have been fully utilised to meet the capital needs for the construction of green projects.
- (2) G21 New Y1: The aggregate proceeds from the issuance of bonds amounted to RMB1,040 million, and after deducting the issuance expenses, the net proceeds amounted to RMB1,039.3760 million. The proceeds from the issuance of the bonds are intended to be used for the payment for the principal and interest of the renewable green corporate bonds of the Company at maturity as well as for the construction, operation and acquisition of green projects. As the Company is a green issuer, and in accordance with the provisions of the prospectus of the bonds, the Company may adjust the relevant funding of project in accordance with the progress of the green projects and the actual capital requirements. According to the Company's capital utilisation plan, the scope of projects for which the proceeds from the bonds will be extended from those of the prospectus for "G21 New Y1" to include eight more projects, i.e. the Hebei Construction and Investment Wind Power Hydrogen Production Project (hydrogen production part), Kangbao Wulongshan 100 MW Wind Farm Project, Kangbao Yongfeng 200 MW Wind Farm Project, Shangyi Dadongshan 49.5 MW Wind Farm Project, Chengde Yuyuan Weichang Dahuanqi Wind Farm, Julu County Laozhang River 50 MW Wind Farm, Wuchuan Dayuanshan (Desheng) 50 MW Wind Power Clean Heating Project and Maniba Wind Farm Project, which will make use of the proceeds from the bonds to replace RMB103.00 million of its own funds invested after the registration date of the bonds (27 November 2020). For details, please refer to the "Announcement of China Suntien Green Energy Corporation Limited and China Galaxy Securities Co., Ltd. on the Adjustment of the Use of Proceeds of "G21 New Y1" dated 6 June 2022. As at the end of the Reporting Period, of the net proceeds from the issuance of "G21 New Y1" Renewable Green Corporate Bonds, RMB625 million has been utilised for the repayment for the principal and payment for the interest of the "G18 New Y1" bonds, and RMB415 million has been fully utilised to meet the capital needs for the construction of green projects.

Explanation on the change of aforesaid use of proceeds from bonds during the Reporting Period

Applicable Not Applicable

Other explanation

Applicable Not Applicable

RELEVANT INFORMATION ON BONDS

5. Adjustment to credit rating result

Applicable Not Applicable

Other explanation

Applicable Not Applicable

6. The execution and changes and the effect of guarantees, debt repayment scheme and other debt repayment protection practices during the Reporting Period

Current status	Implementation	Whether changes occur	After change	Reason for change	Whether the changes have been approved by competent authorities	Impact of the changes on the rights and interests of bond investors
Joint liability guarantee by Hebei Construction & Investment Group Co., Ltd.	Under implementation	No	Nil	Nil	No	Not applicable

Notes: (1) HECIC provides a guarantee for the renewable green corporate bonds (G19 New Y1) of RMB910 million publicly issued by the Company in March 2019, and accepts guarantee liability during the duration of the bonds and for a period of two years after the maturity date of the bonds. The Company elected and settled the payment for the principal and interest in full and the delisting of the bonds on 7 March 2022.

(2) HECIC provides a guarantee for the renewable green corporate bonds (G18 New Y1) of RMB590 million publicly issued by the Company in March 2018, and accepts guarantee liability during the duration of the bonds and for a period of two years after the maturity date of the bonds. The Company elected and settled the payment for the principal and interest in full and the delisting of the bonds on 15 March 2021.

For details, please refer to "Financial Statements XII-5, Related Party Transactions" in this annual report.

7. Description of other information of corporate bonds

Progress and environmental benefits of green projects for which funds were raised: During the Reporting Period, the Company generated green electricity of 14.198 billion kWh in total. It is equivalent to avoidance of 11,755,944 tons of carbon dioxide emissions (approximately 828 g of carbon dioxide per kWh of thermal power generation nationwide), approximately 1,434.00 tons of sulphur dioxide emissions (approximately 0.101 g of sulphur dioxide per kWh of thermal power generation nationwide), approximately 2,158.10 tons of nitrogen oxide emissions (approximately 0.152 g of nitrogen oxide per kWh of thermal power generation nationwide) and 312.36 tons of dust emissions (approximately 0.022 g of soot per kWh of thermal power generation nationwide).

During the Reporting Period, projects including Kangbao-Dayingtu project and Chongli wind-to-hydrogen project were put into commercial operation, and the first phase of the Tangshan LNG project and outbound pipelines projects (Caofeidian-Baodi section and Baodi-Yongqing section) were basically completed. The construction of other green projects was progressing smoothly.

RELEVANT INFORMATION ON BONDS

(III) Debt Financing Instruments of Non-Financial Enterprises in the Inter-bank Bond Market

1. Basic information of debt financing instruments of non-financial enterprises

Unit: RMB100 million Currency: RMB

Name of bond	Abbreviation	Code	Issue date	Value date	Maturity date	Balance	Interest rate (%)	Means to repay principal and interest	Trading place	Trading mechanism	Risk of termination of listing and trading
2020 First Tranche of Medium-Term Notes of China Suntien Green Energy Corporation Limited	20 Suntien Green MTN001	102001005	13 May 2020 - 14 May 2020	15 May 2020	15 May 2025	10	3.86	Interest to be paid annually and principal payable at maturity	Inter-bank Market	Listed	No
2022 First Tranche of Super Short-Term Commercial Papers of China Suntien Green Energy Corporation Limited	22 Suntien Green SCP001 (Green)	012280740	25 February 2022	28 February 2022	25 November 2022	0	2.40	Interest and principal payable at maturity	Inter-bank Market	Listed	No
2021 First Tranche of Super Short-Term Commercial Papers of HCIG New-energy Co., Ltd.	21 HCIG New-energy SCP001	012103855	21 October 2021 - 22 October 2021	25 October 2021	22 July 2022	0	3.15	Interest and principal payable at maturity	Inter-bank Market	Listed	No
2017 First Tranche of Medium-Term Notes of HCIG New-energy Co., Ltd.	17 HCIG New-energy MTN001	101754128	22 November 2017 - 23 November 2017	24 November 2017	24 November 2022	0	6.2	Interest to be paid annually and principal payable at maturity	Inter-bank Market	Listed	No
2019 First Tranche of Medium-Term Notes of HCIG New-energy Co., Ltd.	19 HCIG New-energy MTN001	101901220	3 September 2019 - 4 September 2019	5 September 2019	5 September 2022	0	4.43	Interest to be paid annually and principal payable at maturity	Inter-bank Market	Listed	No
2022 First Tranche of Medium-Term Notes of HCIG New-energy Co., Ltd.	22 HCIG New-energy MTN001	102282558	18 November 2022	21 November 2022	20 November 2024	5	3.37	Interest to be paid annually and principal payable at maturity	Inter-bank Market	Listed	No
2022 First Tranche of Super Short-Term Commercial Papers of HCIG New-energy Co., Ltd.	22 HCIG New-energy SCP001	012282461	14 July 2022	15 July 2022	11 April 2023	7	2.45	Interest and principal payable at maturity	Inter-bank Market	Listed	No
2022 Second Tranche of Super Short-Term Commercial Papers of HCIG New-energy Co., Ltd.	22 HCIG New-energy SCP002	012283059	26 August 2022	29 August 2022	25 February 2023	3	2.1	Interest and principal payable at maturity	Inter-bank Market	Listed	No

The response of the Company to the risk of termination of trading of the bonds

Applicable Not Applicable

Overdue bonds

Applicable Not Applicable

Settlement of principal and interest payment for bonds during the Reporting Period

Name of bond	Explanation on settlement of principal and interest payment
20 Suntien Green MTN001	Not yet matured, with outstanding principal to be settled while interest payment being fully settled on time on 16 May 2022.
22 Suntien Green SCP001 (Green)	Matured, with principal and interest payment being settled on 25 November 2022.
17 HCIG New-energy MTN001	Matured, with principal and interest payment being settled on 24 November 2022.
19 HCIG New-energy MTN001	Matured, with principal and interest payment being settled on 5 September 2022.
21 HCIG New-energy SCP001	Matured, with principal and interest payment being settled on 22 July 2022.
22 HCIG New-energy MTN001	Not yet matured, and no payment of principal made.
22 HCIG New-energy SCP001	Not yet matured, and no payment of principal made.
22 HCIG New-energy SCP002	Matured, with principal and interest payment being settled on 26 February 2023.

2. The triggering and execution of option terms of issuers or investors and investors' protection terms

Applicable Not Applicable

RELEVANT INFORMATION ON BONDS

3. Intermediaries providing services for business in relation to bond issuance and terms

Name of intermediary	Office address	Contact person	Contact telephone number
Bank of China Limited	No. 1 Fuxingmennei Avenue, Beijing	Wang Xi'nan, Xun Yamei	010-66592497 010-66592749
China Construction Bank Corporation	No. 25 Financial Street, Xicheng District, Beijing	Li Guoliang	010-67595447
China Chengxin International Credit Rating Co., Ltd.	Building 6, Galaxy SOHO, No. 2 Nanzhuguan Hutong, Chaoyangmennei Avenue, Dongcheng District, Beijing	Wang Ying	010-66428877

Explanation on the changes in the aforesaid intermediaries

Applicable Not Applicable

4. Use of proceeds as at the end of the Reporting Period

Unit: RMB100 million Currency: RMB

Name of bond	Total amount of proceeds	Utilized amount	Unutilized amount	Operation of the designated account for the proceeds (if any)	Rectification of non-compliant utilization of proceeds (if any)	Whether the proceeds were used for the purposes committed and according to the plan of use and other agreements stated in the prospectus
2020 First Tranche of Medium-Term Notes of China Suntien Green Energy Corporation Limited	10	10	0	Normal	Nil	Yes
2022 First Tranche of Super Short-Term Commercial Papers of China Suntien Green Energy Corporation Limited	5	5	0	Normal	Nil	Yes
2021 First Tranche of Super Short-Term Commercial Papers of HCIG New-energy Co., Ltd.	7	7	0	Normal	Nil	Yes
2017 First Tranche of Medium-Term Notes of HCIG New-energy Co., Ltd.	5	5	0	Normal	Nil	Yes
2019 First Tranche of Medium-Term Notes of HCIG New-energy Co., Ltd.	3	3	0	Normal	Nil	Yes
2022 First Tranche of Medium-Term Notes of HCIG New-energy Co., Ltd.	5	5	0	Normal	Nil	Yes
2022 First Tranche of Super Short-Term Commercial Papers of HCIG New-energy Co., Ltd.	7	7	0	Normal	Nil	Yes
2022 Second Tranche of Super Short-Term Commercial Papers of HCIG New-energy Co., Ltd.	3	3	0	Normal	Nil	Yes

Progress and operation efficiency of the use of proceeds for the construction of projects

Applicable Not Applicable

Explanation on the change of aforesaid use of proceeds from bonds during the Reporting Period

Applicable Not Applicable

Other explanation

Applicable Not Applicable

RELEVANT INFORMATION ON BONDS

5. *Adjustment to credit rating result*
 Applicable Not Applicable
 Other explanation
 Applicable Not Applicable
6. *The execution and changes and the effect of guarantees, debt repayment scheme and other debt repayment protection practices during the Reporting Period*
 Applicable Not Applicable
7. *Description of other information of debt financing instruments of non-financial enterprises*
 Applicable Not Applicable
- (IV) Consolidated Statement of Comprehensive Loss Exceeds 10% of the Company's Net Assets at the End of the Previous Year during the Reporting Period
 Applicable Not Applicable
- (V) Interest-bearing Debts Other Than Bonds Due at the End of the Reporting Period
 Applicable Not Applicable
- (VI) Impact on the Rights and Interests of Bond Investors of Violations of the Laws and Regulations, the Articles of Association and the Requirements of the Management System for Information Disclosure as well as the Agreements or Commitments Stated in the Prospectus of Bonds during the Reporting Period
 Applicable Not Applicable
- (VII) Accounting Data and Financial Indicators of the Company for the Recent Two Years as at the End of the Reporting Period

Unit: Yuan Currency: RMB

Major indicators	2022	2021 (Restated)	Increase/decrease for the period as compared to the same period last year (%)	Reason for changes
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	2,268,592,374.75	2,289,621,485.27	-0.92	This was mainly due to the increase in non-recurring gains and losses, such as investment gain of held-for-trading financial assets during the period of holding.
Current ratio	78.53%	93.81%	-16.29	Mainly due to increase in external financing and increase in investment in construction projects for the period.
Quick Ratio	71.86%	87.54%	-17.91	Mainly due to increase in external financing and increase in investment in construction projects for the period.
Gearing ratio (%)	67.46	66.81	0.97	Mainly due to increase in external financing for the period.
Total debt to EBITDA ratio	0.131	0.138	-5.07	Mainly due to the increase in aggregate liabilities as a result of the rise in external financing due to the Company's continuous business development.
Interest coverage ratio	2.98	3.13	-4.79	Mainly due to the increase in the size of interest-bearing liabilities.
Cash interest coverage ratio	5.22	3.30	57.96	Mainly due to the increase in net cash inflow from operating activities as a result of electricity subsidy granted during the period.
EBITDA interest coverage ratio	4.51	4.61	-2.17	Mainly due to the increase in the size of interest-bearing liabilities.
Loan repayment ratio (%)	100.00	100.00		
Interest coverage (%)	100.00	100.00		

II. CONVERTIBLE CORPORATE BONDS

- Applicable Not Applicable

I. AUDITOR'S REPORT

Ernst & Young Hua Ming (2023) Shen Zi No. 60809266_A01
China Suntien Green Energy Corporation Limited

To all shareholders of China Suntien Green Energy Corporation Limited,

I. AUDIT OPINION

We have audited the financial statements of China Suntien Green Energy Corporation Limited (the "Company"), which comprise the consolidated and the Company's balance sheets as at 31 December 2022, the consolidated and the Company's income statements, the consolidated and the Company's statements of changes in equity and the consolidated and the Company's cash flow statements for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements of China Suntien Green Energy Corporation Limited present fairly, in all material respects, the consolidated and Company's financial position as at 31 December 2022, and the consolidated and the Company's financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises ("ASBEs").

II. BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are independent of the Company in accordance with the China Code of Ethics for Certified Public Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. KEY AUDIT MATTERS

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

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

Key audit matter:

Impairment of accounts receivable

As at 31 December 2022, the original value of the China Suntien Green Energy Corporation Limited's accounts receivable was RMB5,815,255,589.18, and the provision for impairment was RMB470,106,360.90.

Assessing the expected credit loss of accounts receivable requires the management to make judgements and estimates. The management estimates the expected credit losses based on the historical default rate and the specific factors considered when evaluating the expected credit loss rate, including the customer type, aging and recent historical payments. Historical credit losses are then adjusted using forward-looking information.

The Group's disclosures about accounts receivable and impairment provision for accounts receivable are set out in Notes V. 10 and 43 and Notes VII. 5 and 71 to the financial statements.

How our audit addressed the key audit matter:

We performed the following audit procedures to assess the adequacy and accuracy of the provision for bad debts on receivables including: we reviewed the accounting policy for the provision for impairment of receivables, assessed whether the policy and the expected credit loss calculation methodology comply with the requirements of ASBEs, assessed the reliability of management's assumptions and considered the impact of forward-looking factors;

For accounts receivable for which a provision for default was made based on a combination of credit risk characteristics, we reviewed how the Management configure the credit risk characteristics combination and reviewed a sample of key information, such as aging, and checked how the Management calculate accounts receivable;

For individual impairment charges, we assessed the adequacy of the provision for impairment by reviewing post-balance sheet date receipts to determine whether the debtor in question is experiencing significant financial difficulties, defaulting on interest or principal payments;

We reviewed the management's analysis of historical collections of long-aging accounts receivable;

we checked the Company's ledgers and evidence of delivery (including sales invoices and electricity and gas statements) to test the aging of accounts receivable and to check the recovery status of accounts receivable;

We tested collections received after the balance sheet date;

In addition, we reviewed the appropriateness and adequacy of the disclosures related to impairment of accounts receivable.

FINANCIAL REPORT

Key audit matter:

Impairment of long-term assets (fixed assets and construction in progress)

As of 31 December 2022, the aggregate amount of fixed assets and construction in progress among the long-term assets of China Suntien Green Energy Corporation Limited was RMB51,936,523,594.10. The management assessed that there were indicator of impairment for small portion of long-term assets with lower utilisation rates. Regarding these long-term assets with indicator of impairment, the management conducted impairment testing on the recoverable amount of the cash-generating unit to which it belongs.

The management needs to assess the value in use and fair value of the relevant cash-generating unit after deducting disposal costs. The testing process is relatively complicated and involves significant estimates and judgements, subjective assumptions and estimation uncertainties of the management.

The Group's disclosure of the impairment of long-term asset is set out in Notes V. 23, 24, 30 and 43 and Notes VII. 21, 22 and 72 to the financial statements.

How our audit addressed the key audit matter:

Regarding the long-term assets with indicator of impairment (fixed assets and construction in progress), we reviewed the assumptions used by the management when estimating the cash-generating unit of fixed assets and construction in progress among the long-term assets.

We reviewed the future cash flow forecast and key assumptions adopted by the management based on the approved long-term strategic plan, e.g., assumptions regarding production capacity, operating costs, projected revenue, and the projected gross profit margin;

we compared them with the historical information about the cash-generating unit and the evidence of electricity statements obtained after the period; we checked the approvals of the on-grid tariffs for the wind power industry in the region formulated by the National Development and Reform Commission for electricity prices.

We also involved internal assessment experts to assist us in reviewing key parameters such as management cash flow forecast models and discount rates, We also reviewed the appropriateness and completeness of the disclosures in the consolidated financial statements of the Group.

IV. OTHER INFORMATION

The management of China Suntien Green Energy Corporation Limited is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our audit's report thereon.

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

In connection with our audit of the financial statements, it is our responsibility to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The management is responsible for the preparation and fair presentation of the financial statements in accordance with ASBEs, and for designing, implementing and maintaining the necessary internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the ability of China Suntien Green Energy Corporation Limited to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the management either intends to liquidate China Suntien Green Energy Corporation Limited or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of China Suntien Green Energy Corporation Limited.

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- (1) Identify and assess the risks of material management's of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of China Suntien Green Energy Corporation Limited to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our independent auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause China Suntien Green Energy Corporation Limited to cease to continue as a going concern.

FINANCIAL REPORT

- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within China Suntien Green Energy Corporation Limited to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: Zhang Ningning

Chinese Certified Public Accountant: Wang Ning
(Engagement Partner)

Beijing, the PRC
23 March 2023

II. FINANCIAL STATEMENT
CONSOLIDATED BALANCE SHEET

31 December 2022

Prepared by: China Suntien Green Energy Corporation Limited

Unit: Yuan Currency: RMB

Items	Note VII	31 December 2022	31 December 2021 (Restated)
CURRENT ASSETS:			
Cash	1	7,326,059,327.77	7,648,396,983.55
Including: deposits with finance companies		3,510,955,880.39	3,115,853,047.06
Clearing settlement funds			
Lending to banks and other financial institutions			
Financial assets for trading	2	520,000,000.00	
Derivative financial assets			
Bills receivable	4	235,764,112.96	
Accounts receivable	5	5,345,149,228.28	6,657,415,202.23
Receivables financing	6	169,290,765.51	494,976,373.69
Prepayments	7	534,453,113.73	161,631,341.92
Premium receivable			
Receivables from reinsurers			
Reinsurance deposits receivable			
Other receivables	8	207,110,462.03	135,599,831.17
Including: Interest receivable			
Dividend receivables		71,598,016.20	94,765,961.18
Financial assets purchased under agreements to resell			
Inventory	9	104,531,171.77	214,186,265.69
Contract assets			
Assets held for sale	11	12,416,736.35	12,373,484.60
Non-current assets due within one year	12	22,349,480.00	
Other current assets	13	608,218,206.11	681,347,576.94
Total current assets		15,085,342,604.51	16,005,927,059.79
NON-CURRENT ASSETS:			
Loans and advances granted			
Debt investments			
Other debt investments			
Long-term receivables	16	1,664,186.71	41,133,817.83
Long-term equity investments	17	3,393,719,280.52	3,058,088,144.23
Investments in other equity instruments	18	218,605,700.00	218,605,700.00
Other non-current financial assets			
Investment properties	20	24,927,033.04	26,032,201.48
Fixed assets	21	32,773,611,789.39	32,369,586,695.36
Construction in progress	22	19,162,911,804.71	13,724,320,499.93
Bearer biological assets			
Oil and gas assets			
Right-of-use assets	25	1,839,279,154.79	2,017,852,925.66
Intangible assets	26	2,121,212,538.58	2,151,290,713.14
Development expenses	27	28,425,706.04	27,227,806.35
Goodwill	28	96,922,283.74	55,450,878.54
Long-term deferred expenses	29	41,926,286.06	37,147,692.06
Deferred income tax assets	30	190,809,767.50	186,877,995.35
Other non-current assets	31	2,429,308,472.48	2,157,471,147.28
Total non-current assets		62,323,324,003.56	56,071,086,217.21
Total assets		77,408,666,608.07	72,077,013,277.00

FINANCIAL REPORT

II. FINANCIAL STATEMENT (continued) CONSOLIDATED BALANCE SHEET (continued)

31 December 2022

Prepared by: China Suntien Green Energy Corporation Limited

Unit: Yuan Currency: RMB

Items	Note VII	31 December 2022	31 December 2021 (Restated)
CURRENT LIABILITIES:			
Short-term borrowings	32	2,698,366,568.48	1,978,114,966.89
Loans from central bank			
Deposits and amounts due to banks			
Financial liabilities for trading			
Derivative financial liabilities			
Bills payable	35	13,649,747.04	14,738,449.62
Accounts payable	36	402,815,261.78	458,031,776.88
Advances from customers	37	1,161,061,946.88	778,761,061.94
Contract liabilities	38	1,539,750,992.89	1,654,191,386.15
Financial assets sold for repurchase			
Customer and inter-bank deposits			
Customer deposits for trading in securities			
Amount due to issuer for securities underwriting			
Employee benefits payable	39	68,100,777.09	79,033,920.95
Taxes payable	40	203,392,348.56	159,169,763.37
Other payables	41	7,719,969,496.64	7,016,558,174.65
Including: Interest payable			
Dividend payable		142,109,925.35	169,836,057.78
Handling charges and commission payable			
Amount payable for reinsurance			
Liabilities held for sale	42	6,811,269.63	7,859,895.72
Non-current liabilities due within one year	43	4,308,241,110.09	4,211,344,922.30
Other current liabilities	44	1,086,927,077.13	704,107,945.21
Total current liabilities		19,209,086,596.21	17,061,912,263.68
NON-CURRENT LIABILITIES:			
Provisions for insurance contracts			
Long-term borrowings	45	30,429,352,611.21	28,705,566,379.15
Debentures payable	46	1,500,000,000.00	1,000,000,000.00
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	47	644,603,458.18	784,769,810.01
Long-term payables	48	186,079,230.66	361,236,137.17
Long-term employee benefits payable			
Accrued liabilities	50	77,531,149.68	77,531,149.68
Deferred income	51	118,408,005.13	106,249,255.16
Deferred income tax liabilities	30	58,366,245.54	56,187,755.68
Other non-current liabilities			
Total non-current liabilities		33,014,340,700.40	31,091,540,486.85
Total liabilities		52,223,427,296.61	48,153,452,750.53
Owners' equity (or shareholders' equity):			
Paid-up capital (or Share capital)	53	4,187,093,073.00	4,187,093,073.00
Other equity instruments	54	1,039,376,000.00	1,945,736,000.00
Including: Preferred shares			
Perpetual bonds	54	1,039,376,000.00	1,945,736,000.00
Capital reserve	55	6,581,326,328.75	6,590,287,168.26
Less: treasury stocks			
Other comprehensive income	57	6,493,135.00	6,493,135.00
Special reserve	58	4,380,136.92	
Surplus reserve	59	822,928,444.78	638,241,006.48
General risk provision			
Undistributed profits	60	7,823,373,780.42	6,466,749,439.53
Total equity attributable to owners of the parent company (or shareholders' equity)		20,464,970,898.87	19,834,599,822.27
Minority interests		4,720,268,412.59	4,088,960,704.20
Total owners' equity (or shareholders' equity)		25,185,239,311.46	23,923,560,526.47
Total liabilities and owners' equity (or shareholders' equity)		77,408,666,608.07	72,077,013,277.00

Person in charge of the Company: Cao Xin Person in charge of accounting: Fan Wei Hong Head of accounting department: Yang Zhanqing

II. FINANCIAL STATEMENT (continued)

BALANCE SHEET OF THE COMPANY

31 December 2022

Prepared by: China Suntien Green Energy Corporation Limited

Unit: Yuan Currency: RMB

Items	Note XVII	31 December 2022	31 December 2021
CURRENT ASSETS:			
Cash		1,775,168,909.70	4,955,847,636.66
Including: deposits with finance companies		164,126,197.80	894,798,008.36
Financial assets for trading		520,000,000.00	
Derivative financial assets			
Bills receivable			
Accounts receivable	1	46,307,994.06	
Receivables financing			
Prepayments		757,471.54	1,635,332.15
Other receivables	2	2,207,594,279.34	1,350,583,043.68
Including: Interest receivable			
Dividend receivables		424,311,740.40	585,067,066.45
Inventory			
Contract assets			
Assets held for sale		2,174,706.49	2,174,706.49
Non-current assets due within one year		19,171,506.48	19,834,399.46
Other current assets		4,172,162.36	5,422,603.07
Total current assets		4,575,347,029.97	6,335,497,721.51
NON-CURRENT ASSETS:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	3	13,034,433,071.23	11,911,865,694.69
Investments in other equity instruments		200,000,000.00	200,000,000.00
Other non-current financial assets			
Investment properties			
Fixed assets		8,291,575.14	6,154,825.70
Construction in progress		14,993,464.46	12,258,459.14
Bearer biological assets			
Oil and gas assets			
Right-of-use assets		17,864,441.51	
Intangible assets		6,285,576.40	3,898,427.16
Development expenses			
Goodwill			
Long-term deferred expenses		420,531.84	139,723.22
Deferred income tax assets			
Other non-current assets		3,589,564,600.00	2,827,369,600.00
Total non-current assets		16,871,853,260.58	14,961,686,729.91
Total assets		21,447,200,290.55	21,297,184,451.42

FINANCIAL REPORT

II. FINANCIAL STATEMENT (continued) BALANCE SHEET OF THE COMPANY (continued) 31 December 2022

Prepared by: China Suntien Green Energy Corporation Limited

Unit: Yuan Currency: RMB

Items	Note XVII	31 December 2022	31 December 2021
CURRENT LIABILITIES:			
Short-term borrowings		400,354,444.45	700,724,166.66
Financial liabilities for trading			
Derivative financial liabilities			
Bills payable			
Accounts payable			
Advances from customers			
Contract liabilities			
Employee benefits payable		2,046,832.26	2,575,017.87
Taxes payable		1,282,866.59	3,025,635.06
Other payables		102,374,411.19	140,550,247.75
Including: Interest payable			
Dividend payable		53,560,000.00	96,330,000.00
Liabilities held for sale			
Non-current liabilities due within one year		529,426,321.89	485,834,490.35
Other current liabilities			
Total current liabilities		1,035,484,876.38	1,332,709,557.69
NON-CURRENT LIABILITIES:			
Long-term borrowings		3,090,990,600.00	2,841,770,600.00
Debentures payable		1,000,000,000.00	1,000,000,000.00
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		13,750,528.83	
Long-term payables			
Long-term employee benefits payable			
Accrued liabilities			
Deferred income		524,639.76	2,400,000.00
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		4,105,265,768.59	3,844,170,600.00
Total liabilities		5,140,750,644.97	5,176,880,157.69
Owners' equity (or shareholders' equity):			
Paid-up capital (or Share capital)		4,187,093,073.00	4,187,093,073.00
Other equity instruments		1,039,376,000.00	1,945,736,000.00
Including: Preferred shares			
Perpetual bonds		1,039,376,000.00	1,945,736,000.00
Capital reserve		6,672,081,610.44	6,673,646,098.38
Less: treasury stocks			
Other comprehensive income			
Special reserve			
Surplus reserve		822,928,444.78	638,241,006.48
Undistributed profits		3,584,970,517.36	2,675,588,115.87
Total owners' equity (or shareholders' equity)		16,306,449,645.58	16,120,304,293.73
Total liabilities and owners' equity (or shareholders' equity)		21,447,200,290.55	21,297,184,451.42

Person in charge of the Company: Cao Xin Person in charge of accounting: Fan Wei Hong Head of accounting department: Yang Zhanqing

II. FINANCIAL STATEMENT (continued)
CONSOLIDATED INCOME STATEMENT

January - December 2022

Unit: Yuan Currency: RMB

Items	Note VII	2022	2021 (Restated)
I. Total operating revenue		18,560,522,731.81	16,137,769,830.60
Including: Operating revenue	61	18,560,522,731.81	16,137,769,830.60
Interest income			
Premiums earned			
Handling charges and commission income			
II. Total operating costs		15,656,842,773.62	13,263,347,011.98
Including: Operating costs	61	13,318,562,338.06	11,243,375,530.93
Interest expense			
Handling charges and commission expenses			
Surrender payment			
Net compensation expense			
Net provisions for insurance contract			
Insurance policy dividend payment			
Reinsurance cost			
Taxes and surcharges	62	62,911,189.91	53,779,961.58
Selling expenses	63	3,287,198.88	3,108,585.99
Administration expenses	64	659,800,606.76	675,455,283.69
R&D EXPENSE	65	427,157,752.69	72,022,183.84
Finance costs	66	1,185,123,687.32	1,215,605,465.95
Including: Interest expenses		1,235,261,192.77	1,228,640,406.46
Interest income		61,989,622.06	24,269,705.78
Add: Other gains	67	169,304,589.80	119,637,593.45
Investment gains (losses are indicated with "-")	68	258,405,528.93	295,942,038.83
Including: Gains from investment in associates and joint ventures		224,635,114.20	281,785,663.87
Derecognition gains on financial assets measured at amortized cost			
Foreign exchange gains (losses are indicated with "-")			
Net gain or loss on exposure hedging (losses are indicated with "-")			
Gains from changes in fair value (losses are indicated with "-")			
Credit impairment losses (losses are indicated with "-")	71	-3,982,590.97	-22,297,770.78
Asset impairment losses (losses are indicated with "-")	72	-41,834,139.58	-7,040,492.38
Asset disposal gains (losses are indicated with "-")	73	291,320.32	236,353.08
III. Operating profit (losses are indicated with "-")		3,285,864,666.69	3,260,900,540.82
Add: Non-operating income	74	16,585,059.05	25,991,330.46
Less: Non-operating expenses	75	7,380,582.78	15,580,472.94
IV. Gross profit (total losses are indicated with "-")		3,295,069,142.96	3,271,311,398.34
Less: income tax expenses	76	476,105,066.56	416,611,131.47

FINANCIAL REPORT

II. FINANCIAL STATEMENT (continued) CONSOLIDATED INCOME STATEMENT (continued)

January - December 2022

Unit: Yuan Currency: RMB

Items	Note VII	2022	2021 (Restated)
V. Net profit (net losses are indicated with "-")		2,818,964,076.40	2,854,700,266.87
(I) By continuity as a going concern			
1. Net profit from continuing operations (net losses are indicated with "-")		2,818,964,076.40	2,854,700,266.87
2. Net profit from discontinued operations (net losses are indicated with "-")			
(II) By ownership			
1. Net profit attributable to shareholders of the parent company (net losses are indicated with "-")		2,294,116,322.38	2,295,057,264.37
2. Gain or loss attributable to minority interests (net losses are indicated with "-")		524,847,754.02	559,643,002.50
VI. Net other comprehensive income after tax			
(I) Net other comprehensive income after tax attributable to owners of the parent company			
1. Other comprehensive income that may not be reclassified to profit or loss			
(1) Change in re-measurement of defined benefit plans			
(2) Other comprehensive income that may not be transferred to profit or loss under equity method			
(3) Other Changes in fair value of other equity instruments			
(4) Change in fair value of own credit risk			
2. Other comprehensive income that may be reclassified to profit or loss			
(1) Other comprehensive income that may be transferred to profit or loss under equity method			
(2) Changes in fair value of other debt investments			
(3) Amount included in other comprehensive income on reclassification of financial assets			
(4) Provision for credit-impairment of other debt investments			
(5) Cash flows hedging reserve			
(6) Exchange differences arising from translation of foreign currency financial statements			
(7) Others			
(II) Net other comprehensive income after tax attributable to minority interests			
VII. Total comprehensive income		2,818,964,076.40	2,854,700,266.87
(I) Total comprehensive income attributable to owners of the parent company		2,294,116,322.38	2,295,057,264.37
(II) Total comprehensive income attributable to minority interests		524,847,754.02	559,643,002.50
VIII. Earnings per share:			
(I) Basic earnings per share (Yuan/share)		0.53	0.57
(II) Diluted earnings per share (Yuan/share)		0.53	0.57

In case of business combination involving enterprises under common control in the current period, the net profit realized by the combining entities before the combination was RMB0.00, and the net profit realized by the combining entities in the previous period was RMB0.00.

Person in charge of the Company: Cao Xin Person in charge of accounting: Fan Wei Hong Head of accounting department: Yang Zhanqing

II. FINANCIAL STATEMENT (continued)
INCOME STATEMENT OF THE PARENT

January - December 2022

Unit: Yuan Currency: RMB

Items	Note XVII	2022	2021
I. Operating revenue		45,078,414.92	3,952,144.33
Less: Operating costs		3,991,399.13	508,803.36
Taxes and surcharges		117,907.05	73,268.00
Selling expenses			
Administration expenses		76,565,061.77	92,415,524.01
R&D EXPENSE		24,146,646.99	17,460,836.55
Finance costs		-6,898,802.09	44,447,061.12
Including: Interest expenses		40,682,498.63	45,586,739.63
Interest income		51,368,858.13	4,179,090.18
Add: Other gains		3,381,503.61	205,551.60
Investment gains (losses are indicated with "-")	5	1,898,177,411.87	1,702,325,421.02
Including: Gains from investment in associates and joint ventures		26,741,671.49	23,410,639.53
Derecognition gains on financial assets measured at amortized cost			
Net gain or loss on exposure hedging (losses are indicated with "-")			
Gains from changes in fair value (losses are indicated with "-")			
Credit impairment losses (losses are indicated with "-")		-2,031,010.37	1,130,060.12
Asset impairment losses (losses are indicated with "-")			-35,396,668.65
Asset disposal gains (losses are indicated with "-")		214,430.54	
II. Operating profit (losses are indicated with "-")		1,846,898,537.72	1,517,311,015.38
Add: Non-operating income		11,979.40	5,029,392.60
Less: Non-operating expenses		36,134.14	287,133.32
III. Gross profit (total losses are indicated with "-")		1,846,874,382.98	1,522,053,274.66
Less: income tax expenses			
IV. Net profit (net losses are indicated with "-")		1,846,874,382.98	1,522,053,274.66
(I) Net profit from continuing operations (net losses are indicated with "-")		1,846,874,382.98	1,522,053,274.66
(II) Net profit from discontinued operations (net losses are indicated with "-")			
V. Net other comprehensive income after tax			
(I) Other comprehensive income that may not be reclassified to profit or loss			
1. Change in re-measurement of defined benefit plans			
2. Other comprehensive income that may not be transferred to profit or loss under equity method			
3. Changes in fair value of other equity instruments			
4. Change in fair value of own credit risk			
(II) Other comprehensive income that may be reclassified to profit or loss			
1. Other comprehensive income that may be transferred to profit or loss under equity method			
2. Changes in fair value of other debt investments			
3. Amount included in other comprehensive income on reclassification of financial assets			
4. Provision for credit-impairment of other debt investments			
5. Cash flows hedging reserve			
6. Exchange differences arising from translation of foreign currency financial statements			
7. Others			
VI. Total comprehensive income		1,846,874,382.98	1,522,053,274.66
VII. Earnings per share:			
(I) Basic earnings per share (Yuan/share)			
(II) Diluted earnings per share (Yuan/share)			

Person in charge of the Company: Cao Xin Person in charge of accounting: Fan Wei Hong Head of accounting department: Yang Zhanqing

FINANCIAL REPORT

II. FINANCIAL STATEMENT (continued) CONSOLIDATED CASH FLOW STATEMENT

January - December 2022

Unit: Yuan Currency: RMB

Items	Note VII	2022	2021
I. Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		21,460,234,852.53	14,730,432,054.60
Net increase in deposits from customers and deposits from other banks			
Net increase in loans from central bank			
Net increase in loans from other financial institutions			
Cash received from premiums under original insurance contract			
Net cash received from reinsurance business			
Net increase in deposits of policyholders and investment			
Cash receipts of interest, fees and commission			
Net increase in placement from banks and other financial institutions			
Net increase in sale and repurchase operations			
Net cash received from securities trading agency services			
Cash received from tax refund		304,842,691.63	114,324,263.77
Cash received from other operating activities	78	110,007,953.75	102,379,824.05
Sub-total of cash inflows from operating activities		21,875,085,497.91	14,947,136,142.42
Cash paid for goods and services		12,225,412,567.71	8,952,146,341.83
Net increase in loans and advances to customers			
Net increase in deposit with central bank and inter-banks			
Cash paid for compensation payments under original insurance contract			
Net increase in lending to banks and other financial institutions			
Cash paid for interest, fees and commission			
Cash paid for insurance policy dividend			
Cash paid to and on behalf of employees		831,860,051.87	702,328,303.25
Payments of taxes and surcharges		1,026,277,801.07	759,878,620.75
Cash paid relating to other operating activities	78	328,174,918.88	200,141,709.64
Sub-total of cash outflows from operating activities		14,411,725,339.53	10,614,494,975.47
Net cash flows from operating activities	79	7,463,360,158.38	4,332,641,166.95
II. Cash flows from investing activities:			
Cash received from investment		2,289,000,000.00	
Cash received from investment income		269,020,503.35	176,556,122.74
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		9,843,342.65	675,641.30
Net cash received from disposal of subsidiaries and other business units			3,921,600.00
Cash received from other investing activities	78	382,300,884.94	880,000,000.00
Sub-total of cash inflows from investing activities		2,950,164,730.94	1,061,153,364.04
Cash paid to acquire fixed assets, intangible assets and other long-term assets		7,287,640,552.66	7,946,029,826.58
Cash paid for investments		3,137,699,600.00	307,035,600.00
Net increase in secured loans			
Net cash paid to acquire subsidiaries and other business units		128,442,112.26	19,372,859.56
Increased pledged bank deposits and other restricted cash		45,058,042.34	80,260,928.59
Cash paid to other investing activities	78		19,854,284.47
Sub-total of cash outflows from investing activities		10,598,840,307.26	8,372,553,499.20
Net cash flows from investing activities		-7,648,675,576.32	-7,311,400,135.16

II. FINANCIAL STATEMENT (continued)
 CONSOLIDATED CASH FLOW STATEMENT (continued)
 January - December 2022

Unit: Yuan Currency: RMB

Items	Note VII	2022	2021
III. Cash flows from financing activities:			
Proceeds from share issuance			4,545,055,183.47
Cash received from investment absorbed		522,788,171.30	381,200,000.00
Including: Cash received from minority shareholders' investment absorbed by subsidiaries		522,788,171.30	381,200,000.00
Cash received from issuance of other equity instruments			1,039,376,000.00
Cash received from borrowings		12,685,678,710.79	14,277,699,084.39
Cash received from other financing activities	78	42,280,000.00	40,527,754.65
Sub-total of cash inflows from financing activities		13,250,746,882.09	20,283,858,022.51
Cash paid for loan repayments		9,400,215,653.17	8,694,833,622.52
Cash paid for dividends, profits appropriation or payments of interest		2,694,675,095.87	2,178,113,096.39
Including: Dividends and profits paid by subsidiaries to minority shareholders		412,984,265.12	212,909,741.47
Cash paid for redemption of other equity instruments		910,000,000.00	590,000,000.00
Cash paid relating to other financing activities	78	421,447,815.03	171,533,649.51
Sub-total of cash outflows from financing activities		13,426,338,564.07	11,634,480,368.42
Net cash flows from financing activities		-175,591,681.98	8,649,377,654.09
IV. Effect of changes in foreign exchange rate on cash and cash equivalents		-6,488,598.20	-975,417.05
V. Net increase in cash and cash equivalents	79	-367,395,698.12	5,669,643,268.83
Add: Cash and cash equivalents at the beginning of the period	79	7,533,084,715.56	1,863,441,446.73
VI. Cash and cash equivalents at the end of the period	79	7,165,689,017.44	7,533,084,715.56

Person in charge of the Company: Cao Xin Person in charge of accounting: Fan Wei Hong Head of accounting department: Yang Zhanqing

FINANCIAL REPORT

II. FINANCIAL STATEMENT (continued)

CASH FLOW STATEMENT OF THE PARENT

January - December 2022

Unit: Yuan Currency: RMB

Items	Notes	2022	2021
I. Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		1,123,591.08	5,707,438.57
Cash received from tax refund			
Cash received from other operating activities		1,428,578,153.35	1,159,288,603.19
Sub-total of cash inflows from operating activities		1,429,701,744.43	1,164,996,041.76
Cash paid for goods and services			
Cash paid to and on behalf of employees		57,960,271.13	64,552,760.33
Payments of taxes and surcharges		1,299,493.58	421,294.95
Cash paid relating to other operating activities		3,089,211,673.13	887,212,465.60
Sub-total of cash outflows from operating activities		3,148,471,437.84	952,186,520.88
Net cash flows from operating activities		-1,718,769,693.41	212,809,520.88
II. Cash flows from investing activities:			
Cash received from investment		2,296,807,272.86	
Cash received from investment income		2,048,973,420.58	1,124,241,823.06
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		3,726,281.00	
Net cash received from disposal of subsidiaries and other business units			3,921,600.00
Cash received from other investing activities			
Sub-total of cash inflows from investing activities		4,349,506,974.44	1,128,163,423.06
Cash paid to acquire fixed assets, intangible assets and other long-term assets		5,171,702.67	3,817,955.54
Cash paid for investments		3,928,717,700.00	949,218,700.00
Net cash paid to acquire subsidiaries and other business units			
Cash paid to other investing activities			
Sub-total of cash outflows from investing activities		3,933,889,402.67	953,036,655.54
Net cash flows from investing activities		415,617,571.77	175,126,767.52
III. Cash flows from financing activities:			
Proceeds from share issuance			4,545,055,183.47
Cash received from issuance of other equity instruments			1,039,376,000.00
Cash received from borrowings		2,215,285,000.00	2,236,070,000.00
Cash received from other financing activities			4,149,225.23
Sub-total of cash inflows from financing activities		2,215,285,000.00	7,824,650,408.70
Cash paid for loan repayments		2,225,460,000.00	1,987,750,000.00
Cash paid for dividends, profits appropriation or payments of interest		954,592,033.77	816,895,943.40
Cash paid relating to other financing activities		912,849,865.68	592,237,899.68
Sub-total of cash outflows from financing activities		4,092,901,899.45	3,396,883,843.08
Net cash flows from financing activities		-1,877,616,899.45	4,427,766,565.62
IV. Effect of changes in foreign exchange rate on cash and cash equivalents		90,294.13	-29,047.60
V. Net increase in cash and cash equivalents		-3,180,678,726.96	4,815,673,806.42
Add: Cash and cash equivalents at the beginning of the period		4,955,847,636.66	140,173,830.24
VI. Cash and cash equivalents at the end of the period		1,775,168,909.70	4,955,847,636.66

Person in charge of the Company: Cao Xin Person in charge of accounting: Fan Wei Hong Head of accounting department: Yang Zhanqing

II. FINANCIAL STATEMENT (continued)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
January – December 2022

Unit: Yuan Currency: RMB

Items	2022											Total owners' equity			
	Equity attributable to owners of the Company														
	Paid-up capital (or Share capital)	Other equity instruments			Capital reserve	Less: treasury stocks	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits		Others	Sub-total	Minority interests
Preferred share		Perpetual bonds	Others												
I. Balance at the end of last year	4,187,093,073.00				6,590,287,168.26		6,493,135.00		638,241,006.48		6,316,133,894.20		19,684,346,276.94	4,079,937,163.50	23,764,304,040.44
Add: Effects of changes in accounting policies											150,235,965.33		150,235,965.33	9,020,740.70	159,256,706.03
Effects of correction of prior year errors															
Combinations involving enterprises under common control															
Others							6,493,135.00		638,241,006.48		6,446,749,693.53		19,834,598,822.27	4,088,960,704.20	23,923,569,526.47
II. Increase/decrease in the period					6,590,287,168.26		6,493,135.00		638,241,006.48		6,446,749,693.53		19,834,598,822.27	4,088,960,704.20	23,923,569,526.47
(I) Total comprehensive income					-8,740,839.51		6,493,135.00	4,300,136.92	184,697,438.30		1,356,624,340.89		630,371,074.60	631,307,708.39	1,261,678,784.99
(II) Owners' contribution and decrease in capital					-8,740,839.51						2,294,116,322.38		2,294,116,322.38	524,847,756.02	2,818,964,078.40
1. Ordinary shares contributed by owners															
2. Capital invested by owners of other equity instruments															
3. Share-based payments credited to owners' equity					-3,440,000.00								-3,440,000.00		-910,000,000.00
4. Others															
(III) Profit distribution					-5,320,839.51				184,697,438.30		-97,497,181.49		-5,320,839.51	30,859,915.07	25,539,075.56
1. Appropriation to surplus reserve									184,697,438.30		-184,697,438.30			-428,028,132.69	-1,800,827,675.88
2. Extract for general risk reserve															
3. Distribution to owners (or shareholders)															
4. Others															
(IV) Internal transfer of owners' equity															
1. Conversion of capital reserve into capital (or share capital)															
2. Conversion of surplus reserve into capital (or share capital)															
3. Making good of loss with surplus reserve															
4. Change in defined benefit liability transferred to related earnings															
5. Other comprehensive income transferred to retained earnings															
6. Others															
(V) Special reserve								4,300,136.92					4,300,136.92	440,000.69	4,740,137.61
1. Appropriation for the current period								38,216,325.84					38,216,325.84	50,871,130.34	109,087,456.18
2. Application for the current period								53,836,188.92					53,836,188.92	50,611,292.65	104,447,318.57
(VI) Others															
IV. Balance at the end of the current period	4,187,093,073.00				6,590,287,168.26		6,493,135.00	4,300,136.92	820,938,444.78		7,823,373,780.42		20,464,970,998.07	4,720,288,612.59	25,185,259,311.46

II. FINANCIAL STATEMENT (continued)
 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
 January – December 2021

Unit: Yuan Currency: RMB

Items	2021 (Revised)										Total owners' equity		
	Equity attributable to owners of the Company												
	Paid-up capital (or share capital)	Other equity instruments		Capital reserve	Less treasury stocks	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits		Others	Sub-total
Preferred share		Perpetual bonds	Others										
I. Balance at the end of last year	3,849,910,394.00	1,944,000,000.00		2,400,024,493.73		6,492,135.00	480,053,970.01		4,028,953,046.97		13,164,466,990.11	3,933,522,473.30	16,695,489,974.41
Add: Effects of changes in accounting policies									1,631,250.12		15,122,901.2	872,710.44	16,184,960.76
Effects of correction of prior year errors													
Combinations involving enterprises under common control													
Others													
II. Balance at the beginning of the year	3,849,910,394.00	1,944,000,000.00		2,400,024,493.73		6,492,135.00	480,053,970.01		4,030,584,297.09		13,179,589,891.31	3,934,395,183.74	16,713,985,075.05
Increase/decrease in the period (decrease is represented by "-")													
(I) Total comprehensive income	337,182,677.00	46,123,000.00		4,192,924,464.33		6,492,135.00	132,053,327.47		1,327,954,123.04		6,654,300,222.04	557,565,844.26	7,211,866,066.30
(II) Owners' contribution and decrease in capital	337,182,677.00	46,123,000.00		4,192,924,464.33					228,937,264.37		2,218,957,644.37	557,440,050.00	2,876,407,694.37
1. Ordinary shares contributed by owners	337,182,677.00	46,123,000.00		4,192,924,464.33					4,979,181,771.33		4,979,181,771.33	230,100,644.95	5,209,282,416.28
2. Capital invested by owners of other equity instruments				4,207,870,536.47					45,655,183.47		4,563,525,720.47	381,200,000.00	4,944,725,720.47
3. Share-based payments credited to owners' equity											1,039,716,000.00		1,039,716,000.00
4. Others													
(III) Profit distribution				-175,000.194			132,053,327.47		-772,154,414.33		-605,230,111.94	-15,199,935.05	-755,349,946.99
1. Appropriation to surplus reserve							132,053,327.47		-15,235,327.47		-9,977,933.36	-232,182,211.9	-467,049,055.15
2. Extract for general risk reserve													
3. Distribution to owners (or shareholders)													
4. Others													
(IV) Internal transfer of owners' equity													
1. Conversion of capital reserve into capital (or share capital)													
2. Conversion of surplus reserve into capital (or share capital)													
3. Making good of loss with surplus reserve													
4. Change in defined benefit plan transferred to retained earnings													
5. Other comprehensive income transferred to retained earnings													
6. Others													
(V) Special reserve													
1. Appropriation for the current period													
2. Application for the current period													
(VI) Others													
IV. Balance at the end of the current period	4,187,093,071.00	1,945,753,000.00		6,592,948,957.06		6,492,135.00	632,107,297.48		6,441,019,423.53		19,934,999,222.27	4,088,940,704.20	23,923,939,926.47

Person in charge of the Company: Cao Xin Person in charge of accounting: Fan Wei Hong Head of accounting department: Yang Zhenqing

II. FINANCIAL STATEMENT (continued)
STATEMENT OF CHANGES IN EQUITY OF THE PARENT
January – December 2022

Unit: Yuan Currency: RMB

Items	2022							Total owners' equity			
	Paid-up capital (or Share capital)	Other equity instruments			Less: treasury stocks	Capital reserve	Other comprehensive income		Special reserve	Surplus reserve	Undistributed profits
		Preferred share	Perpetual bonds	Others							
I. Balance at the end of last year	4,187,093,073.00		1,945,736,000.00			6,673,646,098.38		638,241,006.48	2,675,588,115.87	16,120,304,293.73	
II. Add: Effects of changes in accounting policies											
III. Effects of correction of prior year errors											
IV. Balance at the beginning of the year	4,187,093,073.00		1,945,736,000.00			6,673,646,098.38		638,241,006.48	2,675,588,115.87	16,120,304,293.73	
V. Increase/decrease in the period (decrease is represented by "-")			-906,360,000.00			-1,556,487.94		184,687,438.30	909,392,401.69	186,165,351.85	
(I) Total comprehensive income									1,846,874,382.98	1,846,874,382.98	
(II) Owners' contribution and decrease in capital			-906,360,000.00			-1,556,487.94				-907,924,487.94	
1. Ordinary shares contributed by owners											
2. Capital invested by owners of other equity instruments											
3. Share-based payments credited to owners' equity											
4. Others											
(III) Profit distribution											
1. Appropriation to surplus reserve								184,687,438.30	-937,491,981.69	2,075,512.06	
2. Distribution to owners (or shareholders)								184,687,438.30	-184,687,438.30	-752,804,543.19	
3. Others											
(IV) Internal transfer of owners' equity											
1. Conversion of capital reserve into capital (or share capital)											
2. Conversion of surplus reserve into capital (or share capital)											
3. Making good of loss with surplus reserve											
4. Change in defined benefit plan transferred to retained earnings											
5. Other comprehensive income transferred to retained earnings											
6. Others											
(V) Special reserve											
1. Appropriation for the current period											
2. Application for the current period											
(VI) Others											
IV. Balance at the end of the current period	4,187,093,073.00		1,039,376,000.00			6,672,081,610.44		822,928,444.78	3,584,970,517.36	16,306,449,645.58	

II. FINANCIAL STATEMENT (continued)
STATEMENT OF CHANGES IN EQUITY OF THE PARENT (continued)
January – December 2021

Unit: Yuan Currency: RMB

Items	2021							Total owners' equity			
	Paid-up capital (or share capital)	Other equity instruments			Capital reserve	Less: treasury stocks	Other comprehensive income		Special reserve	Surplus reserve	Undistributed profits
		Preferred share	Perpetual bonds	Others							
I. Balance at the end of last year	3,849,910,396.00		1,494,000,000.00		2,467,638,320.02				48,605,679.01	1,925,657,982.54	10,223,242,377.57
Add: Effects of changes in accounting policies											
Effects of correction of prior year errors											
Others											
II. Balance at the beginning of the year	3,849,910,396.00		1,494,000,000.00		2,467,638,320.02				48,605,679.01	1,925,657,982.54	10,223,242,377.57
III. Increase/decrease in the period (decrease is represented by "-")	337,182,677.00		451,736,000.00		4,206,007,778.36				15,220,532,747	7,493,901,333.33	5,897,061,916.16
(I) Total comprehensive income											
(II) Owners' contribution and decrease in capital	337,182,677.00		451,736,000.00		4,206,007,778.36					1,522,652,746.66	1,522,652,746.66
1. Ordinary shares contributed by owners											
2. Capital invested by owners of other equity instruments	337,182,677.00				4,206,007,778.36						4,994,926,465.36
3. Share-based payments credited to owners' equity											4,945,055,183.47
4. Others											1,039,376,000.00
(III) Profit distribution											
1. Appropriation to surplus reserve									15,220,532,747		589,504,728.11
2. Distribution to owners (or shareholders)									15,220,532,747		-61,997,783.86
3. Others											
(IV) Internal transfer of owners' equity											
1. Conversion of capital reserve into capital (or share capital)											
2. Conversion of surplus reserve into capital (or share capital)											
3. Making good of loss with surplus reserve											
4. Change in defined benefit plan transferred to retained earnings											
5. Other comprehensive income transferred to retained earnings											
6. Others											
(V) Special reserve											
1. Appropriation for the current period											
2. Application for the current period											
Others											
(VI) Balance at the end of the current period	4,187,093,073.00		1,945,736,000.00		6,673,646,098.38				63,824,210,648	2,675,588,115.87	16,170,304,293.73

Person in charge of the Company: Cao Xin Person in charge of accounting: Fan Wei Hong Head of accounting department: Yang Zhanqing

III. BASIC INFORMATION OF THE COMPANY

1. Company Overview

China Suntien Green Energy Corporation Limited (the "Company") is a joint-stock company established in the PRC on 9 February 2010 with limited liability, with its capital jointly contributed by its promotor shareholder Hebei Construction & Investment Group Co., Ltd. ("HECIC") with its new energy and natural gas assets, and HECIC Water Investment Co., Ltd. ("HECIC Water", a wholly-owned subsidiary of HECIC).

