



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

GREEN ENERGY

Make the World Better



Annual Report 2021

*For identification purpose only

- 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 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 2021, the Company's net profit attributable to shareholders of parent company was RMB2,160,133,969.16 and undistributed profits were RMB6,316,513,894.20 as presented in the audited consolidated statements. The Company proposes to distribute a cash dividend of RMB1.67 (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 2021 profit distribution proposal was approved, being 4,187,093,073 shares, the total cash dividend will amount to RMB699,244,543.19. 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 32.37% of the net profit attributable to shareholders of parent company in the Company's consolidated statements for 2021.

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 ITS/THEIR 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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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 2021
"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
"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
"Towngas"	The Hong Kong and China Gas Company Limited, a company listed on the Stock Exchange (stock code: 3)
"Towngas (Hebei)"	Hong Kong & China Gas (Hebei) Limited (香港中華煤氣(河北)有限公司), a company incorporated in the British Virgin Islands, an indirect wholly-owned subsidiary of Towngas and a substantial shareholder of Hebei Natural Gas
"Fengning Pumped Storage Company"	Hebei Fengning Pumped Storage Co., Ltd., 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 2021 to 31 December 2021
"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

Dear Shareholders,

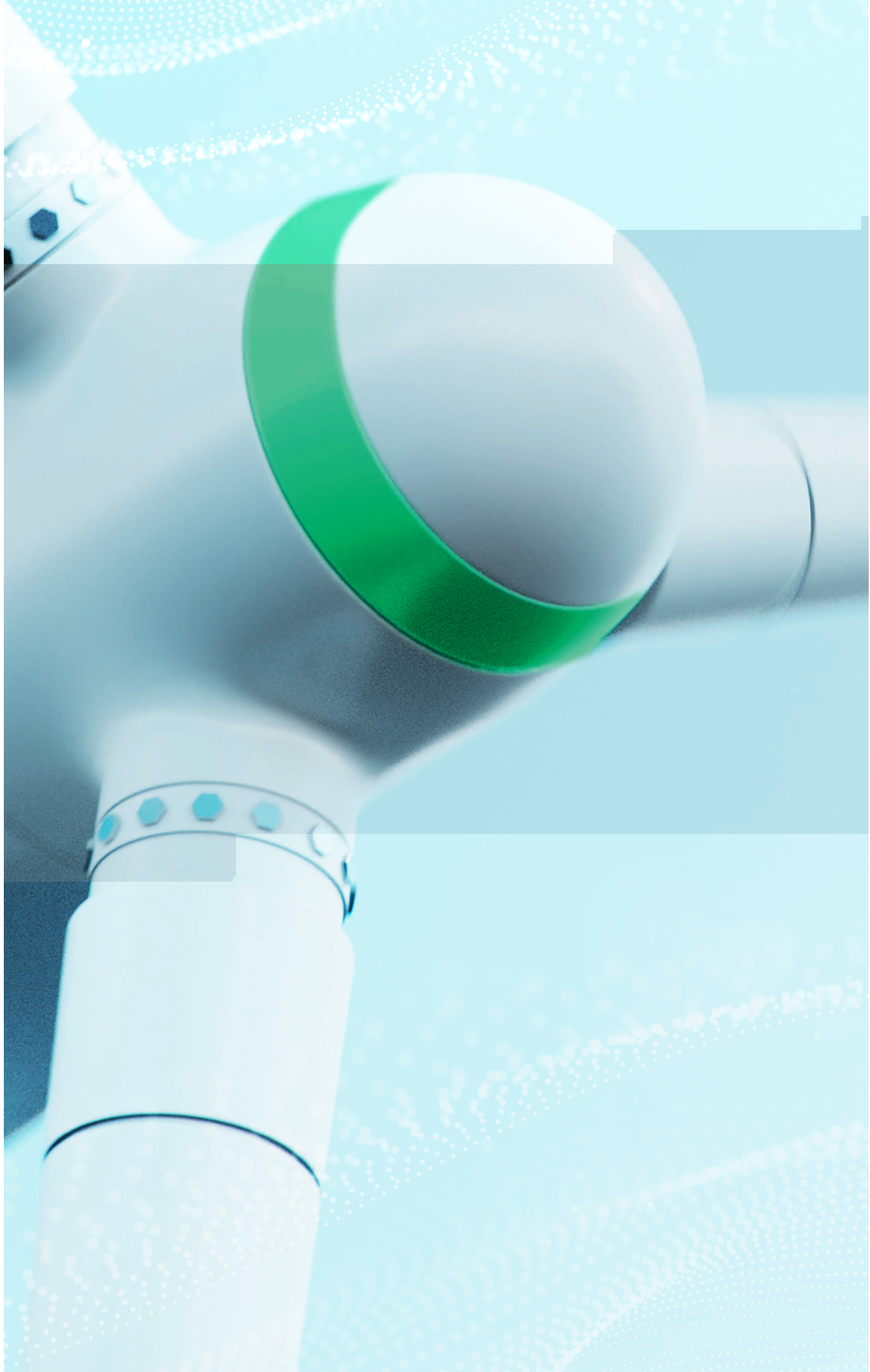
In 2021, China insisted on both epidemic prevention and control and economic and social development, and market entities closely followed the changes in industry policies and economic environment and overcame numerous difficulties. The basic trend of a stable and long-term improving economy remained unchanged in China. Achieving such a good development trend was not easy against the backdrop of the global pandemic, sharp increase in international commodity prices, and the gradual emergence of long-accumulated structural conflicts and the recurrence of the pandemic in different regions of China from time to time.

I. WE DELIVERED ENCOURAGING RESULTS FOR THE YEAR.

Over the past year, we overcame difficult business situation with our comprehensive financial indicators reaching new levels. As at the end of 2021, the Group recorded consolidated total assets of RMB71.918 billion, revenue of RMB15.985 billion, total profit of RMB3.128 billion and net profit of RMB2.712 billion, of which net profit attributable to the shareholders of the parent company amounted to RMB2.160 billion, delivering satisfactory results for shareholders.

Over the past year, we stressed on action and improved our production and operation. As at the end of 2021, the Group's wind and photovoltaic power generation business realized a power generation of 13,635 million kWh and the sales volume of electricity of 13,140 million kWh, representing an increase of 35.66% and 39.82% respectively as compared with the previous year. Its natural gas business recorded the total transmission volume of 4,157 million cubic meters and the sales volume of gas of 3,808 million cubic meters, representing an increase of 7.30% and 8.03% respectively as compared with the previous year.

Over the past year, we focused on seeking new changes and adding momentum through reform and development. The Company successfully completed the non-public issuance of A shares and raised a total of RMB4.596 billion, which is the largest equity financing of the Company in the capital market. It not only satisfied the recent capital demand for our key projects but also enhanced our influence in the industry and laid a solid foundation for the strengthening of our sustainable operation ability. The Company also signed its first long-term LNG sale and purchase agreement, signifying its access to upstream of long-term natural gas purchase channel.



Over the past year, we forged ahead with determination and made strides in project construction. Projects such as the Zhangjiakou Chongli Wind Powered Hydrogen Production Project, Guyuan Xiba Project and Kangbao Dayingtu Project were all connected to the grid for power generation. The Fengning Pumped Storage Power Station Project, in which the Company holds shares, was put into operation, with its installed capacity, power storage capacity, scales of underground plant and cavern cluster ranked first in the world.

Over the past year, we emphasized on working hard persistently, and innovative management achieved breakthrough. The renovation of unmanned stations and the construction of automatic distribution control system of Hebei Natural Gas, a subsidiary of the Group, were basically completed, and it has become the first provincial grid company realizing unmanned operation and automatic distribution in China. A total of 17 farms, a record number of the Group, won awards issued by China Electricity Council based on their statistics of indicators of production and operation among the national wind (solar) farms. The "Wind Power Cluster Smart Regulation and Efficient Consumption Technology based on Big Data and Cloud Platform and the Application Thereof" (基於大數據雲平台的風電集群智慧調控與高效消納技術及應用) project received the Second Prize of Science and Technology Progress in Hebei Province.

II. RECOGNISE THE CURRENT SITUATION AND SEEK CHANGES WITHOUT DELAY.

"Carbon peaking" and "carbon neutrality" are crucial in current energy development. Achieving "carbon peaking" and "carbon neutrality" not only means energy saving and emission reduction but also a fundamental reform of energy development and it will lead to extensive and profound systemic changes in the economy and society. On the one hand, the incorporation of carbon peaking and carbon neutrality into the overall plan of ecological and civilization development, the promotion of low-carbon traffic and transportation system construction and the improvement of green and low-carbon development quality of urban and rural construction will bring vigorous momentum to the future development of the industry. On the other hand, the construction of new energy-based power system means that China's energy development will continue to make efforts to deepen the structural reform on the supply side, not only to maintain a reasonable growth in quantity, but also to achieve a steady improvement in quality. At the same time, it also means that in the process of achieving the goal of carbon peaking and carbon neutrality, market competition will become more severe, and it will be like rowing upstream, and players which do not advance will lose ground. This requires us to keep pace with the development of the times, constantly innovate business development model, strengthen internal strength, adhere to the rhythm of high-quality development, and on this basis, strive to enhance the speed of development to ensure that the Group does not fall behind in the new round of energy competition.

III. LOOK FORWARD TO THE FUTURE JOURNEY, TAKING AND PURSUING SUCCESS IN THE TEST.

Suntien's business has been passed on from generation to generation, and we are setting sail on a new journey. At present, we are in a new era of high-quality energy development of China, and Suntien is shouldering the great mission of taking and pursuing success in the test. We shall explore, innovate and work hard to deliver in the new era with a sense of mission, responsibility and urgency.

Looking forward, by fully leveraging its advantage of internal industrial synergy, the Company will focus on planning projects of multi-energy complementary bases for wind and photovoltaic power storage in the province and continue to pay attention to projects of large channels and bases for entering and crossing Hebei province, striving to achieve large-scale development through actively planning and proactive deployment; it will also vigorously promote offshore wind power projects, striving to achieve further success in offshore wind power. Meanwhile, the Group will seize the strategic opportunities created by the national reform in the natural gas sector to constantly strengthen its relative advantage in the clean energy business segment in the province, thereby further extending and improving the industrial chain, as well as focus on the construction of Phase I of the Terminal of Tangshan LNG Project and its outbound pipelines, thereby achieving a balanced and parallel development of the upstream, midstream and downstream segments and creating the promising landscape in which all segments grow together.

The era favors those who work hard and forge ahead. We will not forget our original intention, but remember our mission, work hard persistently, seek changes and new ideas, and strive for and embrace high-quality development in the new era, to create great changes in the Group's business development again.

Cao Xin
Chairman

Shijiazhuang, the PRC, 23 March 2022

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 2021, the Group had wind power consolidated installed capacity of 5,673.85 MW, installed capacity under management of 5,869.45 MW, as well as attributable installed capacity of 5,311.60 MW; in 2021, its wind power generation reached 13,469 million kWh with 2,501 utilization hours. The Group had photovoltaic consolidated installed capacity of 118.59 MW, installed capacity under management of 288.59 MW, as well as attributable installed capacity of 195.63 MW; in 2021, its photovoltaic power generation was 165 million kWh with 1,395 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 2021, the Group owned 7 long-distance natural gas transmission pipelines, 20 high-pressure branch pipelines, 31 urban gas projects, 25 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 2021, the Group recorded natural gas transmission volume of 4,157 million cubic meters and sales volume of 3,808 million cubic meters.



I. SUMMARY OF THE WIND AND PHOTOVOLTAIC POWER GENERATION PROJECTS OF THE GROUP

1. Summary of the consolidated wind power projects

By region	Installed capacity (MW)
Northern China (Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia)	4,702.45
Eastern China (Shanghai, Shandong, Jiangsu, Anhui, Zhejiang, Fujian, Jiangxi)	270.6
Northwestern China (Shaanxi, Ningxia, Xinjiang, Qinghai, Gansu)	200
Southwestern China (Sichuan, Yunnan, Chongqing, Guizhou, Tibet)	193.6
Central China (Henan, Hubei, Hunan)	108.2
Southern China (Guangdong, Guangxi, Hainan)	100
Northeastern China (Liaoning, Jilin, Heilongjiang)	99
Total	5,673.85

Note: 1. Wind farms in which the Group has shareholding have installed capacity of 247.5 MW; 2. The wind farms managed and operated by the Group have installed capacity of 195.6 MW.

2. Summary of the consolidated photovoltaic power projects

By region	Installed capacity (MW)
Northeastern China (Liaoning, Jilin, Heilongjiang)	50
Northern China (Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia)	48.59
Northwestern China (Shaanxi, Ningxia, Xinjiang, Qinghai, Gansu)	20
Total	118.59

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

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



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

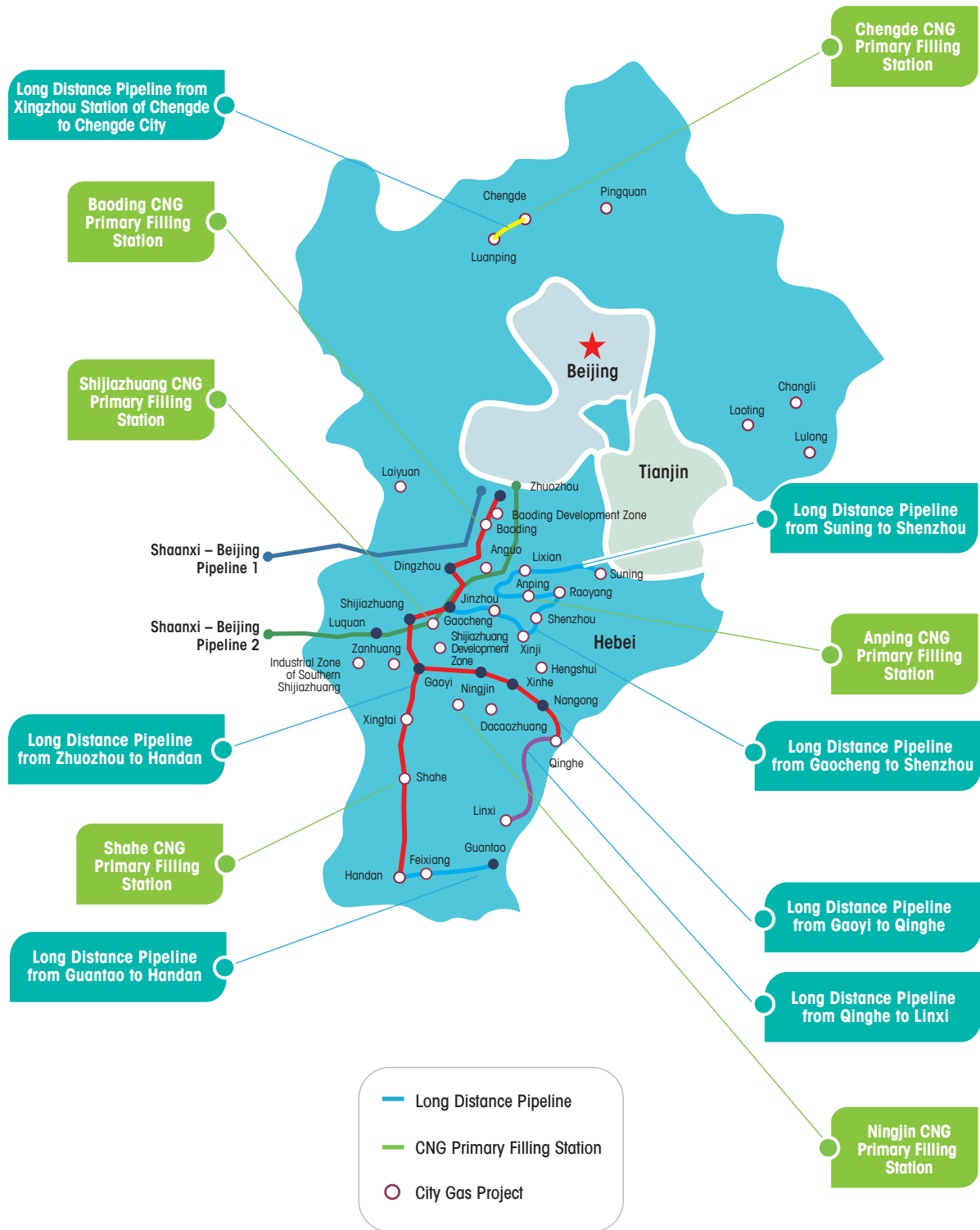
Project type	Project location	Ownership held by Hebei Natural Gas	Project summary
Long-distance transmission pipeline	Zhuozhou City to Handan City ¹	100%	Transmits natural gas from the Group's natural gas suppliers to the Group's various branch pipelines and city gas pipeline networks
	Gaoyi County to 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
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
	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

Project type	Project location	Ownership held by Hebei Natural Gas	Project summary
	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
	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
CNG primary filling station	Shijiazhuang ⁸	100%	Shijiazhuang Development Zone
	Shahe ⁹	100%	Eastern Ring Road, Shahe City
	Chengde City ¹⁰	90%	Shuangluan District, Chengde City
	Baoding City ¹¹	100%	Xinshi District, Baoding
	Ningjin County ¹²	51%	Ningjin County
	Anping County ¹³	100%	Madian Town, Anping County

Notes:

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. Specification of the long-distance transmission pipelines from Guantao County to Handan City: 6.3 MPa standard pipeline of 83.7 km in length.
8. Total designed capacity of Shijiazhuang CNG primary filling station is 0.20 million m³ per day.
9. Total designed capacity of Shahe CNG primary filling station is 0.08 million m³ per day.
10. Total designed capacity of Chengde CNG primary filling station is 0.10 million m³ per day.
11. Total designed capacity of Baoding CNG primary filling station is 0.20 million m³ per day.
12. Total designed capacity of Ningjin CNG primary filling station is 0.04 million m³ per day.
13. Total designed capacity of Anping CNG primary filling station is 0.05 million m³ per day.

IV. DISTRIBUTION OF THE NATURAL GAS PROJECTS OF THE GROUP



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
E-mail	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
Website of the Company	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				
Class of shares	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
	Signing auditors	Chen Jing, Qi Li Na
Sponsor performing continuous supervisory duty during the Reporting Period	Name	Zhong De Securities Company Limited
	Office address	22nd Floor, Tower 1, China Central Place, 81 Jianguo Road, Chaoyang District, Beijing
	Signing representatives of sponsor	Hujin, Cui Shengchao
	Period of continuous supervision	29 June 2020 to 31 December 2023

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

(I) Principal accounting data

Unit: Yuan Currency: RMB

Principal accounting data	2021	2020	Increase/ decrease for the period as compared to the same period last year (%)	2019
Operating revenue	15,985,268,252.01	12,510,885,312.89	27.77	11,985,837,618.15
Net profit attributable to shareholders of the listed company	2,160,133,969.16	1,510,555,357.16	43.00	1,420,669,278.97
Net profit attributable to shareholders of the listed company after deducting non-recurring gain or loss	2,154,698,190.06	1,466,927,837.58	46.89	1,371,644,796.33
Net cash flows from operating activities	4,332,641,166.95	3,898,510,463.71	11.14	3,756,177,980.07
	At the end of 2021	At the end of 2020	Increase/ decrease at the end of the period as compared to the end of last year (%)	At the end of 2019
Net assets attributable to shareholders of the listed company	19,684,364,276.94	13,164,966,950.11	49.52	11,854,399,559.40
Total assets	71,917,756,790.97	57,257,714,548.41	25.60	46,047,677,000.01

(II) Principal Financial Indicators

Principal Financial Indicators	2021	2020	Increase/ decrease for the period as compared to the same period last year (%)	2019
Basic earnings per share (Yuan/share)	0.54	0.38	42.11	0.36
Diluted earnings per share (Yuan/share)	0.54	0.38	42.11	0.36
Basic earnings per share after deducting non-recurring gain or loss (Yuan/share)	0.54	0.38	42.11	0.35
Weighted average return on net assets (%)	16.61	11.46	Increase of 5.15 percentage points	12.83
Weighted average return on net assets after deducting non-recurring gain or loss (%)	16.57	11.11	Increase of 5.46 percentage points	12.36

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

The substantial increase in basic earnings per share, diluted earnings per share and basic earnings per share after deducting non-recurring gain or loss as compared with 2020 was mainly attributable to the increase in net profit of the Group as compared with the same period of 2020.

- (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	2021	2020	2019	2018	2017
INCOME STATEMENT HIGHLIGHT					
Operating revenue	15,985,268,252.01	12,510,885,312.89	11,985,837,618.15	9,992,012,599.22	7,070,948,867.62
Total profit	3,128,239,873.07	2,264,016,314.19	2,190,641,643.43	1,743,157,955.55	1,203,873,552.36
Income tax expense	416,611,131.47	331,284,660.61	356,306,759.24	167,993,960.34	99,148,430.88
Net profit	2,711,628,741.60	1,932,731,653.58	1,834,334,884.19	1,575,163,995.21	1,104,725,121.48
Net profit attributable to owners of the parent company	2,160,133,969.16	1,510,555,357.16	1,420,669,278.97	1,268,505,976.29	939,615,013.68
Basic/diluted earnings per share	0.54	0.38	0.36	0.33	0.25
Balance Sheet highlights					
Total assets	71,917,756,790.97	57,257,714,548.41	46,047,677,000.01	39,160,827,406.66	34,348,944,879.14
Total liabilities	48,153,452,750.53	40,562,225,451.00	31,256,950,889.38	26,764,275,590.58	23,847,857,267.11
Net assets	23,764,304,040.44	16,695,489,097.41	14,790,726,110.63	12,396,551,816.08	10,501,087,612.03
Net assets attributable to owners of the parent company	19,684,364,276.94	13,164,966,950.11	11,854,399,559.40	10,036,356,738.91	8,604,833,091.73

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 2021 BY QUARTERS

Unit : Yuan Currency : RMB

	First quarter (January-March)	Second quarter (April-June)	Third quarter (July-September)	Fourth quarter (October-December)
Operating revenue	5,297,352,650.90	3,107,021,674.24	2,296,803,524.64	5,284,090,402.23
Net profit attributable to shareholders of the listed company	901,366,442.90	682,219,639.99	-51,661,164.28	628,209,050.55
Net profit attributable to shareholders of the listed company after deducting non-recurring gain or loss	900,478,619.38	679,644,254.62	-58,247,706.32	632,823,022.38
Net cash flows from operating activities	1,405,087,214.10	859,631,854.43	881,721,927.61	1,186,200,170.81

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

- ☐ Applicable ☒ Not Applicable

X. NON-RECURRING GAIN OR LOSS ITEMS AND AMOUNTS

Non-recurring gain or loss items	Amount for 2021	Notes (if any)	Unit:Yuan Currency:RMB	
			Amount for 2020	Amount for 2019
Gain or loss on disposal of non-current assets	-11,752,187.79	-	-362,282.14	68,341.60
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	11,022,699.74	-	7,087,202.36	1,125,417.84
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	-	-	-	-
Reversal of impairment provisions for receivables and contract assets subject to individual impairment test	3,066,718.74	-	82,232,221.12	27,626,987.98
Gain or loss from external entrusted loans	-	-	274,873.47	510,678.65
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	16,690,028.33	-	10,068,452.28	52,451,549.09
Other items of non-recurring gain or loss	2,213,368.03	-	-62,600.00	-
Less: Effect of income tax	5,726,525.85	-	24,070,022.81	20,348,456.93
Effect of minority interests (after tax)	10,078,322.10	-	31,937,780.84	12,410,035.59
Total	5,435,779.10	-	43,627,519.58	49,024,482.64

Explanation on the identification of 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

The Group recognizes non-recurring gain or loss items in accordance with the requirements of the "Explanatory Announcement No. 1 on Information Disclosure for Companies Issuing Their Securities to the Public – Non-recurring Gain or Loss Items" (CSRC Announcement [2008] No. 43).

For the non-recurring gain or loss items identified according to the definition of non-recurring gain or loss, and non-recurring gain or loss items set out therein identified as recurring gain or loss items are as follows:

	2021	2020
VAT refund	114,324,263.77	69,529,438.26

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
Investment in other equity instruments	218,605,700.00	218,605,700.00		0
Receivable financing	420,392,697.68	494,976,373.69	74,583,676.01	0
Total	638,998,397.68	713,582,073.69	74,583,676.01	0

XII. OTHERS

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

Items	2021	2020	2019	2018	2017
Wind power consolidated installed capacity (unit: MW)	5,673.85	5,471.95	4,415.75	3,858.15	3,348.35
Wind power consolidated net power delivered to grid (unit: MWh)	12,999,682.6	9,233,497.2	8,347,450.2	7,263,374.4	6,599,265.8
Natural gas sales volume (Unit: '00 million m ³)	38.079	35.249	32.369	26.311	18.792

I. BUSINESS DISCUSSION AND ANALYSIS

(I) Operating Environment

In 2021, in the face of complicated and severe international environment and sporadic outbreak of the pandemic in China, China's economy continued to recover steadily and its economic development and epidemic prevention and control maintained a leading position worldwide. China accomplished expected targets of major indicators and made further progress in high-quality development, making a good start under the 14th Five-Year Plan. According to preliminary calculations, China's annual gross domestic product was RMB114,367.0 billion, representing an increase of 8.1% as compared with the same period of 2020 at constant prices and a two-year average increase of 5.1%. 2021 also saw a more complicated and severe external environment with more uncertainties, and the domestic economy was under triple pressure from shrinking demand, supply disruptions and weakening expectations.

In 2021, with the active promotion of carbon peaking and carbon neutrality in China, and driven by a series of policies and measures such as sustaining energy supply and stabilizing price and dual-control of energy consumption in terms of total volume and intensity, China's energy supply achieved remarkable results and production grew steadily, providing a strong guarantee for the sustainable and stable recovery of the national economy and meeting the needs of people's livelihood. The green and low-carbon energy development made solid progress, energy consumption decreased quarter by quarter, energy structure continued to optimize, and energy consumption intensity maintained its decline. According to preliminary calculations, the percentage of clean energy consumption including natural gas, hydropower, nuclear power, wind power and solar power to total energy consumption in 2021 increased by 1.0 percentage point as compared with the same period of 2020, and the percentage of coal consumption decreased by 0.8 percentage point.

1. *Operating environment for the natural gas industry*

According to the statistics disclosed by the National Energy Administration and the NDRC, in 2021, 205.3 billion cubic meters of natural gas were produced, representing an increase of 8.2% as compared with the same period of 2020, an increase of 18.8% as compared with 2019 and a two-year average increase of 9.0%; 121.36 million tons of natural gas were imported, representing an increase of 19.9% as compared with 2020. In 2021, the national apparent consumption of natural gas amounted to 372.6 billion cubic meters, representing an increase of 12.7 % as compared with the same period of 2020.

On 9 June 2021, NDRC issued the "Administrative Measures for the Price of Natural Gas Pipeline Transmission (Provisional)" (《天然氣管道運輸價格管理辦法(暫行)》) (the "Administrative Measures for Price") and the "Measures for the Supervision and Examination of Pricing Cost of Natural Gas Pipeline Transmission (Provisional)" (《天然氣管道運輸定價成本監審辦法(暫行)》) (the "Measures for Supervision and Examination of Cost"). The Administrative Measures for Price clarify the pricing principles, pricing methods and pricing procedures for cross-provincial natural gas pipeline transmission prices. The Measures stipulate that the cross-provincial natural gas pipeline transmission prices shall be set in accordance with the principle of "permitted cost plus reasonable return"; the cross-provincial natural gas pipelines are categorized into four price regions, with transmission rates being approved separately for each region; and the approved rate of return shall be adjusted dynamically. The Measures for Supervision and Examination of Cost clarify the scope and determining methods of pricing costs and specify the depreciation period of major fixed assets by category, further strengthening the supervision of pricing costs in the monopolistic industry. The extension of the depreciation and amortisation periods is in line with the characteristics of the industry and the actual use and economic life of the assets, which can reduce the current depreciation and amortization expense, and is conducive to reducing the level of current pipeline charges, which in turn will help reduce the cost of gas consumption.

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 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 2021 was 8,312.8 billion kWh, representing an increase of 10.3% as compared with the same period of 2020, an increase of 14.7% as compared with the same period of 2019 and a two-year average increase of 7.1%. In 2021, the newly installed grid-connected capacity of wind power in China was 47.57 million kW, of which the newly installed capacities of onshore and offshore wind power were 30.67 million kW and 16.90 million kW respectively, and total installed capacity reached 328 million kW, representing an increase of 16.6% as compared with the same period of 2020. The newly installed photovoltaic capacity was 54.88 million kW, and total installed photovoltaic capacity reached 306 million kW, representing an increase of 20.9% as compared with the same period of 2020. In 2021, the wind power generation was 652.6 billion kWh, representing an increase of 40.5% as compared with the same period of 2020, with 2,246 hours of wind power utilization, representing an increase of 149 hours as compared with the same period of 2020. The annual photovoltaic power generation was 325.9 billion kWh, representing an increase of 25.1% as compared with the same period of 2020, with 1,163 hours of photovoltaic power utilization for the year, representing an increase of 3 hours as compared with the same period of 2020.

In 2021, the utilization of renewable energy in China remained at a high level, of which, the wind power average utilization rate was 96.9%, representing an increase of 0.4 percentage point as compared with the same period of 2020. The photovoltaic power utilization rate was 98%, generally remaining at the same level as in 2020.

In October 2021, the State Council issued the "Action Plan for Peak Carbon Emissions by 2030" (《2030 年前碳达峰行动方案》) (the "Plan"). The Plan points out that the main objectives of the 14th Five-Year Plan period are: to make significant progress in the adjustment and optimization of the industrial structure and energy structure, to significantly improve the efficiency of energy use in key industries, to strictly control the growth of coal consumption, to accelerate the construction of new power systems, to make new progress in the research and development of green and low-carbon technologies and promote their application, to promote green production and lifestyle, and to further improve the policy system conducive to green, low-carbon and circular development. By 2025, the proportion of non-fossil energy consumption will reach about 20%, energy consumption per unit of GDP will decrease by 13.5% as compared with 2020, and carbon dioxide emissions per unit of GDP will decrease by 18% as compared with 2020, laying a solid foundation for achieving carbon peaking. The Plan expressly calls for the vigorous development of new energy. The large-scale and high-quality development of wind power and solar power generation will be comprehensively promoted, and the construction of wind power and photovoltaic power generation bases will be accelerated with a parallel development of centralized and distributed forms. The innovation and upgrade of the intelligent photovoltaic industry and its special applications will be accelerated, the innovative "photovoltaic +" model and a diversified layout of photovoltaic power generation will be promoted. Insisting on development of both onshore and offshore projects, China will promote the coordinated and rapid development of wind power, improve the offshore wind power industry chain, and encourage the construction of offshore wind power bases. Solar thermal power generation will be actively developed, and wind, solar and thermal integrated renewable energy power generation bases will be established, with complementary regulation of solar thermal power generation and photovoltaic power generation and wind power. The renewable energy power consumption guarantee mechanism will be further improved. By 2030, the total installed capacity of wind power and solar power will reach more than 1.2 billion kW.

(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 2020

During the Reporting Period, the Group's total transmission volume of the natural gas business was 4.157 billion cubic meters, representing an increase of 7.30% as compared with the same period of 2020, among which, the sales volume amounted to 3.808 billion cubic meters, representing an increase of 8.03% as compared with the same period of 2020, including (i) wholesale volume amounted to 2.081 billion cubic meters, representing a decrease of 0.51% as compared with the same period of 2020; (ii) retail sales volume amounted to 1.632 billion cubic meters, representing an increase of 20.81% as compared with the same period of 2020; (iii) sales volume of CNG amounted to 83 million cubic meters, representing an increase of 18.76% as compared with the same period of 2020; (iv) sales volume of LNG amounted to 12 million cubic meters, representing a decrease of 3.88% as compared with the same period of 2020; and the gas transmission volume amounted to 349 million cubic meters, representing a decrease of 0.11% as compared with the same period of 2020.

(2) Actively promotion of the construction of infrastructural projects

The Group's natural gas pipelines increased by 1,102.98 kilometers in 2021. As at 31 December 2021, the Group operated pipelines with a total of 7,604.75 kilometers, including 1,059.42 kilometers of long-distance transmission pipelines and 6,545.33 kilometers of city gas pipelines; and the Group operated a total of 25 distribution stations and 19 gate stations.

During the Reporting Period, the Connection Line Project of Sinopec Erdos-Anping-Cangzhou Gas Pipeline and Beijing-Handan Gas Pipeline (中石化鄂安滄輸氣管道與京邯輸氣管道連接線項目) was completed and put into operation; the Zhuozhou-Yongqing Transmission Pipeline Project (涿州—永清輸氣管道工程) has met production conditions; the full line of the "Jingshihan" Dual Track Gas Pipeline Project ("京石邯"輸氣管道複線工程) was connected; the Shahe LNG Gas Storage Peak Capacity Project (沙河 LNG 儲氣調峰項目) commenced construction; and the Zhanhuang County Sub-high Pressure (Gate Station-County City) Natural Gas Pipeline Project (贊皇縣次高壓(門站-縣城)天然氣管道工程) completed 7 kilometers of line welding.

For the Tangshan LNG project, the 3# wharf completed box girder installation and bridge deck paving work; phase I receiving station project completed the topping up of 3#, 4#, 7# and 8# storage tanks, completed 75% of the welding of inner tanks, and the installation unit has entered the site for steel structure installation; phase II completed construction of the pile foundations of 1#, 2#, 5# and 6# storage tanks, and completed construction of the bearing platform of 2# storage tank. The welding of the main body of the Tangshan LNG Terminal Outbound Pipelines Project (Caofeidian-Baodi section and Baodi-Yongqing section) (唐山 LNG 接收站外輸管線項目(曹妃甸-寶坻段)及(寶坻-永清段)) was completed.

(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 50,082 customers. As at 31 December 2021, the Group had an aggregate of 480,936 customers.

During the Reporting Period, the Group steadily promoted the development of regional markets. Luquan-Jingxing Gas Transmission Pipeline Project (鹿泉-井陘輸氣管線項目), adjustment to construction of the Qin-Feng Coastal Gas Transmission Pipeline Project (秦豐沿海管線項目), and the Coastal Gas Transmission Pipeline Project (Cangzhou section) (沿海管線(滄州段)) have obtained the approvals from the Hebei Development and Reform Commission, and the Jinghan Pipeline LNG Gas Storage Peak Capacity Station Project has obtain approval of the Xingtai Municipal Examination and Approval Bureau. The acquisition of 67% equity interest in Xingtai Tianhongxiang Gas Co., Ltd. was completed, effecting the Group's controlling interest in operations in the southern area of the Xingtai Economic Development Zone.

(4) Further improvement of transmission network

During the Reporting Period, the Group actively participated in the construction of transmission pipelines and made effort in improving its midstream transmission network. In addition to the above Connection Line Project of Sinopec Erdos-Anping-Cangzhou Gas Pipeline and Beijing-Handan Gas Pipeline (中石化鄂安滄輸氣管道與京邯輸氣管道連接線項目), Zhuozhou-Yongqing Transmission Pipeline Project (涿州—永清輸氣管道工程) and "Jingshihan" Dual Track Gas Pipeline Project ("京石邯"輸氣管道複線工程) which are under construction, the pre-construction formalities were completed for the Qinhuangdao-Fengnan Gas Pipeline Project (秦皇島—豐南輸氣管道工程) and the Central Hebei Pipeline Network Phase IV Project (冀中管網四期工程) and the tendering process has commenced; and the South Baoding Connection Line Project of Sinopec Erdos-Anping-Cangzhou Gas Pipeline (鄂安滄與保定南部聯絡線工程) and the Luquan-Jingxing Gas Transmission Pipeline Project (鹿泉—井陘輸氣管道工程) are undergoing internal approval procedures.

(5) Development of CNG and LNG businesses in a steady manner

During the Reporting Period, the Group developed its CNG and LNG businesses in a steady manner with no additional operating CNG secondary filling station. As at 31 December 2021, 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 2021, the Group's consolidated installed capacity of wind power increased by 350 MW, and projects such as the Chongli Wind Powered Hydrogen Production Project, Guyuan Xiba Wind Power Project and Kangbao Dayingtuo Wind Power Project were all connected to the grid for power generation, with accumulative consolidated installed capacity of 5,673.85 MW, accumulative installed capacity under management of 5,869.45 MW, increased attributable installed capacity of wind power of 345.7 MW, and accumulated attributable installed capacity of 5,311.60 MW. The Group's commercial operation project capacity during the year increased by 1,111.00 MW, and its accumulated commercial operation project capacity was 5,363.15 MW. As at 31 December 2021, the total designed capacity of the wind power projects under construction of the Group was 501 MW.

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

In 2021, the average utilization hours of the Group's consolidated wind farms were 2,501 hours, representing an increase of 81 hours as compared with the same period of 2020, mainly due to the higher utilization hours of newly operated wind farms. The Group's consolidated wind farms realized a power generation of 13.469 billion kWh, representing an increase of 36.31% as compared with the same period of 2020. The average availability rate of wind power generation units was 97.94%.

(3) **Steady progress in wind resources reserves**

In 2021, the Group's approved capacity increased by 565.8 MW, and the accumulative approved capacity of projects not yet commenced was 1,590.6 MW. New wind power projects with total capacity of 240 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 7,549.1 MW, locating in 16 provinces across China.

During the Reporting Period, the Group's agreed wind power capacity increased by 5,100 MW and the accumulated agreed wind power capacity was 49,102.5 MW, locating across 23 regions including Hebei, Henan, Shandong, Shanxi, Liaoning, Yunnan, Anhui, Gansu, Jiangxi, Jiangsu, Shaanxi, Sichuan, Tibet, Hubei, Hunan, Guangxi, Qinghai, Heilongjiang, Zhejiang, Chongqing, Xinjiang, Inner Mongolia and Jilin.

3. **Other businesses**

During the Reporting Period, the Group's approved capacity of photovoltaic projects increased 234.7 MW, and the accumulative approved capacity of projects not yet commenced was 494.7 MW. New photovoltaic power generation projects with capacity of 900 MW were included in the governmental development and construction plans. The agreed capacity of photovoltaic projects increased by 4,850 MW and the accumulated agreed capacity of photovoltaic projects was 12,199 MW. As at the end of 2021, the Group operated photovoltaic power generation projects with accumulated capacity of 118.59 MW and accumulated installed capacity under management of 288.59 MW.

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 at 31 December 2021, the upper and lower reservoirs of the Hebei Fengning pumped storage power station project officially began to retain water; Units 1 and 10 were put into operation to generate electricity.

4. **Digital intelligence construction and technological innovation**

During the Reporting Period, the Group increased investment in digital intelligence and actively promoted the application of new technologies, steadily improving the intelligence level of production. First, the Company established the digital intelligence committee to improve the structure of leadership at the top-level and laid the foundation for the development of information technology work. Second, a management "cockpit platform" was established, integrating core data on finance, operation, engineering and production, and establishing a detailed indicator evaluation system. Third, new progress was made in the integration and application of offshore wind power and natural gas data based on big data cloud platform, and the informatization projects such as wind turbine equipment reliability analysis, early warning analysis and data analysis. Fourth, adopting a series of advanced production management systems such as intelligent inspection system, intelligent analysis system of measurement data, efficient GIS field collection system, urban underground gas pipeline leakage monitoring project, three-dimensional visualization of special locations, new technology of DR inspection, and robots for emergency investigation, which help a comprehensive intelligent improvement of the production and operation standard of the Company. Fifth, Hebei Natural Gas completed the renovation of unmanned stations and the construction of automatic distribution control system and has become the first provincial grid company realizing unmanned station and automatic distribution in China; the research and development of blade partial lengthening technology of wind turbine achieved a breakthrough that the power generation by a turbine prototype increased significantly. Sixth, attaching importance to intellectual property protection and obtained 75 licensed intellectual property rights. Seventh, the "Wind Power Cluster Smart Regulation and Efficient Consumption Technology based on Big Data and Cloud Platform and the Application Thereof" (《基於大數據雲平台的風電集群智慧調控與高效消納技術及應用》) project received the Second Prize of Science and Technology Progress in Hebei Province.

In 2021, a total of 17 farms, a record number of the Group, won awards granted by China Electricity Council based on their statistical indicators of production and operation among the wind (solar) farms across the country.

(III) OPERATING PERFORMANCE DISCUSSION AND ANALYSIS

1. Overview

According to the audited and consolidated financial statements for 2021, the Group recorded net profit of RMB2.712 billion, representing an increase of 40.30% as compared with the same period of 2020, of which, RMB2.160 billion was the net profit attributable to shareholders of the listed company, which increased by 43.00% as compared with the same period of 2020, mainly attributable to the increase in the profit recorded for the wind power and natural gas businesses of the Group as compared with 2020.

2. Revenue

In 2021, the Group recorded operating revenue of RMB15.985 billion, representing an increase of 27.77% as compared with the same period of 2020, of which:

- (1) RMB6.171 billion was the operating revenue of wind/photovoltaic business segment, which increased by 38.26% as compared with the same period of 2020. The operating revenue of the wind/photovoltaic business segment accounted for 38.61% 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 2020.
- (2) RMB9.806 billion was the operating revenue of the natural gas business segment, which increased by 21.93% as compared with the same period of 2020. The operating revenue of the natural gas business segment accounted for 61.34% of the Group's total revenue. The increase in revenue was mainly attributable to the increase in the Group's sales volume of gas during the Reporting Period as compared with the same period of 2020.

3. Net profit

During the Reporting Period, the Group recorded a net profit of RMB2.712 billion, representing an increase of 40.30% as compared with the same period of 2020. During the Reporting Period, the increase in the revenue of electricity sales of the wind power segment led to net profit of RMB2.147 billion, representing an increase of 41.30% as compared with the same period of 2020, which was mainly due to an increase in profit as a result of the increase in the revenue of electricity sales of the wind power segment; the natural gas business segment realized a net profit of RMB697 million, representing an increase of 35.08% as compared with the same period of 2020, mainly due to the increase in sales volume of natural gas as compared with the same period of 2020 and the increase in gross profit per cubic meter 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 RMB2.160 billion, representing an increase of RMB649 million as compared with the RMB1.511 billion in the same period of the last year, which was mainly due to the increase in the Group's net profit over the same period of last year.

The basic earnings per share attributable to shareholders of the Company is RMB0.54.

5. Gain or loss attributable to minority interests

During the Reporting Period, the Group recorded net profit attributable to minority interests of RMB551 million, representing an increase of RMB129 million as compared with the RMB422 million in the same period of the last year, which was mainly due to the increase in net profit of the Company.

6. External equity investments

During the Reporting Period, the Group's investment income from joint ventures and associates was RMB282 million, representing an increase of RMB28 million as compared with RMB254 million in the same period of 2020. This was mainly due to the increase in profits of joint ventures and associates during this year.

During the Reporting Period, the Group's external investments amounted to RMB307 million, representing an increase of RMB122 million as compared with RMB185 million in the same period of 2020, mainly due to the increase in additional investments in associates as compared with 2020.

7. *Contingent liabilities*

As at 31 December 2021, RMB140 million was used as a guarantee provided by the Group for a joint venture, Hebei Suntien Guohua Gas Co., Ltd., for its application for credit line from a financial institution.

As at 31 December 2021, the Group was subject to certain pending litigations/arbitrations with its suppliers, etc., involving RMB24 million. The cases are still under trial.

8. *Cash flows*

As at 31 December 2021, the Group's net current liabilities were RMB1.056 billion, and the net increase in cash and cash equivalents was RMB5.67 billion. The Group has obtained credit facilities of a total amount of RMB73.497 billion from various domestic banks, of which an amount of RMB27.155 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 properties, 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 RMB7.946 billion, representing a decrease of 30.28% as compared with RMB11.398 billion in the same period of last year. A breakdown of capital expenditure is as follows:

	2021 (RMB '000)	2020 (RMB '000)	Change (%)
Natural gas	4,864,515.53	4,270,009.01	13.92
Wind power and solar energy	3,077,598.39	7,124,245.19	-56.80
Unallocated capital expenditures	3,915.91	3,601.74	8.72
Total	7,946,029.83	11,397,855.94	-30.28

10. *Borrowings*

As at 31 December 2021, the Group's long-term and short-term borrowings totaled to RMB33.588 billion, representing an increase of RMB6.247 billion as compared with the end of 2020. Among all borrowings, the short-term borrowings (including long-term borrowings due within one year) aggregated RMB4.882 billion, the long-term borrowings amounted to RMB28.706 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 2021, the Group's debt-to-asset ratio (the ratio of total liabilities divided by total assets) was 66.96%, representing a decrease of 3.88 percentage points from 70.84% as at 31 December 2020, mainly attributable to the aggregate proceeds from the non-public issuance of A shares in 2021 of RMB4.596 billion and the increase in shareholders' equity.

12. *Substantial mortgage*

The Group had 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.

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

(I) New energy business

1. *Industry competition continued to intensify and the difficulty in developing advantageous resources increased*

In recent years, with the successive publication of the "Opinions on the Complete, Accurate and Comprehensive Implementation of the New Development Concept to Achieve Carbon Peaking and Carbon Neutrality" (《關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》) and the "Action Plan for Peak Carbon Emissions by 2030" (《2030年前碳達峰行動方案》) in China, profound changes are taking place in the business model, cooperation model and development model of new energy projects. The power groups represented by five major power groups have set their respective scale targets for the 14th Five-Year Plan period, and are making every effort to expand the installed capacity of new energy through mergers and acquisitions and independent development, giving rise to more difficulties for the Company to develop its business.