The headquarters and registered office of the Company is located at No. 9 Yuhua West Road, Shijiazhuang City, Hebei Province, PRC.

The initial public offering and listing of the shares of the Company on the main board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") was completed on 13 October 2010. A total of 1,076,900,000 H shares were issued and sold at a price of HK\$2.66 per share to investors in Hong Kong and overseas. In October 2010, the Company issued a total of 161,535,000 H shares at a price of HK\$2.66 per share upon exercise of the over-allotment option. As at 31 December 2010, the total number of shares of the Company was approximately 3,238,435,000, including 1,876,156,000 domestic shares and 1,362,279,000 H shares. HECIC directly and indirectly holds all domestic shares, representing 57.9% of the total number of shares of the Company, and is the controlling shareholder of the Company.

On 28 January 2014, the Company successfully placed 476,725,396 H shares, thereby increasing its registered capital by RMB476,725,396 and raising total funds of approximately HK\$1,597,030,077. After the completion of the capital increase by the issuance of additional H shares, the total issued share capital of the Company amounted to RMB3,715,160,396, a total of 3,715,160,396 shares of RMB1 each, with a direct and indirect shareholding of 50.5% by HECIC and shareholding of 49.5% by H shareholders in aggregate.

In July 2015, the State-owned Assets Supervision and Administration Commission of the State Council approved an agreement in relation to the transfer at nil consideration entered into by HECIC and HECIC Water to transfer 375,231,200 shares in the Company held by HECIC Water to HECIC at nil consideration. Upon completion of the transfer, HECIC directly held 50.5% shares of the Company, and H shareholders held a total of 49.5%.

On 28 May 2020, with the approval of China Securities Regulatory Commission (Zheng Jian Xu Ke [2020] No. 1012), the initial public offering and listing of the A shares of the Company on the Shanghai Stock Exchange were completed. A total of 134,750,000.00 ordinary shares in the Company (A shares) were issued at a price of RMB3.18 per share, with proceeds of RMB428,505,000.00.

On 19 August 2021, as approved by the Zheng Jian Xu Ke [2021] No. 2730 issued by the China Securities Regulatory Commission, the Company conducted the non-public issuance of A shares, under which 337,182,677 shares were issued to specific subscribers at the issue price of RMB13.63 per share, raising total proceeds of RMB4,595,799,887.51.

As at 31 December 2022, the total accumulated issued share capital of the Company amounted to RMB4,187,093,073.00, of which 49.17% was held by HECIC, 43.92% was held by H shareholders and 6.91% was held by A shareholders.

The Company and its subsidiaries (collectively, the "Group") are principally engaged in the investment, development, management and operation of wind power and solar energy generation, sale of natural gas and gas appliances, and the connection and construction of natural gas pipelines.

The parent company and ultimate parent company of the Company is HECIC, a Chinese State-owned enterprise.

The consolidation scope of these consolidated financial statements shall be determined on the basis of control. Refer to Note VIII in this Section for the change of scope for the year.

The financial statements have been approved and authorized for issue by the Company's Board of Directors on 23 March 2023.

2. Scope of consolidated financial statements

The consolidation scope of these consolidated financial statements shall be determined on the basis of control. Refer to Note VIII in this Section for the change of scope for the year.

FINANCIAL REPORT

IV. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The financial statements are prepared in accordance with Accounting Standards for Business Enterprises – Basic Standards issued by the Ministry of Finance and the specific accounting standards, application guide, interpretation and other relevant provisions promulgated and revised thereafter (the "Accounting Standards for Business Enterprises").

The financial statements of the Company are presented on a going concern basis.

2. Continuing operations

As at 31 December 2022, the Group's current liabilities exceeded its current assets by approximately RMB4,124 million. Management has considered the following sources of funding available for the next 12 months:

- (1) expected net cash inflows from operating activities;
- (2) unutilised banking facilities as at 31 December 2022 of approximately RMB58.568 billion;
- (3) The Group registered super short-term commercial papers of RMB2.0 billion with the National Association of Financial Market Institutional Investors in March 2021. Such facilities were approved for revolving use before March 2023. As at 31 December 2022, the unutilised facilities amounted to RMB1 billion.
- (4) The Group registered super short-term commercial papers of RMB2.0 billion with the National Association of Financial Market Institutional Investors in October 2022. Such facilities were approved for revolving use before October 2024. As at 31 December 2022, the unutilised facilities amounted to RMB2.0 billion.

The directors of the Company believe that the Group has adequate resources to meet its funding requirements for the next 12 months from the end of the Reporting Period. The directors of the Company therefore are of the opinion that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

These financial statements have been prepared under the historical cost convention, except for certain financial instruments. Disposal groups held for sale are stated at the lower of book value or fair value less costs to sell. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant rules.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Reminders of specific accounting policies and accounting estimates:

The Group has developed specific accounting policies and accounting estimates based on the characteristics of its actual production and operation, mainly reflected in the provision for impairment of financial assets, depreciation of fixed assets, amortisation of intangible assets, capitalisation conditions for research and development expenses, and revenue recognition and measurement.

1. Declaration of Following Accounting Standards for Business Enterprises (ASBE)

The financial statements have been prepared in accordance with ASBE, and presented the Company's and the Group's financial position as at 31 December 2022, and the operating results and cash flows for 2022 truly and completely.

2. Accounting Period

The Group has adopted the calendar year as its accounting year i.e. from 1 January to 31 December.

3. Operating cycle

The Company's operating cycle is 12 months.

4. Functional currency

The Company adopts Renminbi as its functional currency and to prepare its financial statements. Unless otherwise stated, the financial statements are all presented in RMB.

The Group's subsidiaries, joint ventures and affiliates determine their own functional currency based on the major economic environment in which they operate and translate such currency into RMB for the preparation of financial statements.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

5. Accounting treatment for business combinations under common control and non-common control

Combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties before and after the combination, and that control is not transitory.

Assets and liabilities that are obtained in a business combination involving enterprises under common control, including goodwill arising from the acquisition of the merging party by the ultimate controller, shall be accounted for on the basis of the carrying amounts on the financial statements of the ultimate controller on the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued) is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess is adjusted against retained earnings.

Combinations involving enterprises not under common control

A business combination involving enterprises not under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination.

The acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination involving enterprises not under common control are measured at fair value at the acquisition date.

The excess of the fair value of the sum of the combination consideration paid (or the fair value of equities securities issued) and equity interests in the acquiree held prior to the acquisition date over the fair value of the acquiree's identifiable net assets acquired in combination, measured at fair value, was recognized as goodwill, which is subsequently measured at cost less cumulative impairment loss. In case the fair value of the sum of the combination consideration paid (or the fair value of equities securities issued) and equity interests in the acquiree held prior to the acquisition date is less than the fair value of the acquiree's identifiable net assets acquired in combination, a review of the measurement of the fair values of the various identifiable assets, liabilities and contingent liabilities, the consideration paid for the combination of the acquiree (or the fair value of equity securities issued) and the equity interests in the acquiree held prior to the acquisition date is conducted. If the review indicates that the fair value of the sum of the combination consideration paid (or the fair value of equities securities issued) and equity interests in the acquiree held prior to the acquisition date is indeed less than the fair value of the acquiree's identifiable net assets acquired in combination, the difference is recognized in the current profit or loss.

6. Preparation of consolidated financial statements

The consolidation scope of the consolidated financial statements is determined on the basis of control, including the financial statements of the Company and all of its subsidiaries, which represent the entities controlled by the Company (contain enterprises, a divisible portion of the invested enterprises and structured entities controlled by the Company).

In preparation of the consolidated financial statements, the subsidiaries use the same accounting year and accounting policies as those of the Company. All intra-group assets, liabilities, interests, income, expenses and cash flows are eliminated in full on consolidation.

Where the amount of losses of a subsidiary attributable to the minority shareholders in the current period exceeds their share of the opening balance of owners' equity of the subsidiary, the excess shall be allocated against minority interests.

For a subsidiary acquired through a business combination involving enterprises not under common control, the operating results and cash flows of the acquiree shall be included in the consolidated financial statement from the date on which the Group gains control till the Group ceases the control of it. While preparing the consolidated financial statements, the acquirer shall adjust the subsidiary's financial statements, on the basis of the fair values of the identifiable assets, liabilities and contingent liabilities recognized on the acquisition date.

For subsidiaries acquired through business combinations involving enterprises under common control, the operating results and cash flows of the acquiree shall be included in the consolidated financial statements from the beginning of the period in which the combination occurs. While preparing the comparative consolidated financial statements, adjustments are made to related items in the financial statements for the prior period as if the reporting entity established through combination had been existing since the ultimate controller begins to exercise control.

FINANCIAL REPORT

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

6. Preparation of consolidated financial statements (continued)

The Group's control over an investee is re-assessed if change in relevant facts and situations causes changes in one or more of the elements of control.

Where there is no loss of control, the change in minority interests is accounted for as an equity transaction.

For step-by-step disposal of investment in a subsidiary through multiple transactions until the loss of control, if the transactions are a package deal, each transaction is accounted for as a disposal of subsidiary with loss of control. However, the price difference between the disposal price and the disposal investment before the loss of control and the share of the net assets of the subsidiary is recognized as other comprehensive income in the consolidated financial statements, and is transferred to the current period profit or when the control is lost. If it is not a package transaction, the corresponding accounting treatment shall be carried out for each transaction. If the control right is not lost, the minority shareholders' equity changes will be treated as an equity transaction. If the control right is lost, the remaining equity shall be re-measured according to its fair value on the date of losing control; The difference between the summary of consideration obtained from the disposal of the equity and the fair value of the remaining equity, less the difference between the share of the original assets and the share of the net assets that have been continuously calculated from the date of purchase from the date of the original shareholding, is included in the current period profit and; If there is a goodwill for the subsidiary, the amount of the goodwill is deducted when calculating the profit and loss of the disposal of the subsidiary; Other comprehensive income related to the original subsidiary's equity investment shall be accounted for on the same basis as the subsidiary's direct disposal of the relevant assets or liabilities when the control is lost, due to the net profit and loss, other comprehensive income and profit distribution related to the original subsidiary. Shareholders' equity is recognized in addition to changes in other shareholders' equity, which are transferred to the current period profit or loss when control is lost.

7. Accounting for classification of joint arrangements and joint operations

There are two types of joint arrangements – joint operations and joint ventures. A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby parties to the joint venture only have rights to the net assets of the arrangement.

A joint operator recognizes the following items in relation to its interest in a joint operation: its solely-held assets, and its share of any assets held jointly; its solely-assumed liabilities, and its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; its solely-incurred expenses, and its share of any expenses incurred jointly.

8. Criteria for determining cash and cash equivalents

Cash comprises the Group's cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

9. Translation of transactions and financial statements denominated in foreign currencies

The Group translates the amount of foreign currency transactions which occurred into its functional currency.

Foreign currency transactions are recorded, on initial recognition, in the functional currency, by applying the foreign currency amount the spot exchange rate prevailing on the transaction dates. At the balance sheet date, foreign currency monetary items are translated using the spot exchange rate prevailing on the balance sheet date. All the resulting differences on settlement and monetary item translation are taken to profit or loss in the current period, except for those relating to foreign currency borrowings specifically for construction and acquisition of qualifying assets, which are capitalized in accordance with the principle of capitalization of borrowing costs. Non-monetary foreign currency items measured at historical cost shall still be translated at the spot exchange rate prevailing on the transaction date, and the amount denominated in the functional currency is not changed. Non-monetary foreign currency items measured at fair value are translated at the spot exchange rate prevailing at the date on which the fair values are determined. The difference thus resulted are recognized in profit or loss for the current period or as other comprehensive income based on the nature of the non-monetary items.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Translation of transactions and financial statements denominated in foreign currencies (continued)

For foreign operations, the Group translates their functional currency amounts into RMB when preparing the financial statements as follows: as at the balance sheet date, the assets and liabilities are translated using the spot exchange rate at the balance sheet date, and equity items other than "unappropriated profit" are translated at the spot exchange rates at the dates of transactions; revenue and expense items in profit or loss are translated using the exchange rate at the transaction date. The resulting exchange differences are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss. If the disposal only involves a portion of a particular foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss on a pro-rata basis.

Foreign currency cash flows and the cash flows of foreign subsidiaries are translated using the spot exchange rates prevailing on the dates of cash flows. The effect of exchange rate changes on cash is separately presented as an adjustment item in the statement of cash flows.

10. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and derecognition of financial instruments

A financial asset or financial liability is recognized when the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset (or part of a financial asset, or part of a group of similar financial assets), i.e. writes off the financial asset from the account and balance sheet, when the following conditions are met:

- (1) the rights to receive cash flows from the financial asset expire;
- (2) the Group has transferred its rights to receive cash flows from the financial asset, or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either (a) has transferred substantially all the risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but has not retained control of the financial asset.

If the underlying obligation of a financial liability has been discharged or cancelled or has expired, the financial liability is derecognized. If an existing financial liability is replaced by the same creditor with a new financial liability that has substantially different terms, or if the terms of an existing financial liability are substantially revised, such replacement or revision is accounted for as the derecognition of the original liability and the recognition of a new liability, and the resulting difference is recognized in profit or loss for the current period.

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales of financial assets refer to that the financial assets are delivered to or by the Group under the terms of a contract within a period as specified by law or general practice. The trade date is the date on which the Group undertakes to buy or sell a financial asset.

Changes in contracts due to benchmark rate reform

Due to the benchmark rate reform, terms of the Group's certain financial instruments have been amended to replace the original benchmark rate with the alternative benchmark rate as the reference rate.

For the financial assets or financial liabilities accounted for using the effective interest rate method, when changes in the basis for determining the contractual cash flows are only directly resulted from the benchmark rate reform and such basis for determination is economically equivalent before and after the changes, the Group does not evaluate whether the changes would result in derecognition or adjust the balance of carrying amount of the financial assets or financial liabilities. The Group recalculates the effective interest rate based on the future cash flows after the changes and uses such basis for subsequent measurement. For the financial assets or financial liabilities that occur other changes at the same time, the Group first accounts for the changes resulted from the benchmark rate reform in accordance with the above-mentioned requirements, and evaluates whether the other changes would result in substantial revision afterwards.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

Classification and measurement of financial assets

The Group's financial assets are, on initial recognition, classified into the following categories based on the business model of the Group's financial asset management and the characteristics of the financial assets' contractual cash flows: the financial assets measured at amortized cost and at fair value through other comprehensive income are financial assets at fair value through profit or loss. All affected related financial assets will be reclassified only if the Group changes its business model for managing financial assets.

A financial asset is initially recognised at fair value. However, if the accounts receivable or bills receivable arising from sale of goods or rendering of services do not include significant financing components or do not consider financing components not exceeding one year, it shall be initially measured at the transaction price.

For financial assets measured at fair value through profit or loss, the related transaction expense is directly recognised in profit or loss for the current period, transaction costs related to other types of financial assets are included in their initial recognition amount.

Subsequent measurement of a financial asset is determined by its category as follows:

Debt instrument investments measured at amortised cost

Financial assets are classified as financial assets measured at amortised cost if the financial assets meet the following conditions: The Group's business model for managing the financial assets is to collect contractual cash flows; the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. For such financial assets, the effective interest method is used for recognition of interest income. The gains or losses arising from derecognition, modification or impairment are recognised in profit or loss of the current period.

Debt instrument investments measured at fair value through other comprehensive income

The Group measures financial assets at fair value through other comprehensive income if both of the following conditions are met: the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income is recognised using the effective interest method. The interest income, impairment losses and foreign exchange revaluation are recognised in profit or loss. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Equity instrument investments at fair value through other comprehensive income

The Group irrevocably opts to assign some of the investments in non-tradable equity instruments to financial assets at fair value through other comprehensive income, and only recognizes relevant dividend income in profit or loss for the current period, while subsequent changes in fair value are recognized in other comprehensive income (except for the dividend income recovered as investment costs), without needing to withdraw impairment provision. When the financial assets are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified from other comprehensive income to retained earnings.

Financial assets at fair value through profit or loss

The financial assets other than those measured at amortized cost and at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. For such financial assets, fair value is used for subsequent measurement, and all changes in fair value are recognized in profit or loss for the current period. In accordance with the above conditions, such financial assets determined by the Group mainly include other investment in equity instruments and held-for-trading financial assets.

Classification and measurement of financial liabilities

Except financial guarantee contracts issued and financial liabilities arising from transfers of financial assets that do not meet the derecognition criteria or from continuing involvement in the transferred financial assets, the Group's financial liabilities are classified on initial recognition as follows: financial liabilities at fair value through profit or loss, and financial liabilities measured at amortized cost. For financial liabilities at fair value through profit or loss, related transaction expenses are directly charged to profit or loss for the current period; and for financial liabilities measured at amortized cost, related transaction expenses are included in the initial recognized amount.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

Classification and measurement of financial liabilities (continued)

The subsequent measurement of financial liability is determined by its category:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading (including derivative financial liabilities) and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities held for trading (including derivative financial liabilities) are subsequently measured at fair value, and all of them will be recognized in the current profit or loss. For such financial liabilities, the subsequent measurement is based on fair value. Except for changes in fair value arising from changes in the Group's own credit risk, changes in fair value are recognized in profit or loss. The Group changes all fair value changes (including the impact of changes in its own credit risk) in the current profit or loss, if the changes in fair value of the Group's own credit risk are included in other comprehensive income.

Financial liabilities measured at amortised cost

Such financial liabilities are measured at amortized cost by using the effective interest method.

Impairment of financial instruments

The Group performs impairment treatment on financial assets measured at amortised cost and financial guarantee contracts and provides impairment provision on the basis of expected credit losses.

For receivables and contract assets which do not contain significant financing components and contract assets, the Group uses a simplified measurement method to measure loss allowance at the full lifetime expected credit loss.

In addition to the financial assets and financial guarantee contracts described above using the simplified measurement method, the Group assesses whether its credit risk has increased significantly since the initial recognition on each balance sheet date. If the credit risk has not increased significantly since the initial recognition, it is at the first stage, and the Group measures loss allowance according to the amount of expected credit loss in the next 12 months, and calculates the interest income according to the book balance and the actual interest rate; if the credit risk has increased significantly since the initial recognition, but no credit impairment occurs, it is at the second stage, and the Group measures loss allowance at the full lifetime expected credit loss, and calculates the interest income according to the book balance and the actual interest rate; if the credit impairment occurs after the initial recognition, it is at the third stage, and the Group measures loss allowance at the full lifetime expected credit loss, and calculates the interest income according to the amortised cost and the actual interest rate. For financial instruments with relatively low credit risk only on the balance sheet date, the Group assumes that its credit risk has not increased significantly since the initial recognition.

The Group assesses the expected credit losses on financial instruments based on an individual and a collective basis. The Group considers credit risk characteristics of different customers, and assesses the expected credit losses on financial instruments carried at amortised cost based on their ageing portfolio.

For the disclosure of the Group's judgment criteria for significant increase in credit risk, and the definition of credit-impaired assets, please refer to Note X. 3 in this Section.

The Group's approach to measuring expected credit losses on financial instruments reflects factors such as the weighted average amount of unbiased probabilities determined by evaluating a range of possible outcomes, the time value of money, and reasonable and substantiated information about past events, current conditions and projections of future economic conditions that is available at the balance sheet date without unnecessary additional cost or effort.

When the Group no longer reasonably expects to be able to fully or partially recover the contractual cash flows of financial assets, the Group writes down the carrying amount of the financial assets directly.

FINANCIAL REPORT

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

Offsetting of financial instruments

The net amount resulting from the set-off between financial assets and financial liabilities shall be presented in the balance sheet only if all of the following criteria are met: there is a legal right to offset recognised amounts which is currently enforceable; there is an intention to settle on a net basis, or the realisation of the financial asset and the settlement of the financial liability take place at the same time.

Financial guarantee contracts

A financial guarantee contract is a contract under which the issuer shall indemnify the contract holder suffering losses with a specified amount in the event that the specific debtor fails to repay its debt in accordance with the initial or revised terms of the debt instrument. Financial guarantee contracts are initially recognised as liability at fair value. Except for the financial guarantee contracts which are financial liabilities designated at fair value through profit or loss, other financial guarantee contracts are, after initial recognition, subsequently measured at the higher of the amount of provision for losses determined at the balance sheet date and the initial amount less accumulated amortisation determined in accordance with the revenue recognition principle.

Other than hedging accounting, gains or losses arising from changes in the fair value of derivatives are directly recognised in profit or loss for the period.

Transfer of financial assets

The Group derecognises a financial asset when it has transferred substantially all the risks and rewards of ownership of the financial asset to the transferee; the Group does not derecognise the financial assets when it retains substantially all the risks and rewards of ownership of the financial assets.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of financial assets, the related accounting treatments of such financial assets are as follows: if the control of the financial assets is abandoned, the financial assets are derecognised and the assets and liabilities arising are recognised. If the control of the financial assets is not abandoned, the relevant financial assets are recognised according to the extent to which they continue to be involved in the transferred financial assets and the related liabilities are recognised accordingly.

If the transferred financial assets continue to be involved through the provision of financial guarantee method, the assets that continue to be involved are recognised according to carrying amount of the financial assets and the financial guarantee amount, whichever is lower. The amount of the financial guarantee is the maximum amount of the consideration received that will be required to be repaid.

11. Bills receivable

Determination and accounting treatment of expected credit losses of bills receivable

For details, see Note V.10. Financial Instruments in this Section.

12. Accounts receivable

Determination and accounting treatment of expected credit losses of accounts receivable

For details, see Note V.10. Financial Instruments in this Section.

13. Receivables financing

For details, see Note V.10. Financial Instruments in this Section.

14. Other receivables

Determination and accounting treatment of expected credit losses of other receivables

For details, see Note V.10. Financial Instruments in this Section.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

15. Inventory

Inventories include raw materials, goods in stock and turnover materials.

Inventories are initially measured at cost. Inventory costs include purchase costs, processing costs and other costs. The actual cost of inventories is calculated using the FIFO method when the inventories are removed. Turnover materials include low-value consumables and packaging materials, which are amortised using one-time resale method.

Inventories are accounted for using the perpetual inventory system.

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the cost is higher than the new realizable value, provision for impairment of inventories is made and recognized in profit or loss for the period.

Net realisable value is the amount of the estimated inventory selling price in the ordinary course of business less the estimated costs of completion, the estimated selling expenses and relevant taxes. Provision is considered on a category basis for inventories in large quantity and with relatively low unit prices and on an individual basis for all other inventories.

16. Contract assets

(1). Recognition method and standards of contract assets

The Group presents contract assets or contract liabilities in the balance sheet based on the relationship between the completion of performance obligations and customer payments. The Group offsets contract assets and contract liabilities under the same contract and presents in net amount.

A contract asset is the right to consideration in exchange for goods or services that the Group has transferred to a customer, and that right is conditioned on something other than the passage of time.

(2). Determination method and accounting treatment of expected credit losses of contract assets

For details of the Group's determination method and accounting treatment of expected credit losses of contract assets, please refer to Note V.10 Financial Instruments in these Financial Statements.

17. Non-current assets held for sale or disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

For non-current assets and disposal groups (other than financial assets and deferred tax assets) classified as held for sale, if the book value is higher than the net amount after the fair value minus the selling expenses, the book value is reduced to the net amount after the fair value minus the selling expenses. The amount of the write-down is recognized as the loss on disposal of assets and included in the current profit and loss. At the same time, provision for impairment of assets held for sale is made. Non-current assets held for sale or non-current assets in disposal groups are not depreciated or amortised and are not accounted for under the equity method..

18. Debt investments

(1). Determination and accounting treatment of expected credit losses of debt investments

Applicable Not applicable

FINANCIAL REPORT

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

19. Other debt investments

(1). Determination and accounting treatment of expected credit losses of other debt investments

Applicable Not applicable

20. Long-term receivables

(1). Determination and accounting treatment of expected credit losses of long-term receivables

Applicable Not applicable

21. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries, joint ventures and associates.

Long-term equity investments were initially recorded at initial investment cost on acquisition. For long-term equity investments acquired through the business combination of entities under common control, the initial investment cost shall be the share of carrying value of the owners' equity of the merged party at the date of combination as stated in the consolidated financial statements of the ultimate controlling party. Any difference between the initial investment cost and the carrying value of the consideration for the combination shall be dealt with by adjusting the capital reserve (if the capital reserve is insufficient for setting off the difference, such difference shall be further set off against retained earnings). Upon disposal of the investment, other comprehensive income prior to the date of combination shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Shareholders' equity recognised as a result of changes in shareholders' equity other than the net profit or loss, other comprehensive income and profit allocation of the investee shall be transferred to the current profit or loss upon disposal of the investment. Items which remain as long-term equity investments after the disposal shall be accounted for on a pro-rata basis, while items reclassified as financial instruments following the disposal shall be accounted for in full. For long-term equity investments acquired through the business combination of entities not under common control, the initial investment cost shall be the cost of combination (for business combinations of entities not under common control achieved in stages through multiple transactions, the initial investment cost shall be the sum of the carrying value of the equity investment in the acquired party held at the date of acquisition and new investment cost incurred as at the date of acquisition). The cost of combination shall be the sum of assets contributed by the acquiring party, liabilities incurred or assumed by the acquiring party and the fair value of equity securities issued. Upon disposal of the investment, other comprehensive income recognised under the equity method held prior to the date of acquisition shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Shareholders' equity recognised as a result of changes in shareholders' equity other than the set-off of profit or loss, other comprehensive income and profit allocation of the investee shall be transferred to the current profit or loss upon disposal of the investment. Items which remain as long-term equity investments after the disposal shall be accounted for on a pro-rata basis, while items reclassified as financial instruments following the disposal shall be accounted for in full. The accumulated fair value change of equity investments held prior to the date of acquisition and included in the other comprehensive income as financial instruments shall be transferred in full to the retained earnings (from 2018) or current profit or loss (before 2018) upon the change to cost method. The initial investment cost of long-term equity investments other than those acquired through business combination shall be recognised in accordance with the following: for those acquired by way of cash payments, the initial investment cost shall be the consideration actually paid plus expenses, tax amounts and other necessary outgoings directly related to the acquisition of the long-term equity investments. For long-term equity investments acquired by way of the issue of equity securities, the initial investment cost shall be the fair value of the equity securities issued. For long-term equity investments acquired by way of the swap of non-monetary assets, the initial investment cost shall be determined in accordance with "ASBE No. 7 - Swap of Non-monetary Assets." For long-term equity investments acquired by way of debt restructuring, the initial investment cost shall be determined in accordance with "ASBE No. 12 - Debt Restructuring."

In the financial statements of the Company, the cost method is used for long term equity investments in investees over which the Company exercises control. Control is defined as the power exercisable over the investee, the entitlement to variable return through involvement in the activities of the investee and the ability to influence the amount of return using the power over the investee.

When the cost method is used, long-term equity investments are measured at initial cost on acquisition. When additional investments are made or investments are recouped, the cost of long-term equity investments shall be adjusted. Cash dividends or profit distribution declared by the investee shall be recognised as investment gains for the period.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

21. Long-term equity investments (continued)

The equity method is used to account for long-term equity investments when the Group can jointly control or has significant influence over the invested entity. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence means having the authority to take part in the decision over the financial and operational policies but not the authority to control or jointly control with other parties the formulation of such policies.

Under the equity method, any excess of the initial investment cost over the Company's share of the net fair value of the investment's identifiable assets and liabilities is included in the initial investment cost of the long-term equity investment. When the carrying amount of the investment is less than the Company's share of the fair value of the investment's identifiable net assets, the difference is recognised in profit or loss of the current period and debited to long-term equity investments.

Under the equity method, after the long-term equity investments are acquired, investment gains or losses and other comprehensive income are recognised according to the entitled share of net profit or loss and other comprehensive income of the investee and the carrying amount of the long-term equity investment is adjusted accordingly. When recognising the Group's share of the net profit or loss of the invested entity, the Group makes adjustments based on fair values of the investees' identifiable assets and liabilities at the acquisition date in accordance with the Group's accounting policy and accounting period to investee's net profits, eliminating pro-rata profit or loss from internal transactions with associates and joint ventures attributed to investor (except that loss from inter-group transactions deemed as asset impairment loss shall be fully recognised), provided that invested or sold assets constituting businesses shall be excluded. When the invested enterprise declares profit appropriations or cash dividends, the carrying amount of investment is adjusted down by the Group's share of the profit appropriations and dividends. The Group shall discontinue recognising its share of the losses of the investee after the long-term equity investment together with any long-term interests that in substance forms part of the Group's net investment in the investee are reduced to zero, except to the extent that the Group has incurred obligations to assume additional losses. The Group also adjusts the carrying amount of long-term equity investments for other changes in owners' equity of the investees (other than the net-off of net profit or loss, other comprehensive income and profit allocation of the investee), and includes the corresponding adjustment in equity.

On disposal of the long-term equity investments, the difference between the carrying value and market price is recognised in profit or loss for the current period. For long-term equity investments under equity method, when the use of the equity method is discontinued, other comprehensive income previously accounted for under the equity method shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Shareholders' equity recognised as a result of changes in shareholders' equity other than the net-off of profit or loss, other comprehensive income and profit allocation of the investee shall be transferred in full to current profit and loss. If the equity method remains in use, other comprehensive income previously accounted for under the equity method shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee and transferred to the current profit or loss on a pro-rata basis. Shareholders' equity recognised as a result of changes in shareholders' equity other than the net-off of profit and loss, other comprehensive income and profit allocation of the investee shall be transferred to the current profit or loss on a pro-rata basis.

For step-by-step disposal of investment in a subsidiary through multiple transactions until the loss of control, if the transactions are a package deal, each transaction is accounted for as a disposal of subsidiary with loss of control. However, the difference between each disposal consideration until loss of control and the book value of the long-term equity investment disposed of corresponding to the equity interest disposed of is recognised as other comprehensive income in individual financial statements and is transferred to the current profit or loss for the period of loss of control. If they are not a package deal, each transaction is accounted for separately. For loss of control, if the remaining equity interest enables joint control or significant influence over the original subsidiary, it is recognised as a long-term equity investment in individual financial statements and accounted for pursuant to the relevant rules for conversion of the cost method into the equity method. Otherwise, it is recognised as a financial instrument and the difference between its fair value and its book value on the date of loss of control is included in the current profit or loss.

FINANCIAL REPORT

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

22. Investment properties

(1). If the model of measured at costs is adopted:

Investment property is property held to earn rentals or for capital appreciation or for both purposes. It includes leased land use rights, land use rights held for transfer after appreciation and leased buildings.

An investment property is measured initially at cost. Subsequent expenditures incurred for such investment property are included in the cost of the investment property if it is probable that economic benefits associated with an investment property will flow to the Group and the cost can be measured reliably. Otherwise, they are recognised in profit or loss in the period in which they are incurred.

The Group uses the cost model for subsequent measurement of investment property. The useful life, estimated net residual value rate and annual depreciation rate of investment property are as follows:

Category	Useful life	Estimated residual value rate	Annual depreciation rate
Houses and buildings	30 years	5%	3.17%

23. Fixed assets

(1). Conditions of recognition

A fixed asset is recognised only when the economic benefits associated with the asset will probably flow to the Group and the cost of the asset can be measured reliably. Subsequent expenditures incurred for a fixed asset that meets the recognition criteria shall be included in its cost, and the carrying amount of the component of the fixed asset that is replaced shall be derecognised. Otherwise, such expenditures shall be recognised in profit or loss for the period during which they are incurred.

Fixed assets are initially measured at cost and the effect of any expected costs of abandoning the assets is considered. The cost of a purchased fixed asset comprises the purchase price, relevant taxes and any other directly attributable expenditure for bringing the asset to working condition for its intended use.

(2). Depreciation method

Category	Depreciation method	Depreciation period (year)	Residual value rate	Annual depreciation rate
Houses and buildings	Straight-line method	20-40	5.00%	2.38%-4.75%
Mechanical equipment	Straight-line method	5-40	5.00%	2.38%-19.00%
Transportation equipment	Straight-line method	5-8	5.00%	11.88%-19.00%
Electronic equipment and office equipment	Straight-line method	3-5	5.00%	19.00%-31.67%
Others	Straight-line method	10	5.00%	9.50%

Where individual component parts of an item of fixed assets have different useful lives or provide benefits to the enterprise in different patterns, different depreciation rates are applied.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at each financial year end, and makes adjustments if necessary.

(3). Determination basis, valuation and depreciation method of fixed assets under finance leases

Applicable Not applicable

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

24. Construction in progress

Construction in progress is recognized at its actual costs. The actual costs include various necessary construction expenditures during the construction period, borrowing costs capitalized before it is ready for intended use and other relevant costs.

Construction in progress is transferred to fixed assets and intangible assets when it is ready for intended use.

25. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized, and other borrowing costs are recognized in profit or loss for the period. Qualifying assets are fixed assets, investment property and inventory that necessarily take a substantial period of time to get ready for their intended use or sale.

Borrowing costs may be capitalized only when:

- (1) Expenditures for such asset are incurred;
- (2) Borrowing costs are incurred;
- (3) The acquisition, construction or production activities which are necessary to prepare the asset for its intended use or sale have started.

Capitalization of borrowing costs ceases when the qualifying assets being acquired, constructed or produced becomes ready for its intended use or sale. Borrowing costs incurred subsequently are recognized in the current profit or loss.

Interest in each accounting period is determined by the following methods:

- (1) For dedicated borrowings, the amount of interest is the interest expenses actually incurred in the current period less the interest income earned on temporary deposits or investment income;
- (2) For general borrowings utilized, the amount of interest is the weighted average asset expenditures of the excess of accumulative asset expenditure over the dedicated borrowings multiplying the weighted average interest rate of the general borrowings.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 consecutive months, other than those necessary to prepare the asset for its intended use or sale, the capitalization of the borrowing costs shall be suspended. Borrowing costs incurred during the interruption period are recognized as costs in profit or loss for the current period, until the acquisition or construction is resumed.

FINANCIAL REPORT

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

26. Biological assets

Applicable Not applicable

27. Oil and gas assets

Applicable Not applicable

28. Right-of-use assets

On the date of commencement of the lease term, the Group recognises its right to use the leased asset during the lease term as a right-of-use asset, including those initially measured at cost.

The cost of right-of-use assets includes:

- (1) the initial measurement amount of lease liabilities;
- (2) for the lease payment made on or before the beginning of the lease term, if there is lease incentive, the relevant amount of lease incentive enjoyed which shall be deducted;
- (3) the initial direct expenses incurred by the lessee;
- (4) the costs expected to be incurred by the lessee for dismantling and removing the leased assets, restoring the leased assets' site or restoring the leased assets to the agreed state in the lease terms.

If the Group remeasures the lease liabilities due to changes in lease payments, the carrying amount of the right-of-use assets is adjusted accordingly. The Group subsequently adopts the straight-line method to accrue depreciation for the right-of-use assets. If it can be reasonably determined that the ownership of the leased asset will be obtained at the expiration of the lease term, the Group shall accrue depreciation during the remaining useful life of the leased asset. If it is impossible to reasonably determine whether the ownership of the leased asset can be obtained at the end of the lease term, the Group shall accrue depreciation within the shorter of the lease term and the remaining useful life of the leased asset.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Intangible assets

(1). Measurement, useful life and impairment test

The Group's intangible assets include land use rights, concession rights, proprietary technologies, software licenses and others.

Intangible assets may be recognized initially measured at cost only when economic benefits relating to it are likely to flow into the Group as well as its cost can be measured reliably. However, for intangible assets acquired from business combination not under common control, if their fair value can be measured reliably, they are recognized separately as intangible assets and measured at fair value.

The useful life of an intangible asset shall be determined based on the term in which it can generate economic benefits for the Group. An intangible asset is regarded as having an indefinite useful life when there is no foreseeable term in which it can generate economic benefits for the Group.

The useful life of each category of intangible assets is as follows:

Category	Useful life
Land use rights	20-50 years
Concession rights	25 years
Proprietary technologies	10 years
Software license	10 years

Concession rights

Intangible assets (concession rights) are recognised to the extent that the Group receives a right to charge users of the infrastructure.

The concession rights are based on the above policy. Revenues and costs related to operating services are detailed in Note V-38 of this Section.

The Group has contractual obligations it must fulfil as a condition of its right to restore the infrastructure to a specified condition at the end of the service concession arrangement. Contractual obligations to restore the infrastructure are detailed in Note V-43 of this Section.

Land use rights that are purchased by the Group are accounted for as intangible asset. For the buildings, such as plants that are developed and constructed by the Group, relevant land use rights and the building are accounted for individually as intangible assets and fixed assets, respectively. Payments for the land and buildings acquired are allocated between the land use rights and the buildings. If they cannot be reasonably allocated, all of the land use rights and buildings are accounted for as fixed assets.

An intangible asset with finite useful life is amortised over its useful life period by using the straight-line method. The useful life and amortization method of an intangible asset with finite useful life shall be reviewed at least once at each year end, and adjusted when necessary.

(2). Internal accounting policy for R&D expenditure

The Group classifies the expenditure in an internal research and development project into expenditure in the research phase and expenditure in the development phase. Expenditure in the research phase is recognised in profit or loss for the period in which it is incurred. Expenditure in the development phase is capitalised when the Group can demonstrate all of the following: the technical feasibility of completing the intangible asset so that it will be available for use or sale; the intention to complete the intangible asset and use or sell it; how the intangible asset will generate probable future economic benefits. Among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and the expenditure attributable to the intangible asset during its development can be measured reliably. Expenditure in the development phase that does not meet the above criteria is recognised in profit or loss for the period in which it is incurred.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

30. Impairment on assets

The impairment of assets other than inventories, contract assets and assets relating to contract costs, deferred income tax, financial assets and assets held for sale is determined using the following methods: At the balance sheet date, the Group determines whether there is an indication that an asset may be impaired and, if there is an indication of impairment, the Group estimates the recoverable amount and performs an impairment test; Goodwill arising from a business combination and intangible assets with indefinite useful life and that have not been ready for intended use are tested for impairment at least once at the end of each year, irrespective of whether there is any indication that the asset may be impaired.

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flows estimated to be derived from the asset. The Group estimates the recoverable amount on an individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

When the recoverable amount of an asset or an asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount. The reduction in carrying amount is treated as impairment loss and recognised in profit or loss for the current period. A provision for impairment loss of the asset is recognised accordingly.

For the purpose of goodwill impairment testing, the carrying amount of goodwill acquired in a business combination is allocated from the acquisition date on a reasonable basis to each of the related asset groups; if it is not possible to allocate to the related asset groups, it is allocated to each of the related sets of asset groups. Each of the related asset groups or set of asset groups is an asset group or set of asset groups that is able to benefit from the synergy of the business combination and shall not be larger than a reportable segment determined by the Group.

In testing an asset group or a set of asset groups to which goodwill has been allocated for impairment testing, if there is any indication of impairment, the Group first tests the asset group or set of asset groups excluding the amount of goodwill allocated for impairment, i.e., it determines and compares the recoverable amount with the related carrying amount and recognises any impairment loss. After that, the Group tests the asset group or set of asset groups including goodwill for impairment and the carrying amount (including the portion of the carrying amount of goodwill allocated) of the related asset group or set of asset groups is compared to its recoverable amount. If the recoverable amount of the asset group or set of asset groups is lower than its carrying amount, the amount of the impairment loss is first reduced by the carrying amount of the goodwill allocated to the asset group or set of asset groups, and then by the carrying amount of other assets (other than the goodwill) within the asset group or set of asset groups, based on the carrying amount of each asset on a pro rata basis.

Once the above impairment loss is recognised, it cannot be reversed in subsequent accounting periods.

31. Long-term deferred expenses

Long-term deferred expenses include the expenditure for improvements to fixed assets held under operating leases, and other expenditures that have been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term deferred expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure, net of accumulated amortisation.

32. Contract liabilities

(1). Recognition method of contract liabilities

Contract liabilities represent the obligation to transfer goods or services to a customer for the consideration received or due from the customer, such as the amounts received prior to the transfer of the goods or services undertaken by the enterprise.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

33. Employee benefits

Employee benefits refer to all forms of consideration or compensation other than share-based payments given by the Group in exchange for services rendered by employees or for termination of employment. Employee benefits include short-term benefits and post-employment benefits. Benefits given by the Group to an employee's spouse, children and dependents, family members of deceased employees and other beneficiaries are also employee benefits.

(1). Accounting treatment for short-term benefits

The liabilities of employee benefits are recognized in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

(2). Accounting treatment for post-employment benefits (defined contribution plan)

The employees of the Group participate in a pension scheme and unemployment insurance managed by the local government, for which the corresponding expenses shall be included in the cost of related assets or profit or loss.

(3). Accounting treatment for termination benefits

Applicable Not applicable

(4). Accounting treatment for other long-term employment benefits

Applicable Not applicable

34. Lease liabilities

On the commencement date of the lease term, the Group recognized the present value of the lease payments that have not been paid as lease liabilities, except for short-term leases and leases of low-value assets. Lease payments include fixed payments and actual fixed payments net of lease incentives, variable lease payments based on an index or rate, amounts expected to be payable based on the residual value of the guarantee and also include the exercise price of a purchase option or amounts payable upon exercise of a termination option, provided that the Group is reasonably certain that the option will be exercised or the lease term reflects that the Group will exercise the termination option.

In calculating the present value of lease payments, the Group uses its implicit rate at the lease commencement date as discount rate. If the implicit rate in the lease is not readily determinable, the Group uses its incremental borrowing rate as discount rate. The Group calculates the interest expense of the lease liability in each period of the lease term according to the fixed periodic interest rate, and it is included in the current profit and loss, otherwise, it is required to be included in the cost of relevant assets. The amount of variable lease payments not included in the measurement of lease liabilities shall be included in the current profit and loss when they are actually incurred, otherwise, it is required to be included in relevant costs of assets.

After the commencement date of the lease term, the Group increases the carrying amount of the lease liabilities when interest is recognized and decreases the carrying amount of the lease liabilities when lease payments are made. When the actual fixed payment amount changes; the expected amount of the guarantee residual value changes; the index or ratio used to determine the lease payment changes, or the assessment results or actual exercise of the purchase option, the renewal option or the termination option change, the Group re-measures the lease liability based on the present value of the changed lease payments.

FINANCIAL REPORT

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

35. Accrued liabilities

An obligation related to a contingency shall be recognised by the Group as a provision when all of the following conditions are satisfied, except for contingent considerations and contingent liabilities assumed in a business combination involving enterprises not under common control:

- (1) The obligation is a present obligation of the Group;
- (2) It is probable that an outflow of economic benefits from the Group will be required to settle the obligation;
- (3) A reliable estimate can be made of the amount of the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money as a whole. Provisions are reviewed at each balance sheet date. Where there is clear evidence that the carrying amount of a provision does not reflect the current best estimate, the carrying amount is adjusted to the current best estimate.

The contingent liabilities of the acquiree acquired in the business combination not under common control are measured at fair value at initial recognition. After initial recognition, contingent liabilities are subsequently measured by the higher of: the amount that would be recognised based on provisions and the balance of the amount initially recognised less the cumulative amortisation determined by the revenue recognition principle.

Financial guarantee contracts that are subsequently measured at expected credit losses are presented under the projected liabilities.

36. Share-based payment

Applicable Not applicable

37. Other equity instruments

The perpetual capital instruments are issued by the Group, the term of which can be extended by the Group for an unlimited number of times upon maturity and the coupon interest payment for which can be deferred by the Group. The Group has no contractual obligation to pay cash or other financial assets and they are classified as equity instruments.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

38. Revenue from contracts with customers

(1). Accounting policies adopted for revenue recognition and measurement

Income from sales of commodities and income from the provision of connections and gas pipeline construction

The Group recognises revenue when a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Taking control of the relevant goods or services means being able to dominate the use of the goods or the provision of the services and obtain almost all of the economic benefits from them.

Contract for sale of goods

Goods sale contracts between the Group and its customers usually include only the performance obligations for the sale of electricity and natural gas. The Group usually recognises revenue at the time of transfer of control on the basis of comprehensive consideration of the following factors: the acquisition of the right to collect goods, the transfer of main risks and rewards of goods ownership, the transfer of legal ownership of goods, the transfer of physical assets, and the acceptance of goods by customers.

Revenue from wind/photovoltaic power generation is recognised when the power is supplied to the provincial power grid company where each power generation field is located, with the volume of power settled confirmed by both parties as the volume of power sold for the month and the on-grid tariff approved by the National Development and Reform Commission as the sales unit price.

For natural gas sales, the gas consumption set out in the natural gas measurement certificate confirmed by both parties shall be considered as the volume of natural gas sold for the month, and the pipeline transmission fee and natural gas sales unit price approved by the price authorities shall be considered as the sales unit price.

Service Contract for connection and construction of gas pipeline network

The service provision contracts between the Group and its customers usually include the performance obligations for the connection and construction of gas pipeline networks. As its customers are able to control the assets under construction in the process of performance, the Group regards them as performance obligations to be performed within a specific period and recognises their revenue based on the performance progress, unless the performance progress cannot be reasonably determined. The Group determines the performance progress for the provision of services using the input method and based on the cost incurred. If the performance progress cannot be reasonably determined and the cost incurred by the Group is expected to be compensated for, the revenue shall be recognised according to the amount of the cost incurred until the performance progress can be reasonably determined.

Interest income

Interest income is determined based on the length of time for which the Group's cash is used by others, using the effective interest method.

(2). The adoption of different business models for the same type of business will lead to different accounting policies for revenue recognition

Applicable Not applicable

39. Contract costs

Applicable Not applicable

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

40. Government grants

A government grant is recognised when the Group can comply with the conditions attached to it and it can be received. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value; if fair value is not reliably determinable, it is measured at a nominal amount.

Pursuant to government documents, if the government grant is a compensation for constructing or forming long-term assets, the government grant is recognised as a government grant related to assets. When government documents are not stated clearly, the fundamental conditions attached to the grant should be the criterion for judgements. If the fundamental conditions attached to the grant are for constructing or forming long-term assets, the government grant is recognised as a government grant related to assets. Otherwise, the government grant is recognised as a government grant related to income.

A government grant related to income is accounted as follows: (a) if the grant is a compensation for related costs, expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss or offset the related costs over the periods in which the related costs, expenses or losses are recognised; if the grant is a compensation for related costs, expenses or losses already incurred, it is recognised immediately in profit or loss or used to offset the related costs of the current period.

A government grant related to an asset shall offset the book value of related assets, or be recognised as deferred income, and reasonably and systematically amortised to profit or loss over the useful life of the related asset. However, a government grant measured at a nominal amount is recognised immediately in profit or loss of the current period. If related assets have been sold, disposed of, scrapped or damaged, the unamortised deferred income should be recognised in profit or loss in the period of disposal.

Where the interest subsidies are appropriated from the fiscal funds to the lending bank and the bank in turn provides loans to the Group at a policy-based preferential interest rate, the Group measures the amount of borrowings received as the initial value and calculates the relevant borrowing costs according to the principal amount and the policy-based preferential interest rate.

41. Deferred income tax

The Group recognises deferred tax based on temporary differences using the balance sheet liability method. Temporary differences are differences between the carrying amount of assets or liabilities in the balance sheet and their tax base on the balance sheet date. Temporary differences also include the differences between the carrying amounts and tax bases of items not recognised as assets or liabilities where the tax base can be calculated according to the relevant tax regulations.

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

- (1) where the deductible temporary differences arise in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or deductible tax loss;
- (2) in respect of deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, where the following conditions are met simultaneously, the corresponding deferred income tax assets shall be recognised: it is probable that the temporary difference will be reversed in the foreseeable future, and it is probable that there will be taxable income that can be used to deduct the deductible temporary difference in the future.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

41. Deferred income tax (continued)

A deferred income tax asset is recognised for deductible temporary differences, and unused deductible tax losses and tax credits that can be carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, deductible tax losses and tax credits can be utilised, except:

- (1) taxable temporary differences arise from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination, and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss;
- (2) taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not be reversed in the foreseeable future.

At the balance sheet date, deferred income tax assets and liabilities are measured at the tax rates that are estimated to apply to the period when the asset is recovered or the liability is settled, according to the requirements of tax laws. The measurement of deferred income tax assets and deferred income tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover the assets or settle the liabilities.

The carrying amount of deferred income tax assets is reviewed at the balance sheet date and reduced to the extent that taxable profit is no longer sufficient in future periods to allow the deferred income tax assets to be utilised. Unrecognised deferred income tax assets are reassessed at the balance sheet date and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be recovered.

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

42. Leases

(1). Accounting treatment for operating leases

Applicable Not applicable

(2). Accounting treatment for finance leases

Applicable Not applicable

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

42. Leases (continued)

(3). Determination and accounting treatment of leases under the new lease standard

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

Except for short-term leases and leases of low-value assets, the Group recognizes right-of-use assets and lease liabilities for leases, which are accounted for as described in Note V. 28 and Note V. 34 in this Section.

If a contract contains both lease and non-lease components, the Group apportions the contract consideration according to the relative proportion of the separate prices of each component.

Short-term lease and low-value asset lease

The Group recognizes the lease whose lease term is not more than 12 months and the lease does not include the purchase option on the commencement date of the lease term as a short-term lease. The Group recognizes the lease that is with a value of not more than RMB50,000 while the single leased asset is new as a low-value lease. If the Group subleases or expects to sublease the leased assets, the original lease is not recognized as a low-value asset lease. The Group does not recognize the right-of-use assets and lease liabilities for short-term leases and low-value asset leases. During each period of the lease term, the related asset costs or profit or loss for the current period are included by using the straight-line method.

As lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, at the inception date and all other leases are operating leases. If a contract contains both lease and non-lease components, the Group apportions the contract consideration according to the relative proportion of the separate prices of each component.

As lessor of an operating lease

Rent income under an operating lease is recognised on a straight-line basis over the lease term through profit or loss. Variable lease payments that are not included in the measurement of lease receivables are charged to profit or loss as incurred. Initial direct costs are capitalized and amortized over the lease term on the same basis as rental income and recognized in profit or loss by instalment for the current period.

Leaseback transaction

The Group evaluates and determines whether an asset transfer in a leaseback transaction belongs to a sale in accordance with Note V.38 in this Section.

As lessee

If the transfer of an asset in a sale and leaseback transaction satisfies the requirements to be accounted for as a sale of the asset, the Group, as a lessee, measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Group, and recognises only the amount of any gain or loss that relates to the rights transferred to the lessor. If the transfer of an asset in a sale and leaseback transaction does not satisfy the requirements to be accounted for as a sale of the asset, the Group, as a lessee, continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds, and accounts for the financial liability in accordance with Note V. 10 in this Section.

As lessor

If the transfer of an asset in a sale and leaseback transaction satisfies the requirements to be accounted for as a sale of the asset, the Group, as a lessee, accounts for the purchase of the asset and for the lease in accordance with the aforesaid accounting requirements. If the transfer of an asset in a sale and leaseback transaction does not satisfy the requirements to be accounted for as a sale of the asset, the Group, as a lessee, does not recognise the transferred asset but recognises a financial asset equal to the transfer proceeds, and accounts for the financial asset in accordance with Note V. 10 in this Section.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

43. Significant accounting judgments and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that will affect the reported amounts and disclosure of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the balance sheet date. The outcomes of the uncertainties in relation to these assumptions and estimates would result in a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

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

Scope of consolidation – the Group holds less than half of the voting rights in the investee

HECIC New Energy Co., Ltd. ("HECIC New Energy"), a subsidiary of the Company and Beijing Tenglong Xinda Technology Co., Ltd. (48% shareholding) and Langfang Longxin Power Automation Control Technology Co., Ltd. (3% shareholding), two other shareholders of its subsidiary, Zhangbei Huashi CIC Wind Energy Co., Ltd. ("Zhangbei Huashi"), have entered into a concert party agreement, which provides that HECIC New Energy to make decisions on material operational matters of Zhangbei Huashi and HECIC New Energy to have the control over Zhangbei Huashi.

Our subsidiary, HECIC New Energy, signed a concerted action agreement with China Longyuan Power Group Corporation Limited (龍源電力集團股份有限公司) (another shareholder of its subsidiary, HECIC Longyuan Chongli Wind Energy Co., Ltd. ("Longyuan Chongli"), holding 50% shares of Longyuan Chongli), under which, HECIC New Energy would decide on important operational affairs of Longyuan Chongli, and have control over Longyuan Chongli.

HCIG New-energy, a subsidiary of the Company, entered into an acting-in-concert agreement with Hebei Huiya Energy Investment Management Co., Ltd. ("Hebei Huiya") (holding 37.5% stake) and Chengde State-Controlled Investment Group Co., Ltd. ("Chengde State-Controlled") (holding 2.5% stake), two shareholders of Chengde Yuyuan Wind Energy Co., Ltd. ("Chengde Yuyuan"), pursuant to which Hebei Huiya and Chengde State-Controlled will act in concert with HCIG New-energy in exercising their rights to propose and vote on the operation and financial policy matters of Chengde Yuyuan. Accordingly, HCIG New-energy can control Chengde Yuyuan.

The Company entered into an acting-in-concert agreement with Yao Junjue (holding 36.5% stake) and Yao Yongpeng (holding 12.5% stake), natural person shareholders of Xinjiang Yusheng of New Energy Development Co., Ltd. ("Xinjiang Yusheng"), a subsidiary of the Company, pursuant to which Yao Junjue and Yao Yongpeng will act in concert with the Company in exercising their rights to propose and vote on the operation and financial policy matters of Xinjiang Yusheng. Accordingly, the Company can control Xinjiang Yusheng.

Estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainties at the balance sheet date which would result in significant adjustments to the carrying amounts of assets and liabilities in future accounting periods are set out as follows.

Impairment of financial instruments

The Group uses an expected credit loss model to assess the impairment of financial instruments. The application of the expected credit loss model requires significant judgement and estimation, taking into account all reasonable and substantiated information, including forward looking information. In making these judgements and estimation, the Group inferred expected changes in debtors' credit risk based on factors such as historical repayment data combined with economic policies, macroeconomic indicators and industry risks. Different estimation may affect the provision for impairment and the amount of impairment provision made may not equal the actual amount of future impairment loss. See Notes VII, 5 and VII, 8 in this Section for details.

Impairment of non-current assets other than financial assets (except goodwill)

The Group determines at the balance sheet date whether there is an indication that non current assets, other than financial assets, may be impaired. Non-current assets, other than financial assets, are tested for impairment when there is an indication that the carrying amount may not be recoverable. An impairment is indicated when the carrying amount of an asset or a group of assets exceeds its recoverable amount, being the higher of the net fair value less costs of disposal and the present value of estimated future cash flows. The net fair value less costs of disposal is determined by reference to the agreed price in a sales agreement of a similar asset in an arm's length transaction or an observable market price, less incremental costs directly attributable to the disposal of the asset. In estimating the present value of future cash flows, the management must estimate the estimated future cash flows of the asset or group of assets and determine the present value of the future cash flows at an appropriate discount rate. See Notes VII, 21 and VII, 22 in this Section for details.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

43. Significant accounting judgments and estimates (continued)

Estimation uncertainties (continued)

Fair value of unlisted equity investments

The Group uses the market approach to determine the fair value of its investments in unlisted equity securities. This requires the Group to, among others, identify comparable listed companies, select market multipliers, make estimates of liquidity discounts, so there are uncertainties.

Deferred income tax assets

Deferred income tax assets should be recognised for all unused deductible losses to the extent that it is probable that sufficient taxable income will be available against which deductible losses can be utilised. This requires significant judgement of management in estimating the timing and amount of future taxable income, combined with tax planning strategies, to determine the amount of deferred income tax assets to be recognised.

Depreciation of fixed assets

Depreciation of the Group's fixed assets is calculated on a straight line basis over their estimated useful lives, with asset's recorded value less its estimated net residual value. The Group regularly assesses the estimated useful lives and estimated net residual values to ensure that the depreciation methods and rates are consistent with the expected pattern of realisation of economic benefits from fixed assets. The Group's estimates of the estimated useful lives and net residual values of fixed assets are based on historical experience and take into account expected technological updates. When there is a significant change in the estimated useful life and estimated net residual value, depreciation expense may have to be adjusted accordingly and therefore estimates based on current experience may differ from actual results for the next period, which may result in significant adjustments to the carrying value of fixed assets and accumulated depreciation amounts.

Incremental borrowing rate of lessee

For leases where the implicit interest rate in the lease cannot be determined, the Group uses the lessee's incremental borrowing rate as the discount rate to calculate the present value of the lease payments. In determining the incremental borrowing rate, the Group uses observable interest rates as a reference for determining the incremental borrowing rate based on the economic environment in which it operates. On this basis, the reference rate is adjusted to calculate the applicable incremental borrowing rate based on the specific circumstances of the leasing business, including its own circumstances, the subject assets, the lease term and the amount of the lease liabilities.

Quality Assurance

For a portfolio of contracts with similar characteristics, the Group reasonably estimates the warranty rate based on historical warranty data, current warranty situation, product improvement, market changes and other relevant information. The estimated warranty rate may not equal actual warranty rate in the future. The Group reassesses the warranty rate at least at each balance sheet date and determines estimated liabilities based on the reassessed warranty rate.

Provision for restoration of the infrastructure to a specified service level

The Group has contractual obligations it must fulfil as a condition of its right to restore the infrastructure to a specified condition at the end of the service concession arrangement. Contractual obligations to restore the infrastructure are recognised and measured at the best estimate of the expenditure required to settle the present obligation at the end of the Reporting Period in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Estimating expenditure requires the Group to take into account its obligations during the service concession period to project future cash outflows and to select an appropriate discount rate to calculate the present value of such cash flows.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

44. Change in Significant Accounting Policies and Accounting Estimates

(1). Change in significant accounting policies

Changes in accounting policies and their reasons	Approval procedure	Note (Name and amount of statement items materially affected)
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Implementation of ASBE Interpretation No. 15	Approved by the Company's management	See Explanation 1 for details
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Other explanations

Explanation 1:

In accordance with ASBE No. 15, the Group shall account for revenues and costs related to the external sale of products or by-products produced before the fixed assets reach their intended usable state (hereinafter collectively referred to as trial run sales) separately in profit or loss for the current period (those belonging to ordinary activities are included in "operating income" and "operating costs", and in "gain on disposal of assets" for those that are not ordinary activities) starting from 1 January 2022. The products or by-products from the trial run which are qualified for asset recognition conditions are recognized as inventories or other related assets until they are sold externally. For trial run sales occurred in 2021, the Group makes retrospective adjustments in accordance with the provisions of ASBE Interpretation No. 15.

Accounting for COVID-19-related rent concessions

In accordance with the Provisions on the Accounting for COVID-19-related Rent Concessions, a simplified method may be chosen for COVID-19-related rent concessions in accordance with such accounting provisions. During the year, the Group had no relevant concessions, and such change in accounting policy had no impact on the consolidated and company net profit and owners' equity of the Company.

FINANCIAL REPORT

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

44. Change in Significant Accounting Policies and Accounting Estimates (continued)

(1). Change in significant accounting policies (continued)

The main impact of the retrospective adjustments arising from the above change in accounting policy on the consolidated financial statements of the Group are as follows:

2022

Unit: Yuan Currency: RMB

Items	Before accounting policy changes Opening balance	Increase in trial sales after adjustment arising from accounting policy changes	After accounting policy changes Opening balance
Fixed assets	32,220,077,891.90	149,508,803.46	32,369,586,695.36
Construction in progress	13,714,572,817.36	9,747,682.57	13,724,320,499.93
Undistributed profits	6,316,513,894.20	150,235,545.33	6,466,749,439.53
Minority interests	4,079,939,763.50	9,020,940.70	4,088,960,704.20

2021

Unit: Yuan Currency: RMB

Items	Before accounting policy changes Amount for the current year	Increase in trial sales after adjustment arising from accounting policy changes	After accounting policy changes Amount for the current year
Operating revenue	15,985,268,252.01	152,501,578.59	16,137,769,830.60
Operating costs	11,233,945,477.61	9,430,053.32	11,243,375,530.93
Net profit	2,711,628,741.60	143,071,525.27	2,854,700,266.87
Net profit attributable to shareholders of the parent company	2,160,133,969.16	134,923,295.21	2,295,057,264.37
Gain or loss attributable to minority interests	551,494,772.44	8,148,230.06	559,643,002.50

Unit: Yuan Currency: RMB

Items	Before accounting policy changes Opening balance	Increase in trial sales after adjustment arising from accounting policy changes	After accounting policy changes Opening balance
Construction in progress	13,983,364,988.28	16,184,960.76	13,999,549,949.04
Undistributed profits	4,928,503,066.37	15,312,250.12	4,943,815,316.49
Minority interests	3,530,522,147.30	872,710.64	3,531,394,857.94

These changes in accounting policies had no impact on the balance sheet items of the Company as at 1 January 2021 and 1 January 2022.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

44. Change in Significant Accounting Policies and Accounting Estimates (continued)

(2). Change in significant accounting estimates

Changes in accounting estimates and their reasons	Approval procedure	Time point at which the application begins	Note (Name and amount of statement items materially affected)
The Group will change the depreciable life of natural gas long-distance pipelines from 30 years to 40 years starting from November 2022, taking into account the actual situation of the construction, operation, management and maintenance of natural gas long-distance pipelines	Resolved by the Seventh Extraordinary Meeting of the Fifth Board of Directors and the Third Extraordinary Meeting of the Fifth Board of Supervisors	1 November, 2022	the reduction in depreciation provision amounted to approximately RMB3,180,482.33 (the amount of depreciation impact from 1 November 2022 to 31 December 2022), and assuming that the above depreciation amount was fully carried forward to the current profit and loss, and excluding the Group's increase or decrease in fixed assets from November to December 2022, the increase in the Group's total profit for the year 2022 was approximately RMB3,180,482.33, and the increase in net profit attributable to the parent company is RMB1,304,355.09.

Other explanations

In accordance with the relevant provisions of ASBE No. 28-Accounting Policies, Changes in Accounting Estimates and Corrections of Errors, the change in accounting estimate was accounted for using the future applicable method without retrospective adjustment and will not have any impact on the Group's previously disclosed financial position and results of operations for each period.

(3). Adjustments of financial statements at the beginning of the year in which the new accounting standards were implemented for the first time since 2022

Explanation of reasons for retrospective adjustment or restatement

In accordance with ASBE No. 15, the Group shall account for revenues and costs related to the external sale of products or by-products produced before the fixed assets reach their intended useable state (hereinafter collectively referred to as trial run sales) separately in profit or loss for the current period (those belonging to ordinary activities are included in "operating income" and "operating costs", and in "gain on disposal of assets" for those that are not ordinary activities) starting from 1 January 2022. The products or by-products from the trial run which are qualified for asset recognition conditions are recognized as inventories or other related assets until they are sold externally. For trial run sales occurred in 2021, the Group makes retrospective adjustments in accordance with the provisions of ASBE Interpretation No. 15.

FINANCIAL REPORT

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

44. Change in Significant Accounting Policies and Accounting Estimates (continued)

(3). Adjustments of financial statements at the beginning of the year in which the new accounting standards were implemented for the first time since 2022 (continued)

CONSOLIDATED BALANCE SHEET

Unit: Yuan Currency: RMB

Items	31 December 2021	1 January 2022	Adjustments
CURRENT ASSETS:			
Cash	7,648,396,983.55	7,648,396,983.55	
Clearing settlement funds			
Lending to banks and other financial institutions			
Financial assets for trading			
Derivative financial assets			
Bills receivable			
Accounts receivable	6,657,415,202.23	6,657,415,202.23	
Receivables financing	494,976,373.69	494,976,373.69	
Prepayments	161,631,341.92	161,631,341.92	
Premium receivable			
Receivables from reinsurers			
Reinsurance deposits receivable			
Other receivables	135,599,831.17	135,599,831.17	
Including: Interest receivable			
Dividend receivables	94,765,961.18	94,765,961.18	
Financial assets purchased under agreements to resell			
Inventory	214,186,265.69	214,186,265.69	
Contract assets			
Assets held for sale	12,373,484.60	12,373,484.60	
Non-current assets due within one year			
Other current assets	681,347,576.94	681,347,576.94	
Total current assets	16,005,927,059.79	16,005,927,059.79	
NON-CURRENT ASSETS:			
Loans and advances granted			
Debt investments			
Other debt investments			
Long-term receivables	41,133,817.83	41,133,817.83	
Long-term equity investments	3,058,088,144.23	3,058,088,144.23	
Investments in other equity instruments	218,605,700.00	218,605,700.00	
Other non-current financial assets			
Investment properties	26,032,201.48	26,032,201.48	
Fixed assets	32,220,077,891.90	32,369,586,695.36	149,508,803.46
Construction in progress	13,714,572,817.36	13,724,320,499.93	9,747,682.57
Bearer biological assets			
Oil and gas assets			
Right-of-use assets	2,017,852,925.66	2,017,852,925.66	
Intangible assets	2,151,290,713.14	2,151,290,713.14	
Development expenses	27,227,806.35	27,227,806.35	
Goodwill	55,450,878.54	55,450,878.54	
Long-term deferred expenses	37,147,692.06	37,147,692.06	
Deferred income tax assets	186,877,995.35	186,877,995.35	
Other non-current assets	2,157,471,147.28	2,157,471,147.28	
Total non-current assets	55,911,829,731.18	56,071,086,217.21	159,256,486.03
Total assets	71,917,756,790.97	72,077,013,277.00	159,256,486.03

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

44. Change in Significant Accounting Policies and Accounting Estimates (continued)

(3). Adjustments of financial statements at the beginning of the year in which the new accounting standards were implemented for the first time since 2022 (continued)

CONSOLIDATED BALANCE SHEET (continued)

Unit: Yuan Currency: RMB

Items	31 December 2021	1 January 2022	Adjustments
CURRENT LIABILITIES:			
Short-term borrowings	1,978,114,966.89	1,978,114,966.89	
Loans from central bank			
Deposits and amounts due to banks			
Financial liabilities for trading			
Derivative financial liabilities			
Bills payable	14,738,449.62	14,738,449.62	
Accounts payable	458,031,776.88	458,031,776.88	
Advances from customers	778,761,061.94	778,761,061.94	
Contract liabilities	1,654,191,386.15	1,654,191,386.15	
Financial assets sold for repurchase			
Customer and inter-bank deposits			
Customer deposits for trading in securities			
Amount due to issuer for securities underwriting			
Employee benefits payable	79,033,920.95	79,033,920.95	
Taxes payable	159,169,763.37	159,169,763.37	
Other payables	7,016,558,174.65	7,016,558,174.65	
Including: Interest payable			
Dividend payable	169,836,057.78	169,836,057.78	
Handling charges and commission payable			
Amount payable for reinsurance			
Liabilities held for sale	7,859,895.72	7,859,895.72	
Non-current liabilities due within one year	4,211,344,922.30	4,211,344,922.30	
Other current liabilities	704,107,945.21	704,107,945.21	
Total current liabilities	17,061,912,263.68	17,061,912,263.68	
NON-CURRENT LIABILITIES:			
Provisions for insurance contracts			
Long-term borrowings	28,705,566,379.15	28,705,566,379.15	
Debentures payable	1,000,000,000.00	1,000,000,000.00	
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	784,769,810.01	784,769,810.01	
Long-term payables	361,236,137.17	361,236,137.17	
Long-term employee benefits payable			
Accrued liabilities	77,531,149.68	77,531,149.68	
Deferred income	106,249,255.16	106,249,255.16	
Deferred income tax liabilities	56,187,755.68	56,187,755.68	
Other non-current liabilities			
Total non-current liabilities	31,091,540,486.85	31,091,540,486.85	
Total liabilities	48,153,452,750.53	48,153,452,750.53	

FINANCIAL REPORT

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

44. Change in Significant Accounting Policies and Accounting Estimates (continued)

- (3). Adjustments of financial statements at the beginning of the year in which the new accounting standards were implemented for the first time since 2022 (continued)

CONSOLIDATED BALANCE SHEET (continued)

Unit: Yuan Currency: RMB

Items	31 December 2021	1 January 2022	Adjustments
Owners' equity (or shareholders' equity):			
Paid-up capital (or Share capital)	4,187,093,073.00	4,187,093,073.00	
Other equity instruments	1,945,736,000.00	1,945,736,000.00	
Including: Preferred shares			
Perpetual bonds	1,945,736,000.00	1,945,736,000.00	
Capital reserve	6,590,287,168.26	6,590,287,168.26	
Less: treasury stocks			
Other comprehensive income	6,493,135.00	6,493,135.00	
Special reserve			
Surplus reserve	638,241,006.48	638,241,006.48	
General risk provision			
Undistributed profits	6,316,513,894.20	6,466,749,439.53	150,235,545.33
Total equity attributable to owners of the parent company (or shareholders' equity)	19,684,364,276.94	19,834,599,822.27	150,235,545.33
Minority interests	4,079,939,763.50	4,088,960,704.20	9,020,940.70
Total owners' equity (or shareholders' equity)	<u>23,764,304,040.44</u>	<u>23,923,560,526.47</u>	<u>159,256,486.03</u>
Total liabilities and owners' equity (or shareholders' equity)	<u>71,917,756,790.97</u>	<u>72,077,013,277.00</u>	<u>159,256,486.03</u>

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

44. Change in Significant Accounting Policies and Accounting Estimates (continued)

(3). Adjustments of financial statements at the beginning of the year in which the new accounting standards were implemented for the first time since 2022 (continued)

BALANCE SHEET OF THE PARENT

Unit: Yuan Currency: RMB

Items	31 December 2021	1 January 2022	Adjustments
CURRENT ASSETS:			
Cash	4,955,847,636.66	4,955,847,636.66	
Financial assets for trading			
Derivative financial assets			
Bills receivable			
Accounts receivable			
Receivables financing			
Prepayments	1,635,332.15	1,635,332.15	
Other receivables	1,350,583,043.68	1,350,583,043.68	
Including: Interest receivable			
Dividend receivables	585,067,066.45	585,067,066.45	
Inventory			
Contract assets			
Assets held for sale	2,174,706.49	2,174,706.49	
Non-current assets due within one year	19,834,399.46	19,834,399.46	
Other current assets	5,422,603.07	5,422,603.07	
Total current assets	6,335,497,721.51	6,335,497,721.51	
NON-CURRENT ASSETS:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	11,911,865,694.69	11,911,865,694.69	
Investments in other equity instruments	200,000,000.00	200,000,000.00	
Other non-current financial assets			
Investment properties			
Fixed assets	6,154,825.70	6,154,825.70	
Construction in progress	12,258,459.14	12,258,459.14	
Bearer biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets	3,898,427.16	3,898,427.16	
Development expenses			
Goodwill			
Long-term deferred expenses	139,723.22	139,723.22	
Deferred income tax assets			
Other non-current assets	2,827,369,600.00	2,827,369,600.00	
Total non-current assets	14,961,686,729.91	14,961,686,729.91	
Total assets	21,297,184,451.42	21,297,184,451.42	

FINANCIAL REPORT

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

44. Change in Significant Accounting Policies and Accounting Estimates (continued)

- (3). Adjustments of financial statements at the beginning of the year in which the new accounting standards were implemented for the first time since 2022 (continued)

BALANCE SHEET OF THE PARENT (continued)

Unit: Yuan Currency: RMB

Items	31 December 2021	1 January 2022	Adjustments
CURRENT LIABILITIES:			
Short-term borrowings	700,724,166.66	700,724,166.66	
Financial liabilities for trading			
Derivative financial liabilities			
Bills payable			
Accounts payable			
Advances from customers			
Contract liabilities			
Employee benefits payable	2,575,017.87	2,575,017.87	
Taxes payable	3,025,635.06	3,025,635.06	
Other payables	140,550,247.75	140,550,247.75	
Including: Interest payable			
Dividend payable	96,330,000.00	96,330,000.00	
Liabilities held for sale			
Non-current liabilities due within one year	485,834,490.35	485,834,490.35	
Other current liabilities			
Total current liabilities	1,332,709,557.69	1,332,709,557.69	
NON-CURRENT LIABILITIES:			
Long-term borrowings	2,841,770,600.00	2,841,770,600.00	
Debentures payable	1,000,000,000.00	1,000,000,000.00	
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Accrued liabilities			
Deferred income	2,400,000.00	2,400,000.00	
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities	3,844,170,600.00	3,844,170,600.00	
Total liabilities	5,176,880,157.69	5,176,880,157.69	
Owners' equity (or shareholders' equity):			
Paid-up capital (or Share capital)	4,187,093,073.00	4,187,093,073.00	
Other equity instruments	1,945,736,000.00	1,945,736,000.00	
Including: Preferred shares			
Perpetual bonds	1,945,736,000.00	1,945,736,000.00	
Capital reserve	6,673,646,098.38	6,673,646,098.38	
Less: treasury stocks			
Other comprehensive income			
Special reserve			
Surplus reserve	638,241,006.48	638,241,006.48	
Undistributed profits	2,675,588,115.87	2,675,588,115.87	
Total owners' equity (or shareholders' equity)	16,120,304,293.73	16,120,304,293.73	
Total liabilities and owners' equity (or shareholders' equity)	21,297,184,451.42	21,297,184,451.42	

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

45. Others

(1) Profit distribution

The Group's cash dividends are recognised as liabilities upon approval by the general meeting.

(2) Safety production fee

Safety production fee provided for as required is included in cost of product or the current profit and loss, and credited in special reserve, and the fee is treated separately depending on whether fixed assets are resulted when being used: fee related to expenditure is offset against special reserve directly, while those resulted in fixed assets will consolidate expenditure incurred and recognised as fixed assets when such assets are ready for their intended use, at the same time offsetting equivalent amounts in the special reserve and recognising equivalent amounts of accumulated depreciation.

(3) Fair value measurement

The Group measures receivables financing and investments in equity instruments at fair value at each of the balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities; Level 2 – Input that is observable for related assets or liabilities, either directly or indirectly, but other than the input of Level 1; Level 3 – Input that is unobservable for related assets or liabilities.

For assets and liabilities that are recognised in the financial statements on a recurring basis at fair value, the Group determines whether transfers have occurred between levels at fair value in the hierarchy by re-assessing categorisation at each of the balance sheet date.

VI. TAXATION

1. MAJOR CATEGORIES OF TAXES AND RESPECTIVE TAX RATES

Major categories of taxes and tax rates

Tax category	Taxation basis	Tax rate
Value-added tax	Output VAT is calculated by applying to the taxable income less deductible input VAT of the current period.	9%, 13%
City maintenance and construction tax	On the turnover taxes paid.	7%, 5%
Enterprise income tax	It is levied at 25% on the taxable profit, except for certain subsidiaries established in Mainland China which enjoy tax preferences and those subsidiaries incorporated outside Mainland China which are subject to local income tax regulations. Each of the Company and its subsidiaries calculates and pays enterprise income tax as a legal entity at the location where it is registered.	25%
Education surcharges	On the turnover taxes paid.	3%
Local educational surcharges	On the turnover taxes paid.	2%

FINANCIAL REPORT

VI. TAXATION (continued)

1. MAJOR CATEGORIES OF TAXES AND RESPECTIVE TAX RATES (continued)

Explanations on the disclosure of the entities paying taxes being entitled to different enterprise income tax rates

Name of entity paying taxes	Income tax rate (%)
Suntien Green Energy (Hong Kong) Corporation Limited	16.5
International Wind Farm Development V Limited	16.5
S&T International Natural Gas Trading Company Limited	16.5

All overseas subsidiaries of the Company (including the Hong Kong Special Administrative Region and the Macau Special Administrative Region of the People's Republic of China) calculate and pay taxes according to the applicable tax categories and tax rates in accordance with the requirements of local tax laws.

2. TAX PREFERENCE

Enterprise income tax

According to Article 27 of the Enterprise Income Tax Law of the PRC, enterprises engaged in the investment in and operation of public infrastructure projects supported by the state may be exempted or enjoy reduced enterprise income tax. Starting from the tax year in which the project obtains the first production and operation income, the enterprise income tax will be exempt from the first to the third year, and the enterprise income tax will be reduced by half from the fourth to the sixth year. The consolidated subsidiaries of the Company engaging in wind power generation business and photovoltaic power generation business, meet the requirements of the Catalogue of Public Infrastructure Projects Entitled to Preferential Tax Treatment.

Pursuant to the Announcement on Issues regarding the Implementation of Enterprise Income Tax Policy Concerning Deductions for Equipment and Appliances issued by the State Taxation Administration《(國家稅務總局關於設備器具扣除有關企業所得稅政策執行問題的通告)》(Announcement [2018] No.46), during the period from 1 January 2018 to 31 December 2020, the newly purchased equipment and appliances with the unit cost less than RMB5 million can be included in the current costs at one time and be deducted from taxable income of current year, instead of being included in annual depreciation. Meanwhile, pursuant to the Announcement on Extending the Implementation Period of Certain Preferential Tax Policies issued by the State Taxation Administration《(稅務總局關於延長部分稅收優惠政策執行期限的公告)》(Announcement [2021] No. 6), the implementation period of preferential tax policies stipulated in 16 documents, including the Notice on Enterprise Income Tax Policy Concerning Deductions for Equipment and Appliances issued by the State Taxation Administration, Ministry of Finance《(財政部稅務總局關於設備器具扣除有關企業所得稅政策的通知)》(Cai Shui [2018] No. 54), will be extended to 31 December 2023 upon expiry.

According to the Announcement on continuation of preferential enterprise income tax policies in the western region (Announcement No. 23 [2020]) released by the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission, between 1 January 2021 and 31 December 2030, enterprise income tax will be levied at a reduced rate of 15% on enterprises engaged in the encouraged industries in the western region. Enterprises engaged in the encouraged industries refer to enterprises whose main business belongs to the industries specified in the Catalogue of Encouraged Industries in the Western Region and the main business income accounts for over 60% of their gross revenues.

Value-added tax

Pursuant to the provision of the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (Cai Shui [2016] No. 36) that "Refund of VAT upon collection: (I) For general taxpayers providing pipeline transportation services, the policy of refund of VAT upon collection is applied to the excess of their effective VAT burden over 3%", and the consolidated subsidiaries of the Company engaging in sale of natural gas enjoy the preferential policy of refund of VAT upon collection for the excess of their effective VAT burden over 3% with effect from 1 May 2016.

Pursuant to the provision of the Circular on the Value-added Tax Policy for Comprehensive Utilisation of Resources and Other Products (Cai Shui [2008] No. 156) jointly issued by the Ministry of Finance and the State Administration of Taxation that "The policy of refund of 50% VAT upon collection is applied to the sales of the following self-produced goods: (5) Electricity produced by wind" and the Circular on Value-added Tax Policy for Wind Power Generation (Cai Shui [2015] No. 74) that "The policy of refund of 50% VAT upon collection is applied to the sales by taxpayers of self-produced power products produced by wind with effect from 1 July 2015", the consolidated subsidiaries of the Company engaging in wind power generation business enjoy the policy of refund of 50% VAT upon collection.

VI. TAXATION (continued)
2. TAX PREFERENCE (continued)

Value-added tax (continued)

Pursuant to the Announcement on Relevant Policies for Deepening the Value-Added Tax Reform (Announcement [2019] No. 39 of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs), taxpayers in production and living service industries are allowed to deduct taxes payable based on deductible input tax for the period plus an additional 10% for the period from 1 April 2019 to 31 December 2021. Hebei Suntien Kechuang New Energy Technology Co., Ltd., a subsidiary of the Company, enjoys the preferential policy of deduction of taxes payable plus additional amount based on deductible input tax since April 2019. Meanwhile, pursuant to the Announcement on the Value-Added Tax Policy Concerning Relieving and Advancing Development of Difficult Fields in Service Industries issued by the State Taxation Administration, Ministry of Finance《(財政部稅務總局關於促進服務業領域困難行業紓困發展有關增值稅政策的公告)》, the implementation period of the value-added tax weighed deduction policy stipulated in Article 7 of the Announcement on Policies Concerning Deepening Value-Added Tax Reform issued by the General Administration of Customs, Ministry of Finance《(財政部稅務總局海關總署關於深化增值稅改革有關政策的公告)》(Announcement [2019] No. 39 of General Administration of Customs, Ministry of Finance) and the Announcement on Clarifying Policies Concerning the Value-Added Tax Weighted Deduction of Livelihood Service Industries issued by the State Taxation Administration, Ministry of Finance《(財政部稅務總局關於明確生活性服務業增值稅加計抵減政策的公告)》(Announcement [2019] No. 87 of State Taxation Administration, Ministry of Finance) will be extended to 31 December 2022.

3. Others

Applicable Not applicable

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Cash on hand		
Bank deposits	7,186,243,490.65	7,533,084,715.56
Other cash	139,815,837.12	115,312,267.99
Total	7,326,059,327.77	7,648,396,983.55
Including: total amount deposited abroad	9,588,388.32	5,452,417.59

Other explanations

As at 31 December 2022, cash deposited abroad of the Group amounted to RMB9,588,388.32 (31 December 2021: RMB5,452,417.59).

Demand deposits bear interest at the bank demand deposit interest rate. Short-term bank deposits are deposited for a period of six months and earn interest income at the respective banks' time deposit rates.

Bank deposit and other cash are deposited with creditworthy banks with no recent default history.

Restricted cash due to mortgage, pledge or freeze (Note VII. 81 in this Section) amounted to RMB160,370,310.33 and RMB115,312,267.99 in 2022 and 2021 respectively.

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Financial assets for trading

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Financial assets at fair value through profit or loss	520,000,000.00	
Of which:		
Structured deposits	520,000,000.00	
Financial assets designated at fair value through profit or loss		
Total	520,000,000.00	

Other explanations:

Applicable Not applicable

3. Derivative financial assets

Applicable Not applicable

4. Bills receivable

(1). Categories of bills receivable presented

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Bank acceptance notes	235,764,112.96	
Commercial acceptance notes		
Total	235,764,112.96	

(2). Bills receivable pledged by the Company at the end of the period

Applicable Not applicable

(3). Endorsed or discounted bills receivable that are not mature on balance sheet date at the end of the period

Unit: Yuan Currency: RMB

Items	Closing derecognised amount	Closing non-derecognized amount
Bank acceptance notes		70,598,746.96
Commercial acceptance notes		
Total		70,598,746.96

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Bills receivable (continued)

(4). Notes that were transferred to accounts receivable by the Company at the end of the period because the drawer failed to perform contract

Applicable Not applicable

(5). Classified disclosure by the method of provision for bad debts

Applicable Not applicable

Provision for bad debts on individual basis:

Applicable Not applicable

Provision for bad debts on group basis:

Applicable Not applicable

If the provision for bad debts is made according to the general model of expected credit losses, please refer to the disclosure of other receivables:

Applicable Not applicable

Item provision on a group basis:

Recognition standard and description of provision for bad debts made on a group basis

Applicable Not applicable

(6). Provision for bad debts

Applicable Not applicable

(7). Actual write-off of bills receivable for the current period

Applicable Not applicable

Other explanations

Applicable Not applicable

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Accounts receivable

(1). Disclosure by aging

Unit: Yuan Currency: RMB

Age	Closing book balance
Within 1 year	
Including: sub-items within 1 year	
Within 6 months	1,870,169,496.71
6 months to 1 year	1,401,181,448.89
Subtotal within 1 year	3,271,350,945.60
1 to 2 years	1,279,283,889.64
2 to 3 years	595,936,928.29
Over 3 years	668,683,825.65
Total	5,815,255,589.18

The Group's accounts receivable are mainly accounts receivable from wind power generation and natural gas sales, and the aging is calculated from the date of recognition of the accounts receivable. The credit period for accounts receivable is usually one month. The accounts receivable are not interest-bearing.

(2). Classified disclosure by the method of provision for bad debts

Unit: Yuan Currency: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Provision percentage (%)	Book value	Amount	Percentage (%)	Amount	Provision percentage (%)	Book value
Bad debt provision on an individual basis	399,037,330.81	6.86	399,037,330.81	100.00	0.00	399,037,330.81	5.59	399,037,330.81	100.00	0.00
Of which:										
Bad debt provision on a group basis	5,416,218,258.37	93.14	71,069,030.09	1.31	5,345,149,228.28	6,739,169,988.81	94.41	81,754,786.58	1.21	6,657,415,202.23
Of which:										
Provision for bad debts made on a group basis by credit risk characteristics	5,416,218,258.37	93.14	71,069,030.09	1.31	5,345,149,228.28	6,739,169,988.81	94.41	81,754,786.58	1.21	6,657,415,202.23
Total	5,815,255,589.18	/	470,106,360.90	/	5,345,149,228.28	7,138,207,319.62	/	480,792,117.39	/	6,657,415,202.23

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Accounts receivable (continued)

(2). Classified disclosure by the method of provision for bad debts (continued)

Provision for bad debts on individual basis:

Unit: Yuan Currency: RMB

Name	Closing balance			Reasons for provision
	Book balance	Provision for bad debts	Percentage of provision (%)	
Hebei Yuanhua Glass Co., Ltd.	218,172,501.77	218,172,501.77	100.00	Expected unrecoverable
Hebei Daguangming Industrial Group Jiajing Glass Co., Ltd.	163,716,204.33	163,716,204.33	100.00	Expected unrecoverable
Receivables for carbon emission reduction	11,149,907.12	11,149,907.12	100.00	Expected unrecoverable
Hebei Daguangming Industrial Group Juwuba Tanhei Co., Ltd.	5,998,717.59	5,998,717.59	100.00	Expected unrecoverable
Total	399,037,330.81	399,037,330.81	100.00	/

Explanation on provision for bad debts on an individual basis:

Nil

Provision for bad debts on group basis:

Item provision on a group basis: Nil

Unit: Yuan Currency: RMB

Name	Closing balance		
	Accounts receivable	Provision for bad debts	Percentage of provision (%)
Within 6 months	61,415,314.59	3,070,765.76	5.00
6 months to 1 year	23,041,847.65	2,304,184.77	10.00
1 to 2 years	11,829,489.63	3,548,846.89	30.00
2 to 3 years	427,166.35	213,583.18	50.00
Over 3 years	8,824,853.60	8,824,853.60	100.00
Total	105,538,671.82	17,962,234.20	17.02

Recognition standard and description of provision for bad debts made on a group basis:

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Accounts receivable (continued)

(2). Classified disclosure by the method of provision for bad debts (continued)

At each balance sheet date, the accounts receivable with provision for bad debts made on credit risk characteristics grouping basis are as follows:

The accounts receivable of grouping with extremely low recovery risk are as follows:

Name	Closing balance			
	Book balance		Provision for bad debts	
	Amount	Percentage (%)	Amount	Provision percentage (%)
Renewable energy subsidies and benchmark electricity prices	5,310,679,586.55	100.00	53,106,795.89	1.00

If the provision for bad debts is made according to the general model of expected credit losses, please refer to the disclosure of other receivables:

Applicable Not applicable

(3). Provision for bad debts

Unit: Yuan Currency: RMB

Category	Opening balance	Change for the Period				Other changes
		Closing balance	Provision	Recovered or reversed	Write-off or cancellation	
Provision for bad debts of accounts receivable	480,792,117.39	16,620,677.38	26,590,394.48	716,039.39		470,106,360.90
Total	480,792,117.39	16,620,677.38	26,590,394.48	716,039.39		470,106,360.90

Of which, significant amounts of provision for bad debts recovered or reversed for the period:

Applicable Not applicable

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Accounts receivable (continued)

(4). Accounts receivable actually written off during the period

Unit: Yuan Currency: RMB

Items	Amounts written off
Accounts receivable actually written off	716,039.39
Important accounts receivable written off	
<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable	
Explanation on accounts receivable write-off:	
<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable	

(5). Accounts receivable with the top five closing balances collected as per the borrowers

Unit: Yuan Currency: RMB

Name of entity	Relation with the Group	Closing balance	Percentage of the closing balance of total accounts receivable (%)	Closing balance of provision for bad debts
State Grid Jibei Electric Power Co., Ltd. (國網冀北電力有限公司)	Third party	2,760,032,310.43	47.46	27,600,323.10
State Grid Hebei Electric Power Co., Ltd. (國網河北省電力有限公司)	Third party	586,190,420.00	10.08	5,861,904.20
Yunnan Power Grid Co., Ltd. (雲南電網有限責任公司)	Third party	503,405,851.32	8.66	5,034,058.51
State Grid East Inner Mongolia Power Co. Ltd. (國網內蒙古東部電力有限公司)	Third party	270,195,444.12	4.65	2,701,954.44
State Grid Xinjiang Electric Power Co., Ltd. Bazhou Branch (國網新疆電力有限公司巴州供電公司)	Third party	252,575,123.03	4.34	2,525,751.23
Total	/	4,372,399,148.90	75.19	43,723,991.48

Other explanations

As at 31 December 2022, the corresponding accounts receivable in relation to the Group's long-term borrowings secured by part of the right of collection of future electricity fees amounted to RMB4,459,760,109.54 (31 December 2021: RMB4,965,601,619.65). Please refer to Note VII. 81.

As at 31 December 2021, the Group utilised accounts receivable with the carrying amount of RMB332,103,388.61 as the fundamental assets for the establishment of Ping An-HCIG New-energy No. 1 Asset-backed Special Programme. For details, please refer to Note V. 66. The programme expired on 31 December 2022.

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Accounts receivable (continued)

(6). Accounts receivable that were derecognized due to the transfer of financial assets

Applicable Not applicable

(7). Amount of assets or liabilities for which accounts receivable are transferred but involvement continues

Applicable Not applicable

Other explanations:

Applicable Not applicable

6. Receivables financing

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Bank acceptance bills	169,290,765.51	494,976,373.69
Total	169,290,765.51	494,976,373.69

The changes in the current amount and fair value of accounts receivable financing in this period:

Applicable Not applicable

If the provision for bad debts is made according to the general model of expected credit losses, please refer to the disclosure of other receivables:

Applicable Not applicable

Other explanations:

The Group's endorsed or discounted bills receivable that are not mature on balance sheet date are set out as follows:

Items	2022		2021	
	Derecognised	Not yet derecognised	Derecognised	Not yet derecognised
Bank acceptance bills	494,313,731.87		458,699,902.82	66,595,054.65

As at 31 December 2022 and 31 December 2021, the Company had no bank acceptance bills transferred to accounts receivable due to non-performance of drawers.

The Group had no pledged notes as at 31 December 2022. As at 31 December 2021, the Group obtained long-term loans by pledging part of its electricity fee rights and the corresponding receivable financing amounted to RMB590,000.00. See Note VII, 81 in this Section.