2. *Wind and photovoltaic projects have entered a parity era thoroughly, and participation in electricity trading has become the norm*

In May 2019, the NDRC issued the "Notice on Improving Wind Power On-Grid Tariff Policy" (《關於完善風電上網電價政策的通知》), indicating that all onshore wind power projects not yet connected to the grid shall fully achieve grid parity from 1 January 2021 and will no longer be subsidized by the State. Currently, photovoltaic power projects are also dealt with pursuant to the comprehensive grid parity policy in 2021. In January 2020, the Ministry of Finance, NDRC and the National Energy Administration jointly issued the "Several Opinions on Promoting the Healthy Development of Non-hydro Renewable Energy Power Generation" (《關於促進非水可再生能源發電健康發展的若干意見》), which clearly clarified that new offshore wind power projects will no longer be subsidized from the central government's budget from 2022. That means offshore wind power projects will also enter an era of no national subsidies in advance.

Currently, in terms of a number of provinces across the country, participation of wind and photovoltaic power projects in market-based electricity trading has become the norm, and the percentage of market-based electricity trading will become increasingly larger in the future, posing greater challenges to the future market-based trading strategies of new energy operators.

3. *Keep on developing both onshore and offshore projects, as offshore wind power will become another key direction for development*

In addition to development and construction of major onshore wind power bases, the "Action Plan for Peak Carbon Emissions by 2030" clearly proposes the construction of offshore wind power base, guiding the development of China's offshore wind power industry like a lighthouse. Corresponding provincial incentives and related support policies may be promulgated in the future and offshore wind power has become one of the key directions for wind power development.

4. *With the decreasing prices of wind turbines, the construction costs for wind power farms are expected to reduce further*

In recent years, with the continuous development of wind turbine technology, wind turbines are developing towards the trend of large blades and capacity as well as high towers, resulting in a significant reduction in the total cost of the entire wind turbine and a lower repair and maintenance cost per unit of power. As the decrease in costs of wind turbines will directly lead to decrease in the unit investment cost of wind power, the investment costs of wind power operators are expected to reduce further.

5. *Accelerate the construction of large wind power and photovoltaic power generation bases in the desert, Gobi and barren areas*

In early 2021, NDRC and the National Energy Administration issued the "Opinions on Improving Institutional Mechanisms and Policy Measures for Green and Low Carbon Energy Transformation" (《關於完善能源綠色低碳轉型體制機制和政策措施的意見》) (the "Opinions"). The Opinions proposed to form the energy production and consumption pattern that non-fossil energy sources not only basically meet the incremental energy demand but also replace fossil fuels to a large extent such that the ability in ensuring energy security can be comprehensively enhanced, by 2030, and with the focus on the desert, Gobi, and barren areas, to accelerate the construction of large-scale wind power and photovoltaic power generation bases and explore the establishment of regulation mechanism for new energy power transmission coordinating both the transmission and receiving ends, thereby supporting the construction work, grid connection and generation of new energy power as much as possible.

(II) Natural gas business

1. *The development prospect of natural gas, being a low-carbon energy source was optimistic under the "dual carbon targets"*

Under the "dual carbon targets", non-fossil energy, especially renewable energy, will become the cornerstone of China's energy system. However, a long period of development is still needed before renewable energy can completely replace traditional fossil energy, and intermediate energy sources are required during the transition. Natural gas is a high-quality, efficient, green and clean low-carbon energy. It will be one of the best choices for the period of transition from fossil energy to non-fossil energy, and an important starting point for the "carbon emission reduction" of China's energy system before peaking. Therefore, accelerating the development and utilization of natural gas is an important path for China to promote the energy production and consumption revolution, and to build a clean, low-carbon, safe and efficient modern energy system under the "dual carbon targets". According to forecasts by relevant institutions, natural gas is expected to maintain a relatively rapid growth trend until 2035, the next 15 years will be the golden period of natural gas development.

In the domestic circumstance, the accelerating reform of the oil and gas system and the steady economic and social development will drive the continuous growth of oil and gas demands. Since 2018, natural gas consumption in China has shown a trend of "not weak in low season, but even stronger in peak season". The natural gas consumption of China reached 324 billion cubic meters in 2020. The "China's Natural Gas Development Report (2019)" (《中國天然氣發展報告(2019)》) expected that natural gas consumption will increase from 350 billion cubic meters at the end of the 13th Five-Year Plan to 450 billion cubic meters at the end of the 14th Five-Year Plan period.

2. *Due to the expected decrease in pipeline transmission fees of national pipeline network, the transmission market of provincial pipeline networks will face challenges*

In June 2021, NDRC issued the "Administrative Measures for the Price of Natural Gas Pipeline Transmission (Provisional)" (《天然氣管道運輸價格管理辦法(暫行)》) and the "Measures for the Supervision and Examination of Pricing Cost of Natural Gas Pipeline Transmission (Provisional)" (《天然氣管道運輸定價成本監審辦法(暫行)》). The measures provide that the approved rate of return of cross-provincial long-distance transmission pipeline of national pipeline networks is adjustable in the future, and the depreciation period for natural gas pipeline is extended to 40 years, which provides the basis for a continuous decrease of the pipeline transmission fees of national pipeline network in the future and presents challenge for the transmission market of provincial pipeline networks across the country.

3. *Fluctuation of international crude oil and natural gas prices highlights risk exposure of energy prices*

In 2021, positive factors on both the supply and demand sides of international energy sources were the main support for the rise in international crude oil prices. Nevertheless, international crude oil prices saw wide fluctuation again due to the repeated intertwining of positive and negative factors, such as changes in upstream supply caused by geopolitical factors and changes in expectations of global energy demand due to the COVID-19 pandemic. Energy crisis once again swept across the world in 2021, especially in Europe, where natural gas prices reached new highs. Amid tight global energy supply and demand and a general sharp rise in prices in international markets, although China's energy prices remained stable overall, there is still a risk that they might be affected by wide fluctuations of international energy prices.

4. *Due to the coexistence of market barriers and competition challenges, market development became more difficult*

Gas industry is a sector of natural monopoly to a certain extent. The first-coming market player in a particular operating area is bound to form a certain barrier to subsequent players. However, as the reform of the oil and gas system continues to advance, upstream gas companies will enter and compete in the downstream market relying on their advantage in gas sources, while downstream gas companies will gradually participate in the upstream sector leveraging on their market control advantages. As such, competition in the natural gas industry will be more severe, and the market development will become increasingly difficult.

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'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.

(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.

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 northern China, with its major businesses within Hebei Province.
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.
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.

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	Percentage of Change (%)
Operating revenue	15,985,268,252.01	12,510,885,312.89	27.77
Operating costs	11,233,945,477.61	9,100,644,582.09	23.44
Selling expenses	3,108,585.99	1,985,327.57	56.58
Administration expenses	675,455,283.69	528,112,484.93	27.90
Finance costs	1,215,605,465.95	912,722,221.39	33.18
R&D expenses	72,022,183.84	36,417,584.20	97.77
Net cash flows from operating activities	4,332,641,166.95	3,898,510,463.71	11.14
Net cash flows from investing activities	-7,311,400,135.16	-9,814,026,374.24	-25.50
Net cash flows from financing activities	8,649,377,654.09	5,438,451,386.17	59.04

Explanation on reasons for changes in operating revenue: During the Reporting Period, the increase in revenue was mainly attributable to the increase in both operational installed capacity and number of utilization hours 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 2020; as well as the increase in sales volume of gas under the natural gas segment as compared with the same period of 2020.

Explanation on reasons for changes in operating costs: During the Reporting Period, the Group's operating costs increased by 23.44% as compared with the same period of 2020, 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 RMB3.1086 million, representing an increase of 56.58% as compared with the same period of 2020, mainly due to the establishment of a new sales department in April last year, and the selling expenses for the prior year were not the expenses for the whole year.

Explanation on reasons for changes in administrative expenses: During the Reporting Period, the Group's administrative expenses were RMB675 million, representing an increase of 27.90% as compared with the same period of 2020, mainly due to the fact that several projects transferred to commercial operation during the current year and relevant expenses ceased to be capitalized.

Explanation on reasons for changes in finance costs: During the Reporting Period, the Group's finance costs were RMB1,216 million, representing an increase of 33.18% from RMB913 million for the same period of 2020, mainly due to the fact that several projects transferred to commercial operation during the current year and relevant expenses ceased to be capitalized.

Explanation on reasons for changes in R&D expenses: During the Reporting Period, the Group's R&D expenses were RMB72.0222 million, representing an increase of 97.77% from RMB36.4176 million for the same period of 2020, mainly due to the increase in R&D investment for the current period.

Explanation on reasons for changes in net cash flows from operating activities: In 2021 and 2020, the net cash flows from operating activities were RMB4,333 million and RMB3,899 million, respectively, representing a year-on-year increase of 11.14%. In 2021 and 2020, the net cash inflows from operating activities were mainly from cash received from sales of goods and rendering for services, accounting for 98.55% and 99.23% 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 84.34% and 85.00% of the net cash outflows from operating activities in 2021 and 2020, respectively.

Explanation on reasons for changes in net cash flows from investing activities: In 2021 and 2020, the net cash flows from investing activities were RMB-7,311 million and RMB-9,814 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 other investing activities and cash received from investment income, accounting for 99.57% and 72.48% of the cash inflows from investing activities in 2021 and 2020, respectively. Cash outflows were mainly cash paid for the purchase of fixed assets, intangible assets and other long-term assets, accounting for 94.91% and 98.05% of the cash outflows from investing activities in 2021 and 2020, respectively.

Explanation on reasons for changes in net cash flows from financing activities: In 2021 and 2020, the net cash flows generated from the Company's financing activities were RMB8,649 million and RMB5,438 million, respectively. The large net cash inflows from financing activities were mainly attributable to the increase in borrowings from financial institutions as well as the proceeds from the issuance of shares, perpetual bonds and medium-term notes during the current period as compared with the same period of 2020. The cash inflows from the Company's financing activities were mainly cash received from loans, accounting for 70.39% and 92.85% of the cash inflows from financing activities in 2021 and 2020, respectively; the cash outflows from the Company's financing activities were mainly debt repayment and dividend distribution, accounting for 74.73% and 18.72%, and 76.89% and 19.97% of the cash outflows from financing activities in 2021 and 2020, 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 (%)			
Business of sale of natural gas	9,519,273,994.93	8,671,689,650.85	8.90	21.62	19.40	Increase of 1.69 percentage points
Business of wind/photovoltaic power generation	6,147,651,024.55	2,380,141,782.43	61.28	38.29	37.23	Increase of 0.29 percentage point
Business of connection and construction of gas pipeline network	211,211,261.38	150,027,430.96	28.97	35.79	60.63	Decrease of 10.98 percentage points
Other principal business	72,952,453.29	17,014,647.63	76.68	35.04	430.01	Decrease of 17.38 percentage points

Explanations on principal business by industry, products, regions and sales model

During the Reporting Period, the Group recorded operating revenue of RMB9.519 billion from its natural gas sales business. In particular, the pipe wholesale business recorded sales revenue of RMB5.011 billion, accounting for 52.64% of the Group's revenue from its natural gas sales business; the Group's retail business, such as city gas, recorded sales revenue of RMB4.249 billion, accounting for 44.64% of the Group's sales revenue from its natural gas business; CNG business recorded sales revenue of RMB220 million, accounting for 2.31% of the Group's revenue from its natural gas sales business; and other revenue was RMB39 million, accounting for 0.41% 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

(4). Cost analysis table

Unit: Yuan

By product	Costs component	Amount for the period	By product		Percentage of the amount for the same period of last year in total costs (%)	Year-on-year change (%)	Explanation
			Percentage of the amount for the period in total costs (%)	Amount for the same period of last year			
Natural gas	Operating costs	8,831,442,643.15	78.62	7,365,137,863.91	80.93	19.91	Nil
Wind and photovoltaic power generation	Operating costs	2,400,888,862.66	21.37	1,734,401,549.74	19.06	38.43	Nil
Others	Operating costs	1,613,971.80	0.01	1,105,168.44	0.01	46.04	Nil

Cost analysis and explanation

During the Reporting Period, the operating costs of the Group's wind power and photovoltaic business were RMB2.401 billion, representing an increase of 38.43% as compared with the same period of 2020. 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 RMB8.831 billion, representing an increase of 19.91% from RMB7.365 billion in 2020. This was mainly due to an increase in corresponding operating costs as a result of the increase in purchase volume of gas as compared with 2020.

(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 were RMB7,522.7906 million, accounting for 47.06% of total sales for the year, of which sales to the largest customer accounted for 35.77% of the Group's total sales for the year, and sales to related parties were zero among the sales to the top five customers, accounting for 0% 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, 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 RMB10,271.6966 million, accounting for 63.54% of the total purchases for the year, of which purchases from the largest supplier accounted for 37.96% of the Group's 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.

Purchases from a single supplier during the Reporting Period exceeded 50% of the total amount, there were additional suppliers in the top five suppliers or there was 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 was RMB3.1086 million, representing an increase of 56.58% as compared with the same period of 2020. This was mainly due to the establishment of a new sales department in the middle of the previous year, with wages of sales staff being included in selling expenses.
- (2) During the Reporting Period, the administrative expenses of the Group were RMB675 million, representing an increase of 27.90% as compared with the same period of 2020. This was mainly due to the increase in provision for employee benefits for the current period as well as the reduction and waiver of social security premium payments as affected by the pandemic for the same period of 2020. Among which, the administrative expenses of wind power business were RMB378 million, representing an increase of 39.83% as compared with the same period of 2020, mainly due to the increase in provision for employee benefits for the current period as well as the reduction and waiver of social security premium payments as affected by the pandemic for the same period of 2020; the administrative expenses of natural gas business were RMB196 million, representing an increase of 11.94% as compared with the same period of 2020, mainly due to the fact that China introduced a series of policies to reduce social security contributions given the impact of the epidemic in 2020, resulting in a decline in social security premium payments in the current period.
- (3) During the Reporting Period, the finance costs of the Group were RMB1,216 million, representing an increase of 33.18% from RMB913 million for the same period of 2020. This was mainly due to the increase in interest expenses over the same period of 2020. Among which, the finance costs of wind power business were RMB1,080 million, representing an increase of 34.10% as compared with the same period of 2020, mainly due to the fact that wind power projects commenced operation one after another, resulting in the increase in interest expenses included in current expenses following the termination of capitalization of borrowing costs as well as the increase in interest expenses due to the increase in the amount of loans during the operating period as compared with the same period of 2020; the finance costs of natural gas business were RMB90 million, representing an increase of 7.46% as compared with the same period of 2020, mainly due to the increase in interest expense on bank borrowings as compared with the same period of 2020.
- (4) During the Reporting Period, the Group's R&D expenses were RMB72.0222 million, representing an increase of 97.77% from RMB36.4176 million for the same period of 2020. This was mainly due to the increase in the Group's R&D investment.

4. R&D investment

(1). Table of R&D investment

Unit: Yuan

Expensed research and development expenses for the period	72,022,183.84
Capitalized research and development expenses for the period	14,802,584.34
Total R&D investment	86,824,768.18
Percentage of the total R&D investment to operating revenue (%)	0.54
Percentage of R&D expenditure capitalized (%)	17.05

(2). Research and Development Personnel

Number of research and development personnel in the Company	60
Percentage of research and development personnel in the total number of persons in the Company(%)	2.41%
Qualification of research and development personnel	
Qualification types	Number
PhD	0
Postgraduate	45
Undergraduate	15
Diploma	0
High school or below	0
Age group of research and development personnel	
Age groups	Number
30 or below (excluding 30)	14
30-40 (including 30 while excluding 40)	32
40-50 (including 40 while excluding 50)	8
50-60 (including 50 while excluding 60)	6
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

☐ Applicable ☒ Not Applicable

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

(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	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
Cash	7,648,396,983.55	10.63	1,898,492,786.13	3.32	302.87	Mainly due to the Company's issuance of additional shares to specific subscribers, insurance of perpetual bonds, receipt of bank borrowings and the increase in sales proceeds
Accounts receivable	6,657,415,202.23	9.26	4,866,274,731.98	8.50	36.81	Increase in renewable energy subsidies
Advances to suppliers	161,631,341.92	0.22	380,771,646.27	0.67	-57.55	Due to the decrease in prepayments for purchase of natural gas.
Other receivables	135,599,831.17	0.19	94,391,151.51	0.16	43.66	Due to the increase in dividends receivable from associates for the current period
Inventories	214,186,265.69	0.30	58,109,933.28	0.10	268.59	Mainly due to the balance of international purchase of LNG for the current period
Development costs	27,227,806.35	0.04	12,425,222.01	0.02	119.13	Due to the increase in R&D investment
Goodwill	55,450,878.54	0.08	39,411,613.25	0.07	40.70	Mainly attributable to the goodwill arising from the acquisition of additional units through business combinations involving enterprises not under common control during the current period
Short-term borrowings	1,978,114,966.89	2.75	1,220,742,600.37	2.13	62.04	Mainly due to the increase in borrowings from financial institutions
Bills payable	14,738,449.62	0.02	4,516,529.53	0.01	226.32	Mainly due to the increase in the settlement of bank acceptance bills
Accounts payable	458,031,776.88	0.64	176,947,893.06	0.31	158.85	Mainly due to the increase in payables as a result of the increase in purchases
Advances from customers	778,761,061.94	1.08	0.00	0.00		Advances received for the costs of entrusted construction of storage tanks for the current period
Other current liabilities	704,107,945.21	0.98	500,000,000.00	0.87	40.82	Due to the issuance of new super short-term commercial papers during the current period
Debentures payable	1,000,000,000.00	1.39	2,085,000,000.00	3.64	-52.04	Mainly due to the two tranches of medium-term notes due for repayment during the current period
Long-term payables	361,236,137.17	0.50	204,163,944.97	0.36	76.93	Increase in borrowings from financial leasing companies during the current period
Accrued liabilities	77,531,149.68	0.11	52,760,727.00	0.09	46.95	Increase in the accrued liabilities recognized based on the arbitration result of the construction costs of subsidiaries
Deferred income	106,249,255.16	0.15	59,142,565.63	0.10	79.65	Mainly due to the additional government grants for the current year

Other explanation

Nil

2. Overseas assets

(1) Asset scale

Of which: overseas assets 1.96 (Unit: '00 million; Currency: RMB), accounting for 0.27% of total assets.

(2) Explanation of the high proportion of overseas assets

☐ Applicable ☒ Not Applicable

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	115,312,267.99	Land reclamation deposit, guarantee deposit and others
Receivable financing	590,000.00	Financing pledges
Accounts receivable	5,297,705,008.26	Financing pledges
Fixed assets	282,529,150.15	Financing collaterals
Intangible assets	3,310,438.09	Financing collaterals
Total	5,699,446,864.49	

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 RMB307 million, representing an increase of RMB122 million as compared with RMB185 million in the same period of 2020, mainly due to the increase in additional investments in associates as compared with the same period of 2020.

Unit: RMB'0,000

Investment amount during the Reporting Period	Investment amount of the same period of last year	Percentage of change
30,703.56	18,495.72	66.00%

1. Material equity investments

☐ Applicable ☒ Not Applicable

2. Material non-equity investments

☐ Applicable ☒ Not Applicable

3. *Financial assets measured at fair value*

Unit: Yuan

Item	Amount
Investment in other equity instruments	218,605,700.00
Receivables financing	494,976,373.69

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: RMB'0,000

Company name	Proportion of share holding	Main business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
HECIC New Energy Co., Ltd. 100% (河北建投新能源有限公司)		Wind power generation, wind farm investment and service consulting	509,730.00	2,514,163.69	793,820.38	352,957.06	117,752.51	100,319.63
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	1,112,094.50	373,088.44	978,471.16	90,802.58	72,946.21
Hebei Fengning CIC New Energy Co., Ltd. (河北豐寧建投新能源有限公司)	100%	Wind power generation	86,783.00	490,591.14	159,201.60	101,178.96	63,353.36	59,768.34

(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

Recently, China successively issued the "Opinions on the Complete, Accurate and Comprehensive Implementation of the New Development Concept to Achieve Carbon Peaking and Carbon Neutrality" (《關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》) and the "Action Plan for Peak Carbon Emissions by 2030" (《2030年前碳達峰行動方案》)(the "Plan"), with the latter playing a leading role in the "carbon peaking" and "carbon neutrality" policy system and being the "1" in the "1+N". The "Ten Actions for Reaching Peak Carbon Emissions" listed in the Plan will be the core means to achieve carbon peaking, and the "Green and Low Carbon Energy Transformation Action" is placed first. This fully indicates that the transition from fossil energy to non-fossil energy and clean energy will be a strong leverage to achieve the carbon peaking. China has clearly proposed related development targets: By 2030, the proportion of non-fossil energy consumption in primary energy consumption will reach about 25%, and the total installed capacity of wind power and solar power generation will reach over 1.2 billion kW. As the Company focuses on the wind power, photovoltaic and natural gas business segments, it will definitely play a role in the process of realizing "carbon peaking" and "carbon neutrality" in China.

During the 14th Five-Year Plan period, the PRC economy will shift from high-speed development to high-quality development, and technological innovation and green economy will become one of the themes of future economic development. For macroeconomic environment, under the situation and requirements of strictly controlling the total amount and intensity of traditional energy consumption and continuous improvement of the ecological environment, especially the announcement of "3060" objective, wind power, photovoltaic power and natural gas, as green and clean energy, will become the main strategic energy in China in the future.

In the new energy segment, the state encourages focusing on promoting the green upgrading and transformation of electric power and continues to vigorously support the development of wind and photovoltaic power during the 14th Five-Year Plan period. Given the huge room for development, how to seize high-quality wind and photovoltaic resources will become the primary task of industry development. New wind and photovoltaic power projects have entered the parity era. It has become a norm that the existing projects participate in market-based electricity trading. The issue of consumption will remain an important factor restricting the development of wind power and photovoltaic industries. China will continue to explore the development of other green and clean energy sources, and hydrogen energy is expected to be included in the national energy strategy system.

In the natural gas segment, the state focuses on promoting the coordinated and stable development of natural gas, and the development prospect of the industry is promising. The state vigorously promotes the construction of natural gas reserve system. The establishment of the State Piping Network Corporation has broken the monopoly of existing resources and pipelines. The construction of natural gas production, supply, storage and marketing system in China has taken a key step, resulting in a major restructuring of the original natural gas market system. The layout of LNG receiving stations will be further improved. The trend of diversification of natural gas import sources will become more obvious, and the competition in the upstream and downstream markets of the industrial chain will become increasingly fierce.

In view of the above, during the 14th Five-Year Plan period, with the in-depth promotion of the "carbon peaking" actions of the State, business opportunities and challenges coexist in the wind power and photovoltaic segment and natural gas segment in which the Company operates, and the Company will definitely play a role in the process of realizing "carbon peaking" and "carbon neutrality" in China.