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Prepayments

(1). Presentation of advances to suppliers by aging analysis

Unit: Yuan Currency: RMB

Age	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 6 months	516,112,978.07	96.57	150,813,437.04	93.30
6 to 12 months	8,430,667.65	1.58	7,511,699.12	4.65
1 to 2 years	6,884,078.51	1.29	735,783.99	0.46
2 to 3 years	725,408.20	0.13	1,118,271.64	0.69
3 to 4 years	1,084,743.97	0.20	195,467.05	0.12
4 to 5 years	98,802.56	0.02	98,648.00	0.06
Over 5 years	1,116,434.77	0.21	1,158,035.00	0.72
Total	534,453,113.73	100.00	161,631,341.92	100.00

Explanation on the reasons for significant advances to suppliers over 1 year and not settled in time:

Nil

(2). Advances to suppliers from top five prepaid parties classified based on the closing balance

Name of entity	Relation with the Group	Closing balance	Percentage of the closing balance of total prepayments (%)
China Petroleum & Chemical Corporation Natural Gas Branch, Hebei Natural Gas Sales Centre (中國石油化工有限公司 天然氣分公司河北天然氣銷售中心)	Third party	212,980,620.44	39.85
CNPC Hebei Natural Gas Sales Branch (中國石油 天然氣股份有限公司天然氣銷售河北分公司)	Third party	109,692,921.30	20.52
CNOOC Hebei Sales Branch (中海石油氣電集團 有限責任公司河北銷售分公司)	Third party	76,454,037.45	14.31
Shanxi Huaxin Gas Sales Co. Ltd. (山西華新燃氣銷售有限公司)	Third party	21,650,678.74	4.05
Dingxing County Public Resources Trading Centre (定興縣公共資源交易中心)	Third party	13,970,000.00	2.61
Total	/	434,748,257.93	81.34

Other explanations

Nil

Other explanations

Applicable Not applicable

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other receivables

Items presented

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Interest receivable		
Dividend receivables	71,598,016.20	94,765,961.18
Other receivables	135,512,445.83	40,833,869.99
Total	207,110,462.03	135,599,831.17

Other explanations:

Applicable Not applicable

Interest receivable

(1). *Classification of interest receivable*

Applicable Not applicable

(2). *Significant overdue interest*

Applicable Not applicable

(3). *Provision made for bad debts*

Applicable Not applicable

Other explanations:

Applicable Not applicable

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other receivables (continued)

Dividend receivables

(4). Dividend receivables

Unit: Yuan Currency: RMB

Projects (or invested unit)	Closing balance	Opening balance
Longyuan CIC (Chengde) Wind Energy Generation Co., Ltd. (龍源建投(承德)風力發電有限公司)("Chengde Wind Energy")	23,171,956.55	24,960,437.72
Zhangbei CIC Huashi Wind Energy Co., Ltd. (張北建投華實風能有限公司)("Zhangbei CIC")	22,117,561.12	27,727,561.12
Hebei Weichang Longyuan CIC Wind Energy Generation Co., Ltd. (河北圍場龍源建投風力發電有限公司)("Hebei Weichang")	21,576,317.17	25,577,001.61
Chongli CIC Huashi Wind Energy Co., Ltd. (崇禮建投華實風能有限公司)("Chongli CIC")	2,578,509.22	3,598,509.22
Huihai Financing and Leasing Co., Ltd. (滙海融資租賃股份有限公司) (“Huihai Leasing”)	2,153,672.14	
Chengde Dayuan New Energy Co., Ltd. (承德大元新能源有限公司) (“Chengde Dayuan”)		12,902,451.51
Total	71,598,016.20	94,765,961.18

(5). Significant dividends receivable aging over 1 year

Applicable Not applicable

(6). Provision made for bad debts

Applicable Not applicable

Other explanations:

Applicable Not applicable

Other receivables

(7). Disclosure by aging

Unit: Yuan Currency: RMB

Age	Closing book balance
Within 1 year	
Including: sub-items within 1 year	
Within 6 months	97,619,658.58
6 months to 1 year	24,674,652.42
Subtotal within 1 year	122,294,311.00
1 to 2 years	26,213,207.29
2 to 3 years	4,434,675.82
Over 3 years	55,891,496.41
Total	208,833,690.52

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other receivables (continued)

Other receivables (continued)

(8). Classified by the nature

Unit: Yuan Currency: RMB

Nature	Closing book balance	Opening book balance
Deposits	135,928,823.25	60,165,311.14
Advances	25,218,740.27	23,806,856.40
Reserves	819,174.52	1,191,594.17
Others	46,866,952.48	15,055,580.12
Total	208,833,690.52	100,219,341.83

(9). Provision made for bad debts

Unit: Yuan Currency: RMB

Provision for bad debts	The first stage	The second stage	The third stage	Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses (no credit impairment occurred)	Lifetime expected credit losses (credit impairment occurred)	
Balance at 1 January 2022	7,727,096.37	37,224,036.23	14,434,339.24	59,385,471.84
Balance at 1 January 2022 during the period				
- Transfer into the second stage	-3,215,534.73	3,215,534.73		
- Transfer into the third stage				
- Reversal to the second stage				
- Reversal to the first stage				
Provision during the period	14,251,951.95	3,207,662.37		17,459,614.32
Reversal during the period	-1,333,264.13	-2,174,042.12		-3,507,306.25
Transferral during the period		-11,787.00		-11,787.00
Write-off during the period				
Other changes	-501.18	-2,747.04	-1,500.00	-4,748.22
Balance at 31 December 2022	17,429,748.28	41,458,657.17	14,432,839.24	73,321,244.69

Explanation for the significant changes in the book balance of other receivables for which the loss provisions have changed during the period:

Applicable Not applicable

Basis for the provisions for bad debts in this period and the assessment of whether the credit risk of financial instruments has increased significantly:

Applicable Not applicable

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other receivables (continued)

Other receivables (continued)

(10). Provision for bad debts

Unit: Yuan Currency: RMB

Category	Opening balance	Change for the Period				Closing balance
		Provision	Recovered or reversed	Write-off or cancellation	Other changes	
Provision for bad debts of other receivables	59,385,471.84	17,459,614.32	3,507,306.25	11,787.00	4,748.22	73,321,244.69
Total	59,385,471.84	17,459,614.32	3,507,306.25	11,787.00	4,748.22	73,321,244.69

Among them, significant amounts of provision for bad debts during the period have been reversed or recovered:

Applicable Not applicable

(11). Other receivables actually written off for the period

Applicable Not applicable

(12). Other receivables from the top five debtors by closing balance

Unit: Yuan Currency: RMB

Name of entity	Nature of the amount	Closing balance	Age	Percentage of the total closing balance of other receivables (%)	Provision for bad debts Closing balance
CNOOC Hebei Sales Branch (中海石油氣電集團有限責任公司河北銷售分公司)	Deposits	72,430,000.00	Within 6 months	34.68	3,621,500.00
Chongli CIC Huashi Wind Energy Co., Ltd.	Others	18,044,687.12	Within 1 year	8.64	1,302,234.36
Datang Hunyuan Mimazongliang New Energy Co., Ltd. (大唐渾源密馬梁新能源有限公司)	Advances	13,421,959.24	Over 3 years	6.43	13,421,959.24
Shanghai LPG Trading Center Co. Ltd. (上海石油天然氣交易中心有限公司)	Deposits	12,019,478.43	Less than 1 year and 1-2 years	5.76	1,756,643.53
Shuangqiao District Land Acquisition and Reserve Center (雙橋區土地收購儲備中心)	Others	10,014,277.25	Less than 1 year, 1-2 years and more than 3 years	4.80	4,915,907.79
Total	/	125,930,402.04	/	60.31	25,018,244.92

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other receivables (continued)

Other receivables (continued)

(13). *Receivables related to government grants*

Applicable Not applicable

(14). *Other receivables that were derecognised due to the transfer of financial assets*

Applicable Not applicable

(15). *Amount of assets or liabilities for which other receivables are transferred but involvement continues*

Applicable Not applicable

Other explanations:

Items	31 December 2022				
	Book balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Provision percentage (%)	Book value
Provision made for bad debts for individual assessment of expected credit losses	14,432,839.24	6.91	14,432,839.24	100.00	0.00
Assessment of expected credit losses based on credit risk characteristics grouping					
Provision made for bad debts	194,400,851.28	93.09	58,888,405.45	30.29	135,512,445.83
Total	208,833,690.52	100.00	73,321,244.69	/	135,512,445.83

Changes in the bad debt provision for other receivables based on expected credit losses for next 12 months and expected credit losses for full lifetime are as follows:

As at 31 December 2022, other receivables with provision made for bad debts on an individual basis are as follows:

Name of entity	Book balance	Provision for bad debts	Expected credit loss rate (%)	Reasons for provision
Datang Hunyuan Mimazongliang New Energy Co., Ltd. (大唐渾源密馬鬃梁新能源有限公司)	13,421,959.24	13,421,959.24	100.00	Expected unrecoverable
Gamesa Wind Power (Tianjian) Co., Ltd. (歌美颯風電(天津)有限公司)	1,010,880.00	1,010,880.00	100.00	Expected unrecoverable
Total	14,432,839.24	14,432,839.24	/	

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other receivables (continued)

Other receivables (continued)

(15). Amount of assets or liabilities for which other receivables are transferred but involvement continues (continued)

At each balance sheet date, the other receivables with provision for bad debts made on credit risk characteristics grouping basis are as follows:

Other receivables for which the provision for bad debts was made using an aging analysis on a grouping basis are as follows:

Items	31 December 2022		
	Book balance estimated to be in default	Expected credit loss rate (%)	Expected credit losses
Within 6 months	97,619,658.58	5.00	4,880,982.94
6 months to 1 year	24,674,652.42	10.00	2,467,465.24
1 to 2 years	26,213,207.29	30.00	7,863,962.19
2 to 3 years	4,434,675.82	50.00	2,217,337.91
Over 3 years	41,458,657.17	100.00	41,458,657.17
Total	194,400,851.28	/	58,888,405.45

9. Inventory

(1). Classification of inventories

Unit: Yuan Currency: RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for decline in value of inventories/ provision for impairment in contract performance cost	Book value	Book balance	Provision for decline in value of inventories/ provision for impairment in contract performance cost	Book value
Raw materials	46,222,266.82		46,222,266.82	35,036,428.32		35,036,428.32
Products in process						
Goods in stock	58,308,904.95		58,308,904.95	178,930,669.22		178,930,669.22
Circulating materials				219,168.15		219,168.15
Consumable biological assets						
Contract performance cost						
Total	104,531,171.77		104,531,171.77	214,186,265.69		214,186,265.69

Note: Goods in stock represent the balance of natural gas inventories, which have all been sold out subsequent to the period.

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Inventory (continued)

(2). Provision for decline in value of inventories/provision for impairment of contract performance

Applicable Not applicable

(3). Capitalised amount of borrowing costs that is included in the closing balance of the inventories

Applicable Not applicable

(4). Information on the amortised amount of cost of contract performance for the period

Applicable Not applicable

Other explanations

Applicable Not applicable

10. Contract assets

(1). Information for contract assets

Applicable Not applicable

(2). The amount of and reason for the significant change in the carrying amount during the Reporting Period

Applicable Not applicable

(3). Provision for impairment of contract assets in the current period

Applicable Not applicable

If the provision for bad debts is made according to the general model of expected credit losses, please refer to the disclosure of other receivables:

Applicable Not applicable

Other explanations:

Applicable Not applicable

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Assets held for sale

Unit: Yuan Currency: RMB

Items	Closing balance	Impairment provisions	At the end of the period	Fair value	Expected disposal costs	Expected disposal timeline
Assets held for sale	12,416,736.35		12,416,736.35			January 2023
Total	12,416,736.35		12,416,736.35			/

Other explanations:

On 10 August 2021, the Group entered into the Equity Transfer Agreement with Longkou Hongkong and China Gas Company Limited and agreed to transfer 10% of equity interests held by the Group in Huludao Liaohe Oil Field Gas Co., Ltd. (葫蘆島遼河油田燃氣有限公司) ("Huludao Gas"). Upon the close of the equity transfer, the Group will hold 41% equity interest in Huludao Gas and lose control over Huludao Gas due to the revised Articles of Association and the representation of directors in the Board. Accordingly, as at 31 December 2021 and 31 December 2022, the Group classified Huludao Gas as held for sale. Huludao Gas has completed the relevant closing procedures in 2023.

The carrying value of assets and liabilities of Huludao Gas is as follows:

Items	31 December 2022
Cash	649,254.90
Prepayments	36,200.00
Other receivables	1,252.96
Other current assets	197,301.49
Fixed assets	7,857,306.74
Construction in progress	3,675,420.26
Assets held for sale	12,416,736.35
Accounts payable	2,536,439.86
Advances from customers	190,608.10
Other payables	3,093,430.38
Employee benefits payable	367,767.08
Long-term borrowings due within one year	229,998.79
Long-term borrowings	393,025.42
Liabilities held for sale	6,811,269.63

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Non-current assets due within one year

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Debt Investment due within one year		
Other debt investments due within one year		
Long-term receivables due within one year	22,349,480.00	
Total	22,349,480.00	

See Note VII,16 in this Section.

Significant debt investment and other debt investment at the end of period:

Applicable Not applicable

Other explanations

Nil

13. Other current assets

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Contract obtainment cost		
Right of return assets		
VAT to be deducted	596,355,367.07	675,208,657.34
Enterprise income tax prepaid	11,862,839.04	6,138,919.60
Total	608,218,206.11	681,347,576.94

Other explanations

Nil

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Debt investments

(1). Debt investment

Applicable Not applicable

(2). Significant debt investment at the end of period

Applicable Not applicable

(3). Provision for impairment

Applicable Not applicable

The amount of provision for bad debts for the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly

Applicable Not applicable

Other explanations

Applicable Not applicable

15. Other debt investments

(1). Other debt investment

Applicable Not applicable

(2). Significant other debt investment at the end of period

Applicable Not applicable

(3). Provision for impairment

Applicable Not applicable

The amount of provision for bad debts for the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly

Applicable Not applicable

Other explanations:

Applicable Not applicable

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Long-term receivables

(1). Long-term receivables

Unit: Yuan Currency: RMB

Items	Closing balance			Opening balance			Range of discounted rates
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value	
Finance lease Including: Unrealised financing income Sale of goods with amounts receivable by installments Rendering of services with amounts receivable by installments	1,664,186.71		1,664,186.71	41,133,817.83		41,133,817.83	4.35%
Total	1,664,186.71		1,664,186.71	41,133,817.83		41,133,817.83	/

As at 31 December 2022, the amount represented the amount of RMB24,013,666.71 (31 December 2021: RMB41,133,817.83) due from the Anguo Housing and Urban Rural Development Bureau for the construction of the "gas for coal" project, of which the portion due within one year amounted to RMB22,349,480.00. As at 31 December 2022, a discount rate of 4.35% (31 December 2021: 4.35%) was adopted in calculating the present value of the long-term receivables.

(2). Provision made for bad debts

Applicable Not applicable

Amount of provision for bad debts made during the current period and basis for assessing whether the credit risk of financial instruments has increased significantly

Applicable Not applicable

(3). Long-term receivables derecognised due to transfer of financial assets

Applicable Not applicable

(4). Amounts of assets or liabilities incurred by its continuous involvement of transferring long-term receivables

Applicable Not applicable

Other explanations

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Long-term equity investments

Unit: Yuan Currency: RMB

Investee	Opening balance	Changes in the period							Closing balance	Closing balance of impairment provisions	
		Additional investments	Decrease in investments	Gain or loss of investment recognized using equity approach	Adjustments to other comprehensive income	Changes in other equity	Declaration of payment of cash dividend or profit	Impairment provisions			Others
I. Joint ventures											
Hebei Sunten Guohua Gas Co., Ltd. (河北新天碳天然气有限公司) ("Sunten Guohua")	43,077,076.88			2,473,136.58		2,075,512.06				47,625,725.52	
Chengde Depuan	116,799,945.01	46,550,000.00		57,496,062.77			-18,827,796.87			202,018,110.91	
Chongli DIC (Note 1)	107,076,001.07			1,945,216.79						109,041,217.86	
Zhangbei DIC (Note 1)	72,916,497.36			6,847,625.96						79,764,123.32	
Harbin Qingfeng New Energy Co., Ltd. (哈爾濱慶風新能源有限公司) ("Harbin Qingfeng") (Note 2)		2,000,000.00								2,000,000.00	
Sub-total	339,869,420.32	48,550,000.00		68,762,042.10		2,075,512.06	-18,827,796.87			440,449,177.61	
II. Associates											
Hebei Construction & Investment Rongtan Asset Management Co., Ltd. (河北建投融天資產管理有限公司) ("DIC Rongtan")		20,000,000.00		870,192.55						20,870,192.55	
Hebei DIC Zhonghang Sehan Green Energy Technology Development Co., Ltd. (河北建投中恒中寧華綠能科技開發有限公司) ("Zhonghang Sehan") (Note 4)		12,500,000.00		-1,126,240.42						11,373,759.58	
Hebei Fengning Pumped Storage Co., Ltd. (河北豐寧抽水蓄能有限公司) ("Fengning Pumped Storage")	512,663,551.93	98,800,000.00		-32,979,479.99						578,484,071.94	
Hebei Jinjijia Natural Gas Co., Ltd. (河北金建佳天然氣有限公司) ("Jinjianjia")	10,500,000.00	5,000,000.00								15,500,000.00	
Chengde Wind Energy	257,416,540.66			27,399,901.49		83,400.60	-23,171,956.55			261,727,886.00	
Hebei Weichang	131,127,665.85			12,955,540.94		70,002.97	-3,354,287.91			140,749,921.85	
Hulhai Leasing	205,360,780.52			9,489,575.48			-8,614,688.57			206,155,667.43	
Hebei Sunten Green Shuilia Carbon Neutrality Equity Investment Fund (Limited Partnership) (河北新天綠色水發碳中和碳達達基金(有限合伙)) ("Sunten Shuilia Fund") (Note 5)		1,000,000.00								1,000,000.00	
Hengshui Honghua Gas Co., Ltd. (衡水鴻華燃氣有限公司) ("Hengshui Honghua")	10,946,814.21			-879,775.91						10,267,038.30	
PipeChina Group North China Natural Gas Pipeline Co., Ltd. (國家管網集團華北天然氣管線有限公司) ("PipeChina Pipeline")	422,007,800.63	142,849,600.00		-1,563,545.55		289,434.49				563,583,289.57	
PetroChina Jingtang LNG Co., Ltd. (中石油京唐液化天然氣有限公司) ("Jingtang LNG")	1,145,011,753.87			141,638,329.25		-3,088,807.43	-140,000,000.00			1,143,551,275.69	
Chengde Shuanglun District DIC LNG Co., Ltd. (承德市雙橋區建設液化天然氣有限公司) ("Chengde Shuanglun")	3,183,816.44			-19,425.74				-3,144,390.70		0.00	3,144,390.70
Sub-total	2,718,218,723.91	280,149,600.00		155,853,072.10		-2,145,949.37	-195,140,933.03	-3,144,390.70		2,953,270,102.91	3,144,390.70
Total	3,058,088,144.23	328,699,600.00		224,615,114.20		-570,437.31	-212,988,729.90	-3,144,390.70		3,393,719,280.52	3,144,390.70

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Long-term equity investments (continued)

Other explanations

- Note 1: On 15 September 2021, Ducheng Weiye Group Co., Ltd. (都城偉業集團有限公司) ("Ducheng Weiye"), a former shareholder of Chongli CIC and Chongli CIC, transferred their 49% equity interests in the two companies to Luneng New Energy (Group) Co., Ltd. (魯能新能源(集團)有限公司) ("Luneng New Energy"), and Luneng New Energy ceased to sign the Concert Party Agreement with the Group and sent management staff to join in business management. In accordance with the Articles of Association and the assignment of directors, the financial and operating decisions of the two companies are under the joint control of both parties. As a result, the Group lost its control over Chongli CIC and Zhangbei CIC, which are accounted for as joint ventures of the Group.
- Note 2: In September 2022, the Group and Harbin Electric Co., Ltd. jointly established Harbin Qingfeng, in which each party holds 50% of the equity interest in Harbin Qingfeng. According to the Articles of Association, the financial and operating decisions of Harbin Qingfeng must be made jointly by the investing parties and therefore the Company is accounted for as a joint venture of the Group.
- Note 3: On 22 July 2022, the Group newly acquired 24% equity interest in CIC Rongtan, which the Group can exercise significant influence over and account for as an associate in accordance with the Articles of Association and the representation of directors.
- Note 4: On 1 July 2022, the Group entered into a joint venture agreement with HECIC, Hebei CIC Energy Investment Co., Ltd. (河北建投能源投資股份有限公司), Chengde Guoqing Energy Co., Ltd. (承德市國清能源有限責任公司) and United Boge Energy Technology (Anhui) Co. Ltd. (聯合博格能源科技(安徽)有限公司) to establish Zhonghang Sehan, which the Group holds 25% equity interests in and accounts for as an associate in accordance with the Articles of Association and the representation of directors.
- Note 5: In August 2022, HECIC Huineng New Energy Co., Ltd. ("HECIC Huineng"), a subsidiary of the Group, became a limited partner of Suntien Shuifa with a subscribed capital contribution of 49.72%. Pursuant to the partnership agreement, the Group can exercise significant influence over it and account for it as an associate.
- Note: The ending balance shown in the above table is the net book value of long-term equity investments, and the year-end balance shown in the audit report is the book balance.

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

18. Investments in other equity instruments

(1). Investments in other equity instruments

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
HECIC Group Finance Company Limited (河北建投集團財務有限公司) ("Group Finance Company")	200,000,000.00	200,000,000.00
Baoding PetroChina Kunlun Gas Co., Ltd. (保定中石油崑崙燃氣有限公司)	18,605,700.00	18,605,700.00
Total	218,605,700.00	218,605,700.00

(2). Non-transactional equity instrument investment

Applicable Not applicable

Other explanations:

The above equity instrument investments are designated as financial assets at fair value through other comprehensive income because they are held on a long-term basis as strategic investments.

The dividend income of Group Finance Company in 2022 amounted to RMB14,744,642.19, and the fair value changes in accumulated other comprehensive income of Baoding PetroChina Kunlun Gas Co., Ltd. in 2022 amounted to RMB11,805,700.00.

19. Other non-current financial assets

Applicable Not applicable

Other explanations:

Applicable Not applicable

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. Investment properties

Measurement model of investment properties

(1). Investment properties under cost measurement model

Unit: Yuan Currency: RMB

Items	Houses and buildings	Land use rights	Construction in progress	Total
I. Original carrying amount				
1. Opening balance	37,410,850.85			37,410,850.85
2. Addition during the period				
(1) Acquisition				
(2) Transfer from inventories/fixed assets/construction in progress				
(3) Increase in business combinations				
3. Decrease during the period				
(1) Disposal				
(2) Other transfer-out				
4. Closing balance	37,410,850.85			37,410,850.85
II. Accumulated depreciation or amortization				
1. Opening balance	11,378,649.37			11,378,649.37
2. Addition during the period	1,105,168.44			1,105,168.44
(1) Provision or depreciation	1,105,168.44			1,105,168.44
3. Decrease during the period				
(1) Disposal				
(2) Other transfer-out				
4. Closing balance	12,483,817.81			12,483,817.81
III. Impairment provisions				
1. Opening balance				
2. Addition during the period				
(1) Provision				
3. Decrease during the period				
(1) Disposal				
(2) Other transfer-out				
4. Closing balance				
IV. Book value				
1. At the end of the period	24,927,033.04			24,927,033.04
2. At the beginning of the period	26,032,201.48			26,032,201.48

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. Investment properties (continued)

Measurement model of investment properties (continued)

(2). Investment properties with pending title certificates:

Applicable Not applicable

Other explanations

- (1) The investment properties of the Group are located in commercial buildings in Beijing, which are valued by management under market method, with reference to similar property transaction prices and other factors, such as housing features and location. As at 31 December 2022, the fair value of these investment properties was approximately RMB41,271,422.68 (31 December 2021: RMB41,862,000.00).
- (2) The investment properties were leased to third parties and the controlled companies in the form of operating lease.
- (3) As at 31 December 2022 and 31 December 2021, the Group had no investment property with restricted ownership, and all investment properties had obtained the relevant title certificates.

21. Fixed assets

Items presented

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Fixed assets	32,773,611,789.39	32,369,586,695.36
Fixed assets in liquidation		
Total	32,773,611,789.39	32,369,586,695.36

Other explanations:

Applicable Not applicable

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Fixed assets (continued)

Fixed assets

(1). Fixed assets

Unit: Yuan Currency: RMB

Items	Houses and buildings	Mechanical equipment	Transportation equipment	Electronic equipment and office equipment	Other equipment	Total
I. Original carrying amount:						
1. Opening balance	2,251,138,286.95	38,661,949,827.95	101,880,753.47	187,549,356.03	45,510,644.69	41,248,028,869.09
2. Addition during the period	228,259,350.47	1,983,065,420.02	5,624,706.23	107,990,261.55	151,196,861.26	2,476,136,599.53
(1) Acquisition	14,400,856.62	71,027,956.82	4,969,900.77	49,216,106.76	4,181,405.65	143,796,226.62
(2) Transfer from construction in progress	213,858,493.85	1,755,808,059.83		58,748,363.12	147,015,455.61	2,175,430,372.41
(3) Increase in business combinations		43,729,403.37	654,805.46	25,791.67		44,410,000.50
(4) Transfer from right-of-use assets		112,500,000.00				112,500,000.00
3. Decrease during the period	100,900.00	26,088,248.94	5,880,804.49	3,144,798.71	5,912,614.22	41,127,366.36
(1) Disposal or scrapping	100,900.00	26,088,248.94	5,880,804.49	3,084,195.89	5,912,614.22	41,066,763.54
(2) Loss on disposal of subsidiaries				60,602.82		60,602.82
4. Closing balance	2,479,296,737.42	40,618,926,999.03	101,624,655.21	292,394,818.87	190,794,891.73	43,683,038,102.26
II. Accumulated depreciation						
1. Opening balance	522,823,112.99	8,107,924,695.93	77,149,314.31	95,734,352.27	24,650,713.63	8,828,282,189.13
2. Addition during the period	150,323,890.03	1,713,836,198.13	5,741,990.06	58,207,733.75	97,483,900.39	2,025,593,712.36
(1) Provision	150,323,890.03	1,693,066,583.89	5,741,990.06	58,207,733.75	97,483,900.39	2,004,824,098.12
(2) Transfer from right-of-use assets		20,769,614.24				20,769,614.24
3. Decrease during the period	51,131.60	19,222,306.77	5,586,762.82	2,796,019.36	5,623,101.55	33,279,322.10
(1) Disposal or scrapping	51,131.60	19,222,306.77	5,586,762.82	2,738,446.68	5,623,101.55	33,221,749.42
(2) Loss on disposal of subsidiaries				57,572.68		57,572.68
4. Closing balance	673,095,871.42	9,802,538,587.29	77,304,541.55	151,146,066.66	116,511,512.47	10,820,596,579.39
III. Impairment provisions						
1. Opening balance		50,159,984.60				50,159,984.60
2. Addition during the period		38,669,748.88				38,669,748.88
(1) Provision		38,669,748.88				38,669,748.88
3. Decrease during the period						
(1) Disposal or scrapping						
4. Closing balance		88,829,733.48				88,829,733.48
IV. Book value						
1. At the end of the period	1,806,200,866.00	30,727,558,678.26	24,320,113.66	141,248,752.21	74,283,379.26	32,773,611,789.39
2. At the beginning of the period	1,728,315,173.96	30,503,865,147.42	24,731,439.16	91,815,003.76	20,859,931.06	32,369,586,695.36

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Fixed assets (continued)

Fixed assets (continued)

(2). Particulars of temporarily idle fixed assets

Applicable Not applicable

(3). Fixed assets acquired under finance leases

Applicable Not applicable

(4). Fixed assets leased by way of operating lease

Applicable Not applicable

(5). Fixed assets with pending title certificates

Unit: Yuan Currency: RMB

Items	Book value	Reasons for fixed assets with pending title certificates
Houses and buildings	154,307,501.85	Pending title certificate
Total	154,307,501.85	

Management of the Group believes that the Group is entitled to lawfully and effectively occupy and use the above houses and buildings, and believes that the above matters will not have any material and adverse impacts on the Group's overall financial position as at 31 December 2022.

Other explanations:

As at 31 December 2022, the Group had fixed assets with restricted ownership of RMB261,731,427.79 (31 December 2021: RMB282,529,150.15), respectively. Please refer to Note VII. 81 in this Section.

Fixed assets in liquidation

Applicable Not applicable

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Construction in progress

Items presented

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Construction in progress	19,078,613,885.04	13,639,349,978.91
Construction materials	84,297,919.67	84,970,521.02
Total	19,162,911,804.71	13,724,320,499.93

Other explanations:

Applicable Not applicable

Construction in progress

(1). Construction in progress

Unit: Yuan Currency: RMB

Items	Closing balance			Opening balance		
	Book balance	Impairment provisions	Book value	Book balance	Impairment provisions	Book value
Construction in progress	19,095,177,564.20	16,563,679.16	19,078,613,885.04	13,660,239,414.27	20,889,435.36	13,639,349,978.91
Total	19,095,177,564.20	16,563,679.16	19,078,613,885.04	13,660,239,414.27	20,889,435.36	13,639,349,978.91

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Construction in progress (continued)

Construction in progress (continued)

(2). Movements of major construction projects in progress during the period

Unit: Yuan Currency: RMB

Name of project	Budget	Opening balance	Addition during the period	Combinations involving enterprises not under common control	Amount transferred into to fixed assets during the period	Amount transferred into intangible assets during the year	Other decreased amount during the current period	Closing balance	Percentage of accumulated investment in project to budget (%)	Project progress	Accumulated amount of interest capitalized	Including amount of interest capitalized during the period	Interest capitalization rate for the period (%)	Source of the fund
Tangshan LNG Receiving Station Construction Project	25,390,000.00	2,839,839,416.24	4,119,774,525.77					6,959,613,942.01	27.41	27.41%	104,546,936.23	104,546,936.23	3.60	Self-raising and borrowing
Tangshan LNG Export Pipeline Project (Cao-Bao Section)	5,340,484,700.00	3,028,180,591.84	498,868,955.73					3,527,049,547.57	65.80	65.80%	102,840,751.83	102,840,751.83	3.63	Self-raising and borrowing
Tangshan LNG Export Pipeline Project (Bao-Yong Section)	2,712,742,900.00	2,130,880,404.39	199,149,125.94					2,329,979,530.35	85.87	85.87%	75,595,617.92	75,595,617.92	3.67	Self-raising and borrowing
"Jingshitan" Dual Track Gas Pipeline Construction Project	1,821,365,900.00	1,033,859,606.83	214,438,850.42		292,923.16			1,248,005,534.09	68.54	68.54%	42,853,420.37	42,853,420.37	3.72	Self-raising and borrowing
Zhuchou-Yongqing Gas Pipeline Construction Project	1,322,529,100.00	1,043,411,708.20	178,313,527.59					1,221,725,235.79	92.38	92.38%	42,618,168.06	42,618,168.06	3.77	Self-raising and borrowing
Zhangbei Zhenhai 200MW Wind Farm Project	1,370,368,200.00	555,682,597.38	140,029,197.50					695,711,794.88	50.77	50.77%	57,222,228.29	57,222,228.29	4.06	Self-raising and borrowing
Shuangsheng II 100 MW Wind Power Station Project	833,241,500.00	35,543,331.10	236,104,028.66					271,647,359.76	32.60	32.60%	3,710,758.49	3,710,758.49	3.51	Self-raising and borrowing
Ta'an Sanglin 48MW Wind Power Project	398,280,000.00	39,953,573.20	220,671,261.26					259,724,834.46	65.21	65.21%	4,051,493.08	4,051,493.08	3.61	Self-raising and borrowing
Suntien Ruojiang County Lubuzhuang 100,000 kW Wind Power Project	418,040,000.00		242,601,085.74					242,601,085.74	58.03	58.03%	405,030.51	405,030.51	3.08	Self-raising and borrowing
Tongbae Sanshoushi Wind Farm Phase II Project	340,000,000.00	32,747,372.79	199,091,671.42					231,839,044.21	64.41	64.41%	6,716,554.68	6,716,554.68	3.85	Self-raising and borrowing
Beijing Handan LNG storage and load levelling station project	298,224,400.00	50,220,665.56	123,831,745.94					174,052,411.50	58.34	58.34%				Self-raising
Guyuan Hydrogen Production Station Integrated Utilization Demonstration Project	212,480,000.00	110,023,940.64	32,477,054.55					142,500,995.19	67.07	67.07%	649,153.89	649,153.89	4.77	Self-raising and borrowing
Baizhou Balluzhou 31.5 MW Distributed Wind Power Project	161,680,300.00		128,937,095.49	12,125,94.04				141,062,889.53	87.25	87.25%	1,064,072.99	1,064,072.99	3.12	Self-raising and borrowing
and loss Chongli Wind Powered Hydrogen Production 100MW Project (Hydrogen Production Partion)	690,318,900.00	64,878,032.90	59,077,864.02					123,955,896.92	17.96	17.96%	6,854,588.32	6,854,588.32	5.06	Self-raising and borrowing
Qinhuangdao Fengnan coastal gas transmission pipeline project	1,794,607,015.00	10,970,866.54	106,572,672.23					117,543,538.77	6.55	6.55%	594,197.31	594,197.31	3.46	Self-raising and borrowing
Jichong Pipe Network Phase II Project	434,981,577.40	13,774,987.91	98,483,904.35					112,258,892.26	25.81	25.81%	524,847.76	524,847.76	3.48	Self-raising and borrowing
Other wind power and photovoltaic construction in progress		2,017,383,539.86	537,218,458.64		2,077,302,451.20	1,893,919.91		4,754,056,227.91						
Other natural gas pipeline construction projects		653,367,778.89	174,872,659.42	120,757,949.36	97,634,998.05	30,453,888.36		820,939,601.26						
Total	43,679,468,492.40	13,640,239,414.27	7,598,832,666.69	122,883,543.40	2,175,480,372.41	32,347,727.75		19,995,177,544.20	/	/	470,253,819.83	288,788,899.13	/	/

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Construction in progress (continued)

Construction in progress (continued)

(3). Provision for impairment of construction in progress in the current period

Applicable Not applicable

Other explanations

The movement in the provision for impairment of construction in progress is as follows:

2022

Items	Opening balance	Increase during the year	Decrease during the year	Year-end balance	Reasons
Natural gas pipeline construction projects					
Yunnan Pushi	4,325,756.20		4,325,756.20		Disposal of subsidiaries Recoverable amount is lower than its carrying amount
Handan Langtuo	6,988,135.40			6,988,135.40	
Wind power and photovoltaic construction in progress					
Zhangjiakou Wind Energy	276,502.09			276,502.09	Recoverable amount is lower than its carrying amount
Chengde Yujing	2,258,549.29			2,258,549.29	Recoverable amount is lower than its carrying amount
Xinyang Suntien	7,040,492.38			7,040,492.38	Recoverable amount is lower than its carrying amount
Total	20,889,435.36		4,325,756.20	16,563,679.16	

2021

Items	Opening balance	Increase during the year	Decrease during the year	Year-end balance	Reasons
Natural gas pipeline construction projects					
Yunnan Pushi	4,325,756.20			4,325,756.20	Recoverable amount is lower than its carrying amount
Handan Langtuo	6,988,135.40			6,988,135.40	Recoverable amount is lower than its carrying amount
Wind power and photovoltaic construction in progress					
Wulian Suntien	11,124,189.96		11,124,189.96		Cancelled subsidiaries
Zhangjiakou Wind Energy	276,502.09			276,502.09	Recoverable amount is lower than its carrying amount
Chengde Yujing	2,258,549.29			2,258,549.29	Recoverable amount is lower than its carrying amount
Xinyang Suntien		7,040,492.38		7,040,492.38	Recoverable amount is lower than its carrying amount
Total	24,973,132.94	7,040,492.38	11,124,189.96	20,889,435.36	

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Construction in progress (continued)

Construction materials

(4). Construction materials

Unit: Yuan Currency: RMB

Items	Closing balance			Opening balance		
	Book balance	Impairment provisions	Book value	Book balance	Impairment provisions	Book value
Specialised materials	91,411,729.98	7,113,810.31	84,297,919.67	92,084,331.33	7,113,810.31	84,970,521.02
Total	91,411,729.98	7,113,810.31	84,297,919.67	92,084,331.33	7,113,810.31	84,970,521.02

Other explanations:

Nil

23. Bearer biological assets

(1). Bearer biological assets under cost measurement model

Applicable Not applicable

(2). Bearer biological assets under fair value measurement model

Applicable Not applicable

Other explanations

Applicable Not applicable

24. Oil and gas assets

Applicable Not applicable

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. Right-of-use assets

Unit: Yuan Currency: RMB

Items	Leased land	Houses and buildings	Wind turbines and relevant equipment	Transportation equipment	Total
I. Original carrying amount					
1. Opening balance	73,242,723.69	53,355,455.30	2,444,885,591.62	19,104,420.74	2,590,588,191.35
2. Addition during the period	12,382,927.01	46,455,941.68		4,444,990.25	63,283,858.94
(1) Acquisition	12,382,927.01	46,455,941.68		4,444,990.25	63,283,858.94
3. Decrease during the period	2,469,417.63	15,423,121.91	112,500,000.00		130,392,539.54
(1) Disposal			112,500,000.00		112,500,000.00
(2) Transfer to fixed assets	2,469,417.63	15,423,121.91			17,892,539.54
4. Closing balance	83,156,233.07	84,388,275.07	2,332,385,591.62	23,549,410.99	2,523,479,510.75
II. Accumulated depreciation					
1. Opening balance	9,889,369.32	25,057,253.54	528,447,176.64	9,341,466.19	572,735,265.69
2. Addition during the period	5,606,057.66	17,554,693.30	114,602,577.56	10,191,092.48	147,954,421.00
(1) Provision	5,606,057.66	17,554,693.30	114,602,577.56	10,191,092.48	147,954,421.00
3. Decrease during the period	562,976.04	15,156,740.45	20,769,614.24		36,489,330.73
(1) Disposal			20,769,614.24		20,769,614.24
(2) Transfer to fixed assets	562,976.04	15,156,740.45			15,719,716.49
4. Closing balance	14,932,450.94	27,455,206.39	622,280,139.96	19,532,558.67	684,200,355.96
III. Impairment provisions					
1. Opening balance					
2. Addition during the period					
(1) Provision					
3. Decrease during the period					
(1) Disposal					
4. Closing balance					
IV. Book value					
1. At the end of the period	68,223,782.13	56,933,068.68	1,710,105,451.66	4,016,852.32	1,839,279,154.79
2. At the beginning of the period	63,353,354.37	28,298,201.76	1,916,438,414.98	9,762,954.55	2,017,852,925.66

Other explanations:

Nil

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. Intangible assets

(1). Intangible assets

Unit: Yuan Currency: RMB

Items	Land use rights	Concession rights	Proprietary technologies	Software	Total
I. Original carrying amount					
1. Opening balance	712,452,906.04	2,620,758,417.07	4,053,234.48	78,946,586.59	3,416,211,144.18
2. Addition during the period	87,520,830.99	23,896,476.75	4,532,611.74	22,539,313.03	138,489,232.51
(1) Acquisition	57,097,996.08	23,896,476.75		20,614,420.19	101,608,893.02
(2) Transfer from construction in progress	30,422,834.91			1,924,892.84	32,347,727.75
(3) Transfer from development expenses			4,532,611.74		4,532,611.74
3. Decrease during the period				5,131,040.00	5,131,040.00
(1) Disposal				5,131,040.00	5,131,040.00
4. Closing balance	799,973,737.03	2,644,654,893.82	8,585,846.22	96,354,859.62	3,549,569,336.69
II. Accumulated amortisation					
1. Opening balance	113,886,381.63	1,109,624,588.50	204,188.92	41,205,271.99	1,264,920,431.04
2. Addition during the period	24,196,268.18	129,271,153.46	545,646.28	12,159,853.73	166,172,921.65
(1) Provision	24,196,268.18	129,271,153.46	545,646.28	12,159,853.73	166,172,921.65
3. Decrease during the period				2,736,554.58	2,736,554.58
(1) Disposal				2,736,554.58	2,736,554.58
4. Closing balance	138,082,649.81	1,238,895,741.96	749,835.20	50,628,571.14	1,428,356,798.11
III. Impairment provisions					
1. Opening balance					
2. Addition during the period					
(1) Provision					
3. Decrease during the period					
(1) Disposal					
4. Closing balance					
IV. Book value					
1. At the end of the period	661,891,087.22	1,405,759,151.86	7,836,011.02	45,726,288.48	2,121,212,538.58
2. At the beginning of the period	598,566,524.41	1,511,133,828.57	3,849,045.56	37,741,314.60	2,151,290,713.14

At the end of the period, intangible assets formed through internal research and development of the Company account for 0.21% of the balance of intangible assets.

As at 31 December 2022, the Group's land use rights valued at RMB3,228,776.38 (31 December 2021: RMB3,310,438.09) were subject to restrictions. Please refer to Note VII. 81 in this Section.

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. Intangible assets (continued)

(2). The situation of land use rights without title certificates

Unit: Yuan Currency: RMB

Items	Book value	Reasons for fixed assets with pending title certificates
Shahe South Gate Mountain Land	1,784,612.94	Pending title certificate
Weichang Ruyihe Land	13,930,498.35	Pending title certificate
Julu Laozhangzhang River Land	5,459,439.20	Pending title certificate
Harbin Shuangcheng Land	10,706,494.05	Pending title certificate
Weihui Dongshuanma Wind Power Land	5,627,597.27	Pending title certificate
Total	37,508,641.81	

Management of the Group believes that the Group is entitled to lawfully and effectively occupy and use the above land, and believes that the above matters will not have any material and adverse impacts on the Group's overall financial position as at 31 December 2022.

Other explanations:

27. Development expenses

Unit: Yuan Currency: RMB

Items	Opening balance	Addition during the period		Decrease during the period		Closing balance
		Internal development expenditure	Others	Recognized as intangible assets	Transfer to current profit	
and loss Chongli Wind Powered Hydrogen Production 100MW Project (Hydrogen Production Portion)	22,695,194.61	5,730,511.43				28,425,706.04
Corporate Warehouse and Big Data Platform System Project	4,532,611.74			4,532,611.74		0.00
Total	27,227,806.35	5,730,511.43		4,532,611.74		28,425,706.04

Other explanations

The Group classifies the expenditure in an internal research and development project into expenditure in the research phase and expenditure in the development phase. Expenditure in the research phase is recognised in profit or loss for the period in which it is incurred. Expenditure in the development phase is capitalised when the Group can demonstrate all of the following: 1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; 2) the intention to complete the intangible asset and use or sell it; 3) how the intangible asset will generate probable future economic benefits. Among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; 4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and 5) the expenditure attributable to the intangible asset during its development can be measured reliably.

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

28. Goodwill

(1). Original carrying amount of goodwill

Unit: Yuan Currency: RMB

Name of the investee or item resulting in goodwill	Opening balance	Increase during the period	Decrease during the period	Closing balance
		Formed through business combinations	Disposal	
Shijiazhuang Jiecheng Natural Gas Trading Co. Ltd. (石家莊市捷誠天然氣貿易有限公司) ("Jiecheng Natural Gas")		38,560,035.89		38,560,035.89
Xingtai Tianhongxiang Gas Co., Ltd. (邢台天宏祥燃氣有限公司) ("Tianhongxiang")	18,411,275.29			18,411,275.29
Anguo Huagang Gas Co., Ltd. (安國市華港燃氣有限公司) ("Anguo Huagang")	14,882,681.29			14,882,681.29
Linxi County Xinneng Natural Gas Engineering Co., Ltd. (臨西縣新能天然氣工程有限公司) ("Linxi Xinneng")	9,468,410.69			9,468,410.69
Pingshan County Huajian Gas Co., Ltd. (平山縣華建燃氣有限公司) ("Pingshan Huajian")	5,846,078.90			5,846,078.90
Jinzhou CIC Gas Co., Ltd. (晉州市建投燃氣有限公司) ("Jinzhou Gas")	4,857,585.19			4,857,585.19
Shijiazhuang Xin'ao Urban Gas Development Co., Ltd. (石家莊新奧城市燃氣發展有限公司) ("Xin'ao Gas")		2,910,972.51		2,910,972.51
Xinji CIC Gas Co., Ltd. (辛集市建投燃氣有限公司) ("Xinji Gas")	1,964,386.00			1,964,386.00
Shenzhou CIC Gas Co., Ltd. (深州市建投燃氣有限公司) ("Shenzhou Gas")	20,461.18			20,461.18
Xinjiang Yusheng New Energy Development Co., Ltd. (新疆宇晟新能源開發有限公司) ("Xinjiang Yushen")		396.80		396.80
Yunnan Pushi Natural Gas Co., Ltd. (雲南普適天然氣有限公司) ("Yunnan Pushi")	3,351,939.25		3,351,939.25	0.00
Total	58,802,817.79	41,471,405.20	3,351,939.25	96,922,283.74

(2). Impairment provision for goodwill

Unit: Yuan Currency: RMB

Name of the investee or item resulting in goodwill	Opening balance	Increase during the period	Decrease during the period	Closing balance
		Provision	Disposal	
Yunnan Pushi	3,351,939.25		3,351,939.25	0.00
Total	3,351,939.25		3,351,939.25	0.00

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

28. Goodwill (continued)

(3). Information about the asset group or the portfolio of asset groups to which goodwill belongs

Applicable Not applicable

(4). Explanation on the process of goodwill impairment test, key parameters (such as forecast growth rate, steady growth rate, profit margin, discount rate and forecast period in estimating the present value of future cash flows, if applicable) and recognition of goodwill impairment

Applicable Not applicable

(5). Impact of goodwill impairment test

Applicable Not applicable

Other explanations

The Group lost control of Yunnan Pushi Natural Gas Co., Ltd. (雲南普適天然氣有限公司) ("Yunnan Pu Shi") on 8 June 2022 and disposed of the subsidiary, with the goodwill accordingly reduced.

On 8 March, 16 May and 14 October 2022, the Group acquired its subsidiaries Shijiazhuang Jieheng Natural Gas Trading Co., Ltd. ("Jieheng Natural Gas"), Xinjiang Yusheng New Energy Development Co., Ltd. ("Xinjiang Yusheng") and Shijiazhuang Xin'ao City Gas Development Co., Ltd. ("Xin'ao Gas"), resulting in goodwill of RMB41,471,405.20, the calculation of which is described in Note VIII.1 in this Section.

The goodwill obtained from a business merger has been allocated to each subsidiary for impairment testing. The recoverable amount of each subsidiary is determined on the basis of the 5/6-year budget approved by management and the present value of expected future cash flows. As at 31 December 2022, the discount rates used in cash flow forecasts were 12.01%-13.01% (31 December 2021: 9.4%-9.76%).

The key assumptions made by the management when determining the cash flow forecasts for goodwill impairment tests are explained as follows:

Estimated gross profit margin: It is determined on the basis of the average gross profit margin achieved in the year before the budget year, and such average gross profit margin is subject to appropriate adjustments depending on the expected efficiency improvement and expected market development.

Discount rate: The pre-tax discount rate that can reflect the specific risks of the relevant asset group is adopted.

The amount of key assumptions such as market development and the discount rate related to the impairment test are consistent with the Group's past experience and external information.

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Long-term deferred expenses

Unit: Yuan Currency: RMB

Items	Opening balance	Addition during the period	Amortization during the period	Other decreased amount	Closing balance
Prepaid lease payments	13,170,548.03		1,675,399.22		11,495,148.81
Reform of operating leased fixed assets	6,889,088.04	10,744,934.88	3,576,806.71		14,057,216.21
Project road reconstruction cost	9,368,750.67		661,323.60		8,707,427.07
Others	7,719,305.32	2,987,482.35	3,040,293.70		7,666,493.97
Total	37,147,692.06	13,732,417.23	8,953,823.23		41,926,286.06

Other explanations:

Nil

30. Deferred tax assets/deferred tax liabilities

(1). Deferred income tax assets before offsetting

Unit: Yuan Currency: RMB

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for asset impairment	540,290,940.61	129,270,071.90	508,001,360.02	122,792,928.63
Unrealised profit from internal transactions				
Deductible loss				
Offset by internal capitalized interest	37,498,041.16	9,374,510.29	42,488,809.16	10,622,202.29
Differences in tax basis of fixed assets	150,864,701.16	32,748,018.24	157,856,727.06	35,095,626.08
Deferred income	77,668,668.28	19,417,167.07	73,468,953.39	18,367,238.35
Total	806,322,351.21	190,809,767.50	781,815,849.63	186,877,995.35

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. Deferred tax assets/deferred tax liabilities (continued)

(2). Deferred income tax liabilities before offsetting

Unit: Yuan Currency: RMB

Items	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Gains on valuation of assets under business combinations involving enterprises not under common control				
Changes in fair value of other debt investments				
Changes in fair value of other equity instruments				
One-off pre-tax deduction of fixed assets	214,463,792.40	53,615,948.10	205,733,486.36	51,433,371.59
Adjustments to fair values of business combinations involving enterprises not under common control	19,001,189.76	4,750,297.44	19,017,536.38	4,754,384.09
Total	233,464,982.16	58,366,245.54	224,751,022.74	56,187,755.68

(3). Deferred income tax assets or liabilities presented on a net basis after offsetting

Applicable Not applicable

(4). Details of unrecognized deferred income tax assets

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Deductible temporary difference	111,694,468.32	125,362,101.77
Deductible loss	1,192,777,428.74	1,150,869,671.65
Total	1,304,471,897.06	1,276,231,773.42

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. Deferred tax assets/deferred tax liabilities (continued)

(5). Deductible loss of the unrecognized deferred income tax assets will be due in the following years:

Unit: Yuan Currency: RMB

Year	Closing amount	Opening amount	Remarks
31 December 2022		167,648,239.81	
31 December, 2023	172,173,974.32	178,154,582.87	
31 December, 2024	220,162,655.54	220,162,655.54	
31 December, 2025	268,252,211.38	268,906,780.74	
31 December, 2026	305,167,955.89	315,997,412.69	
31 December, 2027	227,020,631.61		
Total	1,192,777,428.74	1,150,869,671.65	/

Other explanations:

The management of the Company believes that it is probable that there may not be sufficient taxable income that can be utilised to offset the above deductible losses before their expiry.

31. Other non-current assets

Unit: Yuan Currency: RMB

Items	Closing balance			Opening balance		
	Book balance	Impairment provisions	Book value	Book balance	Impairment provisions	Book value
Contract obtainment cost						
Contract performance cost						
Right of return assets						
Contract assets						
Prepayment for equipment	299,055,589.29		299,055,589.29	238,416,754.36		238,416,754.36
Prepayment for construction cost	284,822,522.49		284,822,522.49	270,548,023.47		270,548,023.47
Prepayment for others	440,757,455.42		440,757,455.42	319,798,726.65		319,798,726.65
VAT to be deducted	1,404,672,905.28		1,404,672,905.28	1,328,707,642.80		1,328,707,642.80
Total	2,429,308,472.48		2,429,308,472.48	2,157,471,147.28		2,157,471,147.28

Other explanations:

Nil

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. Short-term borrowings

(1). Classification of short-term borrowings

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Pledged borrowings	42,280,000.00	40,527,754.65
Secured borrowings		
Guaranteed borrowings		20,108,333.34
Credit borrowings	2,656,086,568.48	1,917,478,878.90
Total	2,698,366,568.48	1,978,114,966.89

Explanation on classification of short-term borrowings:

As at 31 December 2022, the Group discounted bank acceptance bills amounted to RMB42,280,000.00 (31 December 2021: RMB40,527,754.65). These bills were not derecognised by the Group since they were subject to recourse, accordingly, a pledged borrowing of RMB42,280,000.00 (31 December 2021: RMB40,527,754.65) was recognised.

As at 31 December 2022, the interest rates per annum of the above-mentioned short-term borrowings were 2.8% – 6.08% (31 December 2021: 1.61% – 5.15%).