(II) Development strategies of the Company

As the socialism with Chinese characteristics enters a new era, China's economic development has also entered a new era. China's economy has shifted from high-speed growth stage to high-quality development stage. During the 14th Five-Year Plan period, the Company will fully grasp the general trend and direction of national energy development and follow the trend. The Company will closely follow its development and the general trend of state-owned enterprise reform, insist on adjusting the structure, making up for shortcomings, grasping innovation, and increasing potential as the main direction to promote high-quality development. The Company will adhere to its strategic objectives and effectively push forward work by centering around its two main businesses, being new energy and clean energy. It will focus on diversified business market development, promoting the implementation of key projects, expanding financing channels, building a digital Suntien, strengthening technological innovation and ensuring production safety. The Company will continue to improve its internal management mechanism, strive to build a team of employees with strong comprehensive quality, professional quality and good cultivation, vigorously develop corporate culture, cultivate a corporate culture with Suntien characteristics, and strive to improve the market-oriented, professional and international level of the Company.

In respect of new energy segment, we will, by adhering to the principle of large-scale regional development, further broaden our development ideas, diversify our development models and keep a close eye on project deployment. During the 14th Five-Year Plan period, the Company will devote greater effort and diversify our measures to seize the market. We will emphasize on both quality and quantity when hoarding resources, with the aim to find the best quality resources and boost the risk resistance of projects. We strive to realize installed capacity of new energy of 10 million kW by the end of the 14th Five-Year Plan period.

In respect of natural gas segment, we will seize the strategic opportunities derived from the national reform in natural gas segment and fully utilize our geographical advantages to enhance our relative strength in the clean energy business segment in the province. By expediting the development of upstream, midstream and downstream business, we will further strengthen our industrial chain expansion to allow their balanced and parallel development. In respect of upstream business, we will keep up the development pace of the Caofeidian LNG project to allow the project to put into operation and generate income as soon as possible. As for midstream business, we will adhere to the principle of "interconnection, interoperability and mutual protection" and, with respect to market demand, make progress in the interconnection and interoperability of pipeline networks within the province. With regard to downstream business, we will leverage on the strength of our existing pipeline network to expand urban gas projects within its coverage, thereby further unleashing the synergies between our pipeline resources and urban gas market. We strive to realize natural gas transmission volume of 8,300 million cubic meters by the end of the 14th Five-Year Plan period.

(III) Business plan

1. *New energy business*

- (1) Continuously focus on "Big channel, big base" projects, actively planning with proactive layout, starting from the source. Taking the resource reserve around the big channel as the key in development, strive for development in scale by a combination of hydrogen production from wind power, wind-solar hybrid solutions, agriculture (forestry, fishery etc.) infrastructure with photovoltaic power installations and renewable DC microgrid construction, etc.
- (2) Closely monitor integrated energy base projects, do a good job of project planning, properly finalise project boundaries and choose a good timing for implementation.
- (3) Leveraging the Company's operating offshore wind power project at Puti Island in Leting, actively promote the development of offshore wind power projects in Hebei Province; actively strengthen connection with other coastal provinces, explore various cooperation models and make effort in exploring new offshore resources.
- (4) Focus on policies and technologies related to power storage and peak load adjustment to create a new growth pole for business expansion of the Company in the future. With the aim of enhancing the power generation capacity of the Company's old wind farms, actively respond to the national policy of technological reform and upgrading of old units, promote the technical reform work of "Closing down smaller generation units and replacing with bigger ones" to improve the spatial efficiency of the current wind resources of the Company.
- (5) For new projects of the Company such as roof top distributed photovoltaic project for a whole county, earnestly and properly carry out investment estimation and risk control justification to provide scientific and effective guidance for future investment decision of similar projects.

2. *Natural gas business*

- (1) Ensure the successful completion and commissioning of key natural gas projects of the Company, with the terminal and receiving station projects of the Tangshan LNG Project phase I putting into operation as scheduled, the outbound pipelines project meeting production conditions in the first half of the year, and the Jingshihan Dual Track Gas Pipeline Project (京石邯輸氣管道複線工程) meeting production conditions.
- (2) In 2021, the Company signed its first long-term LNG sale and purchase agreement, with a contract amount of 1 million tons per year and a supplying period of 15 years, signifying its successful opening of long-term upstream natural gas purchase channel. In the future, the Company will continue to actively develop LNG international trade and strive to obtain overseas prime upstream gas sources.
- (3) Stick to its market-oriented development strategy by leveraging its advantages of existing provincial natural gas trunk pipelines to actively expand urban natural gas projects and take various measures such as acquisitions and mergers to continuously explore new downstream markets in order to steadily expand the scale of its end-user 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 2022, 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) The Group will timely review its existing loans for reasonable replacement of original high-cost loans to further optimize financing structure and reduce financing cost. It will closely monitor the adjustment of relevant fiscal, taxation and financial policies of the state and local governments, communicate with major financial institutions on a regular basis, and actively draw facilities.
- (2) The Group will timely study and make full use of national and industry financial preferential policies, analyze the company's financing costs taking into account of market changes, coordinate the overall arrangement of funds, reasonably plan the undertaking of matured debts, seriously carry out various risk control work for bank loans, and issue debt financing products such as corporate bonds, medium term notes and super short-term commercial papers in a timely manner to meet the Group's future capital needs.

5. *Consolidate production safety*

- (1) In 2022, the Group's safety management will take "building system and strengthening responsibility" as the key and comprehensively initiate the building of HSE (health, safety and environment) management system.
- (2) The Group will continue to carry out in-depth two major thematic activities of "Three-year Action for Special Remediation of Work Safety" and "Three-year Action for Enhancement of Safety Quality". In particular, the Group will organize and carry out emergency drill for major hazards before commissioning of key projects such as the Tangshan LNG Project, concretely carry out forest fire prevention and natural gas pipeline safety work to ensure safe and stable operation of the Company's systems.

(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 less 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 2022 as compared to 2021. 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.

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 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 transaction leading to a decrease in electricity prices. 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.

(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 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 city 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". In the future, if the structural reforms on the supply side continues to deepen and the energy prices continue to decrease to support the real economy, there will be a risk that the profit margin of the Company's natural gas business may decline given the Group's implementation document in relation to pipeline transmission fees has been effective for three years and shall be subject to review and approval for the pipeline transmission fees in accordance with relevant regulations.

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.

(4) Risk of natural gas price rise

In 2021, due to the impact of commodity prices rise, prices of energy such as oil and coal continued to rise, and natural gas prices also rose significantly as compared with same period of 2020, and the overall resources were in a tight balance, which may lead to a reduction in consumption of natural gas by downstream users.

The Group will continuously enhance its efforts in downstream market exploration, and actively employ flexible resources and low-cost gas sources, striving to safeguard the growth of 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 certain amount of capital expenditure. The demand for borrowing funds is high and fluctuation in interest rate 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

I. RELEVANT EXPLANATION ON CORPORATE GOVERNANCE

The Board of the Company hereby presents to shareholders the corporate governance report 2021.

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 shareholders meeting, 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 accordance with the requirements of provision F.2.2 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 2020 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 for Securities Transactions by Directors of Listed Issuers (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 fourth session of the Board.

In 2021, 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 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.

(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.

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, Wang Hong Jun, Guo Ying Jun, Lin Tao, Qiao Guo Jie and Zhang Dong Sheng participated in the training of Continuing Duties and Responsibilities of Directors and Practice; Qin Gang, Wu Hui Jiang and Gao Jun participated in the training of Control and Management of Major Transactions, Connected Transactions and Insider Trading; Cao Xin, Li Lian Ping and Mei Chun Xiao participated in the training of Information Disclosure and Insider Information Control and Management; Wan Yim Keung, Daniel participated in the training of Annual Reporting on Financial Audit and Results.

(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
First extraordinary general meeting in 2021, first class meeting for A shareholders in 2021, and first class meeting for H shareholders in 2021	8 February 2021	www.sse.com.cn www.hkexnews.hk	9 February 2021 8 February 2021	1. All resolutions proposed at the first extraordinary general meeting in 2021 were passed; 2. Resolutions No. 1 to No. 5 considered at the first class meeting for A shareholders in 2021 were not passed while resolutions No. 6 to No. 7 were passed; 3. All resolutions proposed at the first class meeting for H shareholders in 2021 were passed.
Second extraordinary general meeting in 2021, second class meeting for A shareholders in 2021, and second class meeting for H shareholders in 2021	23 April 2021	www.sse.com.cn www.hkexnews.hk	24 April 2021 23 April 2021	All resolutions were passed
2020 annual general meeting	14 May 2021	www.sse.com.cn www.hkexnews.hk	15 May 2021 14 May 2021	All resolutions were passed
Third extraordinary general meeting in 2021	21 October 2021	www.sse.com.cn www.hkexnews.hk	22 October 2021 21 October 2021	All resolutions were passed
Fourth extraordinary general meeting in 2021	14 December 2021	www.sse.com.cn www.hkexnews.hk	15 December 2021 14 December 2021	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

1. On 8 February 2021, the Company convened the 2021 First Extraordinary General Meeting, the First A Share Class Meeting in 2021 and the First H Share Class Meeting in 2021, at which the "Resolution on the Company Satisfying the Conditions for Non-public Issuance of A Shares", "Resolution on the Issuance Plan for the Non-public Issuance of A Shares by the Company", "Resolution on the Proposed Non-public Issuance of A Shares of the Company", "Resolution on the Entering into of the Conditional Subscription Agreement and the Related Party Transaction between the Company and Hebei Construction & Investment Group Co., Ltd.", "Resolution on the Feasibility Analysis Report on the Use of Proceeds from the Non-public Issuance of A Shares of the Company", "Resolution on the Report on the Use of the Previously-Raised Proceeds of the Company", "Resolution on the Dilution of Current Returns, Adoption of Remedial Measures and Related Subject Undertakings of the Non-public Issuance of A Shares", "Resolution on the Shareholders' Return Plan for the Next Three Years (2021-2023) Upon the Non-public Issuance", "Resolution on the Authorization to the Board and its Authorized Persons by the General Meeting to Handle Matters, at their Full Discretion, regarding the Non-public Issuance of A Shares", "Resolution on Special Mandate", "Resolution on Amending the Articles of Association of the Company", "Resolution on Amending the Rules of Procedure for the General Meeting of Shareholders of the Company", "Resolution on Amending the Rules of Procedure for the Board Meeting of the Company", "Resolution on Amending the External Guarantee Management System of the Company" and "Resolution on the Renewal of the Asset Financing Services Framework Agreement between the Company and Huihai Finance Leasing Co., Ltd." were considered. Among them, all of the resolutions at the 2021 First Extraordinary General Meeting and the First H Share Class Meeting in 2021 were approved. The resolutions related to non-public issuance of A shares, which HECIC abstained from voting, were not approved at the First A Share Class Meeting in 2021. Specially, the resolutions include the "Resolution on the Issuance Plan for the Non-public Issuance of A Shares by the Company", "Resolution on the Proposed Non-public Issuance of A Shares of the Company", "Resolution on the Entering into of the Conditional Subscription Agreement and the Related Party Transaction between the Company and Hebei Construction & Investment Group Co., Ltd.", "Resolution on the Authorization to the Board and its Authorized Persons by the General Meeting to Handle Matters, at their Full Discretion, regarding the Non-public Issuance of A Shares" and "Resolution on Special Mandate".
2. On 23 April 2021, the Company convened the 2021 Second Extraordinary General Meeting, the Second A Share Class Meeting in 2021 and the Second H Share Class Meeting in 2021, at which the "Resolution on the Company Satisfying the Conditions for Non-public Issuance of A Shares", "Resolution on the Issuance Plan for the Non-public Issuance of A Shares by the Company", "Resolution on the Proposed Non-public Issuance of A Shares of the Company", "Resolution on the Entering into of the Conditional Subscription Agreement and the Related Party Transaction between the Company and Hebei Construction & Investment Group Co., Ltd.", "Resolution on the Feasibility Analysis Report on the Use of Proceeds from the Non-public Issuance of A Shares of the Company", "Resolution on the Report on the Use of the Previously-Raised Proceeds of the Company", "Resolution on the Dilution of Current Returns, Adoption of Remedial Measures and Related Subject Undertakings of the Non-public Issuance of A Shares", "Resolution on the Shareholders' Return Plan for the Next Three Years (2021-2023) Upon the Non-public Issuance", "Resolution on Seeking General Meeting's Approval on Exempting the Controlling Shareholder from Increasing the Company's Shares by way of Tender Offer", "Resolution on the Authorization to the Board and its Authorized Persons by the General Meeting to Handle Matters, at their Full Discretion, regarding the Non-public Issuance of A Shares" and "Resolution on Special Mandate" were considered and approved.
3. On 14 May 2021, the Company convened the 2020 Annual General Meeting, at which the "Resolution on the 2020 Annual Report of the Company", "Resolution on the 2020 Report of the Board of Directors of the Company", "Resolution on the 2020 Report of the Board of Supervisors of the Company", "Resolution on the 2020 Financial Report of the Company", "Resolution on the Report on the 2020 Final Accounts of the Company", "Resolution on the 2020 Profit Distribution Proposal of the Company", "Resolution on the Appointment of the Audit Institution for the Company's Financial Report and Internal Control for 2021", "Resolution on the Report on the Use of the Previously-Raised Proceeds of the Company", "Resolution on the Purchase of Liability Insurance for the Directors, Supervisors and Senior Management of the Company", "Resolution on Amending the Articles of Association of the Company", "Resolution on the Estimated Related Party Transactions to be Conducted in the Ordinary Course of Business in 2021", "Resolution on Authorizing the Board of Directors to Exercise General Mandate to Issue Shares" and "Resolution on the Provision of Guarantee of RMB140 million for Hebei Suntien Guohua Gas Co., Ltd. by the Company based on the Proportion of Shareholding" were considered and approved.
4. On 21 October 2021, the Company convened the 2021 Third Extraordinary General Meeting, at which the "Resolution on the Application of a Standby Letter of Credit from a Bank and Provision of a Joint and Several Liability Guarantee by Hebei Natural Gas Company Limited for S&T International Natural Gas Trading Company Limited" was considered and approved.
5. On 14 December 2021, the Company convened the 2021 Fourth Extraordinary General Meeting, at which the "Resolution on the Renewal of Financial Services Framework Agreement between the Company and HECIC Group Finance Company Limited" 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	Reporting Period (RMB'0,000)	Whether remuneration obtained from the connected parties of the Company
Cao Xin	Chairman, Non-executive Director	Male	50	2019.06.11	2022.06.10	50,000	50,000	0	Nil	0	Yes
Li Lian Ping	Non-executive Director	Male	59	2019.06.11	2022.06.10	0	0	0	Nil	0	Yes
Mei Chun Xiao	Executive Director, President	Male	53	2019.06.11	2022.06.10	50,000	50,000	0	Nil	223.36	No
Wang Hong Jun	Executive Director	Male	57	2019.06.11	2022.06.10	0	0	0	Nil	299.59	No
Qin Gang	Non-executive Director	Male	47	2019.06.11	2022.06.10	0	0	0	Nil	0	Yes
Wu Hui Jiang	Non-executive Director	Male	42	2019.06.11	2022.06.10	0	0	0	Nil	0	Yes
Guo Ying Jun	Independent non-executive Director	Male	48	2020.11.25	2022.06.10	0	0	0	Nil	8.32	No
Wan Yim Keung, Daniel	Independent non-executive Director	Male	63	2019.06.11	2022.06.10	0	0	0	Nil	8.32	No
Lin Tao	Independent non-executive Director	Male	51	2019.06.11	2022.06.10	0	0	0	Nil	8.32	No
Gao Jun	Chairman of the board of supervisors	Female	51	2020.10.13	2022.06.10	0	0	0	Nil	0	Yes
Qiao Guo Jie	Employee representative supervisor	Male	59	2019.06.11	2022.06.10	0	0	0	Nil	279.99	No
Zhang Dong Sheng	Independent supervisor	Male	61	2020.10.13	2022.06.10	0	0	0	Nil	4.16	No
Sun Xin Tian	Vice president	Male	57	2019.06.11	2022.06.10	0	0	0	Nil	188.14	No
Ding Peng	Vice president	Female	51	2019.06.11	2022.06.10	0	0	0	Nil	281.94	No
Lu Yang	Vice president	Male	52	2019.06.11	2022.06.10	0	0	0	Nil	188.18	No
Tan Jian Xin	Vice president	Male	42	2019.06.11	2022.06.10	0	0	0	Nil	199.57	No
Fan Wei Hong	Chief accountant	Female	51	2019.06.11	2022.06.10	0	0	0	Nil	200.83	No
Ban Ze Feng	Vice president, Secretary to the Board	Male	44	2019.06.11	2022.06.10	50,000	50,000	0	Nil	204.97	No
Total	/	/	/	/	/	150,000	150,000	0	/	2,095.69	/

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 2021, the strategic goal deposit for 2016-2019 and rewards for achieving the strategic goal under the 13th Five-Year Plan of RMB938,516.2 (tax inclusive) were released to Mei Chun Xiao; the strategic goal deposit for 2016-2019, rewards for achieving the strategic goal under the 13th Five-Year Plan of RMB939,953.53 (tax inclusive) and supplemental payment for the supplementary medical insurance premium of RMB628,102.38 were released to Wang Hong Jun; the strategic goal deposit for 2016-2019 and rewards for achieving the strategic goal under the 13th Five-Year Plan of RMB701,874.92 (tax inclusive) were released to Sun Xin Tian; the strategic goal deposit for 2016-2019, rewards for achieving the strategic goal under the 13th Five-Year Plan of RMB752,394.53 (tax inclusive) and supplemental payment for the supplementary medical insurance premium of RMB761,410.62 were released to Qiao Guo Jie; the strategic goal deposit for 2016-2019, rewards for achieving the strategic goal under the 13th Five-Year Plan of RMB1,115,733.71 (tax inclusive) and supplemental payment for the supplementary medical insurance premium of RMB428,111.67 were released to Ding Peng; the strategic goal deposit for 2016-2019 and rewards for achieving the strategic goal under the 13th Five-Year Plan of RMB714,159.12 (tax inclusive) were released to Lu Yang; rewards for achieving the strategic goal under the 13th Five-Year Plan of RMB790,734.93 (tax inclusive) were released to Tan Jian Xin; rewards for achieving the strategic goal under the 13th Five-Year Plan of RMB854,110.26 (tax inclusive) were released to Fan Wei Hong; and rewards for achieving the strategic goal under the 13th Five-Year Plan of RMB896,664.36 (tax inclusive) were released to Ban Ze Feng.

Name	Major Work Experience
Cao Xin	Aged 50, Dr. Cao is currently a non-executive Director, chairman of the Company, deputy general manager and member of the Standing Committee of the Party Committee of Hebei Construction & Investment Group Co., Ltd.. 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, chairman and president of the Company, general manager of HECIC New Energy Co., Ltd, the assistant to the 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 59, 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, and the chairman and secretary of the Party committee of Hebei Construction & Investment Group Co., Ltd. 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.
Mei Chun Xiao	Aged 53, Mr. Mei joined the Group in August 2006, and is currently an executive Director, president and deputy 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 57, 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 47, Mr. Qin is currently a non-executive Director of the Company and assistant to the general manager and general manager of the Capital Operation Department of Hebei Construction & Investment Group Co., Ltd.. He obtained a master's degree in corporate management from Nankai University (南開大學) and is a 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 42, Mr. Wu joined the Group in June 2015, and is currently a non-executive Director of the Company and general manager of Investment Development Department of Hebei Construction & Investment Group Co., Ltd.. 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, 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 48, Mr. Guo is currently an independent non-executive Director of the Company, 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 Center 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 and studying for a doctoral degree in control theory and control engineering at Hebei University of Technology since September 2016. He was a visiting scholar at the University of Manchester from 13 August to 12 September 2011.

Name	Major Work Experience
Wan Yim Keung, Daniel	Aged 63, Mr. Wan is currently an independent non-executive Director of the Company, 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.
Lin Tao	Aged 51, Dr. Lin is currently an independent non-executive Director of the Company, 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 51, Ms. Gao is currently the chairman of the board of supervisors of the Company and general manager of the audit management department of Hebei Construction & Investment Group Co., Ltd.. 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 Hebei Construction & Investment Group Co., Ltd..
Qiao Guo Jie	Aged 59, Mr. Qiao is an employee representative supervisor of the Company, the deputy secretary to the Party committee, secretary of the disciplinary committee and chairman of the labor union.. He obtained a master's degree in business administration from Tianjin University. Mr. Qiao successively served as deputy secretary of the Party committee and the disciplinary committee, chairman of the labour union of HECIC New Energy.
Zhang Dong Sheng	Aged 61, Mr. Zhang is currently an independent supervisor of the Company, 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, United Kingdom.
Sun Xin Tian	Aged 57, Mr. Sun is currently a vice president of the Company. He obtained a master's degree in power engineering from Huabei Electricity University (華北電力大學) and is a 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 51, Ms. Ding 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). Ms. Ding successively served as deputy general manager-cum-chief accountant, chief accountant and financial manager of Hebei Natural Gas.