As at 31 December 2022 and 31 December 2021, the Group had no overdue short-term borrowings.

(2). Short-term borrowings that are due but unpaid

Applicable Not applicable

The overdue short-term borrowings are as follows:

Applicable Not applicable

Other explanations

Applicable Not applicable

33. Financial liabilities for trading

Applicable Not applicable

34. Derivative financial liabilities

Applicable Not applicable

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

35. Bills payable

(1). Bills payable presented

Unit: Yuan Currency: RMB

Category	Closing balance	Opening balance
Commercial acceptance bills		
Bank acceptance bills	13,649,747.04	14,738,449.62
Total	13,649,747.04	14,738,449.62

At the end of the period, the total bills payable that are due but unpaid amounted to RMB0.00.

36. Accounts payable

(1). Accounts payable presented

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Within 6 months	327,976,682.79	374,483,668.83
6 months to 1 year	25,254,025.99	40,796,953.58
1 to 2 years	47,826,185.58	39,729,252.33
2 to 3 years	1,011,027.94	1,734,575.69
Over 3 years	747,339.48	1,287,326.45
Total	402,815,261.78	458,031,776.88

(2). Significant accounts payable with the aging over 1 year

Applicable Not applicable

Other explanations:

Accounts payable are not interest-bearing and their aging is calculated from the date of recognition of the accounts payable and are usually settled within the agreed period.

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

37. Advances from customers

(1). Advances from customers presented

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Advances received for the costs of entrusted construction of storage tanks	1,161,061,946.88	778,761,061.94
Total	1,161,061,946.88	778,761,061.94

(2). Significant advances from customers with the aging over 1 year

Applicable Not applicable

Other explanations:

Applicable Not applicable

38. Contract liabilities

(1). Contract liabilities

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Advances received for natural gas sales	832,070,761.03	974,854,970.07
Advances receipts for services during the window period	396,460,176.98	389,380,530.96
Advance receipts for pipeline construction	250,942,673.55	261,769,841.77
Advances received for pipeline transmission fees	7,431,567.96	7,075,036.96
Other advances received	52,845,813.37	21,111,006.39
Total	1,539,750,992.89	1,654,191,386.15

(2). The amount of and reason for the significant change in the carrying amount during the Reporting Period

Applicable Not applicable

Other explanations:

Applicable Not applicable

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

39. Employee benefits payable

(1). Employee benefits payable presented

Unit: Yuan Currency: RMB

Items	Opening balance	Increase during the period	Decrease during the period	Closing balance
I. Short-term benefits	79,006,556.77	723,356,744.18	734,282,504.04	68,080,796.91
II. Post-employment benefits – Defined contribution plan	27,364.18	108,798,548.19	108,805,932.19	19,980.18
III. Termination benefits				
IV. Other benefits due within one year				
Total	<u>79,033,920.95</u>	<u>832,155,292.37</u>	<u>843,088,436.23</u>	<u>68,100,777.09</u>

(2). Short-term benefits presented

Unit: Yuan Currency: RMB

Items	Opening balance	Increase during the period	Decrease during the period	Closing balance
I. Wages, bonus, allowances and subsidies	56,157,240.47	523,479,677.87	535,719,536.06	43,917,382.28
II. Employee welfare	23,722.81	64,763,617.99	64,787,340.80	
III. Social insurance premiums	1,020,071.05	61,748,228.88	61,065,838.45	1,702,461.48
Including: Medical insurance premiums	1,018,823.63	56,621,078.79	55,937,440.94	1,702,461.48
Work injury compensation insurance premiums	1,247.42	4,668,502.31	4,669,749.73	
Maternity insurance premiums		458,647.78	458,647.78	
IV. Housing fund		48,069,006.09	48,064,695.39	4,310.70
V. Union expenses and employees education expenses	20,782,753.49	18,960,482.20	17,366,593.24	22,376,642.45
VI. Short-term paid leave				
VII. Short-term profit sharing plan				
VIII. Others	1,022,768.95	6,335,731.15	7,278,500.10	80,000.00
Total	<u>79,006,556.77</u>	<u>723,356,744.18</u>	<u>734,282,504.04</u>	<u>68,080,796.91</u>

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

39. Employee benefits payable (continued)

(3). Defined contribution plan

Unit: Yuan Currency: RMB

Items	Opening balance	Increase during the period	Decrease during the period	Closing balance
1. Basic retirement insurance	1,893.13	63,734,110.47	63,733,670.47	2,333.13
2. Unemployment insurance premiums	7,867.40	3,382,343.50	3,390,167.50	43.40
3. Enterprise annuity payment	17,603.65	41,682,094.22	41,682,094.22	17,603.65
Total	27,364.18	108,798,548.19	108,805,932.19	19,980.18

Other explanations:

Employees of the Group are covered by various government-sponsored pension plans. These government agencies are responsible for the pension liability to these employees upon retirement. The Group contributes on a monthly basis to these pension plans. The contribution rate of basic pension insurance is 16%-20% of total wages, the contribution rate of unemployment insurance is 0.5%-0.7% of total wages, and the contribution rate of enterprise annuity is 8% of total wages. The pension insurance is capped at three times the average social wage in the social security area, and there is no upper limit on the contribution rate for unemployment insurance and enterprise annuity. All contributions made under the government-sponsored pension plans described above are fully attributable to employees at the time of the payment and the Group is unable to forfeit any amounts contributed by it to such plans. Contributions made by the Company under the annuity fund plan that is forfeited in respect of those employees who resign from their positions prior to the full vesting of the contributions will be recorded in the public account of the annuity fund and shall not be used to offset any contributions to be made by the Company in the future. All funds in the public account will be attributed to the employees whose accounts are in normal status after the approval procedures are completed as required. Under these plans, the Group has no obligation for retirement benefit beyond the contributions made.

40. Taxes payable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Value-added tax	52,399,856.76	25,374,780.80
Consumption tax		
Business tax		
Enterprise income tax	132,935,383.17	115,985,663.53
Individual income tax	11,870,626.22	13,344,269.00
City maintenance and construction tax	2,681,093.01	1,541,058.81
Stamp duty	794,805.98	1,616,642.47
Others	2,710,583.42	1,307,348.76
Total	203,392,348.56	159,169,763.37

Other explanations:

Nil

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

41. Other payables

Items presented

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Interest payable		
Dividend payable	142,109,925.35	169,836,057.78
Other payables	7,577,859,571.29	6,846,722,116.87
Total	7,719,969,496.64	7,016,558,174.65

Other explanations:

Applicable Not applicable

Interest payable

(1). Categories presented

Applicable Not applicable

Dividend payable

(2). Categories presented

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Ordinary share dividends		
Preferred share/perpetual bond dividends classified as equity instruments	53,560,000.00	96,330,000.00
Preferred share/perpetual bond dividends – Dividends payable to other equity holders	53,560,000.00	96,330,000.00
Dividends payable-minority shareholder dividends	88,549,925.35	73,506,057.78
Total	142,109,925.35	169,836,057.78

Other explanations, including important dividends payable that have not been paid for more than one year, should disclose the reason for the unpaid payment:

Nil

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

41. Other payables (continued)

Other payables

(1). Other payables presented by nature of amount

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Payables for equipment	1,644,889,680.13	2,142,254,198.17
Payables for construction and materials	5,610,586,027.49	4,454,660,496.90
Others	322,383,863.67	249,807,421.80
Total	7,577,859,571.29	6,846,722,116.87

(2). Significant other payables aged over 1 year

Unit: Yuan Currency: RMB

Items	Closing balance	Reasons for outstanding or carry-forward
Shanghai Electric Wind Power Group Company Limited (上海電氣風電集團股份有限公司)	301,412,885.10	Not due for settlement under the contract
China Electric Power Construction Group Northwest Survey and Design Institute Co. Ltd. (中國電建集團西北勘測設計研究院有限公司)	142,833,064.85	Not due for settlement under the contract
Mingyang Smart Energy Group Limited (明陽智慧能源集團股份有限公司)	109,029,150.00	Not due for settlement under the contract
Xinjiang Goldwind Science & Technology Co., Ltd. (新疆金風科技股份有限公司)	98,754,992.62	Not due for settlement under the contract
Siemens Gamesa Renewable Energy Technology (China) CO., LTD. (西門子歌美颯可再生能源科技(中國)有限公司)	86,051,773.22	Not due for settlement under the contract
Petroleum Bao Shi-Shun Steel Pipe (Qinhuangdao) Co., Ltd. (中油寶世順(秦皇島)鋼管有限公司)	64,081,859.55	Not due for settlement under the contract
Harbin Electric Corporation Wind Power Co., Ltd. (哈電風能有限公司)	49,483,425.64	Not due for settlement under the contract
Hebei North China Petroleum Engineering Construction Co., Ltd. (河北華北石油工程建設有限公司)	46,282,674.56	Not due for settlement under the contract
Huadian Heavy Industries Co., Ltd. (華電重工股份有限公司)	44,920,491.59	Not due for settlement under the contract
North China Petroleum Steel Pipe Co., Ltd. (華油鋼管有限公司)	42,294,327.78	Not due for settlement under the contract
Total	985,144,644.91	/

Other explanations:

Applicable Not applicable

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

42. Liabilities held for sale

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Accounts payable	2,536,439.86	2,536,439.86
Advances from customers	190,608.10	190,608.10
Other payables	3,093,430.38	3,925,247.17
Employee benefits payable	367,767.08	367,767.08
Long-term borrowings due within one year	229,998.79	216,246.00
Long-term borrowings	393,025.42	623,587.51
Total	6,811,269.63	7,859,895.72

Other explanations:

For details, please refer to Note VII.11 in this Section.

43. Non-current liabilities due within 1 year

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Long-term borrowings due within 1 year	4,074,938,038.05	2,903,735,593.66
Debentures payable due within 1 year	26,321,780.79	1,117,210,160.56
Long-term payables due within one year	69,284,426.02	75,195,563.41
Lease liabilities due within one year	136,496,865.23	114,003,604.67
Others	1,200,000.00	1,200,000.00
Total	4,308,241,110.09	4,211,344,922.30

Other explanations:

Nil

44. Other current liabilities

Other current liabilities

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Short-term debentures payable	1,010,192,910.93	704,107,945.21
Payable return payment		
Pending transfer to input VAT	76,734,166.20	
Total	1,086,927,077.13	704,107,945.21

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

44. Other current liabilities (continued)

Other current liabilities (continued)

Change in short-term debentures payable:

Applicable Not applicable

Other explanations:

HECIC New Energy, a subsidiary of the Company, registered super short-term commercial papers of RMB2.0 billion with the National Association of Financial Market Institutional Investors in March 2021. Such facilities were approved for revolving use before March 2023. HECIC New Energy issued super short-term commercial papers of RMB0.7 billion in October 2021, with a term of 270 days and a coupon rate of 3.15%, and the ultra-short term facility was repaid in July 2022.

HECIC New Energy issued super short-term commercial papers of RMB0.7 billion in July 2022, with a term of 270 days and a coupon rate of 2.45%; and issued super short-term commercial papers of RMB0.3 billion in August 2022, with a term of 180 days and a coupon rate of 2.1%. As at 31 December 2022, the unutilised facilities amounted to RMB1.0 billion.

China Suntien Green Energy Corporation Limited registered super short-term commercial papers of RMB2.0 billion with the National Association of Financial Market Institutional Investors in October 2022. Such facilities were approved for revolving use before October 2024. As at 31 December 2022, the unutilised facilities amounted to RMB2.0 billion.

China Suntien Green Energy Corporation Limited issued super short-term commercial papers of RMB500 million in February 2022, with a term of 270 days and a coupon rate of 2.40%, and the super short-term facility was repaid on 25 November 2022.

As at 31 December 2022, the balance of super short-term commercial papers is presented as follows:

Name of debenture	Par value	Issuance date	Term of debenture	Issuance amount	Opening balance	Issued during the current year	Accrued interest for the current year	Repaid during the current year	Closing balance
21 HECIC New Energy SCP001	100.00	2021-10-25	270 days	700,000,000.00	704,107,945.21			704,107,945.21	
22 HECIC New Energy SCP001	100.00	2022-7-15	270 days	700,000,000.00		700,000,000.00	7,135,037.65		707,135,037.65
22 HECIC New Energy SCP002	100.00	2022-8-29	180 days	300,000,000.00		300,000,000.00	3,057,873.28		303,057,873.28
22 Suntien Green SCP001	100.00	2022-2-28	270 days	500,000,000.00		500,000,000.00	8,876,712.33	508,876,712.33	
Total				2,200,000,000.00	704,107,945.21	1,500,000,000.00	19,069,623.26	1,212,984,657.54	1,010,192,910.93

As at 31 December 2021, the balance of super short-term commercial papers is presented as follows:

Name of debenture	Par value	Issuance date	Term of debenture	Issuance amount	Opening balance	Issued during the current year	Accrued interest for the current year	Repaid during the current year	Closing balance
21 HECIC New Energy SCP001	100.00	2021-10-25	270 days	700,000,000.00		700,000,000.00	4,107,945.21		704,107,945.21
21 Suntien Green SCP001	100.00	2021-5-13	180 days	500,000,000.00		500,000,000.00	7,052,054.79	507,052,054.79	
20 Suntien Green SCP001	100.00	2020-6-10	268 days	500,000,000.00	500,000,000.00		9,912,328.77	509,912,328.77	
Total				1,700,000,000.00	500,000,000.00	1,200,000,000.00	21,072,328.77	1,016,964,383.56	704,107,945.21

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

45. Long-term borrowings

(1). Classification of long-term borrowings

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Pledged borrowings ⁽¹⁾	9,593,284,803.63	13,270,551,305.35
Secured borrowings ⁽²⁾	78,830,000.00	89,870,000.00
Guaranteed borrowings ⁽³⁾	332,133,053.95	417,991,588.37
Pledged and Secured borrowings ⁽¹⁾⁽²⁾	112,723,185.24	164,000,000.00
Credit borrowings	24,387,319,606.44	17,666,889,079.09
Less: Long-term borrowings due within one year	-4,074,938,038.05	-2,903,735,593.66
Total	30,429,352,611.21	28,705,566,379.15

Explanation on classification of long-term borrowings:

Classified according to the nature of the borrowings.

Other explanations, including range of interest rates:

- (1) As at 31 December 2022 and 31 December 2021, the Company pledged its subsidiary's right to electricity tariff for a long-term bank borrowing. Please refer to note 3 to Note VII. 81 in this Section.
- (2) As at 31 December 2022, the Group secured fixed assets and intangible assets with carrying values of RMB264,942,204.17 (31 December 2021: RMB285,839,588.24) for long-term bank borrowings. Please refer to notes 4 and 5 to Note VII. 81 in this Section.
- (3) As at 31 December 2022, the Group's long-term bank borrowing with a carrying value of RMB112,500,000.00 (31 December 2021: RMB155,000,000.00) under the names of its subsidiaries was secured by an irrevocable joint and several guarantee provided by its parent company HECIC New Energy.

As at 31 December 2022, the long-term borrowing of the Group's subsidiary with a carrying value of RMB219,633,053.95 (31 December 2021: RMB232,991,588.37) was secured by an irrevocable joint and several guarantee provided by the Company.

As at 31 December 2021, the long-term borrowing with a carrying value of RMB30,000,000.00 was secured by an irrevocable joint and several guarantee provided by HCIG Finance Company Limited (河北建投財務有限公司).

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

45. Long-term borrowings (continued)

(1). Classification of long-term borrowings (continued)

The analysis of maturity dates of long-term borrowings over one year is as follows:

Items	31 December 2022	31 December 2021
1 to 2 years	1,560,978,623.55	2,104,428,400.00
2 to 5 years	6,278,261,354.57	2,315,666,995.62
Over 5 years	22,590,112,633.09	24,285,470,983.53
Total	30,429,352,611.21	28,705,566,379.15

As at 31 December 2022, the annual interest rates of the above-mentioned borrowings was 1.20% to 5.88% (31 December 2021: 1.20% to 5.88%)

As at 31 December 2022 and 31 December 2021, the Group had no overdue long-term borrowings.

46. Debentures payable

(1). Debentures payable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Medium-term notes	1,526,321,780.79	1,832,210,160.56
Ping An-HECIC New-energy No. 1 Asset-backed Special Program		285,000,000.00
Less: Debentures payable due within one year	-26,321,780.79	-1,117,210,160.56
Total	1,500,000,000.00	1,000,000,000.00

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

46. Debentures payable (continued)

(2). Change in debentures payable (excluding other financial instruments such as preferred shares and perpetual bonds classified as financial liabilities):

Unit: Yuan Currency: RMB

Bonds Name	Par value	Issuance date	Term of debenture	Annual interest rate	Issuance amount	Opening balance	Issued during the current period Accrued interest at par value	Amortisation of premium or discount	Repaid during the current period	Closing balance	期末餘額
Medium-term notes	100.00	2017-11-24	5 years	6.20%	500,000,000.00	503,268,049.17		27,731,950.83		531,000,000.00	0.00
Medium-term notes	100.00	2019-9-5	3 years	4.43%	300,000,000.00	304,321,448.80		8,968,551.20		313,290,000.00	0.00
ABS-Ping An-HECIC New-energy No.1	100.00	2019-12-26	3 years	4.09%	285,000,000.00	285,191,621.50		10,957,578.50		296,149,200.00	0.00
Medium-term notes	100.00	2022-11-18	2 years	3.37%	500,000,000.00		500,000,000.00	1,892,739.73			501,892,739.73
Medium-term notes	100.00	2020-5-15	5 years	3.86%	1,000,000,000.00	1,024,429,041.09		38,600,000.00		38,600,000.03	1,024,429,041.06
Total	/	/	/	/	2,585,000,000.00	2,117,210,160.56	500,000,000.00	88,150,820.26		1,179,039,200.03	1,526,321,780.79

Note: HECIC, the parent company of the Group, provided full, unconditional and irrevocable joint and several liability guarantees for the corporate bonds issued by the Group.

(3). Explanation on the condition and time for conversion of convertible corporate bonds

Applicable Not applicable

(4). Explanation on the other financial instrument classified as financial liabilities

Basic information of other financial instruments such as preferred shares and perpetual bonds outstanding as at the end of the period

Applicable Not applicable

Table of changes in financial instruments such as preferred shares and perpetual bonds outstanding as at the end of the period

Applicable Not applicable

Description on basis of dividing other financial instruments into financial liabilities:

Applicable Not applicable

Other explanations:

Applicable Not applicable

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

47. Lease liabilities

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Lease liabilities	781,100,323.41	898,773,414.68
Less: Lease liabilities due within one year	-136,496,865.23	-114,003,604.67
Total	644,603,458.18	784,769,810.01

Other explanations:

The carrying amount of lease liabilities and changes during the year are as follows:

Items	2022	2021
Opening balance	898,773,414.68	832,819,072.26
Addition during the year	28,543,507.61	173,973,086.46
Interest expenses	30,917,496.70	47,026,512.70
Decrease during the year	-177,134,095.58	-155,045,256.74
Closing balance	781,100,323.41	898,773,414.68

48. Long-term payables

Items presented

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Long-term payables	186,079,230.66	361,236,137.17
Special payables		
Total	186,079,230.66	361,236,137.17

Other explanations:

Applicable Not applicable

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

48. Long-term payables (continued)

Long-term payables

(1). Long-term payables presented according to the nature of the payment

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Compensation for woodlands	86,207,981.67	86,207,981.67
Sale-leaseback borrowings	169,155,675.01	350,223,718.91
Less: Long-term payables due within one year	-69,284,426.02	-75,195,563.41
Total	<u>186,079,230.66</u>	<u>361,236,137.17</u>

Other explanations:

For details of the terms related to sale and leaseback, please refer to Note XVI, 8(2).

Special payables

(2). Special payables presented according to the nature of the payment

Applicable Not applicable

49. Long-term employee benefits payable

Applicable Not applicable

50. Accrued liabilities

Unit: Yuan Currency: RMB

Items	Opening balance	Closing balance	Formation reasons
Pending litigations or arbitration	24,798,127.94	24,798,127.94	Amounts payable for construction costs
Disposal obligations	<u>52,733,021.74</u>	<u>52,733,021.74</u>	
Total	<u>77,531,149.68</u>	<u>77,531,149.68</u>	/

Other explanations, including the relevant significant assumptions and estimates related to significant accrued liabilities:

A supplier of Jianshui Suntien Wind Energy Co., Ltd. (hereinafter referred to as "Jianshui Suntien"), a subsidiary of the Company, filed an arbitration application with Shijiazhuang Arbitration Commission in relation to the amount of a construction cost. The Arbitration Commission issued an arbitration decision on 27 August 2021, pursuant to which Jianshui Suntien was required to pay the construction cost of RMB24,798,127.94 to the constructor. In September 2021, Jianshui Suntien applied for, and was accepted, cancellation of the arbitration award to Shijiazhuang Intermediate People's Court. As of 31 December 2022, no result has been issued yet. As at 31 December 2022, the Group temporarily recorded accrued liabilities of RMB24,798,127.94 (31 December 2021: RMB24,798,127.94) based on the arbitration result.

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

51. Deferred income

Deferred income

Unit: Yuan Currency: RMB

Items	Opening balance	Increase during the period	Decrease during the period	Closing balance	Formation reasons
Government grants	106,249,255.16	19,590,283.74	7,431,533.77	118,408,005.13	Government grants
Total	106,249,255.16	19,590,283.74	7,431,533.77	118,408,005.13	/

Projects involving government grants:

Unit: Yuan Currency: RMB

Indebted projects	Opening balance	Additional grants during the period	Current amount recognized in non-operating income	Current amount recognized in other income	Other changes	Closing balance	Relating to assets/ Relating to income
Construction costs of LNG Gas Storage Peak Capacity Station remitted from the Financial and Centralized Payment Center of Shahe City	25,620,000.00					25,620,000.00	Relating to assets
Subsidies for Xingtai Xingdong New District Rerouting Project	33,844,776.43			3,100,284.88		30,744,491.55	Relating to assets
Receipt of employment stabilization subsidies		667,840.08		667,840.08			Relating to income
Compensation for the relocation in relation to natural gas pipeline along Beijing Handan Line		6,815,000.00				6,815,000.00	Relating to assets
First Batch of 2021 Dedicated Funds for Provincial Industrial Transformation and Upgrading	100,000.00					100,000.00	Relating to income
Strategic Emerging Industry Fund	2,631,579.39			263,157.84		2,368,421.55	Relating to assets
Jiran Pipeline Coal-to-Gas Project	1,778,232.91			65,867.67		1,712,365.24	Relating to assets
Dedicated Funds Designated for Science and Technology Projects (Dedicated Project of the Department of Science and Technology of Hebei Province)	1,007,999.88	690,000.00		104,000.04		1,593,999.84	Relating to assets
Weilai Industrial Load Absorption Distributed Renewable Energy Joint R&D	166,666.55			80,000.04		86,666.51	Relating to assets
Receipt of subsidies from the Hebei Provincial Department of Science and Technology		300,000.00				300,000.00	Relating to income
Investment Subsidies within 2018 Central Budget for Renewable Energy Demonstration Zone Industrial Innovation Development Special Project	38,500,000.00					38,500,000.00	Relating to assets
Key Technologies for Direct Current Microgrid Wind and Photovoltaic Complementary Hydrogen Production	600,000.00			600,000.00			Relating to assets
Key Technologies and Application Demonstration for Large-Scale Renewable Energy Coupling with Hydrogen Production	1,800,000.00	900,000.00		2,175,360.24		524,039.76	Relating to assets
Subsidies from NDRC for Hydrogen Stations		7,000,000.00				7,000,000.00	Relating to assets
Receipt of the refund of unemployment insurance premium from Chengde Unemployment Insurance Fund Management Center		161,043.66		161,043.66			Relating to income
Receipt of subsidies from Horqin Right Front Banner Finance Bureau in relation to Horqin Right Front Banner Wind Power Clean Heating Project (Cai Tou No. (2,018)41) undertaken by Surtien Wind Power Co., Ltd.		3,056,400.00		136,176.21		2,920,223.79	Relating to assets
Research and application of key technologies for the construction of ultra-deep salt cavern gas reservoirs in Ningjin (small-scale caving pilot project of salt cavern underground gas reservoirs in Ningjin)	200,000.00			77,803.11		122,196.89	Relating to assets
Total	106,249,255.16	19,590,283.74		7,431,533.77		118,408,005.13	

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

51. Deferred income (continued)

Other explanations:

Applicable Not applicable

52. Other non-current liabilities

Applicable Not applicable

53. Share capital

Unit: Yuan Currency: RMB

	Opening balance	Increase or decrease (+, -)				Sub-total	Closing balance
		Issuance of new shares	Bonus share	Transfer of capital reserve to ordinary shares	Others		
HECIC	2,058,841,253.00						2,058,841,253.00
Overseas listed foreign H shareholders	1,839,004,396.00						1,839,004,396.00
Domestic A shareholders	289,247,424.00						289,247,424.00
Total shares	4,187,093,073.00						4,187,093,073.00

Other explanations:

On 19 August 2021, as approved by the Zheng Jian Xu Ke [2021] No. 2730 issued by the China Securities Regulatory Commission, the Company issued a total of 337,182,677 RMB-denominated ordinary shares (A shares) at RMB13.63 per share. After deducting the issuance expenses, the net proceeds amounted to RMB4,545,055,183.47. The Company recognised the nominal value of RMB337,182,677.00 in share capital and the premium amount of RMB4,207,872,506.47 in capital reserve. The issuance was verified by Ernst & Young Hua Ming LLP, which issued a capital verification report (Report No.: Ernst & Young Hua Ming [2021] Yan Zi No. 60809266_A01).

54. Other equity instruments

(1). Basic information of other financial instruments such as preferred shares and perpetual bonds outstanding as at the end of the period

On 5 March 2019, the Company issued 2019 Renewable Green Corporate Bonds (First Tranche) with an initial interest rate of 4.70% per annum in the aggregate offering amount of RMB910 million, and after deducting the underwriting expense and other related trading fees, the Company actually received cash of RMB906,360,000.00;

On 7 March 2022, the Company redeemed 2019 Renewable Green Corporate Bonds (First Tranche). The difference between the redemption price of RMB910 million and the carrying value of the investment in equity instruments of RMB906,360,000.00, being RMB3,640,000.00, was offset against capital reserve;

On 10 March 2021, the Company issued 2021 Renewable Green Corporate Bonds (First Tranche) with an initial interest rate of 5.15% in the aggregate offering amount of RMB1,040 million, and after deducting the underwriting expense and other related trading fees, the Company actually received cash of RMB1,039,376,000.

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

54. Other equity instruments (continued)

(2). Table of changes in financial instruments such as preferred shares and perpetual bonds outstanding as at the end of the period

Unit: Yuan Currency: RMB

Outstanding financial instruments	Beginning of the period		Increase during the period		Decrease during the period		End of the period	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value
Perpetual bonds	19,500,000.00	1,945,736,000.00			9,100,000.00	906,360,000.00	10,400,000.00	1,039,376,000.00
Total	19,500,000.00	1,945,736,000.00			9,100,000.00	906,360,000.00	10,400,000.00	1,039,376,000.00

Change in other equity instrument in the period, reason for change and basis for relevant accounting treatment:

According to the terms of issuance of the above two renewable green corporate bonds, the issuer has the option to renew the bonds, and the Company has the right to choose to extend the term of the bonds by three years at the end of every three years or to redeem the bonds in full at the end of that period and there is no limit on the number of times of extension; the annual interest rate is reset every three years, and the coupon rate of the subsequent cycle is the current benchmark interest rate plus the initial spread plus 300 basis points, and the initial spread is the coupon rate of the first cycle minus the initial benchmark interest rate. There is an option available to defer the payment of interests. Save for the occurrence of any mandatory interest payment events, on every interest payment date of the bonds, the Company may, at its sole discretion, defer the interest payment for the current period, and all the interests and yields deferred to the next interest payment date, and there is no limit on the number of times of deferring interest payment. There is a redemption option of the issuer. The issuer has the right to exercise the redemption option on the first interest payment date or at the end of the year due to changes in tax policies or changes in accounting standards. Except for these two cases, the Company has no right and no obligation to redeem the bonds. The Company has no contractual obligation to repay the principal or pay interest on schedule. The Company classifies them as other equity instruments.

Other explanations:

As at 31 December 2022, the Group's outstanding perpetual bonds are detailed as follows:

Items	Issuance date	Accounting categories	Dividend rate or interest rate	Issue price	Quantity	Amount	Maturity date or renewal
2021 Renewable Green Corporate Bonds (First Tranche)	10 March 2021	Equity instrument	5.15%	RMB1.04 billion	10,400,000.00	1,039,376,000.00	The bonds were issued with the option for the issuer to renew the bonds

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

54. Other equity instruments (continued)

(2). Table of changes in financial instruments such as preferred shares and perpetual bonds outstanding as at the end of the period (continued)

As at 31 December 2021, the Group's outstanding perpetual bonds are detailed as follows:

Items	Issuance date	Accounting categories	Dividend rate or interest rate	Issue price	Quantity	Amount	Maturity date or renewal
2021 Renewable Green Corporate Bonds (First Tranche)	10 March 2021	Equity instrument	5.15%	RMB1.04 billion	10,400,000.00	1,039,376,000.00	The bonds were issued with the option for the issuer to renew the bonds
2019 Renewable Green Corporate Bonds (First Tranche)	5 March 2019	Equity instrument	4.70%	RMB0.91 billion	9,100,000.00	906,360,000.00	The bonds were issued with the option for the issuer to renew the bonds
Total	/	/	/	/	19,500,000.00	1,945,736,000.00	

Note: On 15 March 2021, the Company redeemed 2018 Renewable Green Corporate Bonds (First Tranche). The difference between the redemption price of RMB590 million and the carrying value of the investment in equity instruments of RMB587,640,000.00, being RMB2,360,000.00, was offset against capital surplus;

Specific information on preferred shares and perpetual bonds attributable to other equity holders as follows:

Items	2022	2021
Equity attributable to shareholders of the parent company	20,464,970,898.87	19,834,599,822.27
Equity attributable to holders of ordinary shares of the parent company	19,425,594,898.87	17,888,863,822.27
Equity attributable to other equity holders of the parent company	1,039,376,000.00	1,945,736,000.00
Of which: Net profit	53,560,000.00	96,330,000.00
Total comprehensive income	53,560,000.00	96,330,000.00
Dividends distributed during the period	53,560,000.00	96,330,000.00
Accumulated undistributed dividends		

55. Capital reserve

Unit: Yuan Currency: RMB

Items	Opening balance	Increase during the period	Decrease during the period	Closing balance
Capital premium (share premium)	6,584,171,777.12		9,650,100.00	6,574,521,677.12
Other capital reserve	6,115,391.14	689,260.49		6,804,651.63
Total	6,590,287,168.26	689,260.49	9,650,100.00	6,581,326,328.75

Other descriptions, including changes in the period and reason for the changes:

In 2022, the Company redeemed the Renewable Green Corporate Bonds (First Tranche) issued in 2019 and the difference between the redemption price and the carrying value of the investment in equity instruments of RMB3,640,000.00 was written down to the capital reserve. Please refer to Note VII. 54 in this Section.

In October 2022, the Group acquired the equity interest held by the minority shareholder of Zhangbei Suntien Wind Power Co., Ltd. without change in control, resulting in a reduction in capital reserve of RMB6,010,100.00, please refer to Note IX.2 in this Section.

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

56. Treasury stocks

Applicable Not applicable

57. Other comprehensive income

Unit: Yuan Currency: RMB

Items	Opening balance	Amount for the period					Closing balance
		Amount before income tax in the period	Less: amount included in other comprehensive income in previous periods and transferred to the current profit or loss	Less: amount included in other comprehensive income in previous periods and transferred to retained earnings	Less: income tax expenses	Attributable to the Parent Company after tax	
I. Other comprehensive income that may not be reclassified to profit or loss	6,493,135.00						6,493,135.00
Including: Change in re-measurement of defined benefit plans							
Other comprehensive income that may not be transferred to profit or loss under equity method							
Changes in fair value of other equity instruments	6,493,135.00						6,493,135.00
Change in fair value of own credit risk							
II. Other comprehensive income that may be reclassified to profit or loss							
Including: Other comprehensive income that may be transferred to profit or loss under the equity method							
Changes in fair value of other debt investments							
Amount included in other comprehensive income on reclassification of financial assets							
Provision for credit-impairment of other debt investments							
Cash flows hedging reserve							
Exchange differences arising from translation of foreign currency financial statements							
Total other comprehensive income	6,493,135.00						6,493,135.00

Other description, including adjustment for the effective portion of hedging profit or loss of cash flows transferred to the initial recognition amount of the hedged item:

Nil

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

58. Special reserve

Unit: Yuan Currency: RMB

Items	Opening balance	Increase during the period	Decrease during the period	Closing balance
Safety production fee		58,216,325.84	53,836,188.92	4,380,136.92
Total		58,216,325.84	53,836,188.92	4,380,136.92

Other descriptions, including changes in the period and reason for the changes:

The special reserve refers to the production safety expenses accrued by the Group for the natural gas industry and electricity industry in accordance with the regulations. In accordance with the Measures for the Administrative Measures for the Collection and Utilization of Enterprise Work Safety Funds (《企業安全生產費用提取和使用管理辦法》) (Cai Shui [2022] No. 136) issued by the Ministry of Finance and the Ministry of Emergency Response in November 2022, the natural gas industry and the power industry, in which the Group is involved, employ the regression method to determine the amount to be accrued for the current year based on the operating revenue of the previous year.

59. Surplus reserve

Unit: Yuan Currency: RMB

Items	Opening balance	Increase during the period	Decrease during the period	Closing balance
Statutory surplus reserve	638,241,006.48	184,687,438.30		822,928,444.78
Discretionary surplus reserve				
Reserve funds				
Enterprise expansion fund				
Others				
Total	638,241,006.48	184,687,438.30		822,928,444.78

Explanation on surplus reserve, including changes in the period and reason for the changes:

According to the provisions of the Company Law and the Articles of Association of the Company, the Company made provision for the statutory surplus reserve at 10% of its net profit. When the accumulative amount of statutory surplus reserve reaches more than 50% of the Company's registered capital, no further provision is needed.

The Company may make discretionary provision for the surplus reserve beyond the provision for the statutory surplus reserve. Subject to approval, the discretionary provision for the surplus reserve may be used to offset loss in the previous years or increase capital.

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

60. Undistributed profits

Unit: Yuan Currency: RMB

Items	Current period	Previous period (Restated)
Undistributed profits at the end of the previous period before adjustment	6,316,513,894.20	4,928,503,066.37
Total increase or decrease in undistributed profits at the beginning of the period (increase represented by "+", and decrease represented by "-")	150,235,545.33	15,312,250.12
Undistributed profits at the beginning of the period after adjustment	6,466,749,439.53	4,943,815,316.49
Add: Net profit attributable to owners of the Parent Company in the period	2,294,116,322.38	2,295,057,264.37
Less: Extract for statutory surplus reserve	184,687,438.30	152,205,327.47
Extract for discretionary surplus reserve		
Extract for general risk reserve		
Ordinary shares dividend payable	699,244,543.19	523,587,813.86
Dividend of ordinary shares converted to share capital		
Dividends payable to holders of other equity instruments	53,560,000.00	96,330,000.00
Undistributed profits at the end of the period	7,823,373,780.42	6,466,749,439.53

Breakdown of the adjustments to the undistributed profits at the beginning of the period:

- Due to retrospective adjustment under Accounting Standard for Business Enterprises and related new regulations, the undistributed profit at the beginning of the period was affected by RMB0.00.
- Due to changes in accounting policies, the undistributed profit at the beginning of the period was affected by RMB150,235,545.33.
- Due to the correction of major accounting errors, the undistributed profit at the beginning of the period was affected by RMB0.00.
- Due to the change of scope after merger under the same control, the undistributed profit at the beginning of the period was reduced by RMB0.00.
- Due to other adjustments, the undistributed profit at the beginning of the period was affected by RMB0.00.

According to the resolution passed by the shareholders of the Company on 14 June 2022, it was agreed that the Company declared a cash dividend of RMB0.167 per share including tax for the year 2021, totaling RMB699,244,543.19.

According to the resolution passed by the shareholders of the Company on 14 May 2021, it was agreed that the Company declared a cash dividend of RMB0.136 per share including tax for the year 2020, totaling RMB523,587,813.86.

According to the prospectus of 2019 Renewable Green Corporate Bonds (First Tranche) and 2021 Renewable Green Corporate Bonds (First Tranche) of the Company, the Company declared a dividend to ordinary shareholders on 14 June 2022, which triggered a mandatory interest payment and no current interest shall be deferred. the principal of 2021 Renewable Green Corporate Bonds (First Tranche) was RMB1,040,000,000.00 with an initial interest rate of 5.15% per annum and accrued interest of RMB53,560,000.00 for the current interest payment period (10 March 2022 to 9 March 2023).

According to the prospectus of 2019 Renewable Green Corporate Bonds (First Tranche) and 2021 Renewable Green Corporate Bonds (First Tranche) of the Company, the Company declared a dividend to ordinary shareholders on 14 May 2021, which triggered a mandatory interest payment and no current interest shall be deferred. The principal of 2019 Renewable Green Corporate Bonds (First Tranche) was RMB910,000,000.00 with an initial interest rate of 4.70% per annum and accrued interest of RMB42,770,000.00 for the current interest payment period (6 March 2020 to 5 March 2021); the principal of 2021 Renewable Green Corporate Bonds (First Tranche) was RMB1,040,000,000.00 with an initial interest rate of 5.15% per annum and accrued interest of RMB53,560,000.00 for the current interest payment period (10 March 2021 to 9 March 2022).

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

61. Operating revenue and operating costs

(1). Operating revenue and operating costs

Unit: Yuan Currency: RMB

Items	Amount for the current period		Amount for the previous period (Restated)	
	Revenue	Cost	Revenue	Cost
Principal operations	18,466,584,291.67	13,246,979,652.74	16,103,590,312.74	11,228,303,565.19
Other operations	93,938,440.14	71,582,685.32	34,179,517.86	15,071,965.74
Total	18,560,522,731.81	13,318,562,338.06	16,137,769,830.60	11,243,375,530.93

(2). Revenue from contracts

Applicable Not applicable

Explanation on revenue from contracts:

Operating revenue by segments is presented as follows:

Items	Amount for the current period	Amount for the previous period (Restated)
Revenue from natural gas sales	11,850,603,245.84	9,519,273,994.93
Revenue from wind/photovoltaic power generation	6,294,904,687.69	6,300,152,603.14
Connection and construction of gas pipeline network revenue	191,427,130.36	211,211,261.38
Sales of natural gas-related commodities	58,880,426.56	7,356,595.66
Rental income	2,769,740.91	2,380,078.17
Others	161,937,500.45	97,395,297.32
Total	18,560,522,731.81	16,137,769,830.60

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

61. Operating revenue and operating costs (continued)

(2). Revenue from contracts (continued)

Items	Amount for the current period	Amount for the previous period (Restated)
Operating revenue from contracts with customers	18,557,752,990.90	16,135,389,752.43
Rental income	2,769,740.91	2,380,078.17
Total	18,560,522,731.81	16,137,769,830.60

The breakdown of operating revenue from contracts with customers is as follows:

2022

Reportable segments	Wind and photovoltaic generation	Natural gas	Others	Total
Operating revenue from contracts with customers				
Transferred at a point in time	6,290,116,594.04	11,909,483,672.40	4,788,093.65	18,204,388,360.09
Rendered over time	56,107,587.48	289,273,378.56	7,983,664.77	353,364,630.81
Total	6,346,224,181.52	12,198,757,050.96	12,771,758.42	18,557,752,990.90

2021 (restated)

Reportable segments	Wind and photovoltaic generation	Natural gas	Others	Total
Operating revenue from contracts with customers				
Transferred at a point in time	6,297,937,533.57	9,526,630,590.59	2,215,069.57	15,826,783,193.73
Rendered over time	35,845,038.89	267,026,239.61	5,735,280.20	308,606,558.70
Total	6,333,782,572.46	9,793,656,830.20	7,950,349.77	16,135,389,752.43

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

61. Operating revenue and operating costs (continued)

(2). Revenue from contracts (continued)

Revenue recognised in the current year and included in the carrying amount of contract liabilities at the beginning of the year is as follows:

Items	2022	2021
Advances received for natural gas sales	974,854,970.07	916,108,116.60
Advance receipts for pipeline construction	159,700,588.98	103,940,882.33
Other advances received	20,542,463.35	7,058,715.16
Total	1,155,098,022.40	1,027,107,714.09

The information relating to the Group's performance obligations is as follows:

Wind/photovoltaic power generation business

The performance obligation of the electricity sales contract is completed when the power is supplied to the provincial power grid company where each electric field is located. The benchmark price part of the contract price will be recovered within 30 days after settlement. The renewable energy subsidy will be paid in batches from the renewable energy fund by the Ministry of Finance and there is no fixed collection period. There are no sales returns and variable consideration.

Natural gas sales business

The natural gas sales contract usually requires the receipt of advances from a customer, and performance obligations are fulfilled when the natural gas enters the customer's natural gas pipeline through the grounding point. There are no sales returns and variable consideration.

Natural gas pipeline connection and construction services

Fulfillment of contractual obligations during the provision of service Service contracts have a term of one year (or shorter) or are billed as occurred, and customers are usually required to pay in advance before services are provided.

Natural gas-related commodities sales business

Performance obligations for sales of natural gas-related commodities are completed at the point of transfer of ownership of the commodities to the customer, with no sales returns or variable consideration.

(3). Explanation for performance of obligations under contracts

Applicable Not applicable

(4). Explanation for allocation to residual performance of obligations under contracts

Applicable Not applicable

Other explanations:

Nil

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

62. Taxes and surcharges

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Consumption tax		
Business tax		
City maintenance and construction tax	16,869,874.57	17,800,261.87
Education surcharges	16,737,862.81	12,997,922.29
Resources tax		
Property tax	5,241,920.63	3,683,709.51
Land use tax	9,059,669.40	8,908,646.95
Vehicle and vessel use tax		
Stamp duty	12,460,848.61	9,201,918.89
Others	2,541,013.89	1,187,502.07
Total	62,911,189.91	53,779,961.58

Other explanations:

Nil

63. Selling expenses

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Employee benefits	2,593,084.11	1,876,866.68
Advertising and promotion fees	313,213.67	810,845.12
Others	380,901.10	420,874.19
Total	3,287,198.88	3,108,585.99

Other explanations:

Nil

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

64. Administration expenses

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Employee benefits	337,729,056.80	373,052,527.06
Audit and evaluation consulting expense	45,625,069.46	33,882,731.86
Office expenses	37,323,171.34	26,524,499.43
Amortization of intangible assets	27,611,701.86	25,052,823.84
Vehicle, transportation and travelling expenses	15,483,544.94	18,477,271.35
Rental expenses	17,412,258.63	17,343,934.82
Depreciation of fixed assets	12,591,817.36	17,266,295.34
Depreciation of right-of-use assets	19,751,620.72	12,396,360.90
Business entertainment fees	12,314,517.83	11,611,343.98
Amortization of long-term deferred expenses	6,722,162.45	8,513,368.66
Others	127,235,685.37	131,334,126.45
Total	659,800,606.76	675,455,283.69

Other explanations:

In 2022, the above administration expenses include remuneration of auditors of RMB8,744,629.45 (2021: RMB8,512,760.69).

65. R&D expenses

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Labor costs	88,388,060.47	25,396,312.53
Outsourcing development fees	62,542,072.40	39,162,668.95
Depreciation and amortisation	156,775,970.31	457,578.89
Others	119,451,649.51	7,005,623.47
Total	427,157,752.69	72,022,183.84

Other explanations:

Nil

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

66. Finance costs

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Interest expense	1,519,285,268.09	1,436,915,673.29
Less: Interest income	-61,989,622.06	-24,269,705.78
Less: Capitalized interest	-284,024,075.32	-208,275,266.83
Exchange gain or loss	6,488,598.20	-465,709.14
Bank charges	1,810,419.38	2,713,885.92
Others	3,553,099.03	8,986,588.49
Total	1,185,123,687.32	1,215,605,465.95

Other explanations:

Capitalised amount of borrowing costs was included in construction in progress.

Capitalised amounts of interest and borrowing costs for the year were calculated based on the following annual capitalisation rate for the inclusion in fixed assets and construction in progress:

Items	2022	2021
Capitalisation rate	3.60%-5.06%	3.8%-4.4%

67. Other income

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
VAT refund	147,687,261.06	114,324,263.77
Fiscal appropriation	6,868,534.68	4,124,891.92
Subsidies for operation	6,180,311.93	952,380.95
Others	1,738,038.03	236,056.81
Provision of additional credit for input tax	5,544,778.32	
Refund of personal income tax handling fee	1,285,665.78	
Total	169,304,589.80	119,637,593.45

Other explanations:

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

67. Other income (continued)

Below sets forth the government grants relating to daily activities:

Projects funded by the grants	Amount for the current period	Amount for the previous period	Relating to assets/income
VAT refund	147,687,261.06	114,324,263.77	Relating to income
Subsidies for operation	6,180,311.93	952,380.95	Relating to income
Subsidies for Xingtai Xingdong New District Rerouting Project	263,157.84	263,157.84	Relating to assets
Key technologies and demonstration of Wind and Photovoltaic Hybridization based on DC Microgrid	80,000.04	80,000.04	Relating to assets
Employment stabilization subsidies	104,000.04	104,000.04	Relating to assets
Key Technologies and Application Demonstration for Large-Scale Renewable Energy Coupling with Hydrogen Production	3,100,284.88	3,100,284.88	Relating to assets
Strategic Emerging Industry Fund	65,867.67	65,867.67	Relating to income
Receipt of the refund of unemployment insurance premium from Chengde Unemployment Insurance Fund Management Center	136,176.21		Relating to income
Subsidies for Horqin Right Front Banner Wind Power Clean Heating Project	600,000.00		Relating to income
Project funded by the Department of Science and Technology	2,175,360.24		Relating to income
Weilai Industrial Load Absorption Distributed Renewable Energy Joint R&D	667,840.08		Relating to income
Research and application of key technologies for the construction of ultra-deep salt cavern gas reservoirs in Ningjin (small-scale cavitying pilot project of salt cavern underground gas reservoirs in Ningjin)	161,043.66		Relating to assets
Jiran Pipeline Coal-to-Gas Project	77,803.11		Relating to assets
Receipt of a special fund for the transformation of scientific and technological achievements from the Bureau of Agriculture, Animal Husbandry and Science and Technology of Kerchin Right Wing Forward Banner	40,000.00		Relating to income
Others	1,135,038.94	747,638.26	
Total	162,474,145.70	119,637,593.45	

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

68. Investment income

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Long-term equity investment income accounted for under the equity method	224,635,114.20	281,785,663.87
Investment gain on disposal of long-term equity investment	17,139,186.28	
Investment gain of held-for-trading financial assets during the period of holding	14,744,642.19	11,943,006.92
Dividend income from investment in other equity instruments during the period of holding		
Interest income from debt investment in the period of holding		
Interest income from other debt investment in the period of holding		
Investment gain on disposal of held-for-trading financial assets		
Investment gain on disposal of investment in other equity instruments		
Investment gain on disposal of debt investment		
Investment gain on disposal of other debt investment		
Gain on debt restructuring		
Gain on fair value remeasurement of remaining equity interests after loss of control		2,213,368.04
Gain in Investment arising from disposal of subsidiaries	1,886,586.26	
Total	258,405,528.93	295,942,038.83

Other explanations:

Nil

69. Gain on net exposure hedging

Applicable Not applicable

70. Gain on change in fair value

Applicable Not applicable

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

71. Credit impairment losses

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Loss on bad debts of bills receivable		
Loss on bad debts of accounts receivable	-9,969,717.10	21,922,957.80
Loss on bad debts of other receivables	13,952,308.07	374,812.98
Impairment losses on debt investments		
Impairment losses on other debt investments		
Bad debt loss on long-term receivables		
Impairment losses on contract assets		
Total	3,982,590.97	22,297,770.78

Other explanations:

Nil

72. Asset impairment losses

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
I. Bad debt losses		
II. Inventory depreciation loss and impairment loss on contract performance cost		
III. Impairment loss on long-term equity investment	3,164,390.70	
IV. Impairment loss on investment property		
V. Impairment loss on fixed assets	38,669,748.88	
VI. Impairment loss on construction material		
VII. Impairment loss on construction in progress		7,040,492.38
VIII. Impairment loss on bearer biological assets		
IX. Impairment loss on oil and gas assets		
X. Impairment loss on intangible assets		
XI. Impairment loss on goodwill		
XII. Others		
Total	41,834,139.58	7,040,492.38

Other explanations:

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

72. Asset impairment losses (continued)

The Group recognised an impairment loss of RMB3,164,390.70 on its long-term equity investment in 2022. The long-term equity investment that was impaired was the Group's investment in Chengde Shuangluan District HCIG LNG Co., Ltd. As the project of Chengde Shuangluan has been stagnant for many years and is expected to be unable to advance, the recoverable amount of the corresponding long-term equity investment of the company is expected to be zero. Accordingly, a provision for impairment of the long-term equity investment was made. Please refer to Note VII. 17 to this Section.

The Group recognised an impairment loss of RMB38,669,748.88 on fixed assets in 2022. As Guyuan Wuhuaping Phase I Project and Guyuan Wuhuaping Phase II Project of the Group's subsidiary were tested for impairment and the expected recoverable amount was less than the carrying amount, a provision for impairment of fixed assets was made based on the difference between the expected recoverable amount and the carrying amount. Please refer to Note VII. 21 to this Section.

73. Gain on disposal of assets

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Gain on disposal of assets	241,788.61	236,353.08
Others	49,531.71	
Total	291,320.32	236,353.08

Other explanations:

Nil

74. Non-operating income

Non-operating income

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period	Amount included in current non-recurring gain or loss
Gains from penalties on projects		18,000,000.00	
Total gains on disposal of non-current assets	117,433.90	301,231.40	117,433.90
Including: Gain on disposal of fixed assets	117,433.90	301,231.40	117,433.90
Gain on disposal of intangible assets			
Exchange gain on non-monetary assets			
Income from donations			
Government grants	5,039,096.35	5,709,370.06	5,039,096.35
Resale income of carbon emission allowances	9,628,082.77	1,256,546.14	9,628,082.77
Unpayable amounts	784,524.84	102,096.24	784,524.84
Net gain from penalties	24,400.00	101,662.28	24,400.00
Others	991,521.19	520,424.34	991,521.19
Total	16,585,059.05	25,991,330.46	16,585,059.05

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

74. Non-operating income (continued)

Government grants included in the current profit or loss

Unit: Yuan Currency: RMB

Projects funded by the grants	Amount for the period	Amount for the previous period	Relating to assets/ Relating to income
Receipt of an award from the Finance Bureau of Shijiazhuang Zhengding New District	2,810,642.92		Relating to income
2022 Foreign Enterprise Investment Incentives of Development and Reform Bureau of Qiaoxi District Listing Incentive Funds	1,892,000.00	5,000,000.00	Relating to income Relating to income
Industrial Output Value Growth Subsidy Funds of Economic and Information Bureau of Wuming District		221,000.00	Relating to income
Others	336,453.43	488,370.06	Relating to income
Total	5,039,096.35	5,709,370.06	

Other explanations:

Applicable Not applicable

75. Non-operating expenses

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period	Amount included in current non-recurring gain or loss
Total losses on disposal of non-current assets	2,977,734.16	12,289,772.27	2,977,734.16
Including: Loss on disposal of fixed assets	2,977,734.16	12,289,772.27	2,977,734.16
Loss on disposal of intangible assets			
Exchange loss on non-monetary assets			
Donations	10,800.00	9,000.00	10,800.00
Expenses on compensation, and penalties	3,537.00	533,015.03	3,537.00
Expenses on penalty	49,000.80		49,000.80
Other expenses	4,339,510.82	2,748,685.64	4,339,510.82
Total	7,380,582.78	15,580,472.94	7,380,582.78

Other explanations:

Nil

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

76. Income tax expenses

(1). Table of income tax expenses

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Current income tax expense	476,693,304.70	426,709,988.07
Deferred income tax expense	-588,238.14	-10,098,856.60
Total	476,105,066.56	416,611,131.47

(2). Reconciliation of accounting profits and income tax

Unit: Yuan Currency: RMB

Items	Amount for the current period
Total profits	3,295,069,142.96
Income tax expense calculated at statutory/applicable tax rate	823,767,285.74
Impact of different tax rates applied to subsidiaries	-350,330,347.13
Impact of adjustment of income tax of previous periods	-4,939,023.97
Impact of non-taxable income	-3,686,160.55
Impact of non-deductible costs, expenses and losses	6,555,795.24
Impact of utilising deductible loss of deferred tax assets unrecognized in previous periods	-3,208,470.43
Impact of deductible temporary difference or deductible loss of deferred tax assets unrecognized in current period	64,104,766.21
Income attributable to joint ventures and associates	-56,158,778.55
Income tax expenses	476,105,066.56

Other explanations:

Income tax of the Group is calculated based on the estimated taxable income generated within the PRC and applicable tax rate. Tax arisen from the taxable income generated in other regions is calculated at applicable tax rate according to the prevailing laws, interpretations and practices of the jurisdiction in which the Group operates.

77. Other comprehensive income

For details, please refer to the related content set out in Note "VII. 57 Other Comprehensive Income"

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

78. Items in the cash flow statement

(1). Cash received from other operating activities

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Interest income	60,964,249.89	24,269,705.78
Resale income of carbon emission allowances	9,628,082.77	1,256,546.14
Government grants	25,343,375.37	56,902,512.18
Wire subsidy	6,180,311.93	952,380.95
Others	7,891,933.79	18,998,679.00
Total	110,007,953.75	102,379,824.05

Explanation on the cash received from other operating activities:

Nil

(2). Cash paid for other operating activities

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Fees paid for outsourced research	93,691,344.10	41,512,429.09
Deposits	72,430,000.00	
Audit and evaluation consulting expense	48,362,573.63	35,915,695.77
Office expenses	39,562,561.62	28,115,969.40
Vehicle, transportation and travelling expenses	16,877,063.98	20,140,225.77
Rental expenses	18,979,361.91	18,904,888.95
Business entertainment fees	13,053,388.90	12,308,024.62
Handling fee	1,810,419.38	2,713,885.92
Others	23,408,205.36	40,530,590.12
Total	328,174,918.88	200,141,709.64

Explanation on cash paid for other operating activities:

Nil

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

78. Items in the cash flow statement (continued)

(3). Cash received from other investing activities

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Advances received for the costs of entrusted construction of storage tanks	382,300,884.94	880,000,000.00
Total	382,300,884.94	880,000,000.00

Explanation on the cash received from other investing activities:

Nil

(4). Cash paid for other investing activities

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Decrease in cash balance due to the changes in the scope of consolidation		19,854,284.47
Total		19,854,284.47

Explanation on the cash paid for other investing activities:

Nil

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

78. Items in the cash flow statement (continued)

(5). Cash received from other financing activities

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Discounted bills receivable	42,280,000.00	40,527,754.65
Total	42,280,000.00	40,527,754.65

Explanation on the cash received from other financing activities:

Nil

(6). Cash paid for other financing activities

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Cash outflows related to leasing	365,687,715.03	163,795,249.45
Others	55,760,100.00	7,738,400.06
Total	421,447,815.03	171,533,649.51

Total Explanation on the cash paid for other financing activities:

Nil

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

79. Supplementary information of the cash flow statement

(1). Supplementary information of the cash flow statement

Unit: Yuan Currency: RMB

Supplementary Information	Amount for the period	Amount for the previous period
1. Net profit adjusted to cash flows of operating activities:		
Net profit	2,818,964,076.40	2,854,700,266.87
Add: Provision for impairment of assets	41,834,139.58	7,040,492.38
Credit impairment losses	3,982,590.97	22,297,770.78
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of productive biological assets	2,005,929,266.56	1,842,831,938.72
Amortization of right-of-use assets	147,954,421.00	145,688,180.39
Amortization of intangible assets	166,172,921.65	132,959,674.00
Amortization of long-term deferred expenses	8,953,823.23	7,342,804.22
Losses from disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	-291,320.32	-236,353.08
Losses from scrapping of fixed assets ("-" for gains)	2,860,300.26	11,988,540.87
Losses from changes in fair value ("-" for gains)		
Finance costs ("-" for gains)	1,228,772,594.57	1,228,174,697.55
Investment losses ("-" for gains)	-258,405,528.93	-295,942,038.83
Decrease in deferred income tax assets ("-" for increase)	-2,573,286.56	-11,748,178.93
Increase in deferred income tax liabilities ("-" for decrease)	1,985,048.42	1,649,322.33
Decrease in inventories ("-" for increase)	109,655,093.92	-156,076,332.41
Decrease in operating receivables ("-" for increase)	902,797,155.96	-3,158,597,014.71
Increase in operating payables ("-" for decrease)	279,948,724.06	1,700,567,396.80
Others	4,820,137.61	
Net cash flows from operating activities	7,463,360,158.38	4,332,641,166.95
2. Significant investing and financing activities that do not involve cash receipts and payment		
Gain on fair value remeasurement of remaining equity interests after loss of control		176,094,564.63
Right-of-use assets acquired by committing lease liabilities	28,543,507.61	182,723,079.18
Receipt of sale-leaseback amounts settled by bills		176,826,532.47
Transfer of bankers' acceptance bills by endorsement received for the sale of goods and services	501,635,277.44	404,613,660.03
Conversion of debts into capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	7,165,689,017.44	7,533,084,715.56
Less: Opening balance of cash	7,533,084,715.56	1,863,441,446.73
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-367,395,698.12	5,669,643,268.83

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

79. Supplementary information of the cash flow statement (continued)

(2). Net cash paid for acquisition of subsidiaries for the period

Unit: Yuan Currency: RMB

	Amount
Cash or cash equivalents paid during the current period for the business combination occurred during the current period	156,527,519.53
Less: Cash and cash equivalents held by subsidiaries on the date of acquisition	28,085,407.27
Add: Cash or cash equivalents paid during the current period for the business combination occurred during previous periods	
Net cash paid for acquisition of subsidiaries	128,442,112.26

Other explanations:

Nil

(3). Net cash received from disposal of subsidiaries during the current period

Applicable Not applicable

(4). Cash and cash equivalents composition

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
I. Cash	7,165,689,017.44	7,533,084,715.56
Including: Cash on hand		
Bank deposit that can be used for payment at any time	7,165,689,017.44	7,533,084,715.56
Other cash that can be used for payment at any time		
Central bank deposits that can be used for payment		
Deposits in other banks		
Call loans to banks		
II. Cash equivalents		
Including: bond investments due within months		
III. Balance of cash and cash equivalents at the end of the period	7,165,689,017.44	7,533,084,715.56
Including: restricted cash and cash equivalents used by the parent company and the subsidiaries of the Group		

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

79. Supplementary information of the cash flow statement (continued)

(4). Cash and cash equivalents composition (continued)

Other explanations:

Items	Dividend payable	Long or short-term borrowings	Debentures payable	Ultra short-term financing bonds in other current liabilities	Lease liabilities	Sale and leaseback borrowings in long-term payables
1 January 2022	169,836,057.78	33,587,416,939.70	2,117,210,160.56	704,107,945.21	898,773,414.68	350,223,718.91
Dividend distribution	1,127,272,675.88					
Distribution to other equity holders	53,560,000.00					
Accrued interests		1,357,160,609.32	112,579,861.35	19,069,623.26	30,917,496.70	7,485,575.55
Changes in cash flows from financing activities	-1,208,558,808.31	2,258,079,668.72	-703,468,241.12	287,015,342.46	-177,134,095.58	-188,553,619.45
Significant financing activities not involving cash					28,543,507.61	
31 December 2022	142,109,925.35	37,202,657,217.74	1,526,321,780.79	1,010,192,910.93	781,100,323.41	169,155,675.01

80. Notes to the statement of changes in equity

The explanation for matters such as the item name of "Others" and amount adjustment for adjusting the balance at the end of the previous year:

Applicable Not applicable

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

81. Assets with restricted ownership or right-of-use

Unit: Yuan Currency: RMB

Items	At the end of the period	Reasons for restriction
Cash	160,370,310.33	Note 1
Receivables financing	0.00	Note 2
Accounts receivable	4,459,760,109.54	Note 3, Note 6
Fixed assets	261,713,427.79	Note 4
Intangible assets	3,228,776.38	Note 5
Total	4,885,072,624.04	/

Other explanations:

Note 1: Cash with restricted ownership represents mainly the land reclamation deposit, risk collateral, and guarantee deposit among others.

Note 2: As of 31 December 2021, the corresponding receivable financing in relation to the Group's long-term borrowings secured by part of the right of collection of future electricity fees amounted to RMB590,000.00 and as of 31 December 2022, the pledge had expired.

Note 3: As at 31 December 2022, the corresponding accounts receivable in relation to the Group's long-term borrowings secured by part of the right of collection of future electricity fees amounted to RMB4,459,760,109.54(31 December 2021: RMB5,297,705,008.26).

Note 4: As at 31 December 2022, the Group secured fixed assets with carrying values of RMB261,713,427.79 (31 December 2021: RMB282,529,150.15) for long-term bank borrowings.

Note 5: As at 31 December 2022, the Group secured intangible assets with carrying values of RMB3,228,776.38 (31 December 2021: RMB3,310,438.09) for long-term bank borrowings.

Note 6: As at 31 December 2022, the Group utilised accounts receivable with the carrying amount of RMB332,103,388.61 as the fundamental assets for the establishment of Ping An-HECIC New-energy No. 1 Asset-backed Special Program. As of 31 December 2022, the program had expired.

FINANCIAL REPORT

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

82. Monetary item in foreign currency

(1). Monetary item in foreign currency

Unit: Yuan

Items	Balance of foreign currency at the end of the period	Exchange rate	Balance of RMB converted at the end of the period
Cash	-	-	-
Including: USD	19,622.55	6.9646	136,663.21
HKD	9,143,722.42	0.8933	8,167,812.93
Other receivables	-	-	-
Including: HKD	1,222,001.25	0.8933	1,091,577.06
Accounts payable	-	-	-
Including: HKD	208,552.92	0.8933	186,294.07
Other payables	-	-	-
Including: HKD	111,041.70	0.8933	99,190.22
Short-term borrowings	-	-	-
Including: HKD	41,450,739.53	0.8933	37,026,702.10
Long-term borrowings	-	-	-
Including: HKD	34,023,764.98	0.8933	30,392,408.54

Other explanations:

Nil

- (2). Explanation on foreign business entity (including those that are considered important) should include disclosure of: the overseas principal place of business of the foreign business entity; the reporting currency and the basis for using that currency; the reason(s) for the change of reporting currency

Applicable Not applicable

83. Hedging

Applicable Not applicable

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

84. Government grants

(1). Basic information about government grants

Unit: Yuan Currency: RMB

Category	Amount	Item presented	Amount included in the current profit or loss
VAT refund	147,687,261.06	Other income	147,687,261.06
Fiscal appropriation	6,868,534.68	Other income	6,868,534.68
Subsidies for operation	6,180,311.93	Other income	6,180,311.93
Others	1,738,038.03	Other income	1,738,038.03
Below sets forth the government grants not relating to daily activities:	5,039,096.35	Non-operating income	5,039,096.35

(2). Refund of government grants

Applicable Not applicable

Other explanations:

Nil

85. Others

The supplementary information about the operating costs, selling expenses, administration expenses and R&D expenses of the Group is presented by nature as follows:

Items	Amount for the current period	Amount for the previous period (Restated)
Raw materials used	10,649,682,455.46	8,361,112,389.80
Employee benefits	753,811,902.41	732,615,113.85
Depreciation and amortisation	2,329,010,432.44	2,128,822,597.33
Others	676,303,106.08	771,411,483.47
Total	14,408,807,896.39	11,993,961,584.45

Trial sales:

Gains or losses related to external sales of products or by-products produced before the fixed assets reach their intended useable condition are reported as follows:

Items	Amount for the current period	Amount for the previous period
Operating revenue	45,466,021.22	152,501,578.59
Operating costs	2,558,961.18	9,430,053.32

FINANCIAL REPORT

VIII. CHANGES IN SCOPE OF CONSOLIDATION

1. Business combinations involving enterprises not under common control

(1). Business combinations involving enterprises not under common control that occurred during the current period

Unit: Yuan Currency: RMB

Name of acquiree	Time of acquisition of equity interests	Consideration for acquisition of equity interests	Percentage of equity interests acquired (%)	Method of acquisition of equity interests	Date of Acquisition	Basis for determining the date of acquisition	Income of the acquiree from the date of acquisition to the end of the period	Net profit of the acquiree from the date of acquisition to the end of the period
Shijiazhuang Jiecheng Natural Gas Trading Co. Ltd. (石家莊市捷誠天然氣貿易有限公司)	2022/3/8	76,387,319.53	80.00	Acquisition settled by cash	2022/3/8	Transfer of control	47,179,255.42	-1,741,064.25
Xinjiang Yusheng New Energy Development Co., Ltd. (新疆宇晟新能源開發有限公司)	2022/5/16	16,289,400.00	51.00	Acquisition settled by cash	2022/5/16	Transfer of control	0.00	694.87
Shijiazhuang Xin'ao Urban Gas Development Co., Ltd. (石家莊新奧城市燃氣發展有限公司)	2022/10/14	63,850,800.00	51.00	Acquisition settled by cash	2022/10/14	Transfer of control	4,344,569.92	2,906,681.10

Other explanations:

In 2022, the Group acquired the equity interests in the above companies from independent third parties based on the Group's business development. From the date the Group obtained control over these acquired companies, they were included in the Group's consolidated financial statements.

(2). Cost of combination and goodwill

Unit: Yuan Currency: RMB

	Shijiazhuang Jiecheng Natural Gas Trading Co. Ltd. (石家莊市捷誠天然氣貿易有限公司)
Cost of combination	
- Cash	76,387,319.53
- Fair value of non-cash assets	
- Fair value of debts issued or assumed	
- Fair value of equity securities issued	
- Fair value of contingent consideration	
- Fair value on the date of acquisition of equity interests held prior to the date of acquisition	
- Others	
Total cost of combination	76,387,319.53
Less: share of fair value of identifiable net assets acquired	37,827,283.64
Goodwill/cost of combination fell short from share of fair value of identifiable net assets acquired	38,560,035.89

VIII. CHANGES IN SCOPE OF CONSOLIDATION (continued)

1. Business combinations involving enterprises not under common control (continued)

(2). Cost of combination and goodwill (continued)

Xinjiang Yusheng New Energy Development Co., Ltd. (新疆宇晟新能源 開發有限公司)	
Cost of combination	
- Cash	16,289,400.00
- Fair value of non-cash assets	
- Fair value of debts issued or assumed	
- Fair value of equity securities issued	
- Fair value of contingent consideration	
- Fair value on the date of acquisition of equity interests held prior to the date of acquisition	
- Others	
Total cost of combination	16,289,400.00
Less: share of fair value of identifiable net assets acquired	16,289,003.20
Goodwill/cost of combination fell short from share of fair value of identifiable net assets acquired	396.80

Shijiazhuang Xin'ao Urban Gas Development Co., Ltd. (石家莊新奧城市燃氣 發展有限公司)	
Cost of combination	
- Cash	63,850,800.00
- Fair value of non-cash assets	
- Fair value of debts issued or assumed	
- Fair value of equity securities issued	
- Fair value of contingent consideration	
- Fair value on the date of acquisition of equity interests held prior to the date of acquisition	
- Others	
Total cost of combination	63,850,800.00
Less: share of fair value of identifiable net assets acquired	60,939,827.49
Goodwill/cost of combination fell short from share of fair value of identifiable net assets acquired	2,910,972.51

Explanation on determination of fair value of cost of combination, contingent consideration and its changes:

Nil

Major reason for a huge amount of goodwill:

The acquisition price was higher than the share of fair value of the net assets of the acquired enterprise, considering that the above companies have greater potential for future development.

Other explanations:

Nil

FINANCIAL REPORT

VIII. CHANGES IN SCOPE OF CONSOLIDATION (continued)

1. Business combinations involving enterprises not under common control (continued)

(3). Identifiable assets and liabilities of the acquiree on the date of acquisition

Unit: Yuan Currency: RMB

	Shijiazhuang Jiecheng Natural Gas Trading Co. Ltd. (石家莊市捷誠天然氣貿易有限公司)		Xinjiang Yusheng New Energy Development Co., Ltd. (新疆宇晟新能源開發有限公司)		Shijiazhuang Xin'ao Urban Gas Development Co., Ltd. (石家莊新奧城市燃氣發展有限公司)	
	Fair value at the date of acquisition	Carrying amount at the date of acquisition	Fair value at the date of acquisition	Carrying amount at the date of acquisition	Fair value at the date of acquisition	Carrying amount at the date of acquisition
Assets:	60,537,482.67	59,763,716.91	42,611,953.26	42,611,953.26	119,538,672.62	119,538,672.62
Cash	10,093,248.56	10,093,248.56	17,992,158.71	17,992,158.71		
Receivables	1,777,463.85	1,777,463.85				
Prepayments	207,132.79	207,132.79	34,000.00	34,000.00		
Inventory	1,135,486.99	1,135,486.99				
Other current assets	336,367.65	336,367.65	12,460,200.51	12,460,200.51		
Fixed assets	44,410,000.50	43,636,234.74				
Construction in progress	2,577,782.33	2,577,782.33	12,125,594.04	12,125,594.04	118,180,187.03	118,180,187.03
Deferred income tax assets					1,358,485.59	1,358,485.59
Liabilities:	13,253,378.12	13,059,936.68	10,672,731.31	10,672,731.31	48,814.80	48,814.80
Payables	9,610,657.94	9,610,657.94	10,406,300.00	10,406,300.00	44,800.00	44,800.00
Advances from customers	2,089,178.74	2,089,178.74				
Other payables	1,360,100.00	1,360,100.00	266,431.31	266,431.31	4,014.80	4,014.80
Deferred income tax liabilities	193,441.44					
Net assets	47,284,104.55	46,703,780.23	31,939,221.95	31,939,221.95	119,489,857.82	119,489,857.82
Less: Minority interests	9,456,820.91		15,650,218.75		58,550,030.33	
Net assets acquired	37,827,283.64		16,289,003.20		60,939,827.49	

Determination of the fair value of identifiable assets and liabilities:

The Group evaluated each of the identifiable assets and liabilities at the date of acquisition using the asset-based approach.

Contingent liabilities of the acquiree assumed in business combination:

Nil

Other explanations:

Nil

VIII. CHANGES IN SCOPE OF CONSOLIDATION (continued)

1. Business combinations involving enterprises not under common control (continued)

(4). Gain or loss on fair value remeasurement of the equity interests held before the date of acquisition

Whether there was a transaction achieving business combination through several transactions that acquired control during the Reporting Period

Applicable Not applicable

(5). Explanation on the incapability for reasonable determination of the consideration of combination or fair value of identifiable assets and liabilities of the acquiree on the date of acquisition or at the end of the current period in which the combination occurred

Applicable Not applicable

(6). Other explanations

Applicable Not applicable

2. Business combinations involving enterprises under common control

Applicable Not applicable

3. Reverse acquisition

Applicable Not applicable

VIII. CHANGES IN SCOPE OF CONSOLIDATION (continued)

4. Disposal of subsidiaries

Whether there is a single disposal of investments in subsidiaries that results in the loss of control

Unit: Yuan Currency: RMB

Name of subsidiaries	Consideration for the disposal of the subsidiary	Percentage of equity interests disposed (%)	Method of the disposal of equity interests	Date of loss of control	Basis for the determination of the date of loss of control	Difference between the consideration for the disposal and the share of net assets of the subsidiary at the level of the relevant consolidated financial statements in which the disposed investments presented	Percentage of remaining equity interests on the date of loss of control (%)	Carrying amount of remaining equity interests on the date of loss of control	Fair value of remaining equity interests on the date of loss of control	Gain or loss on fair value remeasurement of remaining equity interests	Determination method and major assumptions of the fair value of remaining equity interests on the date of loss of control	Amount transferred into investment gain or loss from other comprehensive income relating to the equity investment in the former subsidiary
Yumen-Pushi	6,101,216.22	70.00	Exit through withdrawal of capital contribution	2022-6-8	Recovery of investment funds		0.00	4,011,830.14				0.00

Other explanations:

VIII. CHANGES IN SCOPE OF CONSOLIDATION (continued)

4. Disposal of subsidiaries (continued)

On 30 March 2022, Yunnan Pushi held a shareholders' meeting and, with the unanimous consent of all shareholders, the Company reduced its capital contribution and withdrew from Yunnan Pushi. After the withdrawal of capital contribution, the Company withdrew from the shareholders' meeting and ceased to enjoy the rights of shareholders and assume the obligations of shareholders, and the percentage of the Company after the withdrawal of capital contribution was recognised by shareholders other than the Company. On 8 June, 2022, the Company recovered the investment amount of RMB6,101,218.22 in accordance with the resolution of the shareholders' meeting, and the Group no longer included Yunnan Pushi in the consolidation, and the relevant financial information of Yunnan shi is presented as follows:

Items	8 June, 2022	31 December 2021
Current assets	6,085,247.15	6,067,106.50
Non-current assets	3,030.14	3,030.14
Current liabilities	-130,153.57	-130,153.57
Owners' equity	5,958,123.72	5,939,983.07
Minority interests	1,787,437.12	
Fair value of remaining equity interests		
Gain or loss on disposal	1,930,531.62	
Consideration for disposal	6,101,218.22	

5. Changes in the scope of consolidation due to other reasons

Explanation on the changes in the scope of consolidation due to other reasons (e.g. establishment of new subsidiaries and liquidation of subsidiaries, etc.) and the related conditions:

New subsidiaries

2022	Operating place	Registered place	Business nature	Registered capital (RMB'0,000)	Shareholding percentage (%)	
					Direct	Indirect
Suntien Green Energy (Tianjin) Co., Ltd. (新天綠色能源(天津)有限公司)	PRC	Tianjin City	Wind power generation	1,000.00	100.00	
Cangzhou Suntien Green Energy Co., Ltd. (滄州新天綠色能源有限公司)	PRC	Cangzhou City	Power generation business, transmission business, and electricity supply (distribution) business	5,000.00	100.00	
Liquan Jisheng Green Energy Co., Ltd. (禮泉冀盛綠色能源有限公司)	PRC	Xianyang City	Wind power generation	1,000.00	100.00	
Cangzhou Suntien Botou Energy Co., Ltd. (滄州新天渤投能源有限公司)	PRC	Cangzhou City	Power generation business and transmission business	1,000.00	66.00	
Suntien Offshore Wind Power (Qinhuangdao) Co., Ltd. (新天海上風電(秦皇島)有限公司)	PRC	Qinhuangdao City	Power generation business and transmission business	2,000.00	70.00	30.00
Julu County HCIG New-energy Wind Power Co., Ltd. (巨鹿縣建設新能風力發電有限公司)	PRC	Xingtai City	Technical services for wind power generation	100.00	55.00	25.00
Xingtai Nanhe District HCIG Xinjing Wind Power Co., Ltd. (邢台南和區建設新景風力發電有限公司)	PRC	Xingtai City	Wind power generation	100.00	55.00	
Ningjin County HCIG Xinze Wind Power Co., Ltd. (寧晉縣建設新澤風力發電有限公司)	PRC	Xingtai City	Power generation business	100.00	51.00	
Jinzhou HCIG Wind Power Co., Ltd. (晉州市建設風力發電有限公司)	PRC	Shijiazhuang City	Power generation business	100.00	51.00	

Note: All the nine companies were newly established in 2022. As of 31 December 2022, the Group has not paid its capital contribution to Liquan Jisheng Green Energy Co., Ltd., Julu County HCIG New-energy Wind Power Co., Ltd., Xingtai Nanhe District HCIG Xinjing Wind Power Co., Ltd., Ningjin County HCIG Xinze Wind Power Co., Ltd. and Jinzhou HCIG Wind Power Co., Ltd.

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VIII. CHANGES IN SCOPE OF CONSOLIDATION (continued)

5. Changes in the scope of consolidation due to other reasons (continued)

Cancelled subsidiaries

2022	Operating place	Registered place	Business nature	Registered capital (RMB'0,000)	Shareholding percentage (%)	
					Direct	Indirect
Ruian Xin Yun New Energy Co., Ltd.	PRC	Rui'an City	Wind power generation	500.00	70.00	

Note: The cancellation of this subsidiary resulted in a decrease in the Group's minority interest of RMB750,000.00 and an investment loss of RMB43,945.36 to the Group.

6. Others

Applicable Not applicable

IX. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1). Composition of the Group

Subsidiaries Name	Operating place	Registered place	Registered Capital (RMB 0'000)	Business nature	Shareholding percentage (%)		Method of acquisition of equity interests
					Direct	Indirect	
HECIC New Energy	PRC	Shijiazhuang City	519,730.00	Wind power generation, wind farm investment and service consulting	100.00		Combinations involving enterprises under common control
Hebei Natural Gas	PRC	Shijiazhuang City	190,000.00	Sale of natural gas and appliances, as well as connection and construction of natural gas pipelines	55.00		Combinations involving enterprises under common control
Suntien Green Energy (Fengning) Co., Ltd. (新天綠色能源(豐寧)有限公司)	PRC	Chengde City	18,869.57	Wind power generation	92.00		Establishment by investment
Jianshui Suntien Wind Energy Co., Ltd. (建水新天風能有限公司)	PRC	Honghe County	33,300.00	Wind power generation	49.00	51.00	Establishment by investment
Heilongjiang Suntien Hadian New Energy Investment Co., Ltd. (黑龍江新天哈電新能源投資有限公司)	PRC	Harbin City	26,660.00	Wind power generation	99.08		Establishment by investment
Suntien Green Energy (Hong Kong) Corporation Limited.	PRC	Hong Kong, PRC	USD8,290.71	Project investment and investment management	100.00		Establishment by investment
Suntien Green Energy Investment (Beijing) Co., Ltd. (新天綠色能源投資(北京)有限公司)	PRC	Beijing City	6,000.00	Leasing and commercial service industry	100.00		Establishment by investment
Ruoqiang Suntien Green Energy Co., Ltd. (若羌新天綠色能源有限公司)	PRC	Ruoqiang County	14,810.00	Wind power generation	100.00		Establishment by investment
Xinyang Suntien Wind Energy Co., Ltd. (滎陽新天風能有限公司)	PRC	Xinyang City	9,000.00	Wind power generation	100.00		Establishment by investment
Weihui Suntien Green Energy Co., Ltd. (衛輝新天綠色能源有限公司)	PRC	Weihui City	8,400.00	Wind power generation	100.00		Establishment by investment
Junan Suntien Wind Energy Co., Ltd. (莒南新天風能有限公司)	PRC	Junan County	10,300.00	Wind power generation	100.00		Establishment by investment
Shenzhen Suntien Green Energy Investment Co., Ltd. (深圳新天綠色能源投資有限公司) ("Shenzhen Suntien")	PRC	Shenzhen City	27,000.00	Project investment and investment management	100.00		Establishment by investment
Hebei Fengning CIC New Energy Co., Ltd. (河北豐甯建設新能源有限公司)	PRC	Fengning Manchu Autonomous County	93,483.00	Wind power generation	100.00		Establishment by investment
Suntien Liquefied Natural Gas Shahe Co., Ltd. (新天液化天然氣沙河有限公司)	PRC	Xingtai City	5,000.00	LNG clean fuel technology, development, utilization, promotion, LNG storage, transportation and sales		100.00	Establishment by investment
Suntien Hebei Solar Energy Development Co., Ltd. (新天河北太陽能開發有限公司)	PRC	Shijiazhuang City	10,000.00	Investment and sale of solar energy appliances and service consultancy	69.00		Establishment by investment
Guangxi Suntien Green Energy Co., Ltd. (廣西新天綠色能源有限公司)	PRC	Nanning City	11,450.00	Wind power generation	100.00		Establishment by investment
Tongdao Suntien Green Energy Co., Ltd. (通遼新天綠色能源有限公司)	PRC	Tongdao Dong Autonomous County	15,887.00	Wind power and solar energy generation, relevant technical consultation	100.00		Establishment by investment

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1). Composition of the Group (continued)

Subsidiaries Name	Operating place	Registered place	Registered Capital (RMB 0'000)	Business nature	Shareholding percentage (%)		Method of acquisition of equity interests
					Direct	Indirect	
Chaoyang Suntien New Energy Co., Ltd. (朝陽新天新能源有限公司)	PRC	Chaoyang City	3,200.00	Solar energy generation	100.00		Establishment by investment
HECIC New-energy (Tangshan) Co., Ltd. (建投新能源(唐山)有限公司)	PRC	Tangshan City	8,600.00	Wind and solar power generation	100.00		Establishment by investment
Fuliang Zhongling Suntien Green Energy Co., Ltd. (浮梁中嶺新天綠色能源有限公司)	PRC	Jingdezhen City	17,430.00	Wind power, water power and solar power generation and relevant technical consultation	100.00		Establishment by investment
Suntien Green Energy Xuyi Co., Ltd. (新天綠色能源盱眙有限公司)	PRC	Huai'an City	23,400.00	Wind power and solar energy generation, relevant technical consultation		100.00	Establishment by investment
Suntien Hebei Electricity Sales Co., Ltd. (新天河北電力銷售有限公司)	PRC	Shijiazhuang City	21,000.00	Electricity sales and electric power transmission and distribution engineering construction and electric power technology consulting	100.00		Establishment by investment
Tangshan Suntien New Energy Co., Ltd. (唐山新天新能源有限公司)	PRC	Tangshan City	1,500.00	Wind power and solar energy generation, relevant technical consultation		100.00	Establishment by investment
Fangchenggang Suntien Green Energy Co., Ltd. (防城港新天綠色能源有限公司)	PRC	Fangchenggang City	9,330.00	Wind power and solar energy generation, relevant technical consultation	100.00		Establishment by investment
Fuping Jixin Suntien Green Energy Co., Ltd. (富平冀新綠色能源有限公司)	PRC	Weinan City	16,580.00	Wind power generation	100.00		Establishment by investment
HECIC Zhangjiakou Wind Energy Co., Ltd. (河北建投張家口風能有限公司)	PRC	Kangbao County	69,275.00	Wind power generation		100.00	Establishment by investment
HECIC Zhongxing Wind Energy Co., Ltd. (河北建投中興風能有限公司)	PRC	Haixing County	16,300.00	Wind power generation		70.00	Establishment by investment
HECIC Weizhou Wind Energy Co., Ltd. (河北建投蔚州風能有限公司)	PRC	Yu County	36,400.00	Wind power generation		55.92	Establishment by investment
Longyuan Chongli	PRC	Chongli District	9,500.00	Wind power generation		50.00	Establishment by investment
Lingqiu CIC Hengguan Wind Energy Co., Ltd. (靈丘建投衡冠風能有限公司)	PRC	Lingqiu County	33,850.00	Wind power generation		55.00	Establishment by investment
HECIC Yanshan (Guyuan) Wind Power Co., Ltd. (建投燕山(涇源)風能有限公司)	PRC	Guyuan County	83,977.55	Wind power generation		94.43	Establishment by investment
Zhangbei Huashi	PRC	Zhangbei County	8,000.00	Wind power generation		49.00	Establishment by investment
Hebei Suntien Kechuang New Energy Technology Co., Ltd. (河北新天科創新能源技術有限公司)	PRC	Xuanhua District	10,880.00	Provision of maintenance and consulting services for wind farms and other new energy		100.00	Establishment by investment
Chengde Yuyuan Wind Energy Co., Ltd. (承德譽源風能有限公司)	PRC	Chengde City	17,000.00	Wind power generation		60.00	Establishment by investment
Horqin Right Front Banner Suntien Wind Energy Co., Ltd. (科右前旗新天風能有限公司)	PRC	Kerchin Right Wing Forward Banner	21,300.00	Wind power generation		100.00	Establishment by investment
Laiyuan Suntien Wind Energy Co., Ltd. (涞源新天風能有限公司)	PRC	Laiyuan County	20,460.00	Wind and solar power generation		100.00	Establishment by investment
Wei County Suntien Wind Energy Co., Ltd. (蔚縣新天風能有限公司)	PRC	Yu County	71,400.00	Wind power generation		100.00	Establishment by investment
Wuchuan County Mengtian Wind Energy Co., Ltd. (武川縣蒙天風能有限公司)	PRC	Wuchuan County	15,000.00	Wind power generation		100.00	Establishment by investment
Shangyi Suntien Wind Energy Co., Ltd. (尚義新天風能有限公司)	PRC	Shangyi County	23,213.00	Wind power generation		100.00	Establishment by investment
Zhangbei Suntien	PRC	Zhangbei County	22,000.00	Wind power generation		100.00	Establishment by investment
Changli Suntien Wind Energy Co., Ltd. (昌黎新天風能有限公司)	PRC	Changli County	29,800.00	Wind power generation		100.00	Establishment by investment
Suntien Green Energy Weichang Co., Ltd. (新天綠色能源圍場有限公司)	PRC	Weichang Manchu and Mongolian Autonomous County	73,600.00	Wind power generation		97.28	Establishment by investment
Chongli Suntien Wind Energy Co., Ltd. (崇禮新天風能有限公司)	PRC	Chongli County	35,000.00	Wind power generation		100.00	Establishment by investment

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IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1). Composition of the Group (continued)

Subsidiaries Name	Operating place	Registered place	Registered Capital (RMB 0'000)	Business nature	Shareholding percentage (%)		Method of acquisition of equity interests
					Direct	Indirect	
Datong Yunzhou District Suntien Wind Energy Co., Ltd. (大同市雲州區新天風能有限公司)	PRC	Yunzhou District	400.00	Wind power generation		100.00	Establishment by investment
Chengde Yujing New Energy Co., Ltd. (承德業景新能源有限公司)	PRC	Weichang Manchu and Mongolian Autonomous County	31,000.00	Wind power generation		60.00	Establishment by investment
Chengde Yufeng Wind Energy Co., Ltd. (承德業楓風能有限公司)	PRC	Weichang Manchu and Mongolian Autonomous County	8,300.00	Wind power generation		60.00	Establishment by investment
Gu County CIC Wind Energy Co., Ltd. (古縣建設風能有限公司)	PRC	Gu County	560.00	Wind power generation power transmission and distribution		100.00	Establishment by investment
HECIC Offshore Wind Power Co., Ltd. (河北建設海上風電有限公司) ("Offshore Wind")	PRC	Leting County	111,111.00	Wind power generation	51.40		Establishment by investment
Tailai Suntien Green Energy Co., Ltd. (泰來新天綠色能源有限公司)	PRC	Tailai County	6,000.00	Wind power generation		100.00	Establishment by investment
Hejing Suntien Green Energy Co., Ltd. (和靜新天綠色能源有限公司)	PRC	Hejing County	3,200.00	Wind and solar power generation		100.00	Establishment by investment
Lulong County Liuyin Photovoltaic Power Co., Ltd. (盧龍縣六音光伏電力有限公司)	PRC	Qinhuangdao City	3,000.00	Investment and sale of solar energy appliances and service consultancy		100.00	Establishment by investment
Zhangjiakou Fuchen Photovoltaic Power Co., Ltd. (張家口富辰光伏發電有限公司)	PRC	Zhangjiakou City	100.00	Photovoltaic power generation project development, design, construction and management services		100.00	Establishment by investment
Shijiazhuang CIC Natural Gas Co., Ltd. (石家莊建設天然氣有限公司)	PRC	Shijiazhuang City	5,710.00	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines		100.00	Establishment by investment
Zhao County Anda Gas Co., Ltd. (趙縣安達燃氣有限公司)	PRC	Zhao County	500.00	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines		100.00	Establishment by investment
Hebei Zhaodu Natural Gas Co., Ltd. (河北趙都天然氣有限責任公司)	PRC	Handan City	2,000.00	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines		52.50	Establishment by investment
Handan Langtuo Natural Gas Sale Co., Ltd. (邯鄲市郎拓天然氣銷售有限公司)	PRC	Handan City	400.00	Sale of natural gas appliances		100.00	Establishment by investment
Chengde City CIC Natural Gas Co., Ltd. (承德市建設天然氣有限責任公司)	PRC	Chengde City	21,000.00	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines		90.00	Establishment by investment
Ningjin County CIC Natural Gas Co., Ltd. (寧晉縣建設天然氣有限責任公司)	PRC	Ningjin County	3,000.00	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines		51.00	Establishment by investment
Shijiazhuang Huabo Nature Gas Co., Ltd. (石家莊華博燃氣有限公司)	PRC	Shijiazhuang City	4,500.00	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines		55.00	Establishment by investment
Shijiazhuang Jiran Pipeline Engineering Co., Ltd. (石家莊冀燃管道工程有限公司)	PRC	Shijiazhuang City	6,375.00	Connection and construction of natural gas pipelines		60.00	Establishment by investment
Xingtai Jiran Natural Gas Co., Ltd. (邢台冀燃天然氣有限公司)	PRC	Xingtai City	2,000.00	Sale of natural gas and gas appliances, connection and construction of natural gas pipelines and natural gas engineering technical consulting service		55.00	Establishment by investment

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1). Composition of the Group (continued)

Subsidiaries Name	Operating place	Registered place	Registered Capital (RMB 0'000)	Business nature	Shareholding percentage (%)		Method of acquisition of equity interests
					Direct	Indirect	
Baoding CIC Natural Gas Co., Ltd. (保定建投天然氣有限公司)	PRC	Baoding City	2,000.00	Natural gas project investment, development and construction, and sale of gas appliances		100.00	Establishment by investment
Li County CIC Natural Gas Co., Ltd. (蠡縣建投天然氣有限公司)	PRC	Li County	1,000.00	Connection and construction of gas pipelines		60.00	Establishment by investment
Qinghe County CIC Natural Gas Co., Ltd. (清河縣建投天然氣有限公司)	PRC	Qinghe County	2,387.25	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines		80.00	Establishment by investment
Julu County CIC Wind Energy Co., Ltd. (巨鹿縣建投風能有限公司)	PRC	Julu County	7,500.00	Wind power generation		100.00	Establishment by investment
Caofeidian Company	PRC	Cao Feidian	260,000.00	Construction of LNG receiving station and pipeline supply projects	51.00		Establishment by investment
Suntien Green Energy Lianyungang Co., Ltd. (新天綠色能源連雲港有限公司)	PRC	Lianyungang City	19,730.09	Wind power generation	75.00	25.00	Establishment by investment
HECIC Offshore Wind Power Sheyang Co., Ltd. (河北建投海上風電射陽有限公司)	PRC	Sheyang County	2,000.00	Wind power generation		60.00	Establishment by investment
Harbin Rui Feng New Energy Co., Ltd. (哈爾濱瑞風新能源有限公司)	PRC	Shuangcheng City	24,250.00	Wind power generation		80.00	Establishment by investment
Hebei Natural Gas Company Ltd. (河北燃氣有限公司)	PRC	Shijiazhuang City	15,500.00	Sale of natural gas and gas appliances; installation and maintenance of gas appliances; power supply and heat supply; energy-saving technology, new energy technology development, technical consulting, technology promotion services; municipal engineering design, construction; self-operating and proxy import and export of various commodities and technologies	55.00		Establishment by investment
Suntien Green Energy (Shanglin) Co., Ltd. (新天綠色能源(上林)有限公司)	PRC	Shanglin County	500.00	Investment in wind power, solar energy, natural gas, and new energy projects; the development of new energy projects and related technical consulting, technical services, and technology development	100.00		Establishment by investment
Tibet Suntien Green Energy Co., Ltd. (西藏新天綠色能源有限公司)	PRC	Gongga County	1,000.00	Development, construction, operation, management of wind, solar, water and geothermal and other renewable energy projects, and sale of electricity produced thereby; new energy and clean energy technology development, technical services, and technical consulting	100.00		Establishment by investment
HECIC New-energy Supply Chain Management Co., Ltd.	PRC	Tangshan City	10,000.00	Supply chain management service and new energy technology promotion service	100.00		Establishment by investment
S&T International Natural Gas Trading Company Limited	PRC	Hong Kong, PRC	HKD2,100.00	Purchase, import, re-export, resale and sale of LNG		51.00	Establishment by investment
Baoding CIC Huisheng New Energy Co., Ltd. (保定建投匯晟新能源有限公司)	PRC	Baoding City	462.00	Power generation, heat generation and supply industry		90.00	Establishment by investment
Suntien Green Energy (Tianjin) Co., Ltd. (新天綠色能源(天津)有限公司)	PRC	Tianjin City	1,000.00	Wind power generation		100.00	Establishment by investment
Cangzhou Suntien Green Energy Co., Ltd. (滄州新天綠色能源有限公司)	PRC	Cangzhou City	5,000.00	Power generation business, transmission business, and electricity supply (distribution) business	100.00		Establishment by investment

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IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1). Composition of the Group (continued)

Subsidiaries Name	Operating place	Registered place	Registered Capital (RMB 0'000)	Business nature	Shareholding percentage (%)		Method of acquisition of equity interests
					Direct	Indirect	
Liquan Jisheng Green Energy Co., Ltd. (禮泉冀盛綠色能源有限公司)	PRC	Xianyang City	1,000.00	Wind power generation	100.00		Establishment by investment
Cangzhou Suntien Botou Energy Co., Ltd. (滄州新天渤投能源有限公司)	PRC	Cangzhou City	1,000.00	Power generation business and transmission business	66.00		Establishment by investment
Suntien Offshore Wind Power (Qinhuangdao) Co., Ltd. (新天海上風電(秦皇島)有限公司)	PRC	Qinhuangdao City	2,000.00	Power generation business and transmission business	70.00	30.00	Establishment by investment
HClG Huineng New Energy Co., Ltd. (河北建投匯能新能源有限責任公司)	PRC	Shijiazhuang City	28,000.00	Power generation, heat generation and supply industry	100.00		Establishment by investment
Julu County HClG New-energy Wind Power Co., Ltd.	PRC	Xingtai City	100.00	Technical services for wind power generation	55.00	25.00	Establishment by investment
Xingtai Nanhe District HClG Xinjing Wind Power Co., Ltd.	PRC	Xingtai City	100.00	Wind power generation	55.00		Establishment by investment
Ningjin County HClG Xinze Wind Power Co., Ltd.	PRC	Xingtai City	100.00	Power generation business	51.00		Establishment by investment
Jinzhou HClG Wind Power Co., Ltd.	PRC	Shijiazhuang City	100.00	Power generation business	51.00		Establishment by investment
Huludao Gas	PRC	Huludao City	2,040.82	R&D design and consulting	51.00		Combinations involving enterprises not under common control
Huludao Liaohe Gas Transport Co., Ltd. (葫蘆島遼河燃氣運輸有限公司)	PRC	Huludao City	1,000.00	Logistics, loading and unloading, transportation services		100.00	Combinations involving enterprises not under common control
Raoyang Gas	PRC	Raoyang County	1,000.00	Sales and natural gas and gas appliances		60.00	Combinations involving enterprises not under common control
Linxi Xinneng	PRC	Linxi County	4,000.00	Pipeline gas (natural gas), gas vehicle refueling station (compressed natural gas), gas vehicle refueling mother station (compressed natural gas) operation; natural gas project management services, gas stove equipment sales, maintenance and services		60.00	Combinations involving enterprises not under common control
Anguo Huagang	PRC	Anguo City	2,000.00	Sale of natural gas to gas vehicles and appliances		51.00	Combinations involving enterprises not under common control
Pingshan Huajian	PRC	Pingshan County	615.00	Sale of natural gas to gas vehicles		100.00	Combinations involving enterprises not under common control
Jinzhou Gas	PRC	Jinzhou City	1,815.99	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines		100.00	Combinations involving enterprises not under common control
Shenzhou Gas	PRC	Shenzhou City	1,175.81	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines		100.00	Combinations involving enterprises not under common control
Xingtai Tianhongxiang Gas Co., Ltd. (邢台天宏祥燃氣有限公司)	PRC	Xingtai City	1,000.00	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines		67.00	Combinations involving enterprises not under common control
Xinji Gas	PRC	Xinji City	1,500.00	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines		100.00	Combinations involving enterprises not under common control

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1). Composition of the Group (continued)

Subsidiaries Name	Operating place	Registered place	Registered Capital (RMB 0'000)	Business nature	Shareholding percentage (%)		Method of acquisition of equity interests
					Direct	Indirect	
Hengshui CIC	PRC	Hengshui City	2,000.00	Investment in the construction of urban pipeline natural gas, liquefied natural gas, and compressed natural gas engineering projects; pipeline gas sales; wholesale and retail of gas appliances; installation and maintenance of gas burning appliances; municipal gas engineering design and general contracting of municipal public works		51.00	Combinations involving enterprises not under common control
International Wind Farm Development V Limited (國際風電開發五有限公司)	PRC	Hong Kong, PRC	HKD100,000	Wind farm investment, construction and operation		100.00	Combinations involving enterprises not under common control
Tai'an Sanglin Wind Power Generation Co., Ltd. (台安桑林風力發電有限公司)	PRC	Tai'an County	12,644.00	Wind power generation project development, construction, operation and maintenance, wind power generation technical consulting and service, wind power generation equipment manufacturing and sales		100.00	Combinations involving enterprises not under common control
Hebei Jianrong Photovoltaic Technology Co., Ltd. (河北建融光伏科技有限公司)	PRC	Xingtai City	5,000.00	Photovoltaic technology R&D, construction, and operation; photovoltaic power station system operation and maintenance; solar energy generation and power supply.	90.00		Combinations involving enterprises under common control
Shijiazhuang Jiecheng Natural Gas Trading Co. Ltd. (石家莊市捷誠天然氣貿易有限公司)	PRC	Shijiazhuang City	4,000.00	Piped gas sales and maintenance		80.00	Combinations involving enterprises not under common control
Shijiazhuang Xin'ao Urban Gas Development Co., Ltd. (石家莊新奧城市燃氣發展有限公司)	PRC	Shijiazhuang City	10,000.00	Piping and equipment installation		51.00	Combinations involving enterprises not under common control
Xinjiang Yusheng New Energy Development Co., Ltd. (新疆宇晟新能源開發有限公司)	PRC	Urumqi	3,194.00	Wiring and construction equipment engineering	51.00		Combinations involving enterprises not under common control
Kullu Tianhui Dongshan Wind Power Co., Ltd. (庫爾勒天匯東山風力發電有限公司)	PRC	Urumqi	100.00	Wind power generation		100.00	Combinations involving enterprises not under common control

Explanation of the difference between the proportion of shareholding in subsidiaries and the percentage of voting rights:

Nil

Judgement base of having 50% voting right but controlling the invested unit as well as having more than 50% voting right but not controlling the invested unit:

The Group, through its subsidiaries Zhangbei Huashi, Longyuan Chongli, Chengde Yuyuan and Xinjiang Yusheng, entered into shareholder voting rights exercise agreements with the other shareholders of those companies, pursuant to which the other shareholders undertook to vote in line with the Group at the shareholders' meetings and board of directors of those companies. In addition to the shareholders' voting rights exercise agreement arrangements, the Group also exercises control over the finance and operations of these companies by appointing senior management, approving annual budgets and setting senior management remuneration. Taking into account the above mentioned factors, the management of the Company considers that the Company controls these companies. Accordingly, the financial statements of these companies for the relevant years had been included in the Company's consolidation, as described in Note V.43 in this Section.