Name	Major Work Experience
Lu Yang	Aged 52, Mr. Lu 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). 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 42, Mr. Tan 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 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..
Fan Wei Hong	Aged 51, Ms. Fan 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). 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 44, Mr. Ban 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). 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 55, was appointed as the joint company secretary of the Company on 1 April 2010. She 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 of several companies listed on the Main Board and the Growth Enterprise Market 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	Hebei Construction & Investment Group Co., Ltd.	Standing Committee Member of the Party Committee	2010.04	–
Li Lian Ping	Hebei Construction & Investment Group Co., Ltd.	Deputy general manager	2014.01	–
Qin Gang	Hebei Construction & Investment Group Co., Ltd.	Chairman, deputy secretary of the Party committee	2015.09	–
Wu Hui Jiang	Hebei Construction & Investment Group Co., Ltd.	Assistant to the general manager, general manager of capital operation division	2015.04	–
Gao Jun	Hebei Construction & Investment Group Co., Ltd.	General manager of the Investment Development Department	2015.07	–
Explanatory notes of the employment status at shareholder entities	Nil	General manager of the Legal and Audit Department	2015.04	–

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.	Deputy chairman	2017.03	
Cao Xin	Mao Tian Capital Limited	Chairman	2016.09	
Cao Xin	Datang International Power Generation Co., Ltd.	Non-executive director	2013.06	
Cao Xin	Yanshan Development Limited Company	Director, General manager	2016.09	
Cao Xin	Yanshan International Investment Company Limited	Director, General manager	2016.09	
Li Lian Ping	HECIC Group Finance Company Limited	Director	2019.01	
Li Lian Ping	Jointo Energy Investment Co., Ltd. Hebei	Director	2017.07	
Li Lian Ping	Yanshan Development Limited Company	Chairman	2015.10	
Li Lian Ping	Yanshan International Investment Company Limited	Chairman	2015.10	
Mei Chun Xiao	HECIC New Energy Co., Ltd.	Chairman	2017.12	
Mei Chun Xiao	Hebei Natural Gas Company Limited	Chairman	2017.04	
Mei Chun Xiao	Hebei Jinjianjia Natural Gas Co., Ltd.	Deputy chairman	2017.08	
Mei Chun Xiao	Huihai Financial Leasing Co., Ltd.	Director	2017.05	
Mei Chun Xiao	Caofeidian Suntien Liquefied Natural Gas Co., Ltd.	Chairman	2018.03	
Mei Chun Xiao	Hebei Gas Co., Ltd.	Chairman, General manager	2018.12	
Mei Chun Xiao	HECIC New-energy Supply Chain Management Co., Ltd.	Chairman	2019.07	
Wang Hong Jun	Ruian Xin Yun New Energy Co., Ltd.	Chairman	2018.01	
Wang Hong Jun	Junan Suntien Wind Energy Co., Ltd.	Chairman	2013.09	
Wang Hong Jun	Fuliang Zhongling Suntien Green Energy Co., Ltd.	Chairman	2016.11	
Wang Hong Jun	Suntien Green Energy Xuyi Co., Ltd.	Chairman	2016.12	
Wang Hong Jun	Caofeidian Suntien Liquefied Natural Gas Co., Ltd.	Director	2018.03	
Wang Hong Jun	Hebei Fengning Pumped Storage Co., Ltd.	Deputy chairman	2019.06	
Wang Hong Jun	Hebei Gas Co., Ltd.	Director	2018.12	
Wang Hong Jun	Suntine Green Energy Lianyungang Co., Ltd.	Chairman	2018.07	
Wang Hong Jun	Hebei Fengning Construction & Investment New Energy Co., Ltd.	Chairman	2019.05	
Wang Hong Jun	Suntien Green Energy (Fengning) Co., Ltd.	Chairman	2019.05	
Wang Hong Jun	HECIC New-energy Supply Chain Management Co., Ltd.	Director	2019.07	
Wang Hong Jun	Chengde Dayuan New Energy Co., Ltd.	Deputy chairman	2019.05	

Name of employee	Name of other entity	Position in other entity	Commencement date of term of office	End date of term of office
Qin Gang	Mao Tian Capital Limited	Director, General manager	2016.10	
Qin Gang	Hebei Coastal Industry Investment Fund Management Co., Ltd.	Chairman	2017.04	
Qin Gang	Maotian (Beijing) Equity Investment Fund Management Co., Ltd.	Executive director	2017.06	
Qin Gang	Gaokang Capital Investment Management Company Limited	Deputy chairman	2018.09	
Qin Gang	HECIC Chuangfa Fund Management Co., Ltd.	Executive director	2017.07	
Qin Gang	Huihai Financial Leasing Co., Ltd.	Director	2017.05	
Qin Gang	Yanshan Development Limited Company	Director, Executive deputy general manager	2013.05	
Qin Gang	Yanshan International Investment Company Limited	Director, Executive deputy general manager	2013.05	
Qin Gang	Longxing Capital Limited	Chairman	2017.02	
Qin Gang	Jointo Energy Investment Co., Ltd. Hebei	Deputy chairman	2017.07	
Qin Gang	HECIC Water Investment Co., Ltd.	Director	2016.08	
Qin Gang	Lao Tonglian Mining Co., Ltd.	Director	2013.12	
Qin Gang	Hebei Asset Management Co., Ltd.	Director	2015.10	
Qin Gang	Yan Zhao Property Insurance Co., Ltd.	Director	2015.03	
Qin Gang	Beijing Qitian Innovation Investment Management Co., Ltd.	Chairman	2017.12	
Qin Gang	HECIC Southeast Asia Investment Co., Ltd.	Director	2016.10	
Qin Gang	CIC Huaxin Capital Co., Ltd.	Executive director	2014.05	
Qin Gang	HECIC Huatian Insurance Brokers Co., Ltd.	Director	2018.04	
Qin Gang	Caofeidian Suntien Liquefied Natural Gas Co., Ltd.	Director	2020.07	
Qin Gang	Hebei Financial Leasing Co., Ltd.	Director	2018.03	
Qin Gang	Hebei Construction & Investment Xiongan Construction & Development Co., Ltd.	Director	2020.11	
Wu Hui Jiang	Hebei Coastal Industry Investment Fund Management Co., Ltd.	Director	2015.03	
Wu Hui Jiang	Yanshan International Investment Company Limited	Director	2015.04	
Wu Hui Jiang	Mao Tian Capital Limited	Director	2016.09	
Wu Hui Jiang	Hebei Financing Investment Holding Group Co., Ltd.	Supervisor	2014.02	
Wu Hui Jiang	Yanshan Development Limited Company	Director	2015.04	
Wu Hui Jiang	Caofeidian Suntien Liquefied Natural Gas Co., Ltd.	Director	2020.07	
Wu Hui Jiang	HECIC Urbanization Construction & Development Co., Ltd.	Director	2018.07	
Wu Hui Jiang	Hebei Gas Co., Ltd.	Director	2018.12	
Guo Ying Jun	School of Electrical Engineering, Hebei University of Science and Technology	Tutor	2004.04	
Wan Yim Keung, Daniel	Haifu International Finance Holding Group Limited	Deputy chairman and Chief Executive Officer	2015.10	
Wan Yim Keung, Daniel	Bonjour Holdings Limited	Executive director	2016.03	
Lin Tao	School of Artificial Intelligence and Data Science of Hebei University of Technology	Tutor	1993.07	
Gao Jun	Hebei Water Supply Co., Ltd.	Director	2014.12	
Gao Jun	Mao Tian Capital Limited	Supervisor	2016.09	
Gao Jun	Hebei Relocation of Poverty Alleviation and Relocation Development and Investment Co., Ltd.	Supervisor	2016.03	
Qiao Guo Jie	Hebei Gas Co., Ltd.	Supervisor	2018.12	
Zhang Dong Sheng	School of Economics and Management, Hebei University of Technology	Tutor	1987.06	
Zhang Dong Sheng	Hebei Port Group Co., Ltd.	External director	2017.10	
Sun Xin Tian	HECIC New Energy Co., Ltd.	Director	2010.10	
Sun Xin Tian	HECIC Offshore Wind Power Co., Ltd.	Chairman	2011.01	
Sun Xin Tian	HECIC New-energy (Tangshan) Co., Ltd.	Chairman	2014.06	
Sun Xin Tian	Jianshui Suntien Wind Energy Co., Ltd.	Chairman	2012.07	
Sun Xin Tian	Guangxi Suntien Green Energy Co., Ltd.	Chairman	2014.10	
Sun Xin Tian	Fangchenggang Suntien Green Energy Co., Ltd.	Chairman	2014.10	
Sun Xin Tian	Hebei Gas Co., Ltd.	Deputy general manager	2018.12	
Sun Xin Tian	Suntien Green Energy (Shanglin) Co., Ltd.	Chairman	2019.04	

Name of employee	Name of other entity	Position in other entity	Commencement date of term of office	End date of term of office
Sun Xin Tian	Tibet Suntien Green Energy Co., Ltd.	Chairman	2019.01	
Sun Xin Tian	HECIC New Energy Supply Chain Management Co., Ltd.	Director	2019.07	
Ding Peng	Hebei Natural Gas Company Limited	Secretary of the Party committee, general manager	2013.03	
		Director	2010.03	
Ding Peng	Hebei Construction Investment Natural Gas Co., Ltd. of China Pipeline Network Corporation	Chairman	2018.04	
Ding Peng	Caofeidian Suntien Liquefied Natural Gas Co., Ltd.	Director	2018.03	
Ding Peng	PetroChina Jingtang Liquefied Natural Gas Co., Ltd.	Director	2013.08	
Ding Peng	Hebei Province Entrepreneur Association	Executive member	2013.06	
Ding Peng	Hebei Province Investment Association	Executive member	2013.03	
Ding Peng	Hebei Gas Co., Ltd.	Deputy general manager	2018.12	
Ding Peng	North China Natural Gas Pipeline Co., Ltd. of China Pipeline Network Corporation	Deputy chairman	2018.12	
Ding Peng	Suntien Liquefied Natural Gas Shahe Co., Ltd.	Chairman	2019.06	
Ding Peng	HECIC New Energy Supply Chain Management Co., Ltd.	Director	2019.07	
Lu Yang	Hebei Jinjianjia Natural Gas Co., Ltd.	Director, General manager	2015.04	
Lu Yang	Hebei Natural Gas Company Limited	Director	2014.01	
Lu Yang	Hebei Suntien Guohua Gas Co., Ltd.	Deputy chairman	2016.08	
Lu Yang	Yunnan Pushi Natural Gas Co., Ltd.	Chairman	2015.03	
Lu Yang	Tongdao Suntien Green Energy Co., Ltd.	Chairman	2015.07	
Lu Yang	Xingyang Suntien Wind Energy Co., Ltd.	Chairman	2014.07	
Lu Yang	Weihui Suntien Green Energy Co., Ltd.	Chairman	2015.07	
Lu Yang	Caofeidian Suntien Liquefied Natural Gas Co., Ltd.	Director, General manager	2018.03	
Lu Yang	Hebei Gas Co., Ltd.	Deputy general manager	2018.12	
Lu Yang	S&T International Natural Gas Trading Company Limited	Chairman of the board of directors, General manager	2019.08	
Lu Yang	Huludao Liaohe Oil Field Gas Co., Ltd.	Director	2017.10	
Lu Yang	HECIC New Energy Supply Chain Management Co., Ltd.	Director, General manager	2019.07	
Tan Jian Xin	HECIC New Energy Co., Ltd.	Director, General manager	2017.12	
Tan Jian Xin	Suntien Green Energy Investment (Beijing) Co., Ltd.	Chairman	2019.06	
Tan Jian Xin	Heilongjiang Suntien Hadian New Energy Investment Co., Ltd.	Chairman	2019.06	
Tan Jian Xin	Chaoyang Suntien New Energy Co., Ltd.	Chairman	2019.06	
Tan Jian Xin	Harbin Ruifeng New Energy Co., Ltd.	Chairman	2019.06	
Tan Jian Xin	Wuchuan Mengtian Wind Energy Co., Ltd.	Chairman	2016.11	
Tan Jian Xin	Keyouqianqi Suntien Wind Energy Co., Ltd.	Chairman	2016.05	
Tan Jian Xin	Suntien Hebei Solar Energy Development Co., Ltd.	Chairman	2019.06	
Tan Jian Xin	Lulong County Liuyin Photovoltaic Power Co., Ltd.	Chairman	2019.04	
Tan Jian Xin	Suntien Hebei Power Sale Co., Ltd.	Chairman	2019.09	
Tan Jian Xin	Tailai Suntien Green Energy Co., Ltd.	Chairman	2019.06	
Tan Jian Xin	Tai'an Sanglin Wind Power Generation Co., Ltd.	Chairman	2019.09	
Fan Wei Hong	HECIC New Energy Co., Ltd.	Chairman of the board of supervisors	2017.12	
Fan Wei Hong	HECIC Group Finance Company Limited	Director	2015.12	
Fan Wei Hong	Caofeidian Suntien Liquefied Natural Gas Co., Ltd.	Supervisor	2018.03	
Fan Wei Hong	Hebei Natural Gas Company Limited	Chairman of the board of supervisors	2018.04	
Fan Wei Hong	Huihai Financial Leasing Co., Ltd.	Director	2017.05	
Fan Wei Hong	Hebei Gas Co., Ltd.	Chief accountant	2018.12	
Fan Wei Hong	Ruoqiang Suntien Green Energy Co., Ltd.	Chairman	2019.05	
Fan Wei Hong	Hejing Suntien Green Energy Co., Ltd.	Chairman	2019.07	
Fan Wei Hong	Fuping Jixin Suntien Green Energy Co., Ltd.	Chairman	2019.06	
Fan Wei Hong	Hebei New-energy Supply Chain Management Co., Ltd.	Supervisor	2019.07	
Ban Ze Feng	HECIC New Energy Co., Ltd.	Director	2017.12	

Name of employee	Name of other entity	Position in other entity	Commencement date of term of office	End date of term of office
Ban Ze Feng	Hebei Natural Gas Company Limited	Director	2017.04	
Ban Ze Feng	Suntien Green Energy (Hong Kong) Corporation Limited	Chairman	2017.06	
Ban Ze Feng	Hebei Jinjianjia Natural Gas Co., Ltd.	Director	2017.08	
Ban Ze Feng	Huihai Financial Leasing Co., Ltd.	Chairman of the board of supervisors	2017.05	
Ban Ze Feng	Shenzhen Suntien Green Energy Investment Co., Ltd.	Chairman	2019.06	
Ban Ze Feng	International Wind Farm Development V Limited	Chairman	2019.08	
Explanation of the 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

☐ Applicable ☒ Not Applicable

(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 general meeting	Resolutions
The twenty-first extraordinary meeting of the fourth session of the board of directors	2021.03.05	<p>The following resolutions were considered and approved:</p> <ol style="list-style-type: none"> 1. "Resolution on the Company Satisfying the Conditions for Non-public Issuance of A Shares" 2. "Resolution on the Issuance Plan for the Non-public Issuance of A Shares by the Company" 3. "Resolution on the Proposed Non-public Issuance of A Shares of the Company" 4. "Resolution on the Entering into of the Conditional Subscription Agreement and the Related Party Transaction between the Company and Hebei Construction & Investment Group Co., Ltd." 5. "Resolution on the Feasibility Analysis Report on the Use of Proceeds from the Non-public Issuance of A Shares of the Company" 6. "Resolution on the Report on the Use of the Previously-Raised Proceeds of the Company" 7. "Resolution on the Dilution of Current Returns, Adoption of Remedial Measures and Related Subject Undertakings of the Non-public Issuance of A Shares" 8. "Resolution on the Shareholders' Return Plan for the Next Three Years (2021-2023) Upon the Non-public Issuance" 9. "Resolution on Seeking General Meeting's Approval on Exempting the Controlling Shareholder from Increasing the Company's Shares by way of Tender Offer" 10. "Resolution on the Authorization to the Board and its Authorized Persons by the General Meeting to Handle Matters, at their Full Discretion, regarding the Non-public Issuance of A Shares" 11. "Resolution on Establishing Independent Board Committee and Engaging Independent Financial Adviser" 12. "Resolution on Special Mandate" 13. "Resolution on Establishing the Special Account for Proceeds Raised from the Non-public Issuance of A Shares" 14. "Resolution on Convening the Second Extraordinary General Meeting, the Second A Share Class Meeting and the Second H Share Class Meeting in 2021"

Session	Date of general meeting	Resolutions
The eighth meeting of the fourth session of the board of directors	2021.03.19	<p>The following resolutions were considered and approved:</p> <ol style="list-style-type: none"> 1. "Resolution on the 2020 Work Report of the Board of Directors of the Company" 2. "Resolution on the 2020 Performance Report of the Audit Committee of the Company" 3. "Resolution on the 2020 Work Report of the Independent Directors of the Company" 4. "Resolution on the 2020 Work Report of the President of the Company" 5. "Resolution on the 2020 Operation Activities Analysis Report of the Company" 6. "Resolution on the 2020 Internal Audit and Risk Management Work Report of the Company" 7. "Resolution on the 2020 Financial Report of the Company" 8. "Resolution on the Report on the 2020 Final Accounts of the Company" 9. "Resolution on the Provision for Impairment Loss in 2020" 10. "Resolution on the 2020 Profit Distribution Proposal of the Company" 11. "Resolution on the Placement and Actual Use of the Proceeds of the Company for 2020" 12. "Resolution on the Appointment of the Audit Institution for the Company's Financial Report and Internal Control for 2021" 13. "Resolution on the Report on the Use of the Previously-Raised Proceeds of the Company" 14. "Resolution on the Estimated Related Party Transactions to be Conducted in the Ordinary Course of Business in 2021" 15. "Resolution on Buying Liability Insurance for the Directors, Supervisors and Senior Management of the Company" 16. "Resolution on Amending the Articles of Association of the Company" 17. "Resolution on Authorizing the Board of Directors to Exercise General Mandate to Issue Shares" 18. "Resolution on the 2020 Annual Report Summary and Report, Result Announcement, Corporate Social Responsibility Report and ESG Report" 19. "Resolution on Requesting to Convene the 2020 Annual General Meeting"
The twenty-second extraordinary meeting of the fourth session of the board of directors	2021.04.27	"Resolution on the Provision of Guarantee of RMB140 million for Hebei Suntien Guohua Gas Co., Ltd. by the Company based on the Proportion of Shareholding" was considered and approved
The twenty-third extraordinary meeting of the fourth session of the board of directors	2021.04.29	"Resolution on the 2021 First Quarterly Report of the Company" was considered and approved
The ninth meeting of the fourth session of the board of directors	2021.06.25	"Resolution on Reviewing the Production and Operation Activities Analysis of the Company in the First Quarter of 2021" was considered and approved
The twenty-fourth extraordinary meeting of the fourth session of the board of directors	2021.08.20	<p>The following resolutions were considered and approved:</p> <ol style="list-style-type: none"> 1. "Resolution on the Tenure System and Contractual Management Plan of the Company's Management" 2. "Resolution on Supplemental Agreement to the Natural Gas Purchase and Sale Contract for 2021 - 2022 Entered into between Hebei Natural Gas Company Limited and PetroChina Company Limited, Natural Gas Sales Hebei Branch"

Session	Date of general meeting	Resolutions
The tenth meeting of the fourth session of the board of directors	2021.08.25	<p>The following resolutions were considered and approved:</p> <ol style="list-style-type: none"> 1. "2021 President Interim Work Report" 2. "Resolution on the Production and Operation Activities Analysis of the Company in the First Half Year of 2021" 3. "Resolution on Reviewing the 2021 Comprehensive Risk Management Report" 4. "Resolution on Increasing the Registered Capital of Caoheidian Suntien Liquefied Natural Gas Co., Ltd. by RMB407.49 million by the Company based on the Proportion of Shareholding" 5. "Resolution on the Placement and Actual Use of the Proceeds for First Half of 2021" 6. "Resolution on Realizing the 2020 Annual Remuneration of Management of the Company" 7. "Resolution on Rewarding the Company's Management for Achieving the Strategic Goal under the 13th Five-Year Plan" 8. "Resolution on Amending the Regulation on President Work Management, Regulation on H Shares Connected Transaction Management and Regulation on the Control and Decision-making of Related Party Transactions of A Shares" 9. "Resolution on Reviewing the Interim Results Announcement and Report as at 30 June 2021 and Summary and Report of 2021 Interim Report"
The twenty-fifth extraordinary meeting of the fourth session of the board of directors	2021.09.27	<p>The following resolutions were considered and approved:</p> <ol style="list-style-type: none"> 1. "Resolution on the Application of a Standby Letter of Credit from a Bank and Provision of a Joint and Several Liability Guarantee by Hebei Natural Gas Company Limited for S&T International Natural Gas Trading Company Limited" 2. "Resolution on Convening the 2021 Third Extraordinary General Meeting of the Company"
The twenty-sixth extraordinary meeting of the fourth session of the board of directors	2021.10.28	<p>The following resolutions were considered and approved:</p> <ol style="list-style-type: none"> 1. "Resolution on Reviewing the 2021 Third Quarterly Report of the Company" 2. "Resolution on the Renewal of the Master Tenancy Agreement between the Company and Hebei Construction & Investment Group Co., Ltd." 3. "Resolution on the Renewal of Financial Services Framework Agreement between the Company and HECIC Group Finance Company Limited" 4. "Resolution on Engaging Gram Capital Limited as Independent Financial Adviser of the Company" 5. "Resolution on Reviewing the Measures on Assessing Project Construction Target and Administrative Measures on Construction Subsidy for Construction Projects" 6. "Resolution on Requesting to Convene the 2021 Fourth Extraordinary General Meeting"
The twenty-seventh extraordinary meeting of the fourth session of the board of directors	2021.12.08	<p>The following resolutions were considered and approved:</p> <ol style="list-style-type: none"> 1. "Resolution on the LNG Purchase and Sale Agreement Entered into between S&T International Natural Gas Trading Company Limited and Qatar Liquefied Gas Company Limited (2)" 2. "Resolution on Realizing the Strategic Goal Deposit for the Company's Management under the 13th Five-Year Plan"
The eleventh meeting of the fourth session of the board of directors	2021.12.24	<p>The following resolutions were considered and approved:</p> <ol style="list-style-type: none"> 1. "Resolution on Reviewing the Production and Operation Activities Analysis of the Company in the Third Quarter of 2021" 2. "Resolution on Amending the Regulation on Administrating Environmental, Social and Governance (ESG) and Social Responsibility and Regulation on Administrating Seal of the Board of Directors"

VI. DIRECTORS' DUTIES PERFORMANCE

(I) Directors' Attendance at Board Meetings and General Meetings

Name of Director	Whether or not he or she is an independent non-executive 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	Times of absence		Times of attendance in general meetings
Cao Xin	No	11	11	11	0	0	No	0
Li Lian Ping	No	11	11	11	0	0	No	0
Mei Chun Xiao	No	11	11	4	0	0	No	5
Wang Hong Jun	No	11	11	3	0	0	No	5
Qin Gang	No	11	11	9	0	0	No	1
Wu Hui Jiang	No	11	11	9	0	0	No	0
Guo Ying Jun	Yes	11	11	9	0	0	No	3
Wan Yim Keung, Daniel	Yes	11	11	11	0	0	No	0
Lin Tao	Yes	11	11	11	0	0	No	0

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

☐ Applicable ☒ Not Applicable

Number of Board meetings convened during the year	11
Including: number of meetings on-site	0
Number of meetings held by teleconference	3
Number of meetings held both on-site and by teleconference	8

(II) Disagreement of the Directors with the Company

☐ Applicable ☒ Not Applicable

(III) Others

☐ Applicable ☒ Not Applicable

VII. DEDICATED COMMITTEES OF THE BOARD

(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, Mei Chun Xiao, Guo Ying Jun, Wan Yim Keung, Daniel
Strategy Committee	Cao Xin, Mei Chun Xiao, Wang Hong Jun, Qin Gang, Wu Hui Jiang

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

Date of meeting	Matters of the meeting	Important comments and suggestions	Other particulars of performance of duties
2021.03.05	The "Resolution on the Issuance Plan for the Non-public Issuance of A Shares by the Company", "Resolution on the Proposed Non-public Issuance of A Shares of the Company", "Resolution on the Entering into of the Conditional Subscription Agreement and the Related Party Transaction between the Company and Hebei Construction & Investment Group Co., Ltd.", "Resolution on the Feasibility Analysis Report on the Use of Proceeds from the Non-public Issuance of A Shares of the Company", and "Resolution on the Report on the Use of the Previously-Raised Proceeds of the Company" were considered and approved	Agreed to propose the resolutions to the Board of the Company for consideration	
2021.03.19	All attending members listened carefully to Ernst & Young's report on the audited result of the Company for 2020 and concurred with its content. The "Resolution on the 2020 Performance Report of the Audit Committee of the Company", "Resolution on the 2020 Internal Audit and Risk Management Work Report of the Company", "Resolution on the Estimated Related Party Transactions to be Conducted in 2021", "Resolution on the 2020 Annual Report of the Company", "Resolution on the Appointment of the Audit Institution for the Company's Financial Report and Internal Control for 2021" were considered and approved	Agreed to propose the resolutions to the Board of the Company for consideration	
2021.04.27	The "Resolution on the Provision of Guarantee of RMB140 million for Hebei Suntien Guohua Gas Co., Ltd. by the Company based on the Proportion of Shareholding" was considered and approved	Agreed to propose the resolution to the Board of the Company for consideration	
2021.04.29	The "Resolution on the 2021 First Quarterly Report of the Company" was considered and approved	Agreed to propose the resolution to the Board of the Company for consideration	
2021.08.25	All attending members listened carefully to Ernst & Young's report on the 2021 interim agreed-upon procedures of the Company and concurred with its content	Agreed on the 2021 interim agreed-upon procedures of the Company	
2021.09.27	The "Resolution on the Application of a Standby Letter of Credit from a Bank and Provision of a Joint and Several Liability Guarantee by Hebei Natural Gas Company Limited for S&T International Natural Gas Trading Company Limited" was considered and approved	Agreed to propose the resolution to the Board of the Company for consideration	
2021.10.28	The "Resolution on Reviewing the 2021 Third Quarterly Report of the Company" and "Resolution on the Renewal of Financial Services Framework Agreement between the Company and HECIC Group Finance Company Limited" were considered and approved	Agreed to propose the resolutions to the Board of the Company for consideration	
2021.12.15	All attending members listened carefully to Ernst & Young's report on the audit plan of the Company for 2021 and concurred with its content	Agreed on the arrangement for the audit plan for 2021	

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

Date of meeting	Matters of the meeting	Important comments and suggestions	Other particulars of performance of duties
2021.08.20	The "Resolution on the Tenure System and Contractual Management Plan of the Company's Management" was considered and approved	Agreed to propose the resolution to the Board of the Company for consideration	
2021.08.25	The "Resolution on Realizing the 2020 Annual Remuneration of Management of the Company" and "Resolution on Rewarding the Company's Management for Achieving the Strategic Goal under the 13th Five-Year Plan" were considered and approved	Agreed to propose the resolutions to the Board of the Company for consideration	
2021.12.08	The "Resolution on Realizing the Strategic Goal Deposit for the Company's Management under the 13th Five-Year Plan" was considered and approved	Agreed to propose the resolution to the Board of the Company for consideration	

(4). The Strategy 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
2021.03.05	The "Resolution on the Issuance Plan for the Non-public Issuance of A Shares by the Company" and "Resolution on the Proposed Non-public Issuance of A Shares of the Company" were considered and approved	Agreed to propose the resolutions to the Board of the Company for consideration	

(5). Particulars of disagreements

☐ Applicable ☒ Not Applicable

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 2021, the Group had a total of 2,489 employees under labour contracts, of whom 2,159 were male and 330 were female, with an average age of 33.4.