Basis of controlling significant structuring subject in the combination range:

Nil

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IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1). Composition of the Group (continued)

Basis of determining whether the Company is a contracting-out party or client:

Nil

Other explanations:

HECIC Offshore Wind Power Co., Ltd. was formerly known as Laoting CIC Wind Energy Co., Ltd., Guangxi Suntien Green Energy Co., Ltd. was formerly known as Wuming Suntien Green Energy Co., Ltd., Xingtai Jiran Natural Gas Co., Ltd. was formerly known as Xingtai Jiran Auto Gas Co., Ltd. · HECIC New Energy Supply Chain Management Co., Ltd. was formerly known as Tangshan Suntien Natural Gas Pipeline Co., Ltd.

Kullu Tianhui Dongshan Wind Power Co., Ltd. is a subsidiary of Xinjiang Yusheng New Energy Development Co., Ltd.

(2). Significant non-wholly-owned subsidiaries

Unit: Yuan Currency: RMB

Name of subsidiaries	Minority shareholders' shareholding proportion	Profits and loss attributable to the minority shareholders in the current period	The dividends declared to distribute to the minority shareholders in the current period	Ending book value of minority interests
Hebei Natural Gas	45.00	363,455,396.92	231,291,947.71	1,832,624,078.48
Offshore Wind	48.90	75,769,703.84	80,507,098.38	558,637,143.49
Caofeidian Company	49.00	-7,452,040.24		1,206,382,515.06

Explanation of the difference between the proportion of minority shareholders' shareholding in subsidiaries and the percentage of voting rights:

Applicable Not applicable

Other explanations:

Applicable Not applicable

(3). Main financial information for significant non-wholly-owned subsidiaries

Unit: '0,000 yuan Currency: RMB

Name of subsidiaries	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Hebei Natural Gas	154,031.89	1,047,430.03	1,201,461.93	361,935.95	432,276.18	794,212.13	212,689.25	899,495.25	1,112,094.50	300,861.12	438,144.93	739,006.05
Offshore Wind	70,804.28	398,818.67	469,622.95	79,034.47	276,347.75	355,382.22	64,682.17	422,632.29	487,314.46	100,043.81	272,071.82	372,115.63
Caofeidian Company	124,378.20	1,383,106.87	1,507,485.07	794,992.59	464,291.97	1,261,284.56	39,414.68	835,356.02	874,770.70	399,716.23	329,883.13	729,599.37

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(3). Main financial information for significant non-wholly-owned subsidiaries (continued)

Name of subsidiaries	Amount for the current period				Amount for the previous period			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Hebei Natural Gas	1,220,152.68	80,767.87	80,767.87	37,249.33	978,471.16	72,946.21	72,946.21	52,779.31
Offshore Wind	56,470.63	15,494.83	15,494.83	62,799.92	58,676.06	18,292.91	18,292.91	29,131.83
Caofeidian Company		-1,520.82	-1,520.82			-16.24	-16.24	

Other explanations:

Nil

(4). Significant restrictions for using the Company's assets and settling the Company's liabilities

Applicable Not applicable

(5). Financial support or other support provided to structuring subject in the range of consolidated financial statements

Applicable Not applicable

Other explanations:

Applicable Not applicable

2. Transactions for which the share of owners' equity in subsidiary changes while control over the subsidiary remaining unchanged

(1). Explanation on change in the share of owners' equity in subsidiary

In October 2022, CIC New Energy acquired 49% of the equity interest in Zhangbei Suntien Wind Energy Co., Ltd. ("Zhangbei Suntien") held by Hainan Fengsheng New Energy Technology Development Co., Ltd. ("Hainan Fengsheng") and Zhangbei Suntien completed the signing of the new Articles of Association and the registration of change with the relevant industry and commerce authority. Accordingly, Zhangbei Suntien changed to a wholly-owned subsidiary of CIC New Energy. At the same time, the transaction resulted in a decrease of RMB49,000,000.00 in minority interests in the Group's consolidated financial statements. The difference between the disposal consideration and the fair value share of the acquiree's identifiable net assets was included in capital surplus, resulting in a decrease of RMB6,010,100.00 in capital surplus – share premium.

In October 2021, Suntien Green Energy (Hong Kong) Co., Ltd. ("Suntien Hong Kong") acquired 10% minority interests in subsidiary International Wind Farm Development V Limited ("V Limited") without change in control over V Limited. The consideration paid by Suntien Hong Kong for the acquisition of the equity interest was RMB214,649.31. The transaction resulted in a decrease of RMB200,529.07 in minority interests and a decrease of RMB14,120.24 in capital reserves in the consolidated financial statements.

In November 2021, the Company acquired 30% minority interests in subsidiary Suntien Liquefied Natural Gas Shahe Co., Ltd. ("Suntien LNG Shahe") without change in control over Suntien LNG Shahe. The consideration paid for the acquisition of the equity interest was RMB0. The transaction resulted in an increase of RMB15,962,968.18 in minority interests and a decrease of RMB15,962,968.18 in capital surplus in the consolidated financial statements.

In 2021, the above transactions increased the minority interests by RMB15,762,439.11 and reduced the capital reserve by RMB15,977,088.42 in total.

(2). The influence of the transaction on minority equity and owners' equity attributable to the parent company

Applicable Not applicable

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IX. INTERESTS IN OTHER ENTITIES (continued)

3. Equity in joint ventures or associates

(1). Significant joint ventures or associates

Unit: Yuan Currency: RMB

Name of the joint venture or associate	Operating place	Registered place	Business nature	Registered capital (RMB 0'000)	Shareholding percentage (%)		Accounting treatment for investments in joint venture or associates
					Direct	Indirect	
Suntien Guohua	Handan City	Handan City	Natural gas pipeline construction	12,000.00	50.00		Equity method
Chengde Dayuan	Chengde City	Chengde City	Solar, wind power generation	26,227.51	49.00		Equity method
Chongli CIC	Chongli County	Chongli County	Build, own, operate and manage wind farms	17,860.00	51.00		Equity method
Zhangbei CIC	Zhangbei County	Zhangbei County	Build, operate and manage wind farms	90,000.00	51.00		Equity method
Harbin Qingfeng	Harbin City	Harbin City	Power generation business and transmission business	20,000.00	50.00		Equity method
Shuanglun LNG	Chengde City	Chengde City	Natural gas pipeline construction	800.00		41.00	Equity method
Jingtang LNG	Tangshan City	Tangshan City	Natural gas storage and production	315,000.00		20.00	Equity method
Hebei Weichang	Chengde City	Chengde City	Wind power generation	20,930.00		50.00	Equity method
Chengde Wind Energy	Chengde City	Chengde City	Wind power generation	44,617.00		45.00	Equity method
Jinjianjia	Cangzhou City	Cangzhou City	Storage and gasification of clean energy	9,000.00	30.00		Equity method
Fengning Pumped Storage	Chengde City	Chengde City	Pumped storage	320,000.00	20.00		Equity method
Huihai Leasing	Shenzhen City	Shenzhen City	Lease, purchase, and maintain leased property	65,000.00		30.00	Equity method
PipeChina Pipeline	Tianjin City	Tianjin City	Natural gas pipeline construction, operation and transportation	231,721.00		34.00	Equity method
Hengshui Honghua	Hengshui City	Hengshui City	Investment, construction and development management of natural gas pipelines and gas transmission and distribution shops/stations and natural gas operation and transportation	4,000.00		30.00	Equity method
CIC Rongtan	Shijiazhuang City	Shijiazhuang City	Asset Management Services	2,448.10	23.66		Equity method
Zhonghang Sehan	Chengde City	Chengde City	Research and development of new energy technologies	10,000.00	25.00		Equity method
Suntien Shuifa	Shijiazhuang City	Shijiazhuang City	Other capital market services	36,000.00		49.72	Equity method

Explanation on the shareholding percentage in joint ventures or associates being different from the voting power percentage therein:

HCIG New-energy, a subsidiary of the Company, entered into an agreement on the exercise of shareholders' voting rights with China Longyuan Power Group Corporation Limited ("Longyuan Power") (holding 50% stake), another shareholder of Hebei Weichang, pursuant to which HCIG New-energy will act in concert with Longyuan Power in voting at the general meetings of the Company. Longyuan Power can control Hebei Weichang and include it in the consolidation scope of Longyuan Power. HCIG New-energy appointed 3 directors, which had significant impact on Hebei Weichang.

The basis of holding less than 20% voting powers but with significant influence, or the basis of holding 20% or more voting powers but with insignificant influence:

Nil

- IX. INTERESTS IN OTHER ENTITIES (continued)
3. Equity in joint ventures or associates (continued)
- (2). Main financial information of significant joint ventures
 Applicable Not applicable
- (3). Main financial information for significant associates

Unit: Yuan Currency: RMB

	Closing balance/for the current period	Opening balance/for the previous period
	PetroChina Jingtang LNG Co., Ltd.	PetroChina Jingtang LNG Co., Ltd.
Current assets	546,496,615.78	71,550,784.17
Non-current assets	5,481,020,816.97	6,096,960,719.24
Total assets	6,027,517,432.75	6,168,511,503.41
Current liabilities	308,052,037.37	343,452,734.08
Non-current liabilities	1,709,016.93	-
Total liabilities	309,761,054.30	343,452,734.08
Minority interests		
Equity attributable to shareholders of the parent company	5,717,756,378.45	5,825,058,769.33
Share of net assets calculated by proportion of shareholding	1,143,551,275.69	1,165,011,753.87
Adjusting items		
- Goodwill		
- Unrealised profit from internal transactions		
- Others		
Book value of equity investment in associates	1,143,551,275.69	1,165,011,753.87
Fair value of equity investments in associates with public offer		
Operating revenue	1,732,511,361.90	2,077,524,482.42
Net profit	708,141,646.27	1,090,469,646.95
Net profit of discontinued operations		
Other comprehensive income		
Total comprehensive income	708,141,646.27	1,090,469,646.95
Dividends received from associates in the current year	160,000,000.00	120,000,000.00

Other explanations

The Group's significant associate PetroChina Jingtang LNG Co., Ltd., a strategic partner of the Group which engages in natural gas storage and production business, is accounted for using the equity method. Such investment is strategic to the Group's business activities.

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IX. INTERESTS IN OTHER ENTITIES (continued)

3. Equity in joint ventures or associates (continued)

(4). Summary on financial information for insignificant joint ventures and associates

Unit: Yuan Currency: RMB

	Closing balance/ for the current period	Opening balance/ for the previous period
Joint ventures:		
Total of investment book value	440,449,177.61	339,869,420.32
Total amount calculated by the following proportion of shareholding		
- Net profit	68,782,042.10	27,308,573.33
- Other comprehensive income		
- Total comprehensive income	68,782,042.10	27,308,573.33
Associates:		
Total of investment book value	1,809,718,827.22	1,553,206,970.04
Total amount calculated by the following proportion of shareholding		
- Net profit	14,224,742.85	36,383,161.15
- Other comprehensive income		
- Total comprehensive income	14,224,742.85	36,383,161.15

Other explanations

Nil

(5). Explanation on the significant restrictions for joint ventures or associates to transfer funds to the Company

Applicable Not applicable

(6). Excess loss generated in joint ventures or associates

Applicable Not applicable

(7). Unrecognized commitments related to investment in joint ventures

Applicable Not applicable

(8). Contingent liabilities related to investment in joint ventures or associates

Applicable Not applicable

4. Significant joint operation

Applicable Not applicable

5. Equity of structuring subject out of the range of the consolidated financial statements

Information for structuring subject out of the range of the consolidated financial statements:

Applicable Not applicable

6. Others

Applicable Not applicable

X. RISKS RELATED TO FINANCIAL INSTRUMENTS

1. Classification of financial instruments

The carrying amount of each class of financial instruments at the balance sheet date are as follows:

31 December 2022

Financial assets

Items	Measured at fair value through other comprehensive income	Measured at amortised cost	Measured at fair value through other comprehensive income	Total
Cash		7,326,059,327.77		7,326,059,327.77
Financial assets for trading	520,000,000.00			520,000,000.00
Bills receivable		235,764,112.96		235,764,112.96
Accounts receivable		5,345,149,228.28		5,345,149,228.28
Receivables financing			169,290,765.51	169,290,765.51
Other receivables		207,110,462.03		207,110,462.03
Non-current assets due within one year		22,349,480.00		22,349,480.00
Long-term receivables		1,664,186.71		1,664,186.71
Investments in other equity instruments			218,605,700.00	218,605,700.00
Total	520,000,000.00	13,138,096,797.75	387,896,465.51	14,045,993,263.26

Financial liabilities

Items	Financial liabilities measured at amortised cost
Short-term borrowings	2,698,366,568.48
Accounts payable	402,815,261.78
Bills payable	13,649,747.04
Other payables	7,719,969,496.64
Other current liabilities	1,010,192,910.93
Non-current liabilities due within one year	4,171,744,244.86
Long-term borrowings	30,429,352,611.21
Debentures payable	1,500,000,000.00
Long-term payables	186,079,230.66
Accrued liabilities	77,531,149.68
Total	48,209,701,221.28

31 December 2021

Financial assets

Items	Measured at fair value through profit or loss	Measured at amortised cost	Measured at fair value through other comprehensive income	Total
Monetary funds		7,648,396,983.55		7,648,396,983.55
Accounts receivable		6,657,415,202.23		6,657,415,202.23
Receivables financing			494,976,373.69	494,976,373.69
Other receivables		135,599,831.17		135,599,831.17
Long-term receivables		41,133,817.83		41,133,817.83
Other investments in equity instruments			218,605,700.00	218,605,700.00
Total		14,482,545,834.78	713,582,073.69	15,196,127,908.47

FINANCIAL REPORT

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

1. Classification of financial instruments (continued)

Financial liabilities

Items	Financial liabilities measured at amortised cost
Short-term borrowings	1,978,114,966.89
Accounts payable	458,031,776.88
Bills payable	14,738,449.62
Other payables	7,016,558,174.65
Other current liabilities	704,107,945.21
Non-current liabilities due within one year	4,097,341,317.63
Long-term borrowings	28,705,566,379.15
Debentures payable	1,000,000,000.00
Long-term payable	361,236,137.17
Accrued liabilities	77,531,149.68
Total	44,413,226,296.88

2. Transfer of financial assets

Transferred financial assets that are not derecognised in their entirety

As at 31 December 2022, the carrying amount of banker's acceptances that the Group has endorsed to suppliers for settlement of accounts payable was RMB28,318,746.96 (31 December 2021: RMB26,067,300.00). The banker's acceptances that the Group has discounted are detailed in Note VII. 32. The Group considered that substantially all of the risks and rewards, including related default risks, have been retained by the Group. Therefore, it continued to recognise the acceptances and the associated settled accounts payable in full. Subsequent to the endorsement, the Group no longer retains the right of use, including the right to sell, transfer or pledge to other third parties. As at 31 December 2022, the aggregate carrying amount of the accounts payable settled or borrowings acquired by the Group was RMB70,598,746.96 (31 December 2021: RMB66,595,054.65).

Transferred financial assets that have been derecognised in their entirety with continuing involvement

As at 31 December 2022, the carrying amount of banker's acceptances that the Group has endorsed to suppliers for settlement of accounts payable was RMB494,313,731.87 (31 December 2021: RMB458,699,902.82). As at 31 December 2022, the maturity date was 1 to 12 months. According to the Law on Negotiable Instruments, where the accepting bank refuses to pay the acceptances, the holder may exercise the right of recourse against any or several or all of the debtors liable for the acceptances, including the Group, in disregard of the order of precedence ("Continuing Involvement"). The Group considered that it has transferred substantially all of the risks and rewards. Therefore, it derecognised the carrying amount of the acceptances and the associated settled accounts payable. The maximum exposure to loss and undiscounted cash flows from the Continuing Involvement and repurchases are equal to the carrying amount. The Group considered that the Continuing Involvement with fair value is not material.

In 2022, the Group recognised no gain or loss at the date of transfer. The Group had no gain or expense recognised during the year and cumulatively recognised from continuing involvement in derecognised financial assets. Endorsements were made in a roughly balanced manner during the year.

3. Financial instrument risks

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, and market risk (including exchange rate risk and interest rate risk). The Group's principal financial instruments comprise cash, financial assets for trading, equity instrument investments, loans, bills receivable, accounts receivable, accounts receivable financing, other accounts receivable, long term accounts receivable, bills payable, accounts payable, debentures payable, other payables, and long term payables among others. In this regard, risks arising from financial instruments and the Group's risk management policies which aim at mitigating these risks are outlined below.

The board of directors is responsible for planning and establishing the Group's risk management framework, developing the Group's risk management policies and related guidelines and overseeing the implementation of risk management measures. The Group has developed risk management policies to identify and analyse the risks faced by the Group. These risk management policies define specific risks which cover many aspects such as market risk, credit risk and liquidity risk management. The Group evaluates the market environment and changes in the Group's operations to determine whether or not to update the risk management policies and systems on a regular basis. The risk management of the Group is carried out by the Audit Committee in accordance with the policy approved by the Board. The Audit Committee adopted the Work closely with other business units to identify, evaluate and evade risks. The Group's internal audit department controls the risk management system and procedures for periodic review, and the audit results are reported to the Group's audit committee.

The Group uses appropriate diversification and portfolio to diversify the risk of financial instruments and reduce the risk of focusing on any single industry, specific region or specific counterparty by developing appropriate risk management policies.

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

3. Financial instrument risks (continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, balances of accounts receivable (or contract assets, if applicable) are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not settled in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Department of Credit Control in the Group.

Since the Group trades with creditworthy and high credit rating banks, the related credit risk of cash and bank acceptance bills receivable is rather low.

The credit risk of other financial assets, which comprise accounts receivable, other receivables, long-term receivables and other equity instrument investments, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

The Group is also exposed to credit risk as a result of the provision of financial guarantees, as disclosed in Note XIV. 2 in this Section.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed according to customers/counter-parties, geographic areas and industries. The major customers of the Group are companies with reliable and good reputation; therefore, the Group believes that these customers do not have significant credit risks. As at 31 December 2022, the Group had certain concentrations of credit risk as 47.46% (31 December 2021: 55.84%) and 75.19% (31 December 2021: 83.80%) of the Group's trade receivables were due from the Group's largest customer and the five largest customers, respectively. The Group is committed to expanding its customer base by continuously expanding its business network in other cities in China, attracting new customers, and diversifying the customer base, and it is expected to reduce its dependence on existing customers in the future.

Criteria for judging significant increases in credit risk

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each balance sheet date. While determining whether the credit risk has significantly increased since initial recognition or not, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort, including qualitative and quantitative analysis based on the historical data of the Group, and forward-looking information. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments on the balance sheet date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative and qualitative criteria have been met:

- (1) Quantitative criteria are mainly the situation that the increase in probability of default for remaining lifetime at the reporting date is considered to be significant comparing with the one at initial recognition;
- (2) Qualitative criteria are the significant adverse change in the debtor's operation or financial status, the watch-list, etc.

Definition of credit-impaired financial assets

The standard adopted by the Group to determine whether a credit impairment occurs is consistent with the internal credit risk management objectives of the relevant financial instrument, taking into account quantitative and qualitative criteria. When the Group assesses whether the credit impairment of a debtor occurred, the following factors are mainly considered:

- (1) significant financial difficulty of the issuer or debtor;
- (2) the breach of contract by the debtor, such as default or overdue payments for interest or principal;
- (3) the creditor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;
- (4) it is becoming probable that the debtor will enter bankruptcy or other financial restructuring;
- (5) the disappearance of an active market for that financial asset because of financial difficulty of the issuer or debtor;
- (6) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Credit impairment of financial assets might be caused by the combined action of multiple events, and not necessarily by separately identifiable events.

FINANCIAL REPORT

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

3. Financial instrument risks (continued)

Credit risk (continued)

Credit risk exposure

As at 31 December 2022 and 31 December 2021, the credit risk exposure of accounts receivable, receivables financing, bills receivable, other receivables and long-term receivables based on the internal credit risk assessment is as follows:

2022	Book balance (unsecured)	
	Expected credit losses over the next 12 months	Lifetime expected credit losses
Accounts receivable		5,815,255,589.18
Receivables financing		169,290,765.51
Bills receivable		235,764,112.96
Other receivables	280,431,706.72	
Non-current liabilities due within one year		22,349,480.00
Long-term receivables		1,664,186.71
Total	280,431,706.72	6,244,324,134.36

2021	Book balance (unsecured)	
	Expected credit losses over the next 12 months	Lifetime expected credit losses
Accounts receivable		7,138,207,319.62
Receivables financing		494,976,373.69
Other receivables	200,438,683.66	
Long-term receivables		41,133,817.83
Total	200,438,683.66	7,674,317,511.14

Liquidity risk

The Group's net current liabilities amounted to approximately RMB4,123,743,991.70 as at 31 December 2022, net cash inflows from operating activities amounted to approximately RMB7,463,360,158.38 and net cash outflows from financing activities amounted to approximately RMB175,591,681.98. Its net cash outflows used in investing activities were approximately RMB7,648,675,576.32, and its net cash outflow caused by exchange rate changes amounted to RMB6,488,598.20 for the period then ended. The Group recorded a decrease in cash and cash equivalents of approximately RMB367,395,698.12 as at 31 December 2022.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due. In view of the Group's future capital expenditure and other financing needs, as at 31 December 2022 and 31 December 2021, the Group had obtained banking facilities from various banks in the PRC amounting to RMB81,838,807,588.37 (31 December 2021: RMB73,497,009,329.82). Of which, as at 31 December 2022, the Group had utilised the amount of RMB23,270,964,118.16 (31 December 2021: RMB27,155,024,951.92).

In addition, the Group's objective is to ensure continuity of sufficient funding and flexibility by utilising a variety of bank and other borrowings with debt maturities spreading over a range of periods, thereby ensuring that the Group's outstanding borrowing obligations are not exposed to excessive repayment risk in any one year.

After taking into account the above, the Directors of the Company are of the opinion that the Group is able to meet its debt obligations as they fall due in the normal course of business and to continue as a going concern.

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

3. Financial instrument risks (continued)

Liquidity risk (continued)

The following table summarises the maturity analysis of financial liabilities based on undiscounted contractual cash flows:

2022	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	2,965,348,410.56				2,965,348,410.56
Bills payable	13,649,747.04				13,649,747.04
Accounts payable	402,815,261.78				402,815,261.78
Other payables	7,719,969,496.64				7,719,969,496.64
Other current liabilities	1,010,192,910.93				1,010,192,910.93
Non-current liabilities due within one year	4,214,656,371.97				4,214,656,371.97
Long-term borrowings		2,869,589,786.90	7,218,602,089.35	34,863,006,864.96	44,951,198,741.21
Debentures payable		553,577,777.78	1,014,475,000.00		1,568,052,777.78
Long-term payables		58,128,663.22	167,144,742.80	12,017,347.20	237,290,753.22
Total	16,326,632,198.92	3,481,296,227.90	8,400,221,832.15	34,875,024,212.16	63,083,174,471.13

2021	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	1,996,776,657.90				1,996,776,657.90
Bills payable	14,738,449.62				14,738,449.62
Accounts payable	458,031,776.88				458,031,776.88
Other payables	7,016,558,174.65				7,016,558,174.65
Other current liabilities	704,107,945.21				704,107,945.21
Non-current liabilities due within one year	4,100,484,959.59				4,100,484,959.59
Long-term borrowings		3,590,271,903.90	6,382,904,168.77	33,236,051,007.07	43,209,227,079.74
Debentures payable		38,600,000.00	1,053,075,000.00		1,091,675,000.00
Long-term payables		172,261,750.89	195,858,296.14	12,017,347.20	380,137,394.23
Total	14,290,697,963.85	3,801,133,654.79	7,631,837,464.91	33,248,068,354.27	58,971,737,437.82

Market risk

Interest rate risk

The risk of changes in market interest rates faced by the Group is mainly related to the Group's long-term borrowings with floating interest rates.

The Group manages interest rate risk primarily through regular review and supervision and maintenance of an appropriate fixed and floating interest rate portfolio. Borrowings and cash are measured at amortized cost, but not at regular revaluation. The interest income and expenditure of floating interest rate are included in the current profit or loss when incurred.

As at 31 December 2022, the borrowings of RMB34,149,040,649.26(31 December 2021: RMB31,213,605,352.86) of the Group were floating interest rate borrowings.

The table below is a sensitivity analysis of interest rate risk, which reflects the impact on net profit or loss (through the impact on floating-rate borrowings) and other comprehensive income after tax, when there are reasonable and potential changes in interest rates, under the presumption that all other variables remain unchanged.

2022	Increase/(decrease) in basis point	Increase/(decrease) in net profit or loss	Increase/(decrease) in total shareholders' equity
RMB	100.00	341,490,406.49	341,490,406.49

2021	Increase/(decrease) in basis point	Increase/(decrease) in net profit or loss	Increase/(decrease) in total shareholders' equity
RMB	100.00	312,136,053.53	312,136,053.53

FINANCIAL REPORT

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

3. Financial instrument risks (continued)

Market risk (continued)

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk on Imports of LNG to overseas suppliers, loans to banks and certain expenses settled in foreign currencies. The Directors do not anticipate any significant impact resulting from the changes in foreign exchange rates because the majority of the Group's business is transacted in RMB, which is the Group's functional currency. RMB is not freely convertible into foreign currencies and the conversion of RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government.

The table below is a sensitivity analysis of exchange rate risk, which reflects the impact on net profit or loss after tax, when there are reasonable and potential changes in HKD exchange rates, under the presumption that all other variables remain unchanged.

2022	Increase/(decrease) in exchange rates (%)	Increase/(decrease) in net profit or loss	Increase/ (decrease) in total shareholders' equity
Depreciation of RMB against USD	5.00	6,833.16	6,833.16
Appreciation of RMB against USD	-5.00	-6,833.16	-6,833.16

2022	Increase/(decrease) in exchange rates (%)	Increase/(decrease) in net profit or loss	Increase/ (decrease) in total shareholders' equity
Depreciation of RMB against HKD	5.00	2,922,260.25	2,922,260.25
Appreciation of RMB against HKD	-5.00	-2,922,260.25	-2,922,260.25

2021	Increase/(decrease) in exchange rates (%)	Increase/(decrease) in net profit or loss	Increase/ (decrease) in total shareholders' equity
Depreciation of RMB against USD	5.00	15,977,441.95	15,977,441.95
Appreciation of RMB against USD	-5.00	-15,977,441.95	-15,977,441.95

2021	Increase/(decrease) in exchange rates (%)	Increase/(decrease) in net profit or loss	Increase/ (decrease) in total shareholders' equity
Depreciation of RMB against HKD	5.00	1,104,496.66	1,104,496.66
Appreciation of RMB against HKD	-5.00	-1,104,496.66	-1,104,496.66

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

4. Capital management

The primary objective of the Group's capital management is to ensure the group's ability to continue operations and to maintain healthy capital ratios to support business development and maximize shareholder value.

The Group manages and adjusts its capital structure in accordance with changes in the economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the dividends paid to shareholders, return capital to shareholders, or issue new shares. In 2022 and 2021, there was no change in capital management objectives, policies or procedures.

The Group manages its capital with the gearing ratio, which refers to net liabilities divided by the sum of capital and net liabilities. Net liabilities include all borrowings, accounts payable and other payables (net of cash), and capital is the equity attributable to shareholders. The gearing ratio of the Group as at the balance sheet date is as follows:

Items	2022	2021 (Restated)
Short-term borrowings	2,698,366,568.48	1,978,114,966.89
Bills payable	13,649,747.04	14,738,449.62
Accounts payable	402,815,261.78	458,031,776.88
Contract liabilities	1,539,750,992.89	1,654,191,386.15
Advances from customers	1,161,061,946.88	778,761,061.94
Employee benefits payable	68,100,777.09	79,033,920.95
Taxes payable	203,392,348.56	159,169,763.37
Other payables	7,719,969,496.64	7,016,558,174.65
Non-current liabilities due within one year	4,308,241,110.09	4,211,344,922.30
Other current liabilities	1,010,192,910.93	704,107,945.21
Long-term borrowings	30,429,352,611.21	28,705,566,379.15
Lease liabilities	644,603,458.18	784,769,810.01
Debentures payable	1,500,000,000.00	1,000,000,000.00
Less: cash	7,326,059,327.77	7,648,396,983.55
Net liabilities	44,373,437,902.00	39,895,991,573.57
Shareholders' equity	25,185,239,311.46	23,923,560,526.47
Capital and net liabilities	69,558,677,213.46	63,819,552,100.04
Leverage ratio	63.79%	62.51%

FINANCIAL REPORT

XI. DISCLOSURE OF FAIR VALUE

1. Fair value of assets and liabilities measured at fair value at the end of the period

Unit: Yuan Currency: RMB

Items	Fair value at the end of the period			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
I. Recurring fair value measurement				
(I) Financial assets for trading		520,000,000.00		520,000,000.00
1. Financial assets at fair value through profit or loss				
(1) Investments in debt instruments		520,000,000.00		520,000,000.00
(2) Investments in equity instruments				
(3) Derivative financial assets				
2. Financial assets designated at fair value through profit or loss				
(1) Investments in debt instruments				
(2) Investments in equity instruments				
(II) Other debt investments				
(III) Investments in other equity instruments			218,605,700.00	218,605,700.00
(IV) Investment properties				
1. Leased land use rights				
2. Leased buildings				
3. Land use rights held for transfer after appreciation				
(V) Biological assets				
1. Consumable biological assets				
2. Bearer biological assets				
(VI) Receivables financing			169,290,765.51	169,290,765.51
Total assets measured at fair value on a recurring basis		520,000,000.00	387,896,465.51	907,896,465.51
(VII) Financial liabilities for trading				
1. Financial liabilities at fair value through profit or loss				
Including: Debentures issued for trading				
Derivative financial liabilities				
Others				
2. Financial liabilities designated at fair value through profit or loss				
(VIII) Long-term borrowings		34,494,131,099.31		34,494,131,099.31
(IX) Debentures payable		1,491,432,960.06		1,491,432,960.06
(X) Long-term payables		255,363,656.68		255,363,656.68
(XI) Lease liabilities		781,100,323.41		781,100,323.41
Total liabilities measured at fair value on a recurring basis		37,022,028,039.46		37,022,028,039.46
II. Non-recurring fair value measurement				
(I) Assets held for sale				
Total assets measured at fair value on a non-recurring basis				
Total liabilities measured at fair value on a non-recurring basis				

XI. DISCLOSURE OF FAIR VALUE (continued)

2. Basis for determination of the market value of level 1 fair value measuring items measured on recurring and non-recurring basis
 Applicable Not applicable
3. Qualitative and quantitative information of valuation techniques and important parameters used in level 2 fair value measuring items measured on recurring and non-recurring basis
 Applicable Not applicable
4. Qualitative and quantitative information of valuation techniques and important parameters used in sustained and non-sustained level 3 fair value measuring items
 Applicable Not applicable
5. Adjustment information and unobservable parameter sensitivity analysis of the book value at the beginning and the end of the period for sustained level 3 fair value measuring items
 Applicable Not applicable
6. Conversion reasons and policies to determine the conversion time for the sustained fair value measuring items to which a conversion between hierarchies occurs in the period
 Applicable Not applicable
7. Changes in valuation techniques in the period and reasons therefor
 Applicable Not applicable
8. Fair value of the financial assets and financial liabilities not measured at fair value
 Applicable Not applicable
9. Others

Fair value of financial instruments

The following is the comparison on the book value and fair value of various types of financial instruments other than financial instruments with small differences between book value and fair value:

Items	Book value		Fair value	
	2022	2021	2022	2021
Long-term borrowings	34,504,290,649.26	31,609,301,972.81	34,494,131,099.31	31,585,825,747.41
Debentures payable	1,526,321,780.79	2,117,210,160.56	1,491,432,960.06	2,104,785,505.24
Total	36,030,612,430.05	33,726,512,133.37	35,985,564,059.37	33,690,611,302.65

Management has assessed cash, accounts receivable, accounts receivable financing, other accounts receivable, short-term borrowings, bills payable, accounts payable, other payables, non-current liabilities due within one year, etc., and considers that their fair values approximate to their carrying amounts due to the short-term maturities of these instruments.

The Group's finance team is led by the finance manager, and is responsible for formulating policies and procedures for the fair value measurement of financial instruments. The financial manager reports directly to the Chief Accountant. On each balance sheet date, the finance team analyses movements in the fair value of financial instruments and determines the major inputs applicable to the valuation. The valuation must be reviewed and approved by the Chief Accountant.

The fair value of financial assets and financial liabilities is determined based on the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair value.

The Group uses a discounted valuation model to estimate the fair value, using assumptions that are not directly supported by observable market prices or interest rates. The Group believes that the fair value and its changes estimated by assessment techniques are reasonable and are also the most appropriate value on the balance sheet date. The difference between the fair value and the book value after assessment is not significant.

The fair value of long-term borrowings and debentures payable is determined by the discounted future cash flow method, and the market rate of return of other financial instruments with similar contractual terms, credit risks and remaining maturities is used as the discount rate. As at 31 December 2022 and 31 December 2021, the risk of own non-performance against short and long-term borrowings etc. is assessed as insignificant.

FINANCIAL REPORT

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Information on the Company's parent company

Unit: '0,000 yuan Currency: RMB

Parent	Registered place	Business nature	Registered capital	Parent's shareholding percentage in this entity (%)	Parent's voting power percentage in this entity (%)
HECIC	Hebei province	Investment in and development of projects in the foundation, infrastructures and provincial pillar industries, such as energy, transportation, water supply, tourism and commercial real estates	1,500,000.00	49.17	49.17

Parent introduction

The parent and ultimate parent of the Company is a Chinese state-owned enterprise – Hebei Construction & Investment Group Co., Ltd..

The ultimate controlling party of the Company is Hebei Construction & Investment Group Co., Ltd.

Other explanations:

Nil

2. Information on the Company's subsidiaries

The Company's subsidiaries are detailed in the notes.

For details of the Company's subsidiaries, please refer to Note IX.1 in this Section.

3. Information on the Company's joint ventures and associates

For details of the Company's significant joint ventures or associates, please refer to the notes.

For details of joint ventures and associates, please refer to Note IX. 3 in this Section.

Information on other joint ventures or associates, which have made a related party transaction with the Company in the period, or previously with balances being formed, are as follows

Applicable Not applicable

Other explanations

Applicable Not applicable

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Information on other related parties

Name of other related party	Relationship between the other related party with the Company
HECIC Finance	Company controlled by the parent company
Hong Kong & China Gas (Hebei) Limited	Investors who exercise significant influence over subsidiaries
HECIC Mingjia Property Management Service Co., Ltd. ("Mingjia Property")	Company controlled by the parent company
Hebei Construction & Investment Smart Financial Services Co., Ltd. ("Smart Financial")	Company controlled by the parent company
HCIG Shahe Water Supply Co., Ltd. ("Shahe Water Supply")	Company controlled by the parent company
HCIG Digital Industry Co., Ltd. ("Digital Industry")	Company controlled by the parent company
Yan Zhao Property Insurance Co., Ltd. ("Yan Zhao Property Insurance")	Companies in which the Company's non-executive directors serve as directors
Tangshan Haohua Trading Co., Ltd.# ("Tongshan Haohua")	Wholly-owned subsidiary of a minority shareholder of a significant subsidiary of the Group
HCIG Southeast Asia Investment Co., Ltd.	Company controlled by the parent company

Other explanations

* The Company holds 10.00% of the shares of HCIG Finance and accounts for it as an other investment in equity instruments.

Recognised as a related party under Chapter 14A of the Hong Kong Listing Rules.

We identified related parties and connected parties according to tripartite requirements of the SFC, the SEHK and accounting standards.

5. Information on related party transactions

(1). Related party transactions on purchase or sale of goods and provision or receipt of services

Table on purchase of goods/receipt of services

Unit: Yuan Currency: RMB

Related party	Content of related party transactions	Amount for the current period	Approved transaction limit (if applicable)	Whether the transaction limit is exceeded (if applicable)	Amount for the previous period
Suntien Guohua	Receipt of labour/services				11,018,798.40
Yanzhao Property Insurance	Receipt of labour/services	22,289,181.85			11,140,282.10
Mingjia Property	Receipt of labour/services	2,405,053.93			2,399,316.68
Smart Financial	Receipt of labour/services	13,200,154.56			3,207,547.16
Hengshui Honghua	Receipt of labour/services	17,007,856.90			28,269,544.05
Digital Industry	Receipt of labour/services	178,776.08			
Jingtang LNG	Receipt of labour/services	73,584.91			
PipeChina Pipeline	Receipt of labour/services	1,503,750.99			1,546,860.14

FINANCIAL REPORT

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on related party transactions (continued)

(1). Related party transactions on purchase or sale of goods and provision or receipt of services (continued)

Table on sale of goods/provision of services

Unit: Yuan Currency: RMB

Related party	Content of related party transactions	Amount for the current period	Amount for the previous period
Suntien Guohua	Provision of labour/services	1,330,832.87	854,031.17
Zhangbei CIC	Provision of labour services	9,297,939.91	

Explanations on related party transactions on purchase or sale of goods and provision or acceptance of services

The prices of selling products to related parties, providing services to related parties, purchasing raw materials from related parties and receiving services from related parties by the Group are determined based on ordinary commercial terms. Considerations for leases and asset transfer with related parties are determined based on the fair value of assets. Interest rates of accepting deposits and providing loans are determined by both parties through negotiation with reference to the bank deposit and loan interest rates for the same period.

(2). Related entrusted management/contracting and entrusting management/outsourcing business

Table on the entrusted management/contracting business of the Company:

Applicable Not applicable

Explanation on affiliated hosting/contracting situation

Applicable Not applicable

Table on the entrusting management/outsourcing business of the Company:

Applicable Not applicable

Explanations on related management/outsourcing business

Applicable Not applicable

(3). Leases with related parties

The Company acts as a lessor:

Unit: Yuan Currency: RMB

Name of lessee	Type of leased assets	Rental income recognised in the period	Rental income recognised in last period
CIC Rongtan	Houses	20,982.85	20,982.86

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on related party transactions (continued)

(3). Leases with related parties (continued)

The Company acts as a lessee:

Unit: Yuan Currency: RMB

Name of lessor	Type of leased assets	Rental charges for short-term leases and leases of low-value assets with simplified approach (as applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Rentals paid		Interest expense on lease liabilities assumed		Increased right-of-use assets	
		Amount for the current period	Amount for the previous period	Amount for the current period	Amount for the previous period	Amount for the current period	Amount for the previous period	Amount for the current period	Amount for the previous period	Amount for the current period	Amount for the previous period
HECIC	Houses					5,135,466.05	5,454,405.35	332,224.13	287,134.30	27,474,930.08	
Huihai Leasing	machinery and Equipment					251,678,902.83	142,506,763.76	30,135,003.36	41,157,419.50		

Explanations on leases with related parties

Operating leases

In 2022 and 2021, the Group entered into property tenancy contracts with HECIC for office use. The monthly rent was RMB427,955.50 and RMB454,533.78 respectively for a term from 1-3 years. In 2022 and 2021, the Group paid aggregate rents of RMB5,135,466.05 and RMB5,454,405.35 respectively.

Note: The price at which the Group rented property from the related party was determined by the parties through negotiation with reference to the market rate.

Finance leases*

Leaseback transactions:

The Group entered into a sale-and-leaseback agreement with Huihai Leasing, pursuant to which Huihai Leasing agreed to purchase fixed assets which the Group undertook to own the legal property rights and without any defects and lease the fixed-assets equipment to the Group for use, and the Group agreed to lease the equipment back and pay rents to Huihai Leasing in accordance with the agreement.

In 2022, the Group did not enter into any sale-and-leaseback agreement with Huihai Leasing (2 sale-and-leaseback agreements with a total amount of RMB31,000,000.00 were entered into in 2021). In 2022, the Group repaid the lease principal of RMB144,200,000.00 (2021: RMB85,574,144.00) and paid an interest of RMB6,431,385.65 (2021: RMB10,622,870.36) to Huihai Leasing under the sale-and-leaseback arrangement.

Direct leasing transactions:

In 2022, the Group did not enter into any new lease agreement with Huihai Leasing (2021: Nil). In 2022, the Group paid rents of RMB107,478,902.83 (2021: RMB56,932,619.76) and interest expenses of RMB23,703,617.71 (2021: RMB30,534,549.14) to Huihai Leasing under the direct leasing transaction arrangement in previous years.

FINANCIAL REPORT

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on related party transactions (continued)

(4). Related party guarantees

The Company acts as a guarantor

Unit: Yuan Currency: RMB

Guaranteed party	Amount guaranteed	Commencement of guarantee	Expiry of guarantee	Whether fully performed
Suntien Guohua (Note 1)	136,500,000.00	27 September, 2021	27 June, 2033	No

The Company acts as a guaranteed party

Unit: Yuan Currency: RMB

Guarantor	Amount guaranteed	Commencement of guarantee	Expiry of guarantee	Whether fully performed
HECIC (Note 3)	910,000,000.00	5 March 2019	Two years after the maturity date of the bond	Yes
HECIC (Note 5)	300,000,000.00	26 December, 2019	26 June 2023	Yes
HECIC Finance (Note 6)	30,000,000.00	8 March, 2019	Two years after the maturity date of the bond	Yes
HECIC Finance (Note 7)	20,000,000.00	1 March, 2021	28 February, 2022	Yes
HECIC Finance (Note 8)	55,796,000.00	8 December, 2021	31 December 2022	Yes

Explanations on related party guarantees

The Company acts as a guarantor in 2021

Guaranteed party	Amount guaranteed	Commencement of guarantee	Expiry of guarantee	Whether fully performed
Suntien Guohua (Note 1)	140,000,000.00	27 September 2021	27 June 2033	No
Suntien Guohua (Note 2)	30,000,000.00	27 June 2014	26 June 2021	Yes

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on related party transactions (continued)

(4). Related party guarantees (continued)

The Company acts as the guaranteed party in 2021:

Guarantor	Amount guaranteed	Commencement of guarantee	Expiry of guarantee	Whether fully performed
HCIG (Note 3)	910,000,000.00	5 March 2019	Two years after the maturity date of the bond	No
HCIG (Note 4)	590,000,000.00	13 March 2018	Two years after the maturity date of the bond	Yes
HCIG (Note 5)	300,000,000.00	26 December 2019	26 June 2023	No
HCIG Finance (Note 6)	30,000,000.00	8 March 2019	Two years after the maturity date of the debt	No
HCIG Finance (Note 7)	20,000,000.00	1 March 2021	28 February 2022	No
HCIG Finance (Note 8)	55,796,000.00	8 December 2021	31 December 2022	No

Note 1: In September 2021, the Company provided a guarantee of RMB140 million for the fixed asset borrowing of Suntien Guohua from Sinopec Finance Co., Ltd., for a guarantee period of 3 years from the effective date of the contract to the expiry of the term of performance of the obligations under the contract. The borrowing contract will expire on 27 June 2030.

Note 2: In June 2014, the Company provided a maximum guarantee of RMB200 million for a credit line applied by Suntien Guohua to Handan Branch of China Minsheng Banking Corp., Ltd at nil consideration and the contractual guarantee period is two years from the date of expiry of the debt settlement period or the date of confirmation of the guaranteed debts, and the agreed maturity date of the principal contract debt is 26 June 2019.

Note 3: HCIG provided guarantees for the renewable green corporate bonds in the amount of RMB910 million issued by the Company in March 2019, for a guarantee period from 5 March 2019 to 4 March 2022. For details, please refer to Note VII. 54. The Company incurred a guarantee fee of RMB145,187.31 (2021: RMB1,820,000.00) in 2022. As at 4 March 2022, the guarantee was fulfilled as the bonds were repaid upon maturity.

Note 4: HCIG provided guarantees for the renewable green corporate bonds in the amount of RMB590 million issued by the Company in March 2018, for a guarantee period from 13 March 2018 to 15 March 2021. The guarantee was fulfilled as the bonds were repaid upon maturity.

Note 5: HCIG provided guarantees for the Ping An-HCIG New-energy No. 1 Renewable Energy Additional Electricity Subsidy Green Asset-backed Special Programme in the amount of RMB285 million issued by the Company in December 2019, for a guarantee period from 26 December 2019 to 26 June 2023. In 2022, the Company paid a guarantee fee of RMB900,000.00 (2021: RMB900,000.00) to HCIG. As at 26 December 2022, the guarantee was fulfilled in advance as the bonds were repaid upon maturity. For details, please refer to Note VII. 46 in this section.

Note 6: HCIG Finance provided guarantees for the long-term borrowing contract in the amount of RMB30,000,000.00 signed in March 2019 between the Group and the China Construction Bank Chengde Housing & Construction Sub-branch (中國建設銀行股份有限公司承德住房城建支行), for a guarantee period from 7 March 2019 to 6 March 2022. For details, please refer to Note VII. 45 in this section. The Company incurred a guarantee fee of RMB150,000.00 (2021: RMB150,000.00) in 2022. As at 6 March 2022, the guarantee was fulfilled as the loan were repaid upon maturity.

Note 7: HCIG Finance provided a guarantee of RMB20,000,000.00 for electricity and deviation assessment fees paid by the Group to State Grid Hebei Electric Power Co., Ltd., for a guarantee period from 1 March 2021 to 28 February 2022. The guarantee fee was RMB16,164.38 (2021: RMB83,835.62) in 2022. The guarantee was fulfilled as of 28 February 2022.

Note 8: HCIG Finance provided a guarantee of RMB55,796,000.00 for liquefied natural gas receiving terminal charges paid by the Group to PipeChina Tianjin Liquefied Natural Gas Co., Ltd., for a guarantee period from 8 December 2021 to 31 December 2022. The guarantee fee was RMB393,663.79 (2021: RMB24,806.21) in 2022. The guarantee was fulfilled as of 31 December 2022.

FINANCIAL REPORT

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on related party transactions (continued)

(5). Capital lending/borrowing between related parties

Unit: Yuan Currency: RMB

Related party	Amount of lending/ borrowing	Start date	Due date	Explanation
Borrowing HECIC Finance	3,061,321,972.17	20 January 2021 to 15 December 2022	25 May 2022 to 23 July 2048	Notes

Related party	Amount of lending/ borrowing	Start date	Due date	Explanation
Lending Nil				

Capital borrowing between related parties in 2021:

Related party	Amount of lending/ borrowing	Start date	Due date	Description
HCIG Finance	2,164,070,000.00	18 January 2021 to 28 December 2021	25 February 2021 to 23 July 2048	Notes

Note: In 2022, the Group borrowed RMB3,061,321,972.17 on credit from HECIC Finance with an interest rate of 2.80%-4.35% per annum (2021: RMB2,164,070,000.00, interest rate of 3.30%-4.40% per annum).

In 2022, the Group borrowed RMB32,343,222.21 from HCIG Finance in the form of bill discounting with an interest rate of 1.99% (2021: RMB38,976,458.34, interest rate of 2.56%).

In 2022, the balance of bills payable issued by the Group with HCIG Finance amounted to RMB46,649,747.04 (2021: RMB54,738,449.62), in respect of which the Group paid a transaction handling fee of RMB34,870.53 (2021: RMB27,386.93).

Interest expense on capital borrowed

Name	2022	2021
HECIC Finance	35,853,193.25	48,151,613.25

Interest income

Name	2022	2021
HECIC Finance	23,829,626.63	20,011,770.28

(6). Asset transfer and debt restructuring of related parties

Applicable Not applicable

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on related party transactions (continued)

(7). Emolument of key management

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Emolument of key management	13,567,725.24	20,956,928.25
Fees	303,091.25	291,121.25
Salaries, allowances and benefits in kind	6,027,858.31	12,412,122.52
Performance related incentive payments	6,787,827.30	7,833,079.20
Contribution to pension plans	448,948.38	420,605.28

Remuneration of Directors and supervisors

Items	2022	2021
Remuneration of Directors and supervisors	5,278,201.06	8,320,579.07

The names of the Directors and supervisors and a breakdown of their remuneration are as follows:

In 2022, Mr. Wang Hongjun, an executive Director of the Group, received take-home pay of RMB937,182.07 (2021: RMB1,382,548.47) from the Group. In 2022, the Group paid a total of RMB1,699,153.13 (2021: RMB2,995,940.55) in remuneration before tax to Mr. Wang Hongjun, comprising 1) RMB766,371.82 (2021: RMB2,017,358.83) in salaries, allowances, various insurance policies (including Group and individual contributions, excluding endowment insurance and annuity), and benefits in kind; 2) RMB882,766.51 (2021: RMB931,847.96) in performance related-bonus; and 3) RMB50,014.80 (2021: RMB46,733.76) in contribution to pension plans (i.e., endowment insurance paid by the Group and individuals) paid to or for Mr. Wang Hongjun.