Number of employee in-service in the parent company	60
Number of employee in-service in the major subsidiaries	2,429
Total number of employee in-service	2,489
Number of employees retired whose expense are borne by the parent company and its major subsidiaries	12
Composition of professions	
Type of profession	Number of staff
Production staff	1,311
Sales staff	47
Technical staff	262
Finance staff	114
Administrative staff	596
Management staff	159
Total	2,489
Education level	
Type of education level	Number of persons
Master graduates of above	268
University graduates	1,482
College graduates	638
Below college graduates	101
Total	2,489

(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 labor 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, the Group adopted the "mix of internal promotion and external recruitment" method, focused on promoting the recruitment and implementation of project personnel with innovative talent acquisition methods to satisfy the Company's needs of talents through diversified and multiple channels such as market-based selection and recruitment, so as to provide human resources support and guarantee for the business development of the Group, as well as provide more career prospects for internal staff and also recruit high calibre talents to join the Group.

4. *Human resources development and management*

In 2021, 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 labor usage and social insurance management in strict compliance with the relevant laws and regulations, including the "Labor Law" and the "Labor 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 a collective wage agreement and standardized the staff profile management to clarify the approach towards labor relations and to enable the continued maintenance of stable and harmonious labor 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.

1. The Group actively promoted the various talent training programs of the Company. The Group actively implemented the Company's three-year (2019-2021) 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" during the COVID-19 outbreak in 2021. It managed to fight the epidemic without stopping learning to empower and strengthen employees. Among them, the leadership enhancement training for middle and senior management personnel in 2021 focused on benchmarking the advanced experience of talent cultivation and risk prevention and control of Towngas China, and learning about the strategies and practices of SPIC New Energy's digital transformation, which strongly promoted the enhancement of organization and leadership capability of the Company's middle-level and senior personnel.
2. The Group focused on conducting online courses and made effort in creating a course portfolio with Suntien characteristic. In 2021, Suntien's online courses play an important role in the digital transformation of the Company's talent cultivation and development. The platform combined online and offline to empower new employees, new managers, internal trainers, legal affairs and middle-level and senior management personnel through multiple learning programs, and has built its own internal courses in nine categories, including Party building, Party and mass, human resources and appraisal and evaluation.
3. The Group established an institutionalized management mechanism for the training of newly appointed management personnel. Newly appointed middle-level management personnel of the Company's headquarters and leaders of first-class management units will join online periodic courses in the month following their appointment, which are included in the probation appraisal.
4. The Group promoted in-depth the building of the internal trainer system, precipitating, extracting and promoting the Company's excellent experience. The Group also conducted Microlecture Development Workshop and the online "Intelligent co-creation of Suntien", the second Microlecture Competition. The Group collected a number of micro-lectures and included them in the internal knowledge base of the Company's online lectures. The "Passing on the fire, the capable are the teachers", the first internal trainer skills competition in 2021 was held. Simultaneous online live streaming of online classes was arranged. The system's contestants produced their own high-quality courses, demonstrating the good spirit of Suntien's internal trainers.

(IV) Labour outsourcing

☐ Applicable ☒ Not Applicable

X. PROPOSAL FOR PROFIT DISTRIBUTION OR TRANSFER OF CAPITAL RESERVE TO SHARE CAPITAL

(I) Formulation, Implementation or Adjustment of Cash Dividend Policy

According to the "Articles of Association" and the "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(新天綠色能源股份有限公司首次公開發行A股股票並上市後三年的股東分紅回報規劃)" 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 of directors shall propose differentiated cash dividend policies, after taking into full consideration the characteristics of the industry in which the Company operates, the stage of development, the business model, profitability and 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 the stage of development of the Company is difficult to identify and having arrangements for significant capital expenses, in making profit distribution, cash dividends shall account for at least 20% of the total profit to be 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.

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 of minority shareholders, prepare a distribution proposal and submit it directly to the board of directors 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) In the event that any adjustment or change of the policy of cash dividends of the Company indeed required, protection of the interests of the shareholders shall be first considered. The board of directors shall thoroughly discuss the reasonableness of the adjustment or change to the profit distribution plan and pass a specific resolution before submission to the shareholders' meeting for consideration. When such resolution is considered at the shareholders' meeting, it shall be passed by shareholders holding more than 2/3 voting rights of all 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.

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 that has not been distributed for the year can be carried forward for distribution in subsequent years. The profit distribution by the Company shall neither exceed the total distributable profit nor affect the Company's ability to continue as a going concern.

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 a mature stage and has no arrangement for significant capital expenses, when making profit distribution, the Company shall distribute cash dividend accounting for at least 80% of the total dividends distributed;
- (b) If the Company is at a mature stage and has arrangements for significant capital expenses, when making profit distribution, the Company shall distribute cash dividend accounting for at least 40% of the total dividends distributed;
- (c) If the Company is at a growth stage and 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;
- (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" means that the total expenses of the Company in proposed external investments, acquisition of assets or purchase of equipment and buildings for the next twelve months reach or exceed 20% of the latest audited net assets of the Company and are more than 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.

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 proposed and prepared by the Board of the Company 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, subject to the consideration and approval by the Board, will be submitted to the general 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. When considering the profit distribution plan at the general meeting, the shareholders shall be provided with the method of online voting, or the Board, independent directors and shareholders satisfying the relevant conditions may solicit voting proxy 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 for cash dividends set out in the Articles of Association, if the Company is facing material investment opportunity, great prospects for investment, significant capital needs or other special circumstances, and the Company does not desire to implement the cash dividend proposal for the time being, the Board of the Company shall give specific explanation of the specific reason for no distribution of cash dividends, the purpose and plan of uses of funds that would otherwise be 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.

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 2021 profit distribution proposal and opinions of independent Directors*

In 2021, the Company's net profit attributable to shareholders of parent company was RMB2,160,133,969.16 and undistributed profits were RMB6,316,513,894.20 as presented in the audited consolidated statements. The Company proposes to distribute a cash dividend of RMB1.67 (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 2021 profit distribution proposal was approved, being 4,187,093,073 shares, the total cash dividend will amount to RMB699,244,543.19. 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 32.37% of the net profit attributable to shareholders of parent company in the Company's consolidated statements for 2021.

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 2021 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 (《上市公司監管指引第3號-上市公司現金分紅》) 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 (《中華人民共和國企業所得稅法》) 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 organizations 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 (《關於公佈全文失效廢止、部分條款失效廢止的稅收規範性文件目錄的公告》) 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) (《關於外商投資企業、外國企業和外籍個人取得股票(股權)轉讓收益和股息所得稅收問題的通知》(國稅發[1993]045號)) issued by the State Taxation Administration, whilst pursuant to the letter titled Tax Arrangements on Dividends Paid to Hong Kong Residents by Mainland Companies (《有關香港居民就內地企業派發股息的稅務安排》) 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) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅征管問題的通知》(國稅函[2011]348號)), 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.

Subject to the approval of the 2021 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 August 2022. 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 therefor and the use and plan of use of the undistributed profits

☐ Applicable ☒ Not Applicable

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, based on its stringent internal control system established in strict compliance with the requirements of the CSRC, the Shanghai Stock Exchange, the Company Law, the Articles of Association and other laws and regulations, the Company continued to improve and refine 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, Hebei Natural Gas, a subsidiary of the Group, acquired a new controlled subsidiary, namely Xingtai Tianhongxiang Gas Co., Ltd. Such company completed the transfer of relevant assets, personnel and finance in April 2021 and has been consolidated into the Group's management system. Currently, it maintains normal operation.

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 2021 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 Strategy 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 eight meetings, at which the following resolutions were respectively reviewed and approved:

- (1) On 5 March 2021, the "Resolution on the Issuance Plan for the Non-public Issuance of A Shares by the Company", "Resolution on the Proposed Non-public Issuance of A Shares of the Company", "Resolution on the Entering into of the Conditional Subscription Agreement and the Related Party Transaction between the Company and Hebei Construction & Investment Group Co., Ltd.", "Resolution on the Feasibility Analysis Report on the Use of Proceeds from the Non-public Issuance of A Shares of the Company" and "Resolution on the Report on the Use of the Previously-Raised Proceeds of the Company" were considered and approved.
- (2) On 19 March 2021, all attending members listened carefully to Ernst & Young's report on the audited result of the Company for 2020 and concurred with its content. The "Resolution on the 2020 Performance Report of the Audit Committee of the Company", "Resolution on the 2020 Internal Audit and Risk Management Work Report of the Company", "Resolution on the Estimated Related Party Transactions to be Conducted in 2021", "Resolution on the 2020 Annual Report of the Company", "Resolution on the Appointment of the Audit Institution for the Company's Financial Report and Internal Control for 2021" were considered and approved.

- (3) On 27 April 2021, the "Resolution on the Provision of Guarantee of RMB140 million for Hebei Suntien Guohua Gas Co., Ltd. by the Company based on the Proportion of Shareholding" was considered and approved.
- (4) On 29 April 2021, the "Resolution on the 2021 First Quarterly Report of the Company" was considered and approved.
- (5) On 25 August 2021, all attending members listened carefully to Ernst & Young's report on the 2021 interim agreed-upon procedures of the Company and concurred with its content.
- (6) On 27 September 2021, the "Resolution on the Application of a Standby Letter of Credit from a Bank and Provision of a Joint and Several Liability Guarantee by Hebei Natural Gas Company Limited for S&T International Natural Gas Trading Company Limited" was considered and approved.
- (7) On 28 October 2021, the "Resolution on Reviewing the 2021 Third Quarterly Report of the Company" and "Resolution on the Renewal of Financial Services Framework Agreement between the Company and HECIC Group Finance Company Limited" were considered and approved.
- (8) On 15 December 2021, all attending members listened carefully to Ernst & Young's report on the audit plan of the Company for 2021 and concurred with its content.

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 2021 and 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 (the chairman of the Board and a non-executive Director), Mr. Mei Chun Xiao (an 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, three meetings were convened by the Remuneration and Appraisal Committee and all members attended the meeting, at which the following resolutions were considered and approved:

- (1) On 20 August 2021, the "Resolution on the Tenure System and Contractual Management Plan of the Company's Management" was considered and approved.
- (2) On 25 August 2021, the "Resolution on Realizing the 2020 Annual Remuneration of Management of the Company" and the "Resolution on Rewarding the Company's Management for Achieving the Strategic Goal under the 13th Five-Year Plan" were considered and approved.
- (3) On 8 December 2021, the "Resolution on Realizing the Strategic Goal Deposit for the Company's Management under the 13th Five-Year Plan" was considered and approved.

In addition to attending meetings, members maintain close and effective communication amongst themselves through channels such as e-mail and electronic communications to ensure the discharge of the duties.

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.

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, no meeting was convened by the Nomination Committee and members maintained close and effective communication with each other through various means such as mail and electronic communication to ensure proper performance of duties.

4. Strategy and Investment Committee

During the Reporting Period, the Strategy and Investment Committee of the Company consisted of five Directors, namely Dr. Cao Xin (a non-executive Director) served as the chairman of the Strategy and Investment Committee, Mr. Mei Chun Cio (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 Strategy and Investment Committee.

Pursuant to the Terms of Reference of the Strategy and Investment Committee, the major responsibilities of the Strategy 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, one meeting was convened by the Strategy and Investment Committee and all members attended the meeting for the discussion and approval of the "Resolution on the Issuance Plan for the Non-public Issuance of A Shares by the Company" and the "Resolution on the Proposal for Non-public Issuance of A Shares of the Company".

(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.

During the Reporting Period, the Nomination Committee reviewed the composition of the fourth 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.

Item	Category	Number	Proportion to
			Board members (%)
Gender	Male	9	100
	Female	0	0
Age	30 to 40	0	0
	41 to 50	4	44.4
	51 to 60	4	44.4
	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
	Above 3 (3 inclusive)	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 2021.

(IV) RISK MANAGEMENT AND INTERNAL CONTROLS

In 2021, 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 improved and the Material Risk Warning Indicators Control Report was completed on a quarterly basis.

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 to reduce the risk exposure, thereby keeping the risks and hidden dangers which have an impact on the operation of the Company under control.

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 2021, the Group created 18 separate business segment data banks such as the Administrative Informatization Data Bank and Financial Accounting Data Bank according to the types of business operations of the Company, for the incorporation of 315 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 2021. 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 2021, 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 RMB2.52 million, interim agreed-upon procedures fees of RMB1.05 million, internal control and audit fees of RMB0.75 million, special explanation and forensic report fees of RMB0.53 million, ESG report and other fees of RMB0.55 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.

(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 headquarter 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.

(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 publishes financial information, annual reports, interim reports 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 2020 annual general meeting on 14 May 2021 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 and class meetings on 8 February 2021, 23 April 2021, 21 October 2021 and 14 December 2021 respectively, at which resolutions in relation to the Company's Distribution of Dividends for 2020, Non-public Issuance of A Shares and Renewal of Financial Services Framework Agreement, were respectively considered and voted on by poll. All resolutions were passed.

(VIII) INVESTOR RELATIONS

As at 31 December 2021, 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 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, in order to further improve the procedures for convening general meetings of the Company, amendments were made to Article 68 of the Articles of Association in relation to the provisions of notice period for general meetings. The amendments were considered and approved at the 2020 annual general meeting of the Company held on 14 May 2021, details of which are set out in the relevant announcements published by the Company on the Hong Kong Stock Exchange and the SSE.

I. ENVIRONMENTAL INFORMATION

- (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*

☐ Applicable ☒ Not Applicable

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 transformer oil, waste hydraulic oil and waste lubricant of wind farms as well as waste fluid from compressors and gas odorant waste barrels of gas companies are commissioned to qualified entities with relevant experience, and hazardous waste disposal agreements are signed. Relevant enterprises under the Group have formulated environmental emergency plans which are filed to environmental protection authorities.

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

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

II. SOCIAL RESPONSIBILITY COMMITMENTS

In 2021, the Company generated a total of 13,635 million kWh of green electricity, which is equivalent to avoidance of 11.3443 million tons of carbon dioxide emissions (approximately 832 g of carbon dioxide per kWh of thermal power generation nationwide), approximately 2,181.60 tons of sulfur dioxide emissions (approximately 0.160 g of sulfur dioxide per kWh of thermal power generation nationwide), approximately 2,440.67 tons of nitrogen oxide emissions (approximately 0.179 g of nitrogen oxide per kWh of thermal power generation nationwide) and 436.32 tons of dust emissions (approximately 0.032 g of soot per kWh of thermal power generation nationwide).

In 2021, in order to fulfill its social responsibility, support charity undertakings and demonstrate its commitment as a state-owned enterprise, the Company donated teaching materials to the Horqin Right Front Banner Habuer School (科右前旗哈布爾學校) in the territory of Keerqin Right Front Banner, Xingan Alliance to meet the daily teaching needs of the school. HECIC New Energy organized blood donation, visiting veterans and centenarians. Hebei Natural Gas made donations to 3 poor students in Pingshan County, Shijiazhuang, so that they could continue their education. HECIC Offshore Wind Power Co., Ltd. (河北建投海上風電有限公司), a subsidiary of the Company, carried out voluntary service activities for the solitary elderly in Yanggezhuang Town, Leting County, Tangshan, and carried out the "Flight Protection Initiative" (護飛行動) at the Daqing River Wildlife Rescue Station. Caofeidian Company carried out support and construction activities at the local Jingshan School and visited two poor students, organized Party members to visit senior citizen apartments and participated in the "Heart for the Epidemic Front Line – Helping Prevention and Control" (心繫疫線·助力防控) visit activity, visiting community workers and Party volunteers who were on the front line of epidemic prevention, sending them daily supplies and delivering the most sincere respect and concern to the comrades on the "front line of epidemic prevention".

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

1. The general election of the “two committees” of Leguo Village was successfully completed with the help of the resident teams

In the first half of 2021, members of the Company's resident teams actively participated in the survey for the election of a new session of the “two committees” of Leguo Village, Huangqi Town, Fengning Manchu Autonomous County, Hebei Province, communicating with party members and representatives of the public to clarify priorities, unify minds and raise awareness to make sure that general election of the “two committees” of Leguo Village would be successfully completed.

2. Carried out archiving work in the final stage of poverty alleviation battle

Following the requirements of the Fengning Manzu Autonomous County Poverty Alleviation and Development Leading Group Office, in order to further improve the file standardization management of poverty alleviation battle at all levels, and with the attitude of being responsible to history and to the people, the Company collected, organized and managed the material and handed over the files for poverty alleviation battle in accordance with the required timeframe.

3. Assisted with the “two committees” of Leguo Village to carry out prevention and control of pandemic

The Company's resident teams, in collaboration with the “two committees” of Leguo Village, further intensified the prevention and control of the COVID-19 pandemic by strictly implementing the requirements of various departments at all levels regarding the prevention and control of the pandemic, strived to achieve strict management and control by carrying out temperature testing, registration and disinfection of people and vehicles entering and leaving the village, while making the vaccination work a top priority at the moment and unswervingly making every effort to carry out vaccination work.

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.

I. PERFORMANCE OF UNDERTAKINGS

- (1) Undertakings made by relevant parties such as the de facto 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 effective	No	Yes	/	/
	Others	the Company	True, accurate and complete disclosures in the Prospectus	Long-term effective	No	Yes	/	/
	Others	HECIC	True, accurate and complete disclosures in the Prospectus	Long-term effective	No	Yes	/	/
	Others	Directors, supervisors and senior management	True, accurate and complete disclosures in the Prospectus	Long-term effective	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 effective	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 effective	No	Yes	/	/
	Others	The Company	Measures to be taken if undertakings disclosed in the Prospectus fail to be performed	Long-term effective	No	Yes	/	/
	Others	HECIC	Measures to be taken if undertakings disclosed in the Prospectus fail to be performed	Long-term effective	No	Yes	/	/
	Others	Directors, supervisors and senior management	Measures to be taken if undertakings disclosed in the Prospectus fail to be performed	Long-term effective	No	Yes	/	/
	Others	HECIC	Avoiding horizontal competition	Long-term effective	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 effective	No	Yes	/	/

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

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 Company 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 for changes in contracts or leases due to benchmark rate reform

According to Accounting Standards for Business Enterprises – Interpretation No. 14, only when changes in the basis for determining the contractual cash flows of financial assets or financial liabilities accounted for using the effective interest rate method are directly arisen the benchmark interest rate reform and such basis for determination is economically equivalent before and after the changes, the Group will recalculate the effective interest rate based on the future cash flows after the changes and use such basis for subsequent measurement. Since 1 January 2021, the Group has accounted for relevant amounts in accordance with the above-mentioned requirements. In accordance with the requirement for transition, the information of comparable periods has not been adjusted and the difference between the amount on the first day of implementation of the above-mentioned requirements and the prevailing standards has been included in retained earnings or other comprehensive income at the beginning of the current year. During the year, the change in such accounting policy had no impact on the consolidated and the Company's net profit and owners' equity.

(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	2,520,000.00
Number of years of service of domestic auditor	2
Name of overseas auditor	Ernst & Young Hua Ming LLP
Remuneration of overseas auditor	-
Number of years of service of overseas auditor	2

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

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

Summary and type of event	Index for details
Regarding the cancellation of arbitration award between Laiyuan and United Power, in February 2021, the Company received a civil ruling made by Shijiazhuang Intermediate People's Court of Hebei Province, which rejected United Power's application.	For details, please refer to the relevant announcement published by the Company on the website of the SSE (www.sse.com.cn) on 20 February 2021 (Announcement No.: 2021-007).

(II) Litigation and arbitration not disclosed in the temporary announcement or with subsequent development

☐ Applicable ☒ Not Applicable

(III) Other explanation

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. (河北渤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.

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.

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

☐ Applicable ☒ Not Applicable

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

During the Reporting Period, the Company, the controlling shareholders and the de facto controller operated in good faith with good creditability.

XII. MATERIAL RELATED PARTY TRANSACTIONS

(I) Related party transactions in relation to ordinary operations

1、Events disclosed in interim announcements but without development or changes in subsequent implementation

☐ Applicable ☒ Not Applicable

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

(1) Property Tenancy Framework Agreement In 2019-2021

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 27 December 2018, subject to a leasing term of three years from 1 January 2019 to 31 December 2021. The Company continued to rent such property from HECIC and its subsidiaries (the "Properties Renting Project"). Under the obligations of the agreement, the Group leased an office space floor area of up to 8,000 sq.m., 9,000 sq.m. and 10,000 sq.m. in aggregate for the three years ended on 31 December 2021 respectively at Yu Yuan Plaza, No. 9 Yuhua West Road, Shijiazhuang City, Hebei Province, the PRC with, HECIC whilst HECIC will provide the Group with certain ancillary office support services to the Group. 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 2021 was RMB21 million, and the actual annual transaction amount of the year was RMB7.854 million.

HECIC is the controlling shareholder of the Company and a connected person of the Company. The Properties Renting Project constitutes a continuing connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules. As one or more of the applicable percentage ratios of the Properties Renting Project exceed 0.1% but are less than 5%, the Properties Renting Project is subject to the reporting and announcement requirements but exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Details are set out in the announcement titled "Renewal of Continuing Connected Transaction – New Master Tenancy Agreement" published by the Company on the websites of the Hong Kong Stock Exchange and the Company on 27 December 2018.

(2) Property Tenancy Framework Agreement In 2022-2024

In consideration of the Group's intent on continual usage of the office properties and expansion of office area when necessary 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.

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 dated 29 October 2021 (Announcement No.: 2021-072).

(3) Asset Financing Services Framework Agreement In 2018

Considering the industrial characteristics of heavy assets and the capital needs of the principal activities of the Group, the business scope and charges of Huihai Leasing, and the right of the Company to long-term equity investment returns as a shareholder of Huihai Leasing, on 28 February 2018, the Company had entered into an Asset Financing Services Framework Agreement (the "Asset Financing Services Framework Agreement") with Huihai Leasing, pursuant to which the Group utilized, on a voluntary and non-compulsory basis, the asset financing services provided by Huihai Leasing, including finance leasing service, factoring service and other services. The Asset Financing Services Framework Agreement came into effect upon the approval at the extraordinary general meeting with a term of three years.

The fees and charges payable by the Group to Huihai Leasing under the Asset Financing Services Framework Agreement are arrived at the following basis:

- (i) Finance leasing service: (1) the rent will be fixed through negotiations of both parties with reference to the benchmark interest rate on loans in the same period as promulgated by the PBOC; (2) the financing cost shall not be higher than the payable made by the Group to finance leasing companies, who are independent third parties, in respect of the same or similar services obtained for specific finance leasing arrangement.
- (ii) Factoring service: (1) the interest rate will be fixed through negotiation of both parties with reference to the benchmark interest rate on loans in the same period as promulgated by the PBOC; (2) the interest and service charges shall not be higher than the payable made by the Group to financial institutions, who are independent third parties, in respect of the same or similar services obtained for specific factoring services.
- (iii) Other services: fees to be charged (1) shall not be higher than the payable made by the Group to financial institutions, who are independent third parties for the same services; and (2) shall comply with the standard rates promulgated by the PBOC or the CBRC from time to time for comparable services (if applicable).

Huihai Leasing is a non-wholly owned subsidiary of HECIC, the controlling shareholder of the Company, and is a related party of the Company. The 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 ratios of the finance leasing service and the factoring service under the Asset Financing Services Framework Agreement, in aggregate, exceed 5%, the finance leasing service and the factoring service under the Asset Financing Services Framework Agreement are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

As all the applicable percentage ratios in respect of the other services under the Asset Financing Services Framework Agreement are below 0.1%, the other services under the Asset Financing Services Framework Agreement are exempted from the reporting, announcement, annual review and independent shareholders' approval requirements pursuant to Chapter 14A of the Hong Kong Listing Rules.

Details are set out in the announcement and shareholders' circular published by the Company in relation to this continuing connected transaction on 28 February 2018 and 4 April 2018, respectively. The transaction was approved at the extraordinary general meeting of the Company on 25 April 2018. 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.

(4) Asset Financing Services Framework Agreement In 2020

The Asset Financing Services Framework Agreement will expire on 24 April 2021, thus, on 21 December 2020, the Company entered into the New Asset Financing Services Framework Agreement with Huihai Leasing, pursuant to which the Group will continue to, on a voluntary and non-compulsory basis, utilize the asset financing services provided by Huihai Leasing. The agreement came into effect upon the approval at the extraordinary general meeting 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 2021, newly added direct lease and sale-and-leaseback service amounted to RMB0 and RMB31 million, respectively.

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 Shanghai Stock Exchange. 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.

(5) 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 2 November 2018, the Company and the Group Finance Company entered into a Renewed Financial Services Framework Agreement (the "Financial Services Framework Agreement"), pursuant to which the Group will, on a voluntary and non-compulsory basis, utilize the financial services provided by the Group Finance Company, including (i) the deposit service, (ii) the loan service, and (iii) the other financial services. Under the Financial Services Framework Agreement, the Group Finance Company had undertaken to the Company that the terms of its financial services provided to the Group at all times shall be no less favourable than those offered by any commercial banks or other financial institutions for comparable services. The term of the agreement is from 1 January 2019 to 31 December 2021. 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 RMB3,116 million.

In accordance with the relevant regulations of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Regulation on the Control and Decision-making of Related Party Transactions of A Shares of China Suntien Green Energy Corporation Limited, the Company expects to have the following related party transactions with the Group Finance Company in 2021: borrowing from the Group Finance Company in the amount of RMB5.0 billion, with a maximum daily balance of RMB3.57 billion. Such matter has been reviewed and approved at the 2020 annual general meeting, please refer to the announcements dated 19 March 2021 and 14 May 2021 for details. The matter was proposed to the annual general meeting in accordance with the relevant regulations of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Regulation on the Control and Decision-making of Related Party Transactions of A Shares of China Suntien Green Energy Corporation Limited. Such transactions were conducted in accordance with the principles and within the scope of services under the Financial Services Framework Agreement entered into between the Company and the Group Finance Company on 2 November 2018. The Financial Services Framework Agreement and the continuing connected transactions thereunder were reviewed and approved by the shareholders at the 2018 third extraordinary general meeting of the Company held on 27 December 2018. Please refer to the shareholders' circular of the Company dated 7 December 2018 and the poll results announcement of the extraordinary general meeting of the Company dated 27 December 2018 for details.

On 28 October 2021, the Company and the Group Finance Company entered into the 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; and (iv) the annual caps on the handling fees of the Miscellaneous Fee-based Financial Services will be RMB5 million. Details are set out in the announcement and shareholders' circular published by the Company on 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 of the shareholders on the websites of the Hong Kong Stock Exchange and the Company.

Confirmation by the independent non-executive Directors

The independent non-executive Directors of the Company have reviewed the aforementioned continuing connected transactions in Parts (1), (3), (4) and (5) 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 (1), (3), (4) and (5) as at 31 December 2021:

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 yet with no progress or changes in subsequent implementation*

☐ Applicable ☒ Not Applicable

2. *Matters disclosed in interim announcements 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

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

1. *Events disclosed in the interim announcements and with no progress or change in subsequent implementation*

Events Summary	Index for details
<p>Details of the related party transaction in relation to the capital increase in Caofeidian Company jointly made by the Company and HECIC on the same proportion are as follows:</p> <p>On 25 August 2021, the Company entered into the Capital Increase Agreement with HECIC, pursuant to which the registered capital of Caofeidian Company will be increased by RMB799 million, and the Company and HECIC will subscribe for it according to their respective shareholdings, of which, the Company shall contribute RMB407.49 million and HECIC shall contribute RMB391.51 million. Upon completion of the 2021 Capital Increase, the registered capital of Caofeidian Company will be increased to RMB2,149 million from the current RMB1,350 million, and the respective shareholdings of Caofeidian Company held by the Company and HECIC will remain unchanged as to 51% and 49% respectively.</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 26 August 2021 (Announcement No.: 2021-061) and the relevant announcement published by the Company on the website of the Stock Exchange (www.hkexnews.hk) on 25 August 2021.</p>

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

☐ Applicable ☒ Not Applicable

3. *Events not disclosed in interim announcements*

☐ Applicable ☒ Not Applicable

(IV) Amounts due to or from related parties

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

☐ Applicable ☒ Not Applicable

2. *Events disclosed in interim announcements with subsequent development or changes during 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: '00 million Currency: RMB

Related party	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	
HECIC Group Finance Company Limited	Same de facto controller	35.7	0.35%-1.196%	16.49	318.13	303.46	31.16
Total	/	/	/	16.49	318.13	303.46	31.16

2. Loan business

Unit: '00 million Currency: RMB

Related party	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	
HECIC Group Finance Company Limited	Same de facto controller	38.07	3.3%-4.38%	11.28	21.64	22.11	10.82
Total	/	/	/	11.28	21.64	22.11	10.82

3. Credit business or other financial businesses

Unit: '0,000 Currency: RMB

Related party	Relationship	Type of business	Total amount	Actual amount
HECIC Group Finance Company Limited	Same de facto controller	Composite credit	418,503.00	233,558.44

4. Other explanation

☐ Applicable ☒ Not Applicable

(VI) Others

1. *Provision of guarantee for its controlled subsidiary*

The 25th extraordinary meeting of the fourth session of the Board was held on 27 September 2021, at which the "Resolution on the Application of a Standby Letter of Credit from a Bank and Provision of a Joint and Several Liability Guarantee by Hebei Natural Gas Company Limited for S&T International Natural Gas Trading Company Limited" was considered and approved, approving provision of joint liability guarantee by Hebei Natural Gas Company Ltd. ("Natural Gas Company") for S&T International Natural Gas Trading Company Limited ("S&T") for its application for a standby letter of credit from Bank of China with guarantee amount up to US\$63.91 million. Each Hong Kong Company (香港公司), Yanshan Company (燕山公司) and Towngas agreed to provide counter guarantee in favor of Natural Gas Company according to their shareholdings in S&T of 51%, 9% and 40% respectively. 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 Yanshan Company does not provide guarantee for S&T according to its shareholding, the guarantee constitutes a related party transaction.

Under the Hong Kong Listing Rules, Yanshan Company is also a connected person at the level of the listed company. As Towngas and the substantial shareholder of Hebei Natural Gas (Hong Kong & China Gas (Hebei) Limited) are under the common control of The Hong Kong and China Gas Company Limited, Towngas is a connected person at the subsidiary level of the Company under the Hong Kong Listing Rules. However, as the counter guarantee arrangement of the guarantee is provision of financial assistance by a connected person for the Group and the Group does not provide any asset as security, according to the requirements of Rule 14A.90 of the Hong Kong Listing Rules, the counter guarantee arrangement is exempt from the shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Hong Kong Listing Rules.

The transaction was considered and approved by the shareholders at the extraordinary general meeting of held on 21 October 2021.

2. *Subscription of non-public issued A Shares by the controlling shareholder*

In order to enhance the profitability and sustainable development capabilities of the Company, lower the debt-to-asset ratio and enhance the risk resistance capacity, the Board passed the relevant resolutions on 21 December 2020, which proposed to make a non-public issuance of up to 1,154,973,118 A shares to target subscribers. As the original issuance plan and the relevant resolutions were not passed at the 2021 first A share class meeting held by the Company on 8 February 2021, the original issuance plan was not implemented.

After taking into full account and evaluating the capital needs of the Group development project, and comparing the timelines and financing costs of different financing methods, the Company considers equity fundraising through non-public issuance as the most feasible option for the Company at this stage. Therefore, the Company once again proposed the non-public issuance of up to 1,154,973,118 A shares to target subscribers. When reformulating the plan, the Company has had due regard to the interests and concerns about equity investment returns of small-and-medium shareholders, and adjusted the Shareholders' return plan for the next three years after the issuance, therefore further safeguarding the return on equity investment of existing Shareholders. At the same time, the lock-up period of A Shares subscribed for by HECIC in the issuance will extend to a period of 36 months from the date of the completion of the issuance.

Based on supportive and confident in the future development of the Company, HECIC, the controlling shareholder of the Company, intended to subscribe for A shares in the issuance at a cash consideration. The Company entered into the New Subscription Agreement with HECIC on 5 March 2021, pursuant to which HECIC agreed to conditionally subscribe for not less than 48.73% of the total number of A shares to be issued in the issuance, but not to exceed 661,319,941 A shares, and upon completion of the issuance, the shareholding of HECIC in the Company will not exceed 50.70%.

HECIC is the controlling shareholder of the Company, and the subscription by HECIC constitutes a connected transaction under the Listing Rules. The subscription was approved by the independent Shareholders at the 2021 second extraordinary general meeting, the 2021 second A share class meeting and the 2021 second H share class meeting held on 23 April 2021.

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

(II) Guarantees

Unit: RMB '0,000 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	2030.06.27	Joint liability guarantee		No	No	0	No	Yes	Joint venture
Total amount of guarantees incurred during the Reporting Period (excluding guarantees provided for subsidiaries)														14,000
Total balance of guarantees as at the end of the Reporting Period (A) (excluding guarantees provided for subsidiaries)														14,000
Guarantees provided by the Company for subsidiaries														
Total amount of guarantees incurred for subsidiaries during the Reporting Period														400
Total balance of guarantees for subsidiaries as at the end of the Reporting Period (B)														41,799.16
Total amount of guarantees provided by the Company (including guarantees provided for subsidiaries)														
Total amount of guarantees (A+B)														55,799.16
Total amount of guarantees as a percentage of the net assets of the Company (%)														2.35
Including:														
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)														33,619.32
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)														33,619.32
Statement on the potential joint liability in connection with unexpired guarantees														Nil
Details of guarantees														Not applicable

(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 Applicable2. *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 of impairment of entrusted loans

☐ Applicable ☒ Not Applicable3. *Others*☐ Applicable ☒ Not Applicable

(IV) Other Material Contracts

On 31 March 2021, Hebei Natural Gas entered into the Natural Gas Purchase and Sale Contract for 2021-2022 (the "Purchase and Sale Contract") with PetroChina Company Limited, Natural Gas Sales Hebei Branch ("PetroChina Hebei Branch"), providing for the procurement of natural gas by Hebei Natural Gas from PetroChina Hebei Branch, and a Supplemental Agreement was entered into on 20 August 2021 to adjust the contract price for the period from July to October, with the total contract transaction amount subject to the final settlement amount. According to the contract price under the Supplemental Agreement after adjustment, the total amount of the procurement contract will meet the disclosure standards for exceptionally significant contracts. For details, please refer to the announcement published by the Company on the website of the SSE (Announcement No.: 2021-058).

On 8 December 2021, S&T, a controlled subsidiary of the Company, entered into a liquefied natural gas ("LNG") purchase and sales agreement with Qatar Liquefied Gas Company Limited (2), which sets out matters related to the purchase of LNG by S&T from Qatar Liquefied Gas Company Limited (2). The principal information of the agreement is as follows: the agreement will take effects at some time from the end of 2022 until 2023, with a term of supply of 15 years. The annual contracted volume of LNG for each contracted year shall be approximately 1 million tons and the contracted price shall be determined based on a formula linked to the international crude oil price index. For details, please refer to the announcement published by the Company on the website of the SSE (Announcement No.: 2021-078).

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

☐ Applicable ☒ Not Applicable

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 2021, the Group realized a total sale of wind and photovoltaic power generation of 13.14 billion kWh, representing an increase of 39.82% as compared with the same period of 2020; sold 3,808 million cubic meters of natural gas, representing an increase of 8.03% as compared with the same period of 2020; realized operating revenue of RMB15.985 billion, representing an increase of 27.77% as compared with the same period of 2020; a total profit of RMB3.128 billion, representing an increase of 38.17% as compared with the same period of 2020; and a net profit of RMB2.712 billion, representing an increase of 40.30% as compared with the same period of 2020; of which the net profit attributable to the shareholders of parent company amounted to RMB2.16 billion, representing an increase of 43.00% as compared with the same period of 2020.

As at 31 December 2021, 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 2021, 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 Production Safety Law of the People's Republic of China, Production Safety Regulations of Hebei Province, Interim Provisions on the Screening and Treatment of Pitfall for Production Safety and other laws and regulations. The Group also constantly improved its safety system by formulating a number of administrative measures covering four aspects including safety supervision and inspection, occupational health and safety, contingency plans, and incident management. In 2021, the Group updated its Safety Production Accountability, Administrative Measures for Safety Production Accountability and Administrative Measures for Occupational Health, to further reinforce the system of safety production responsibility and strengthen the occupational health management of employees of the Company, thereby ensuring production safety.
- (2) the Law of the People's Republic of China on Progress of Science and Technology, Law of the People's Republic of China on Promoting the Transformation of Scientific and Technological Achievements and other relevant laws and regulations. The Group also formulated its internal Administrative Measures for Industry-University-Research Cooperation to actively keep abreast of relevant cutting-edge industrial technologies and constantly reinforce the construction of basic business information system based on the Company's needs for business management while continuing to strengthen its industry-university-research cooperation with research institutes and universities. By increasing investment in innovative research and development projects, the Group continued to stimulate and cultivate its employees' innovative thinking and capability in innovation.
- (3) the Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China, Law of the People's Republic of China on Employment Promotion, Law of the People's Republic of China on the Protection of Minors and other relevant laws and regulations. The Group also formulated its internal systems such as the Administrative Measures for Employees of China Suntien Green Energy Corporation Limited to persist on legal and compliant employment and constantly improve the remuneration and welfare system of the Group, thereby safeguarding the legitimate rights and interests of employees.
- (4) the Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on Energy Conservation and other relevant laws, regulations and rules. The Group also formulated its Administrative Measures for Energy Conservation and Emission Reduction at the headquarters and subsidiary levels to fulfill its responsibilities of energy conservation and emission reduction at each level, thereby incorporating the concepts of source diversification and energy conservation into the environmental management process of the Group in all aspects.

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 2022, 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, labor 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 have established strategic partnerships with excellent suppliers through organizing product development, transportation, sales and other whole-process communication activities with suppliers to jointly solve technical problems in production, as well as conducting discussion on cutting-edge technologies, with an aim to grow together with suppliers with an open and cooperative attitude.

8. Environmental protection policies and performance

As a green energy company, the Group aligns closely with the adjusted national energy strategic direction and endeavors 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 2021 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 2021 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 2021 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.

III. SHARE CAPITAL

As at 31 December 2021, 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, the Company conducted the initial public offering of shares 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, 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. 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 2021 or at any time during the year 2021, 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.

HECIC undertook that it had obliged to its undertakings of the Non-Competition Agreement in 2021. The independent non-executive Directors of the Company had reviewed the execution of the Non-Competition Agreement in 2021 and it was confirmed that HECIC had duly complied with the agreement and any violations of non-compliance of the agreement was not observed.

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, except for paragraph F.2.2 of the Corporate Governance Code, the Company had complied with all provisions set out in the Code. In accordance with the requirements of paragraph F.2.2 of the Corporate Governance Code, chairman of the Board shall attend annual general meeting. Mr. Cao Xin, the Chairman of the Company for work reason, was unable to attend the 2020 annual general meeting of the Company. According to relevant requirements, recommended by over half of all the directors of the Directors, executive Director Mr. Mei Chun Xiao chaired the meeting.

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 2022), 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 flow to meet the requirements under the Hong Kong Listing Rules.

XIV. AUDIT COMMITTEE

The Audit Committee of the Company had reviewed the 2021 annual results of the Group and the Financial Statements for the year ended 31 December 2021 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 is appointed auditor for preparation of the Financial Statements for the year ended 31 December 2021 in accordance with the PRC Accounting Standards for Business Enterprises. The Financial Statements contained in this annual report are 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 2021;

- (b) the transactions with subsidiaries of HECIC: including the transactions with Group Finance Company, CISF, Hebei Construction & Investment Rongtan Asset Management Co., Ltd. and HECIC Mingjia Property Management Service Co., Ltd. (such transactions had been continued in year 2021) and the transactions with other subsidiaries of HECIC; and
- (c) the transactions with Huihai Leasing: the transactions had been continued in year 2021.

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

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 3 June 2021 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 May 2021 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 2021 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 2022

I. COMPOSITION OF THE BOARD OF SUPERVISORS

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

Name	Age	Position	Date of Appointment	Term of office
Gao Jun	51	Chairman of the board of supervisors	20 October 2020	until expiration of the term of the fourth session of the board of supervisors
Qiao Guo Jie	59	Employee representative supervisor	11 June 2019	until expiration of the term of the fourth session of the board of supervisors
Zhang Dong Sheng	61	Independent supervisor	13 October 2020	until expiration of the term of the fourth 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 five meetings and all supervisors attended the meetings, the details of which were as follows:

- On 5 March 2021, the Company convened the ninth extraordinary meeting of the fourth session of the board of supervisors, at which the "Resolution on the Company Satisfying the Conditions for Non-public Issuance of A Shares", "Resolution on the Issuance Plan for the Non-public Issuance of A Shares by the Company", "Resolution on the Proposed Non-public Issuance of A Shares of the Company", "Resolution on the Entering into of the Conditional Subscription Agreement and the Related Party Transaction between the Company and Hebei Construction & Investment Group Co., Ltd.", "Resolution on the Feasibility Analysis Report on the Use of Proceeds from the Non-public Issuance of A Shares of the Company", "Resolution on the Report on the Use of the Previously-Raised Proceeds of the Company", "Resolution on the Dilution of Current Returns, Adoption of Remedial Measures and Related Subject Undertakings of the Non-public Issuance of A Shares", "Resolution on the Shareholders' Return Plan for the Next Three Years (2021-2023) Upon the Non-public Issuance", and "Resolution on Establishing the Special Account for Proceeds Raised from the Non-public Issuance of A Shares" were considered and approved.
- On 19 March 2021, the Company convened the fourth meeting of the fourth session of the board of supervisors, at which the "Resolution on the 2020 Work Report of the Board of Supervisors of the Company", "Resolution on the 2020 Work Report of the President of the Company", "Resolution on the 2020 Financial Report of the Company", "Resolution on the Report on the 2020 Final Accounts of the Company", "Resolution on the Provision for Impairment Loss in 2020", "Resolution on the 2020 Profit Distribution Proposal of the Company", "Resolution on the Placement and Actual Use of the Proceeds of the Company for 2020", "Resolution on the Report on the Use of the Previously-Raised Proceeds of the Company", and "Resolution on the 2020 Annual Report Summary and Report and Result Announcement" were considered and approved.
- On 29 April 2021, the Company convened the tenth extraordinary meeting of the fourth session of the board of supervisors, at which the "Resolution on the 2021 First Quarterly Report of the Company" was considered and approved.
- On 25 August 2021, the Company convened the fifth meeting of the fourth session of the board of supervisors, at which the "2021 President Interim Work Report", "Resolution on the Placement and Actual Use of the Proceeds for First Half of 2021", and "Resolution on Reviewing the Interim Results Announcement and Report as at 30 June 2021 and Summary and Report of 2021 Interim Report" were considered and approved.
- On 28 October 2021, the Company convened the eleventh extraordinary meeting of the fourth session of the board of supervisors, at which the "Resolution on Reviewing the 2021 Third Quarterly Report of the Company" was considered and approved.