In 2022, Mr. Mei Chunxiao, an executive Director and the President of the Group, received take-home pay of RMB970,207.38 (2021: RMB1,406,624.27) from the Group. In 2022, the Group paid a total of RMB1,574,058.29 (2021: RMB2,233,647.48) in remuneration before tax to Mr. Mei Chunxiao, comprising 1) RMB649,815.57 (2021: RMB1,251,349.28) in salaries, allowances, various insurance policies (including Group and individual contributions, excluding endowment insurance and annuity), and benefits in kind; 2) RMB874,227.92 (2021: RMB935,564.44) in performance related-bonus; and 3) RMB50,014.80 (2021: RMB46,733.76) in contribution to pension plans (i.e., endowment insurance paid by the Group and individuals) paid to or for Mr. Mei Chunxiao.

In 2022 and 2021, the Group did not pay any salary and emolument in any form to Dr. Cao Xin (Chairman), Mr. Wu Huijiang, Mr. Li Lianping and Mr. Qin Gang, who are non-executive Directors.

In 2022, the Group paid fees before tax of RMB86,597.50 (2021: RMB83,177.50) to Mr. Wan Yim Keung, Daniel, Dr. Lin Tao and Mr. Guo Yingjun, independent non-executive Directors, respectively.

In 2022, Mr. Qiao Guojie (Note), a Supervisor of the Group, received take-home pay of RMB893,693.49 (2021: RMB1,231,764.25) from the Group. In 2022, the Group paid a total of RMB1,546,685.98 (2021: RMB2,799,869.79) in remuneration before tax to Mr. Qiao Guojie, comprising 1) RMB605,753.55 (2021: RMB1,940,303.66) in salaries, allowances, various insurance policies (including Group and individual contributions, excluding endowment insurance and annuity), and benefits in kind; 2) RMB909,503.17 (2021: RMB812,832.37) in performance related-bonus; and 3) RMB31,429.26 (2021: RMB46,733.76) in contribution to pension plans (i.e., endowment insurance paid by the Group and individuals) paid to or for Mr. Qiao Guojie.

In 2022, Mr. Cao Zhijie (Note), a Supervisor of the Group, received take-home pay of RMB83,483.85 from the Group. In 2022, the Group paid a total of RMB155,212.41 in remuneration before tax to Mr. Cao Zhijie, comprising 1) RMB137,811.69 in salaries, allowances, various insurance policies (including Group and individual contributions, excluding endowment insurance and annuity), and benefits in kind; and 2) RMB17,400.72 in contribution to pension plans (i.e., endowment insurance paid by the Group and individuals) paid to or for Mr. Cao Zhijie.

In 2022, the fees before tax paid by the Group to Mr. Zhang Dongsheng, an independent non-executive supervisor, amounted to RMB43,298.75 (2021: RMB41,588.75).

Note: Mr. Qiao Guojie resigned as a supervisor of the Company, with effect from 8 October 2022. Mr. Cao Zhijie was appointed as a supervisor with effect from 8 October 2022.

FINANCIAL REPORT

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on related party transactions (continued)

(7). Emolument of key management (continued)

Five Highest Paid Employees

Items	2022	2021
Directors and supervisors	3	3
Non-director and non-supervisor employees	2	2
Total	5	5

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

Items	2022	2021
Salary	3,118,772.91	2,727,693.48
Performance related incentive payments	4,514,977.77	3,806,741.61
Pension	231,488.46	140,201.28
Total	7,865,239.14	6,674,636.37

The number of non-director and non-supervisor highest paid employees whose salary falls within the following ranges is as follows:

Items	2022	2021
HKD1,000,001 to HKD1,500,000	3	2
Total	3	2

During the years ended 31 December 2022 and 31 December 2021, no Director, supervisor, president or any highest paid individuals (not a Director or supervisor) waived or agreed to waive any emoluments and no emoluments were paid by the Group to any Director, supervisor, president or any highest paid individuals (not a Director or supervisor) as an inducement to join or upon joining the Group, or as compensation for loss of office.

*Trademark license**

On 19 September 2010, the Company entered into the Trademark License Agreement with HECIC, pursuant to which HECIC has granted the Company a license to use two figurative marks registered by HECIC in HKSAR for a term of ten years from 9 February 2010 at an annual license fee of RMB1. Prior to one month before the expiry of the agreement, the agreement was renewed automatically for three years upon serving of a notice in writing by the Company to HECIC. The above principle shall apply to future renewal. As of 31 December 2022, the agreement has an effective expiration date of 9 February 2023.

On 4 March 2019, the Company entered into the Trademark License Agreement with HECIC, pursuant to which HECIC has granted the Company a license to use 6 of the 12 domestic trademarks in relation to the Company's principal business at nil consideration, and it was agreed for the exclusive use within the scope of the Company's principal business.

During the Reporting Period, in addition to the 6 trademarks licensed by Hebei CIC, the Company had four valid registered trademarks in total.

* Related party transactions in connection with the above items also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules.

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on related party transactions (continued)

(8). Other related party transactions

Capital increase and equity transfer by related parties

On 5 March 2021, the Company entered into the Subscription Agreement of A Shares under the Non-public Issuance with HCIG, pursuant to which HCIG agreed to conditionally subscribe for the A Shares under the Issuance. In December 2021, HCIG subscribed for 182,685,253.00 A Shares in the Company with an actual payment of RMB2,489,999,998.39. No such matter occurred in 2022.

In May 2020, the Company entered into the agreement on capital increase for Caofeidian Company with HCIG. Prior to the completion of the capital increase, Caofeidian Company was a wholly-owned subsidiary of the Company with a registered capital of RMB200 million. Upon the completion of the capital increase, the registered capital of Caofeidian Company would be increased to RMB490 million, and 51% and 49% of equity interest of Caofeidian Company would be held by the Company and HCIG, respectively. Caofeidian Company remains a controlled subsidiary of the Company. In August 2020, the Company entered into the agreement on capital increase for Caofeidian Company with HCIG to increase the registered capital of Caofeidian Company by RMB860 million. Upon the completion of the capital increase, the registered capital of Caofeidian Company would be increased to RMB1.35 billion, and the shareholdings of the Company and HCIG would remain unchanged. In August 2021, the Company entered into the agreement on capital increase for Caofeidian Company with HCIG to increase the registered capital of Caofeidian Company by RMB799 million. Upon the completion of the capital increase, the registered capital of Caofeidian Company would be increased to RMB2.149 billion, and the shareholdings of the Company and HCIG would remain unchanged. In September 2022, the Company entered into the agreement on capital increase for Caofeidian Company with HCIG to increase the registered capital of Caofeidian Company by RMB451 million. Upon the completion of the capital increase, the registered capital of Caofeidian Company would be increased to RMB2.6 billion, and the shareholdings of the Company and HCIG would remain unchanged. In 2022 and 2021, HCIG injected capital of RMB490,000,000.00 and RMB352,800,000.00 in Caofeidian Company, a subsidiary of the Company, respectively.

In October 2022, the Company entered into the agreement on capital increase for Hebei Gas with HCIG to increase the registered capital of Hebei Gas, a subsidiary of the Company, by RMB55 million. Upon the completion of the capital increase, the registered capital of Hebei Gas would be increased to RMB155 million, and the shareholdings of the Company and HCIG would remain unchanged. In 2022, HCIG injected capital of RMB4,500,000.00 in Hebei Gas.

Payment of guarantee fees to related parties*

Items	2022	2021
Guarantee fees of HECIC	1,045,187.31	2,720,000.00
Guarantee fees of HECIC Finance	559,828.17	258,641.83
Total	1,605,015.48	2,978,641.83

Credit facility provided by related parties and their use*

As at 31 December 2022 and 31 December 2021, HECIC Finance granted to the Group effective credit facilities of RMB4,265 million and RMB4,185 million, respectively. The Group used RMB3,890 million and RMB2,336 million, respectively, and the remaining facilities were RMB375 million and RMB1,849 million, respectively.

FINANCIAL REPORT

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amount due to/from related parties

(1). Accounts receivable

Unit: Yuan Currency: RMB

Name of project	Related party	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Zhangbei HCIG	3,471,154.85	173,557.74		
Prepayments	Yanzhao Property Insurance	32,949.55		38,988.03	
Prepayments	HCIG			145,187.31	
Other receivables	Huihai Leasing			1,800,000.00	540,000.00
Other receivables	HCIG	874,500.35	874,500.35	874,500.35	686,628.85
Other receivables	Chongli HCIG	18,044,687.12	1,302,234.36		
Other receivables	Suntien Guohua	201,497.08	10,074.85		
Other receivables	Chengde Wind Energy	15,090.08	754.50	14,488.26	724.41
Other receivables	HCIG Southeast Asia Investment Co., Ltd.	710,000.00	213,000.00	710,000.00	71,000.00
Dividend receivables	Chengde Wind Energy	23,171,956.55		24,960,437.72	
Dividend receivables	Weichang Longyuan	21,576,317.17		25,577,001.61	
Dividend receivables	Chongli CIC	2,578,509.22		3,598,509.22	
Dividend receivables	Zhangbei CIC	22,117,561.12		27,727,561.12	
Dividend receivables	Huihai Leasing	2,153,672.14			
Dividend receivables	Chengde Dayuan			12,902,451.51	

(2). Accounts payable

Unit: Yuan Currency: RMB

Name of project	Related party	Closing book balance	Opening book balance
Advances from customers	Tangshan Haohua	1,161,061,946.88	778,761,061.94
Contract liabilities	Suntien Guohua	87,027.76	147,768.91
Contract liabilities	HCIG Rongtan		5,245.71
Contract liabilities	Tangshan Haohua	396,460,176.98	389,380,530.96
Other payables	Mingjia Property	200,600.00	
Other payables	HCIG	32,969.49	
Other payables	HCIG Rongtan	801,685.55	284,679.26
Dividend payable	HCIG	5,926,462.21	3,137,856.62
Other payables	Yanzhao Property Insurance		1,986,031.94
Other payables	Smart Financial	56,499.17	1,634,501.94
Bills payable	HCIG Finance	46,649,747.04	54,738,449.62
Short-term borrowings	HCIG Finance	2,306,490,423.91	782,850,000.00
Long-term payable	Huihai Leasing	28,875,000.00	168,400,000.00
Long-term payables due within one year	Huihai Leasing	4,644,873.28	11,078,226.65
Long-term borrowings	HCIG Finance	82,440,000.00	118,740,000.00
Long-term borrowings due within one year	HCIG Finance		180,000,000.00
Lease liabilities	Huihai Leasing	457,453,176.84	549,320,587.95
Lease liabilities	HCIG	7,922,310.57	
Lease liabilities due within one year	Huihai Leasing	89,727,492.09	69,239,436.42
Lease liabilities due within one year	HCIG	1,111,721.57	

Related party receivables and payables, except long-term payables, long-term payables due within one year and lease liabilities due within one year, are non-interest bearing, unsecured and have no fixed repayment period.

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

7. Commitments of related parties

Applicable Not applicable

8. Others

Centralised management of funds

Name	2022	2021
HECIC Finance	3,510,955,880.39	3,115,853,047.06

The Group has signed a Financial Services Framework Agreement with HECIC Finance to implement centralised management of funds, (all at call at interest rates of 1.20% to 1.21% without any fixed terms) with no restriction on the drawdown of funds under centralised management.

XIII. SHARE-BASED PAYMENT

1. General information of share-based payment

Applicable Not applicable

2. Equity-settled share-based payment

Applicable Not applicable

3. Cash-settled share-based payment

Applicable Not applicable

4. Modifications and termination of share-based payment

Applicable Not applicable

5. Others

Applicable Not applicable

XIV. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

Significant external commitments, nature, and amount as at the balance sheet date

Contracted, but not provided for	2022	2021
Capital commitment	10,965,887,079.70	14,154,442,051.64
Investment commitment	359,236,831.40	600,886,431.40
Total	11,325,123,911.10	14,755,328,483.04

FINANCIAL REPORT

XIV. COMMITMENTS AND CONTINGENCIES (continued)

2. Contingencies

(1). Significant contingencies as at the balance sheet date

Items	2022	2021
Contingent liabilities arising from guarantees given to external parties	136,500,000.00	140,000,000.00
Contingent liabilities arising from pending litigation or arbitration	63,656,409.50	24,279,903.53
Total	200,156,409.50	164,279,903.53

Note 1: The Group provided guarantees for a credit line applied by Suntien Guohua, a joint venture. The above amount represents the maximum losses the Group would incur in case of default by the guaranteed party. The above guaranteed party has normal operation with sound asset conditions, therefore no significant default risk is expected and the Group did not recognise any expected liabilities in relation to the financial guarantee.

Note 2: The Group may be involved in disputes, lawsuits or claims with customers, suppliers and other parties in the ordinary course of business. Following the consultation with a legal counsel and reasonable estimation of the outcome of the pending disputes, lawsuits or claims by the management of the Company, the Group made provisions for those disputes, lawsuits or claims that are likely to cause losses to the Group. No provision has been made for these pending disputes, lawsuits and claims for which the final outcome cannot be reasonably estimated at this time or which, in the opinion of the Company's management, will not have a material adverse effect on the Group's results of operations or financial position.

(2). Please explain if no significant contingencies is required to be disclosed by the Company:

Applicable Not applicable

3. Others

Applicable Not applicable

XV. EVENTS AFTER BALANCE SHEET DATE

1. Significant non-adjustment events

Applicable Not applicable

2. Profit distribution

Applicable Not applicable

3. Sales return

Applicable Not applicable

4. Explanation on other events after balance sheet date

On 23 March 2023, the Company convened the 4th meeting of the fifth session of the Board, at which, the Resolution on the 2022 Profit Distribution Proposal was approved after the consideration by all Directors. The Company proposes to distribute a cash dividend of RMB1.93 (tax inclusive) for every 10 shares to all shareholders. Based on the total number of issued shares of the Company on the date of the Board meeting at which the 2022 profit distribution proposal was approved, being 4,187,093,073 shares, the total cash dividend proposed for distribution will amount to RMB808,108,963.09 (tax inclusive). The profit distribution proposal shall be submitted to the general meeting for consideration.

On 5 January 2023, the Company held the ninth extraordinary meeting of the fifth session of the Board and considered and approved a resolution regarding the issuance of Global Depository Receipts ("GDRs") by the Company and their listing on the SIX Swiss Exchange. On 9 February 2023, the Company received the Approval for the Issuance of Global Depository Receipts by China Suntien Green Energy Corporation Limited (Ji Jian Investment Ben Zi [2023] No. 1) issued by HECIC, which approved the issuance of GDRs by the Company on the SIX Swiss Exchange and the number of A shares of the additional base securities represented by the GDRs issued shall not exceed 334,967,446 shares. On 14 February 2023, the Company held an extraordinary general meeting to consider and approve the relevant resolution regarding the issuance of GDRs by the Company and their listing on the SIX Swiss Exchange.

As of 23 March 2023, the issuance of GDRs and their listing on the SIX Swiss Exchange are subject to approval by the China Securities Regulatory Commission, endorsement or filing by the China Securities Regulatory Commission, the relevant Swiss securities regulatory authorities and other domestic and foreign authorities.

XVI. OTHER SIGNIFICANT EVENTS

1. Correction of previous accounting errors

(1). Retrospective restatement

Applicable Not applicable

(2). Prospective application method

Applicable Not applicable

2. Debt restructuring

Applicable Not applicable

3. Asset replacement

(1). Exchange of non-monetary assets

Applicable Not applicable

(2). Other asset replacement

Applicable Not applicable

4. Annuity plan

Full-time employees of the Group are covered by various government-sponsored pension plans. These government agencies are responsible for the pension liability to these employees upon retirement. The Group contributes on a monthly basis to these pension plans. The contribution rate of basic pension insurance is 16%-20% of total wages, the contribution rate of unemployment insurance is 0.5%-0.7% of total wages, and the contribution rate of enterprise annuity is 8% of total wages. The pension insurance is capped at three times the average social wage in the social security area, and there is no upper limit on the contribution rate for unemployment insurance and enterprise annuity. All contributions made under the government-sponsored pension plans described above are fully attributable to employees at the time of the payment and the Group is unable to forfeit any amounts contributed by it to such plans. Contributions made by the Company under the annuity fund plan that is forfeited in respect of those employees who resign from their positions prior to the full vesting of the contributions will be recorded in the public account of the annuity fund and shall not be used to offset any contributions to be made by the Company in the future. All funds in the public account will be attributed to the employees whose accounts are in normal status after the approval procedures are completed as required. Under these plans, the Group has no obligation for retirement benefit beyond the contributions made.

5. Termination of business

Applicable Not applicable

6. Segment information

(1). Determination criteria and accounting policies of the reporting segments

For management purposes, the Group organizes its business units by product and service and has 3 reportable segments as follows:

- 1) The natural gas segment mainly provides the sale of natural gas and natural gas appliances and the provision of services for the construction and connection of natural gas pipelines.
- 2) The wind power and solar energy segment is mainly engaged in the development, management and operation of wind farms, solar power plants and the sale of electricity to external grid companies.
- 3) Other segments are mainly engaged in investment management and property leasing business, etc.

Management monitors the results of operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment results are evaluated based on reported segment profit after tax.

Internal transfer prices shall be determined by reference to the prices of sales or services to third parties.

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XVI. OTHER SIGNIFICANT EVENTS (continued)

6. Segment information (continued)

(2). Financial information of the reporting segments

Unit: Yuan Currency: RMB

Items	Natural gas	Wind and photovoltaic power generation	Others	Total
Operating revenue	12,201,526,791.87	6,345,521,941.51	13,473,998.43	18,560,522,731.81
Operating costs	10,887,531,947.34	2,425,161,045.40	5,869,345.32	13,318,562,338.06
Total assets	27,158,145,739.00	46,043,057,617.19	4,207,463,251.88	77,408,666,608.07
Total liabilities	18,888,441,669.84	28,498,328,934.37	4,836,656,692.40	52,223,427,296.61
Investment income from joint ventures and associates	139,365,582.05	49,118,285.18	36,151,246.97	224,635,114.20
Credit impairment losses/(reversal)	8,254,334.49	-6,580,972.46	2,309,228.94	3,982,590.97
Asset impairment losses	3,164,390.70	38,669,748.88		41,834,139.58
Depreciation and amortisation expense	243,010,448.21	2,079,026,582.05	6,973,402.18	2,329,010,432.44
Total profit/(loss)	955,148,087.28	2,381,798,966.07	-41,877,910.39	3,295,069,142.96
Income tax expenses	228,301,337.64	246,359,978.59	1,443,750.33	476,105,066.56
Non-cash expenses other than depreciation and amortisation expenses	11,418,725.19	32,088,776.42	2,309,228.94	45,816,730.55
Capital expenditure	4,708,156,256.85	2,527,745,367.06	5,246,607.64	7,241,148,231.55

Note: Capital expenditures include the increase in investment property, fixed assets, construction in progress, right-of-use assets, intangible assets, development expenditures and long-term deferred expenses this year.

(3). Please explain if the Company has no reporting segments or is unable to disclose the total assets and total liabilities of each reporting segment

Applicable Not applicable

(4). Other explanations

More than 90% of the Group's revenue was derived from Northern China, which is managed in a unified and centralized manner by the management. Therefore, the Group had only one regional segment.

Geographical information

Revenue from external customers

Name	2022	2021 (Restated)
Mainland China	18,560,522,731.81	16,137,769,830.60

Revenue from external customers was attributable to the regions where the customers were located, and all customers were located in Mainland China.

Total non-current assets

Name	2022	2021 (Restated)
China (excluding Hong Kong, Macao and Taiwan regions)	59,637,410,531.86	52,520,464,442.81
Other countries or regions	4,962,067.31	87,049,934.82
Total	59,642,372,599.17	52,607,514,377.63

The non-current assets were attributable to the regions where such assets were located, and excluded financial assets, investments in other equity instruments, long-term equity investment and deferred tax assets.

Information about major customers

Operating revenue of RMB4,156,785,204.92 (2021: RMB3,921,103,139.19) was the revenue generated from State Grid Jibei Electric Power Co., Ltd. (including all entities known to be under the control of the customer) under the operating segments.

XVI. OTHER SIGNIFICANT EVENTS (continued)

7. Other significant transactions and events affecting investors' decision-making

Applicable Not applicable

8. Others

Leases

(1) *As lessor*

The Group leases out certain of its houses and buildings for a lease term of 2-4 years, which constitute operating leases. In 2022, the income generated from the leased houses and buildings amounted to RMB702,240.00 (2021: RMB1,535,563.19). Leased houses and buildings are presented under investment properties. For details, please refer to Note VII. 20 in this Section.

Operating leases

Gains or losses related to operating leases are presented as follows:

Items	2022	2021
Rental income	702,240.00	1,535,563.19

Pursuant to the lease contracts entered into with the lessees, the minimum lease receivables under noncancellable leases are as follows:

Items	2022	2021
Within 1 year (inclusive)	709,920.00	709,920.00
1 to 2 years (inclusive)	709,920.00	709,920.00
2 to 3 years (inclusive)		709,920.00
3 to 4 years (inclusive)		
Total	1,419,840.00	2,129,760.00

(2) *As lessee*

Items	2022	2021
Interest expense on lease liabilities	30,917,496.70	47,026,512.69
Expenses on short-term leases and leases of low-value assets included in profit or loss accounted for under the simplified approach	17,412,258.63	17,233,090.06
Total cash outflows relating to leases	194,546,354.21	172,278,346.80
Relevant profit or loss arisen from leaseback transactions	7,509,136.49	14,484,633.81
Total	250,385,246.03	251,022,583.36

The Group leases several parcels of land, wind turbines and related equipment, buildings and transportation equipment. Right-of-use assets are depreciated on a straight-line basis.

The lease assets leased by the Group include the houses and buildings, machinery and equipment, transportation equipment and other equipment used during the course of operation. The houses and buildings and machinery and equipment are usually leased for a term of 2-20 years, while the transportation equipment and other equipment are usually leased for a term of 2-5 years. Lease contracts usually stipulate that the Group cannot sublease the lease assets, and some lease contracts require the Group to maintain a certain level of financial indicators.

FINANCIAL REPORT

XVI. OTHER SIGNIFICANT EVENTS (continued)

8. Others (continued)

Leases (continued)

(2) As lessee (continued)

Leaseback transaction

Items	2022	2021
Cash inflows from leaseback transactions		211,000,000.00
Cash outflows from leaseback transactions	188,553,619.45	110,078,082.54
Total	188,553,619.45	321,078,082.54

In order to meet its capital requirements, the Group obtains loans for some of its wind turbine equipment on a sale-and-leaseback basis. The lease terms are usually 5-8 years, with contractual interest rates ranging from 2% to 5.3%, and some of the lease contracts stipulate that the interest rates will be adjusted once a year. The Group will purchase the relevant equipment at a nominal price of RMB1 upon expiration of the lease period, and is required to maintain financial indicators to a certain extent.

Other leasing information

For right-of-use assets, see Note VII, 25 in this Section; for simplified treatment of short-term leases and leases of low-value assets, see Note V, 34 in this Section; and for lease liabilities, see Note VII, 47 in this Section and Note X, 1 in this Section.

XVII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY

1. Accounts receivable

(1). Disclosure by aging

Unit: Yuan Currency: RMB

Age	Closing book balance
Within 1 year	
Including: sub-items within 1 year	
with 6 months	46,659,528.74
6 months to 1 year	
Subtotal within 1 year	46,659,528.74
1 to 2 years	
2 to 3 years	
3 to 4 years	
4 to 5 years	
Over 5 years	
Total	46,659,528.74

XVII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts receivable (continued)

(2). Classified disclosure by the method of provision for bad debts

Unit: Yuan Currency: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Provision percentage (%)	Book value	Amount	Percentage (%)	Amount	Provision percentage (%)	Book value
Provision for bad debts on group basis	46,659,528.74	100.00	351,534.68	/	46,307,994.06					
Of which:										
No recovery risk	39,628,835.16	84.93			39,628,835.16					
Aging analysis	7,030,693.58	15.07	39,628,835.16	5.00	6,679,158.90					
Total	46,659,528.74	100.00	351,534.68	/	46,307,994.06		/		/	

Provision for bad debts on an individual basis:

Applicable Not applicable

Provision for bad debts on a group basis:

Item provision on a group basis: No recovery risk

Unit: Yuan Currency: RMB

Name	Closing balance		
	Accounts receivable	Provision for bad debts	Percentage of provision (%)
Receivables of the Company within the scope of the consolidated financial statements of the Group	39,628,835.16		
Total	39,628,835.16		

Recognition standard and description of provision for bad debts made on a group basis:

Applicable Not applicable

FINANCIAL REPORT

XVII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts receivable (continued)

(2). Classified disclosure by the method of provision for bad debts (continued)

Item provision on a group basis: Aging analysis

Unit: Yuan Currency: RMB

Name	Closing balance		
	Accounts receivable	Provision for bad debts	Percentage of provision (%)
Within 6 months	7,030,693.58	351,534.68	5.00
Total	7,030,693.58	351,534.68	5.00

Recognition standard and description of provision for bad debts made on a group basis:

Applicable Not applicable

If the provision for bad debts is made according to the general model of expected credit losses, please refer to the disclosure of other receivables:

Applicable Not applicable

(3). Provision for bad debts

Unit: Yuan Currency: RMB

Category	Opening balance	Change for the Period			Closing balance
		Provision	Recovered or reversed	Write-off or cancellation	
Aging analysis on a grouping basis		351,534.68			351,534.68
Total		351,534.68			351,534.68

Of which, significant amounts of provision for bad debts recovered or reversed for the period:

Applicable Not applicable

(4). Accounts receivable actually written off during the period

Applicable Not applicable

Important accounts receivable written off

Applicable Not applicable

XVII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts receivable (continued)

(5). Accounts receivable with the top five closing balances collected as per the borrowers

Unit: Yuan Currency: RMB

Name of entity	Closing balance	Percentage of the closing balance of total accounts receivable (%)	Closing balance of provision for bad debts
Hebei Fengning HCIG New-energy Co., Ltd.	24,450,685.82	52.40	351,534.68
PipeChina HCIG Natural Gas Co., Ltd.	7,030,693.58	15.07	
Jianshui Suntien Wind Energy Co., Ltd.	3,409,368.66	7.31	
Ruoqiang Suntien Green Energy Co., Ltd.	2,028,176.35	4.35	
Fangchenggang Suntien Green Energy Co., Ltd.	1,464,935.70	3.14	
Total	38,383,860.11	82.27	351,534.68

Other explanations

Nil

(6). Accounts receivable that were derecognized due to the transfer of financial assets

Applicable Not applicable

(7). Amount of assets or liabilities for which accounts receivable are transferred but involvement continues

Applicable Not applicable

Other explanations:

Applicable Not applicable

FINANCIAL REPORT

XVII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other receivables

Items presented

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Interest receivable		
Dividend receivables	424,311,740.40	585,067,066.45
Other receivables	1,783,282,538.94	765,515,977.23
Total	2,207,594,279.34	1,350,583,043.68

Other explanations:

Applicable Not applicable

Interest receivable

(1). Classification of interest receivable

Applicable Not applicable

(2). Significant overdue interest

Applicable Not applicable

(3). Provision made for bad debts

Applicable Not applicable

Other explanations:

Applicable Not applicable

Dividend receivables

(4). Dividend receivables

Unit: Yuan Currency: RMB

Projects (or Invested unit)	Closing balance	Opening balance
Hebei Fengning CIC New Energy Co., Ltd. (河北豐甯建投新能源有限公司)	320,149,960.84	322,201,337.98
Suntien Green Energy (Fengning) Co., Ltd. (新天綠色能源(豐寧)有限公司)	104,161,779.56	132,555,710.30
Jianshui Suntien Wind Energy Co., Ltd. (建水新天風能有限公司)		35,932,920.09
Heilongjiang Suntien Hadian New Energy Investment Co., Ltd. (黑龍江新天哈電新能源投資有限公司)		19,713,861.48
Guangxi Suntien Green Energy Co., Ltd. (廣西新天綠色能源有限公司)		19,456,774.16
Ruoqiang Suntien Green Energy Co., Ltd. (若羌新天綠色能源有限公司)		16,309,556.50
Suntien Green Energy Xuyi Co., Ltd. (新天綠色能源盱眙有限公司)		11,494,968.31
Chaoyang Suntien New Energy Co., Ltd. (朝陽新天新能源有限公司)		9,610,368.77
Junan Suntien Wind Energy Co., Ltd. (莒南新天風能有限公司)		4,889,117.35
Chengde Dayuan		12,902,451.51
Total	424,311,740.40	585,067,066.45

XVII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other receivables (continued)

Dividend receivables (continued)

(5). Significant dividends receivable aging over 1 year

Applicable Not applicable

(6). Provision made for bad debts

Applicable Not applicable

Other explanations:

Applicable Not applicable

Other receivables

(1). Disclosure by aging

Unit: Yuan Currency: RMB

Age	Closing book balance
Within 1 year	
Including: sub-items within 1 year	
Within 6 months	1,193,341,988.81
6 months to 1 year	83,900,268.19
Subtotal within 1 year	1,277,242,257.00
1 to 2 years	77,447,238.19
2 to 3 years	185,879,374.72
Over 3 years	245,074,035.91
Total	1,785,642,905.82

(2). Classified by the nature

Unit: Yuan Currency: RMB

Nature	Closing book balance	Opening book balance
Internal borrowings (Note 1)	1,624,520,000.00	644,110,496.67
Intercompany	152,508,122.21	81,354,169.95
Deposits	5,620,000.00	5,100,000.00
Others	1,607,885.10	25,580,647.37
Advances	1,386,898.51	10,051,554.43
Total	1,785,642,905.82	766,196,868.42

Note: The interest rates of the Company's internal borrowings with its subsidiaries range from 1.2% to 5.15%, and the terms of the borrowings range from 1 year to 20 years.

FINANCIAL REPORT

XVII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other receivables (continued)

Other receivables (continued)

(3). Provision made for bad debts

Unit: Yuan Currency: RMB

Provision for bad debts	The first stage	The second stage	The third stage	Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses (no credit impairment occurred)	Lifetime expected credit losses (credit impairment occurred)	
Balance at 1 January 2022	580,891.19	100,000.00		680,891.19
Balance at 1 January 2022 during the period				
- Transfer into the second stage				
- Transfer into the third stage				
- Reversal to the second stage				
- Reversal to the first stage				
Provision during the period	1,779,475.69			1,779,475.69
Reversal during the period		-100,000.00		-100,000.00
Transferral during the period				
Write-off during the period				
Other changes				
Balance at 31 December 2022	2,360,366.88			2,360,366.88

Explanation for the significant changes in the book balance of other receivables for which the loss provisions have changed during the period:

Applicable Not applicable

Basis for the provisions for bad debts in this period and the assessment of whether the credit risk of financial instruments has increased significantly:

Applicable Not applicable

(4). Provision for bad debts

Unit: Yuan Currency: RMB

Category	Opening balance	Change for the Period			Closing balance
		Provision	Recovered or reversed	Write-off or cancellation	
Provision for bad debts of other receivables	680,891.19	1,779,475.69	100,000.00		2,360,366.88
Total	680,891.19	1,779,475.69	100,000.00		2,360,366.88

Among them, significant amounts of provision for bad debts during the period have been reversed or recovered:

Applicable Not applicable

(5). Other receivables actually written off for the period

Applicable Not applicable

XVII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other receivables (continued)

Other receivables (continued)

(6). Other receivables from the top five debtors by closing balance

Unit: Yuan Currency: RMB

Name of entity	Nature of the amount	Closing balance	Age	Percentage of the total closing balance of other receivables (%)	Provision for bad debts Closing balance
Caofeidian Suntien Liquefied Natural Gas Co., Ltd.	Internal borrowings and current accounts	1,129,482,285.44	Within 1 year	63.25	
HCIG New-energy Co., Ltd.	Internal borrowings	176,000,000.00	Over 2 years	9.86	
Ruoqiang Suntien Green Energy Co., Ltd.	Internal borrowings and current accounts	74,885,400.00	1-3 years	4.19	
Zhangbei Huashi HCIG Wind Energy Co., Ltd.	Internal borrowings	45,000,000.00	Over 2 years	2.52	
HCIG Zhongxing Wind Energy Co., Ltd.	Internal borrowings	40,000,000.00	Over 2 years	2.24	
Total	/	1,465,367,685.44	/	82.06	

(7). Receivables related to government grants

Applicable Not applicable

(8). Other receivables that were derecognised due to the transfer of financial assets

Applicable Not applicable

(9). Amount of assets and liabilities arising from transfer of and continued involvement in trade receivables

Applicable Not applicable

Other explanations:

Applicable Not applicable

3. Long-term equity investments

Unit: Yuan Currency: RMB

Items	Closing balance			Opening balance		
	Book balance	Impairment provisions	Book value	Book balance	Impairment provisions	Book value
Investments in subsidiaries	12,176,553,210.73	20,000,000.00	12,156,553,210.73	11,289,813,390.73	60,988,169.86	11,228,825,220.87
Investments in associates and joint ventures	877,879,860.50		877,879,860.50	683,040,473.82		683,040,473.82
Total	13,054,433,071.23	20,000,000.00	13,034,433,071.23	11,972,853,864.55	60,988,169.86	11,911,865,694.69

FINANCIAL REPORT

XVII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term equity investments (continued)

(1). Investments in subsidiaries

Unit: Yuan Currency: RMB

Investee	Opening balance	Increase during the period	Decrease during the period	Closing balance	Impairment provisions during the period	Closing balance of impairment provisions
HECIC New Energy	5,040,262,260.98	100,000,000.00		5,140,262,260.98		
Hebei Natural Gas	1,268,486,574.46			1,268,486,574.46		
Suntien Green Energy (Fengning) Co., Ltd. (新天綠色能源(豐寧)有限公司)	173,600,000.00			173,600,000.00		
Jianshui Suntien Wind Energy Co., Ltd. (建水新天風能有限公司)	163,170,000.00			163,170,000.00		
Heilongjiang Suntien Hadian New Energy Investment Co., Ltd. (黑龍江新天哈電新能源投資有限公司)	205,800,000.00	38,338,300.00		244,138,300.00		
Suntien Green Energy Investment (Beijing) Co., Ltd. (新天綠色能源投資(北京)有限公司)	60,000,000.00			60,000,000.00		
Suntien Green Energy (Hong Kong) Corporation Limited	509,203,023.00			509,203,023.00		
Ruoqiang Suntien Green Energy Co., Ltd. (若羌新天綠色能源有限公司)	148,100,000.00	30,000,000.00		178,100,000.00		
Xinyang Suntien Wind Energy Co., Ltd. (滎陽新天風能有限公司)	90,000,000.00			90,000,000.00		
Junan Suntien Wind Energy Co., Ltd. (莒南新天風能有限公司)	103,000,000.00			103,000,000.00		
Suntien Shenzhen	194,500,000.00			194,500,000.00		
Suntien Liquefied Natural Gas Shahe Co., Ltd. (新天液化天然氣沙河有限公司)	35,000,000.00		35,000,000.00	0.00		
Suntien Hebei Solar Energy Development Co., Ltd. (新天河北太陽能開發有限公司)	33,060,900.00			33,060,900.00		
Huludao Gas	35,000,000.00			35,000,000.00		20,000,000.00
Hebei Fengning CIC New Energy Co., Ltd. (河北豐寧建投新能源有限公司)	867,830,000.00	67,000,000.00		934,830,000.00		
Guangxi Suntien Green Energy Co., Ltd. (廣西新天綠色能源有限公司)	84,500,000.00	30,000,000.00		114,500,000.00		
Yunnan Pushi	11,377,880.00		11,377,880.00	0.00		
Weihui Suntien Green Energy Co., Ltd. (衛輝新天綠色能源有限公司)	84,000,000.00			84,000,000.00		
Tongdao Suntien Green Energy Co., Ltd. (通遼新天綠色能源有限公司)	113,870,000.00	45,000,000.00		158,870,000.00		
Chaoyang Suntien New Energy Co., Ltd. (朝陽新天新能源有限公司)	32,000,000.00			32,000,000.00		
HECIC Offshore Wind Power Co., Ltd.	491,900,000.00			491,900,000.00		
HECIC New-energy (Tangshan) Co., Ltd. (建投新能源(唐山)有限公司)	86,000,000.00			86,000,000.00		
Fuliang Zhongling Suntien Green Energy Co., Ltd. (浮梁中嶺新天綠色能源有限公司)	160,000,000.00	8,000,000.00		168,000,000.00		
Suntien Hebei Electricity Sales Co., Ltd. (新天河北電力銷售有限公司)	38,000,000.00			38,000,000.00		
Fangchenggang Suntien Green Energy Co., Ltd. (防城港新天綠色能源有限公司)	93,300,000.00			93,300,000.00		
Fuping Jixin Suntien Green Energy Co., Ltd. (富平冀新綠色能源有限公司)	160,000,000.00	5,800,000.00		165,800,000.00		

XVII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term equity investments (continued)

(1). Investments in subsidiaries (continued)

Investee	Opening balance	Increase during the period	Decrease during the period	Closing balance	Impairment provisions during the period	Closing balance of impairment provisions
Caofeidian Suntien Liquefied Natural Gas Co., Ltd.	790,531,100.00	535,500,000.00		1,326,031,100.00		
Suntien Green Energy Lianyungang Co., Ltd. (新天綠色能源連雲港有限公司)	138,000,000.00			138,000,000.00		
Ruian Xin Yun New Energy Co., Ltd.	1,750,000.00		1,750,000.00	0.00		
Hebei Natural Gas Company Ltd. (河北燃氣有限公司)	49,500,000.00	19,250,000.00		68,750,000.00		
Suntien Green Energy (Shanglin) Co., Ltd. (新天綠色能源(上林)有限公司)	3,293,900.00	4,000,000.00		7,293,900.00		
Jianrong Photovoltaic Technology Company	22,777,752.29			22,777,752.29		
HECIC New-energy Supply Chain Management Co., Ltd.	2,000,000.00	8,000,000.00		10,000,000.00		
Suntien Green Energy (Tianjin) Co., Ltd. (新天綠色能源(天津)有限公司)		10,000,000.00		10,000,000.00		
Suntien Offshore Wind Power (Qinhuangdao) Co., Ltd. (新天海上風電(秦皇島)有限公司)		7,000,000.00		7,000,000.00		
Cangzhou Suntien Green Energy Co., Ltd. (滄州新天綠色能源有限公司)		3,090,000.00		3,090,000.00		
Cangzhou Suntien Botou Energy Co., Ltd. (滄州新天渤投能源有限公司)		6,600,000.00		6,600,000.00		
HECIC Huineng Huineng New Energy Co., Ltd.		1,000,000.00		1,000,000.00		
Xinjiang Yusheng New Energy Development Co., Ltd. (新疆宇晟新能源開發有限公司)		16,289,400.00		16,289,400.00		
Total	11,289,813,390.73	934,867,700.00	48,127,880.00	12,176,553,210.73		20,000,000.00

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VII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term equity investments (continued)

(2). Investments in associates and joint ventures

Unit: Yuan Currency: RMB

Investee	Opening balance	Changes in the period							Closing balance	Closing balance of impairment provisions
		Additional investments	Decrease in investments	Gain or loss of investment recognized using equity approach	Adjustments to other comprehensive income	Changes in other equity	Declaration of payment of cash dividend or profit	Impairment provisions		
I. Joint ventures										
Harbin Qingfeng New Energy		2,000,000.00								2,000,000.00
Suntien Guohua	43,077,076.88			2,473,136.58		2,075,512.06				47,625,725.52
Chengde Dayuan	116,799,845.01	46,550,000.00		57,496,062.77			18,827,796.87			202,618,110.91
Sub-total	159,876,921.89	48,550,000.00		59,969,199.35		2,075,512.06	18,827,796.87			251,643,838.43
II. Associates										
CIC Rongtan		20,000,000.00		878,192.55						20,878,192.55
Zhonghang Sehan Green Energy		12,500,000.00		-1,128,240.42						11,371,759.58
Fengning Pumped Storage	512,663,551.93	98,800,000.00		-32,979,479.99						578,484,071.94
Jinjiang	10,500,000.00	5,000,000.00								15,500,000.00
Sub-total	523,163,551.93	136,300,000.00		-33,227,527.86						626,236,024.07
Total	683,040,473.82	184,850,000.00		26,741,671.49		2,075,512.06	18,827,796.87			877,879,860.50

Other explanations:

Provision for impairment of long-term equity investments:

2022

Name of entity	Opening balance	Increase during the year	Decrease during the year	Year-end balance
Huludao Gas	20,000,000.00			20,000,000.00
Yunnan Pushi	5,988,169.86		5,988,169.86	0.00
Suntien Liquefied Natural Gas Shahe Co., Ltd.	35,000,000.00		35,000,000.00	0.00
Total	60,988,169.86		40,988,169.86	20,000,000.00

2021

Name of entity	Opening balance	Increase during the year	Decrease during the year	Year-end balance
Huludao Gas	17,428,624.86	2,571,375.14		20,000,000.00
Yunnan Pushi	5,988,169.86			5,988,169.86
Suntien Liquefied Natural Gas Shahe Co., Ltd.		35,000,000.00		35,000,000.00
Wulian County Suntien Wind Energy Co., Ltd.	9,000,000.00		9,000,000.00	0.00
Total	32,416,794.72	37,571,375.14	9,000,000.00	60,988,169.86

In March 2022, Yunnan Pushi held a shareholders' meeting and, with the unanimous consent of all shareholders, the Company reduced its capital contribution and withdrew from Yunnan Pushi. In June 2022, the Company recovered the investment amount in accordance with the resolution of the shareholders' meeting. For details, please refer to Note VIII. 4 in this Section.

In June 2022, the Company recovered the amount invested in Rui'an Xinyun New Energy Co., Ltd. as it was dissolved. For details, please refer to Note VIII. 5 in this Section.

In March 2022, the Company transferred its equity interest in Suntien Liquefied Natural Gas Shahe Co., Ltd. to its subsidiary Hebei Natural Gas Co., Ltd. at a consideration of RMB0.

XVII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

4. Operating revenue and operating costs

(1). Operating revenue and operating costs

Unit: Yuan Currency: RMB

Items	Amount for the current period		Amount for the previous period	
	Revenue	Cost	Revenue	Cost
Principal operations				
Other operations	45,078,414.92	3,991,399.13	3,952,144.33	508,803.36
Total	45,078,414.92	3,991,399.13	3,952,144.33	508,803.36

(2). Revenue from contracts

Applicable Not applicable

(3). Explanation for performance of obligations under contracts

Applicable Not applicable

(4). Explanation for allocation to residual performance of obligations under contracts

Applicable Not applicable

Other explanations:

Nil

5. Investment income

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Income from long-term equity investments under the cost method	1,837,506,469.19	1,666,971,774.57
Long-term equity investment income accounted for under the equity method	26,741,671.49	23,410,639.53
Investment gain on disposal of long-term equity investment	2,045,442.72	
Investment gain of held-for-trading financial assets during the period of holding	17,139,186.28	
Dividend income from investment in other equity instruments during the period of holding	14,744,642.19	11,943,006.92
Interest income from debt investment in the period of holding		
Interest income from other debt investment in the period of holding		
Investment gain on disposal of held-for-trading financial assets		
Investment gain on disposal of investment in other equity instruments		
Investment gain on disposal of debt investment		
Investment gain on disposal of other debt investment		
Gain on debt restructuring		
Total	1,898,177,411.87	1,702,325,421.02

Other explanations:

Nil

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XVII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

6. Others

Other non-current assets

Items	Closing balance	Opening balance
Capital lending/borrowing	3,589,430,600.00	2,827,369,600.00
Others	134,000.00	
Total	3,589,564,600.00	2,827,369,600.00

XVIII. SUPPLEMENTARY INFORMATION

1. Non-recurring gain or loss statement of the period

Unit: Yuan Currency: RMB

Items	Amount	Explanation
Gain or loss on disposal of non-current assets	-2,568,979.94	
Tax refunds or relief of tax subject to ultra vires or without official approval		
Government subsidies recognized in profit or loss of the period (except for government subsidies which are closely related to the Company's operations, and granted in a fixed amount or quantity in conformity with the common standards of the State)	19,825,980.99	
Fund possession cost levied on non-financial enterprises and included in the current profit or loss		
Income arising from the fair value of net identifiable assets of the investee that the enterprise should enjoy when the cost of investment it acquired from the subsidiary, affiliated enterprise and joint venture was less than the investment it obtained		
Gain or loss on exchange of non-monetary assets		
Gain or loss on entrusted investments or assets under management		
Asset impairment provisions for force majeure such as natural disasters		
Gain or loss on debt restructuring		
Corporate restructuring fees such as staff settlement expenses and consolidation charges		
Gain or loss arising from unfair trading transactions prices over their fair value		
Net profit or loss of subsidiaries under common control from period – begin till combination date		
Gain or loss from contingencies unrelated to normal operations		
Gain or loss on changes in fair value of financial assets held-for-trading, derivative financial assets, financial liabilities held-for-trading and derivative financial liabilities, and investment income from disposal of financial assets held for trading, derivative financial assets, financial liabilities held-for-trading, derivative financial liabilities and other equity investments, except for effective hedging transactions that are closely related to the Company's normal operation	17,139,186.28	
Reversal of depreciation reserves of receivables and contract assets under independent impairment testing	1,500.00	
Gain or loss from externally entrusted loans		
Gain or loss arising from changes in the fair value of investment property by using the fair value model for subsequent measurement		
Effect on profit or loss for the period from one-off adjustment to profit or loss for the period according to the requirements of the tax and accounting laws and regulations		
Custody fee income received from custody operation		
Non-operating revenue and expense other than the above-mentioned	13,856,124.28	
Other gain or loss items conforming to definition of the non-recurring gain or loss	1,886,586.26	
Less: Affected amount of income tax	10,671,593.70	
Affected amount of minority interests	13,944,856.54	
Total	25,523,947.63	

XVIII. SUPPLEMENTARY INFORMATION (continued)

1. Non-recurring gain or loss statement of the period (continued)

Explanation on the reasons for the Company's identification of non-recurring gain or loss items according to the definition under the "Explanatory Announcement No. 1 on Information Disclosure for Companies Issuing Their Securities to the Public – Non-recurring Gain or Loss", and the identification of non-recurring gain or loss items listed in the "Explanatory Announcement No. 1 on Information Disclosure for Companies Issuing Their Securities to the Public – Non-recurring Gain or Loss" as recurring gain or loss items.

Applicable Not applicable

Unit: Yuan Currency: RMB

Items	Amount involved	Reasons
VAT refund	147,687,261.06	Government subsidies closely related to the Company's normal business operations, in line with national policies and regulations and in accordance with certain fixed amounts on a continuous basis are defined as recurring profit or loss.

The amount involved in defining non-recurring gain or loss items set out in the "Explanatory Announcement No. 1 on Information Disclosure for Companies Issuing Their Securities to the Public – Non-recurring Gain or Loss Items" as recurring gain or loss items in 2021:

Items	Amount involved	Reasons
VAT refund	114,324,263.77	Government subsidies closely related to the Company's normal business operations, in line with national policies and regulations and in accordance with certain fixed amounts on a continuous basis are defined as recurring profit or loss.

2. Net return rate of assets and earnings per share

Profit generated during the Reporting Period	Weighted average net return rate of assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	11.97	0.53	0.53
Net profit attributable to ordinary shareholders of the Company, net of non-recurring gain or loss	11.83	0.53	0.53

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XVIII. SUPPLEMENTARY INFORMATION (continued)

2. Net return rate of assets and earnings per share (continued)

2021 (restated)

Profit generated during the Reporting Period	Weighted average net return rate of assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	17.58	0.57	0.57
Net profit attributable to ordinary shareholders of the Company, net of non-recurring gain or loss	17.54	0.57	0.57

The basic earnings per share was calculated by dividing the net profit for the current period attributable to ordinary shareholders of the Company by the weighted average number of outstanding ordinary shares. The number of newly issued ordinary shares is determined according to the specific terms of the issue contract and calculated from the date of consideration receivable (normally the stock issue date).

The calculation of basic earnings per share and diluted earnings per share is detailed as follows:

Items	2022	2021 (Restated)
Earnings		
Net profit for the current period attributable to ordinary shareholders of the Company		
Continuing operations	2,294,116,322.38	2,295,057,264.37
Less: Distribution related to the first tranche of perpetual bonds in 2018		6,935,122.22
Less: Distribution related to the first tranche of perpetual bonds in 2019	7,484,750.00	42,770,000.00
Less: Distribution related to the first tranche of perpetual bonds in 2021	53,560,000.00	44,187,000.00
Adjusted net profit for the current period attributable to ordinary shareholders of the Company	2,233,071,572.38	2,201,165,142.15
Shares		
Weighted average number of outstanding ordinary shares of the Company	4,187,093,073.00	3,849,910,396.00
Adjusted weighted average number of ordinary shares in issue by the Company	4,187,093,073.00	3,849,910,396.00

The Group has no dilutive potential ordinary shares.

3. Differences in accounting data under domestic and foreign accounting standards

Applicable Not applicable

4. Others

Applicable Not applicable

Chairman: Cao Xin
Date Approved by the Board for Submission: 23 March 2023

Information Revision

Applicable Not applicable