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 2022

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 (+,-)				After the change		
	Number	Percentage (%)	New shares issued	Bonus issue	Capital reserve transferred to shares	Others	Sub-total	Number	Percentage (%)	
I. Shares subject to selling restrictions	1,876,156,000	48.73	337,182,677	-	-	-	337,182,677	2,213,338,677	52.86	
1. State-owned shares	-	-	-	-	-	-	-	-	-	
2. Shares held by state-owned legal person	1,876,156,000	48.73	206,162,874	-	-	-	206,162,874	2,082,318,874	49.73	
3. Other domestically-owned shares	-	-	131,019,803	-	-	-	131,019,803	131,019,803	3.13	
Including: Shares held by domestic non-state-owned legal person	-	-	118,547,316	-	-	-	118,547,316	118,547,316	2.83	
Shares held by domestic natural person	-	-	12,472,487	-	-	-	12,472,487	12,472,487	0.30	
4. Shares held by foreign investors	-	-	-	-	-	-	-	-	-	
Including: Shares held by overseas legal person	-	-	-	-	-	-	-	-	-	
Shares held by overseas natural person	-	-	-	-	-	-	-	-	-	
II. Outstanding shares not subject to selling restrictions	1,973,754,396	51.27	-	-	-	-	-	1,973,754,396	47.14	
1. RMB ordinary shares	134,750,000	3.50	-	-	-	-	-	134,750,000	3.22	
2. Domestically-listed foreign shares	-	-	-	-	-	-	-	-	-	
3. Overseas-listed foreign shares	1,839,004,396	47.77	-	-	-	-	-	1,839,004,396	43.92	
4. Others	-	-	-	-	-	-	-	-	-	
III. Total number of shares	3,849,910,396	100.00	337,182,677	-	-	-	337,182,677	4,187,093,073	100.00	

Note: During the Reporting Period, the Company received the subscription amounts for the non-public issuance of A shares and increased its share capital accordingly. The share registration procedures were completed on 6 January 2022 subsequent to the Reporting Period.

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.

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

(II) Change in shares subject to selling restrictions

Unit: Shares

Name of shareholder	Number of shares subject to selling restrictions at the beginning of the year	Shares released from selling restrictions in current year	Increase in shares subject to selling restrictions in current year	Number of shares subject to selling restrictions at the end of the year	Reason for selling restrictions	Date of release from selling restrictions
Hebei Construction & Investment Group Co., Ltd.	1,876,156,000	0	0	1,876,156,000	Shareholder prior to initial public offering	29 June 2023
Hebei Construction & Investment Group Co., Ltd.	0	0	182,685,253	182,685,253	Non-public issuance of A shares	6 January 2025
Total	1,876,156,000	0	182,685,253	2,058,841,253	/	/

II. ISSUANCE AND LISTING OF SECURITIES

(I) Issue of securities during the Reporting Period

Unit : Shares Currency : RMB

Type of shares and other derivative instruments	Date of issuance	Issue price (or interest rate)	Issuance amount	Listing date	Transaction amount approved to be listed	Transaction Termination Date
Ordinary shares						
A shares	13 December 2021	13.63	337,182,677	6 January 2022	337,182,677	N/A

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

For details of the changes in the total number of ordinary shares and shareholding structure of the Company, please refer to the section headed "Changes in Shares and Particulars of Shareholders – I. Changes in Share Capital – (I) Table of changes in shares" of this report.

For details of the changes in the asset and liability structure of the Company, please refer to the section headed "Management Discussion and Analysis – II. Major Operations During the Reporting Period – (III) Analysis of assets and liabilities" of this report.

(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 2021, the number of shareholders of the Company was: 52,511 A shareholders and 1,258 H shareholders, totaling 53,769 shareholders.

Total number of holders of ordinary shares as at the end of the Reporting Period (person)	53,769
Total number of holders of ordinary shares as at the end of the month immediately before the publication date of the annual report (person)	51,344
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

(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 shareholder (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 shares subject to selling restrictions held	Shares pledged or frozen Status of shares	Number	
Hebei Construction & Investment Group Co., Ltd.	0	1,876,156,000	48.73	1,876,156,000	Nil	0	State-owned legal person
HKSCC NOMINEES LIMITED ⁽¹⁾	952,990	1,835,640,285	47.68	0	Unknown	0	Overseas legal person
Hong Kong Securities Clearing Company Limited	6,043,389	6,772,105	0.18	0	Nil	0	Overseas legal person
China Construction Bank Corporation-Qianhai Kaiyuan Public Utilities Equity Securities Investment Fund	2,170,100	2,170,100	0.06	0	Nil	0	Others
Agricultural Bank of China Limited - CSI 500 Exchange-traded and Open-ended Index Securities Investment Fund	1,177,000	1,177,000	0.06	0	Nil	0	Others
Shen Zhiguo	755,000	755,000	0.02	0	Nil	0	Domestic natural person
Chen Shaohuan	730,000	730,000	0.02	0	Nil	0	Domestic natural person
Kong Xiangyun	729,600	729,600	0.02	0	Nil	0	Domestic natural person
China Citic Bank Co., Ltd. - CCB securities 500 Index Enhanced Securities Investment Fund	587,200	587,200	0.02	0	Nil	0	Others
Lan Licai	478,900	478,900	0.01	0	Nil	0	Domestic natural person

Shareholding of the top 10 shareholders holding shares not subject to selling restrictions

Name of shareholder	Number of tradable		Class and number of shares	Number
	shares not	restrictions held		
HKSCC NOMINEES LIMITED ⁽¹⁾	1,835,640,285		Overseas listed foreign shares	1,835,640,285
Hong Kong Securities Clearing Company Limited	6,772,105		RMB ordinary shares	6,772,105
China Construction Bank Corporation – Qianhai Kaiyuan Public Utilities Equity Securities Investment Fund	2,170,100		RMB ordinary shares	2,170,100
Agricultural Bank of China Limited – CSI 500 Exchange-traded and Open-ended Index Securities Investment Fund	1,177,000		RMB ordinary shares	1,177,000
Shen Zhiguo	755,000		RMB ordinary shares	755,000
Chen Shaohuan	730,000		RMB ordinary shares	730,000
Kong Xiangyun	729,600		RMB ordinary shares	729,600
China Citic Bank Co., Ltd. – CCB securities 500 Index Enhanced Securities Investment Fund	587,200		RMB ordinary shares	587,200
Lan Licai	478,900		RMB ordinary shares	478,900
Jian Yutong	430,000		RMB ordinary shares	430,000
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 shares held by top 10 shareholders holding shares subject to selling restrictions and the terms of selling restrictions

Unit : Shares

No.	Name of shareholder holding shares subject to selling restrictions	Number of shares subject to selling restrictions held	Tradable status of shares subject to selling restrictions		
			Date tradable	Number of Additional shares tradable	Term of selling restriction
1	Hebei Construction & Investment Group Co., Ltd.	1,876,156,000	29 June 2023	0	36 months from the listing date of A shares of the Company
	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

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

As at 31 December 2021, the interests of Directors, supervisors and senior management of the Company in the shares of the Company are as follows:

Name of shareholders	Class of shares	Position	Capacity	Number of shares	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	0.0013
Mei Chun Xiao	H shares	Executive Director and President	Beneficial owner	50,000 (Long position)	0.0027	0.0013
Ban Ze Feng	H shares	Vice president and Secretary to the Board	Beneficial owner	50,000 (Long position)	0.0027	0.0013

Saved as disclosed above, as at 31 December 2021, 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 2021, 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 shareholders	Class of shares	Capacity	Number of shares/ underlying shares	Percentage in the relevant class of share equity (%)	Percentage in the total share equity (%)
HECIC	A shares	Beneficial owner	1,876,156,000	93.30	48.73
Citigroup Inc. ⁽¹⁾	H shares	Interest of a controlled corporation	219,066,360 (Long position)	11.91	5.69
			15,368,170 (Short position)	0.83	0.40
		Approved lending agent	202,921,278 (Shares available for lending)	11.03	5.27
GIC Private Limited	H shares	Investment manager	145,431,000 (Long position)	7.91	3.78
Brown Brothers Harriman & Co.	H shares	Approved lending agent	133,138,033 (Long position)	7.24	3.46
			133,138,033 (Shares available for lending)	7.24	3.46
FIL Limited ⁽²⁾	H shares	Interest of a controlled corporation	92,314,000 (Long position)	5.02	2.40
Pandanus Associates Inc.	H shares	Interest of a controlled corporation	92,314,000 (Long position)	5.02	2.40
Pandanus Partners L.P.	H shares	Interest of a controlled corporation	92,314,000 (Long position)	5.02	2.40

Notes:

- (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, 4,467,000 H shares is a long position under unlisted derivatives – cash settled.
- (2) Pandanus Associates Inc. holds the interests of the Company through its controlled entity, namely Pandanus Partners L.P.

Pandanus Partners L.P. holds the interests of the Company through its controlled entity, namely FIL Limited.

FIL Limited holds the interests of the Company through its controlled entities, namely FIL Investment Management (Hong Kong) Limited, FIL Investment Management (Singapore) Limited and FIL Fund Management (Ireland) Limited.

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

1. *Initial public offering of A shares in 2020*

In June 2020, the Company completed the initial public offering of 134,750,000 ordinary shares (A shares) of RMB1.00 each. The issue price was RMB3.18 per share. The total proceeds amounted to RMB428,505,000.00 and the net proceeds, after deducting the offering expenses, was RMB389,829,265.47. As at 30 June 2021, the project which the proceeds would be invested (Fengning Senjitu wind farm (phase 3) 150MW project) used a total of RMB389,829,600, representing 100% of the total committed investment amount of RMB389,829,300 and reaching the expected objective. The proceeds from the initial public offering of A shares were fully utilized as planned, and the investment projects utilizing the proceeds were completed. The relevant designated account for the proceeds was cancelled and the remaining proceeds of RMB201,768.88 (including interest income) was used to permanently replenish the working capital. For details, please refer to the Announcement on the Special Report on the Placement and Actual Use of the Proceeds of China Suntien Green Energy Corporation Limited for 2021 published by the Company (Announcement No.: 2022-024).

2. *Non-public Issuance of A Shares in 2021*

In order to enhance the profitability and sustainable development capabilities, lower gearing ratio and enhance risk resistance capacity, on 5 March 2021, the Company made an announcement of the proposed non-public issuance of A shares (hereinafter referred to as the "Issuance") with a nominal value of RMB1.00 each to not more than 35 investors including HECIC. The issue price shall be no less than the greater of 80% of the average trading price of A shares in the 20 trading days prior to the pricing benchmark date (average trading price of A shares in the 20 trading days before the pricing benchmark date = total trading amount of A shares in the 20 trading days before the pricing benchmark date ÷ total trading volume of A shares in the 20 trading days before the pricing benchmark date) or the latest audited net asset per share attributable to holders of ordinary shares of parent company (if the CSRC made adjustments to the pricing method of the non-public issuance prior to the issuance, the minimum price under the issuance shall be adjusted by the Board, as authorized by the general meeting, pursuant to the requirements of relevant laws and regulations). The net proceeds from the issuance after deducting the relevant issuance expenses will be used for the construction of Tangshan LNG Project (first phase and second phase) and Tangshan LNG Terminal Outbound Pipelines Project (Caofeidian-Baodi section and Baodi-Yongqing section), and it will also be used to replenish working capital and repay bank loan of the Company.

On 8 December 2021, the Company initiated the non-public issuance of A shares. The pricing benchmark date for the Issuance is the first day of the offering period of the non-public Issuance of shares, which is the next trading day following the date of dispatch of the invitation letter for subscription (i.e. 9 December 2021). On 9 December 2021, the closing price of the A shares was RMB18.34 per share. Under the Issuance, 337,182,677 shares, at a par value of RMB1 per share, were issued to 22 specific investors, including HECIC, the controlling shareholder of the Company, at the issue price of RMB13.63 per share, raising total proceeds of RMB4,595,799,887.51. After deducting relevant issuance expenses, the actual amount of net proceeds was RMB4,545,055,183.47.

On 6 January 2022, the Company completed the Issuance and the registration of the additional shares with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited. 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.

As the actual amount of net proceeds from the non-public Issuance of A shares are less than the proposed amount of proceeds to be invested, the Company will make the following adjustment to the arrangements for the use of proceeds based on the actual amount of net proceeds:

No.	Project	Total investment for project (Unit: RMB'00 million)	Proposed amount of proceeds to be invested before adjustment (Unit: RMB'00 million)	Proposed amount of proceeds to be invested after adjustment (Unit: RMB)
1	Tangshan LNG Project (first phase and second phase)	185.97	26.96	2,397,971,114.80
2	Tangshan LNG Terminal Outbound Pipelines Project (Caofeidian-Baodi section)	64.17	7.86	699,029,487.22
3	Tangshan LNG Terminal Outbound Pipelines Project (Baodi-Yongqing section)	29.54	2.66	236,797,375.06
4	Replenishment of working capital and repayment of bank loans	13.62	13.62	1,211,257,206.39
Total		293.30	51.10	4,545,055,183.47

Save for the non-public Issuance of A shares and the issuance of bonds stated in the "Relevant Information on Bonds" of this report, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities as at 31 December 2021.

IV. CONTROLLING SHAREHOLDERS AND THE DE FACTO CONTROLLER

(I) Controlling shareholders

1 Legal person

Name	Hebei Construction & Investment Group Co., Ltd.
Person-in-charge or legal representative	Li Lian Ping
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 and 6.93% of Datang International Power Generation Co., Ltd.
Other information and explanation	Nil

2 Natural person

☐ Applicable ☒ Not Applicable

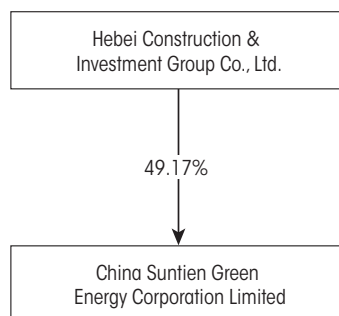
3 Specific explanation on non-existence of controlling shareholder of the Company

☐ 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



Note: On 6 January 2022, the Company completed the registration of the new shares issued under the non-public issuance of A shares. Upon completion of the Issuance, the proportion of shareholding held by HECIC has changed to 49.17%.

(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

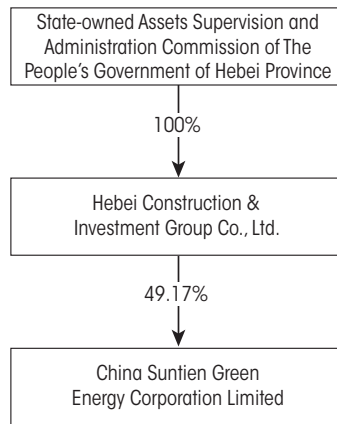
3 Special explanation on the absence of the de facto controller of the Company

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

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



Note: On 6 January 2022, the Company completed the registration of the new shares issued under the non-public issuance of A shares. Upon completion of the Issuance, the proportion of shareholding held by HECIC has changed to 49.17%.

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

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

(I) Debenture

☐ Applicable ☒ Not Applicable

(II) Corporate Bonds

1. Basic information of corporate bonds

Unit: '00 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
2018 renewable green corporate bonds (first tranche) publicly issued by China Suntien Green Energy Corporation Limited	G18 New Y1	143952	9 March 2018-13 March 2018	13 March 2018	13 March 2021	0	5.96	3+N, interest to be paid annually	SSE	For eligible 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	9.1	4.7	3+N, interest to be paid annually	SSE	For eligible investors	Listed	No
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

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
G18 New Y1	The principal and interest were settled on 15 March 2021. For details, please refer to the "Announcement on Settlement of Payment for Principal and Interest in 2021 for, and Delisting of, 2018 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).
G19 New Y1	The principal and interest were settled 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	Issued on 10 March 2021, not yet due for interest payment as at the end of the Reporting Period.

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

- (1) G18 New Y1: taking every 3 interest accrual 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 15 March 2021.
- (2) G19 New Y1: taking every 3 interest accrual 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.
- (3) G21 New Y1: Taking every 3 interest accrual 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 and the interest was not due for payment.

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

Name of intermediary	Address of office	Contact person	Contact telephone number
China Galaxy Securities Co., Ltd.	2/F-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: '00 million Currency: RMB

Name of bond	Total amount of proceeds	Unutilized 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
G18 New Y1	5.9	5.9	0	Normal	Nil	Yes
G19 New Y1	9.1	9.1	0	Normal	Nil	Yes
G21 New Y1	10.4	8.8	1.6	Normal	Nil	Yes

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

- (1) G18 New Y1: The aggregate proceeds from the issuance of bonds amounted to RMB590 million, and after deducting the issuance expenses, the net proceeds amounted to RMB587.64 million. Among the 15 green projects that are intended to be invested with the proceeds from the issuance of bonds, except for the project of the construction of the wind farm at Mayi Mountain in Jianshui County, Honghe Prefecture, Yunnan Province, and the project of the 36MW wind farm in Daqinghe, Laoting, which have not yet commenced, all other projects have commenced production and entered the operation stage as at the end of the Reporting Period. The net proceeds from the issuance of "G18 New Y1" Green Renewable Corporate Bonds have been fully utilized to meet the capital needs for the construction of green industry projects.
- (2) G19 New Y1: The aggregate proceeds from the issuance of bonds amounted to RMB910 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 project of the construction of the wind farm at Mayi Mountain in Jianshui County, Honghe Prefecture, Yunnan Province, the Suntien project of the 30MW wind farm in Wulongshan, Junan, and the project of the wind farm in Daxigou, Weichang, Chengde, which have not yet commenced, all other projects have commenced production and entered the operation stage as at the end of the Reporting Period. The net proceeds from the issuance of "G19 New Y1" Green Renewable Corporate Bonds have been fully utilized to meet the capital needs for the construction of green industry projects.
- (3) 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 RMB1,039.376 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 at the end of the Reporting Period, of the net proceeds from the issuance of "G21 New Y1" Green Renewable Corporate Bonds, RMB625 million has been utilized for the repayment for the principal and payment for the interest of the "G18 New Y1" bonds, and RMB255 million has been fully utilized to meet the capital needs for the construction of green industry projects.

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

☐ Applicable ☒ Not Applicable

Other explanation

☐ Applicable ☒ Not Applicable

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*

Current status	Implementation	Is there any change	After changes	Reason for changes	Whether the changes have been approved by the competent authorities	Impact of the changes on the rights and interests of bond investors
Joint and several liability guarantee of Hebei Construction & Investment Group Co., Ltd.	Under implementation	No	Nil	Nil	No	N/A

- Notes: 1. G19 New Y1: The HECIC Group 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. G18 New Y1: The HECIC Group 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 the "Financial Report - XII. 5. Connected Transactions".

7. *Description of other information of corporate bonds*

In 2021, the construction of green industry projects funded by the proceeds was under smooth progression. The wind power projects in Xingshan, Shuangcheng, Heilongjiang, Tuhe, Guanyun, Lianyungang, and Dadongshan, Shangyi, were connected to grids for power generation and transferred to commercial operation. The project of connecting the Sinopec Eanchang Gas Transmission Pipeline with the Beijing-Handan Gas Transmission Pipeline was completed and commenced production. The construction of Zhuozhou-Yongqing Gas Transmission Pipeline has fulfilled the conditions for production. The construction of "Beijing-Shijiazhuang-Handan" Gas Transmission Pipeline covering duplicated lines was completed and all pipelines were completely connected.

In 2021, the Company generated a total of 13,635 million kWh of green electricity, which is equivalent to avoidance of 11.3443 million tons of carbon dioxide emissions (approximately 832 g of carbon dioxide per kWh of thermal power generation nationwide), approximately 2,181.60 tons of sulfur dioxide emissions (approximately 0.160 g of sulfur dioxide per kWh of thermal power generation nationwide), approximately 2,440.67 tons of nitrogen oxide emissions (approximately 0.179 g of nitrogen oxide per kWh of thermal power generation nationwide) and 436.32 tons of dust emissions (approximately 0.032 g of soot per kWh of thermal power generation nationwide). In addition, in 2021, the Company achieved emission reduction of 0.89 million tons for CDM projects and 4.56 million tons for VCS projects and 0.57 million standards for projects with international green certificates, generating revenue more than RMB2.5 million.

(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: '00 million Currency: RMB

Name	Abbreviation	Code	Issue date	Value date	Maturity date	Balance	Interest rate (%)	Means to repay principal and interest	Trading place	Risk of termination of listing and trading
China Suntien Green Energy Corporation Limited 2020 Medium-Term Notes Series 1	20 Suntien Green MTN001	102001005	2020/5/13-2020/5/14	2020/5/15	2025/5/15	10	3.86	Interest to be paid annually and principal payable at maturity	Inter-bank Market	No
China Suntien Green Energy Corporation Limited 2021 First Tranche of Green and Super Short-Term Commercial Papers (carbon neutrality bonds)	21Suntien Green SCP001 (carbon neutrality bonds)	012101846	2021/05/11-2021/05/12	2021/05/13	2021/11/09	0	2.86	Interest to be paid and principal payable at maturity	Inter-bank Market	No
China Suntien Green Energy Corporation Limited 2020 First Tranche of Super Short-Term Commercial Papers	20 Suntien Green SCP001	012002095	2020/06/08-2020/06/9	2020/06/10	2021/03/5	0	2.7	Interest to be paid and principal payable at maturity	Inter-bank Market	No
HECIC New Energy Co., Ltd. 2021 First Tranche of Super Short-Term Commercial Papers	21 HECIC New Energy SCP001	012103855	2021/10/21-2021/10/22	2021/10/25	2022/07/22	7	3.15	Interest to be paid and principal payable at maturity	Inter-bank Market	No
HECIC New Energy Co., Ltd. 2018 Medium-Term Notes Series 2	18 HECIC New Energy MTN002	101801235	2018/10/26-2018/10/29	2018/10/30	2021/10/30	0	5.5	Interest to be paid annually and principal payable at maturity	Inter-bank Market	No
HECIC New Energy Co., Ltd. 2018 Medium-Term Notes Series 1	18 HECIC New Energy MTN001	101801118	2018/9/25-2018/9/26	2018/9/27	2021/9/27	0	5.69	Interest to be paid annually and principal payable at maturity	Inter-bank Market	No
HECIC New Energy Co., Ltd. 2017 Medium-Term Notes Series 1	17 HECIC New Energy MTN001	101754128	2017/11/22-2017/11/23	2017/11/24	2022/11/24	5	6.2	Interest to be paid annually and principal payable at maturity	Inter-bank Market	No
HECIC New Energy Co., Ltd. 2019 Medium-Term Notes Series 1	19 HECIC New Energy MTN001	101901220	2019/9/3-2019/9/4	2019/9/5	2022/9/5	3	4.43	Interest to be paid annually and principal payable at maturity	Inter-bank Market	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
21 Suntien Green SCP001 (carbon neutrality bonds)	Matured, with principal and interest payment being settled on 4 November 2021.
20 Suntien Green SCP001	Matured, with principal and interest payment being settled on 5 March 2021.
18 HECIC New Energy MTN002	Matured, with principal and interest payment being settled on 30 October 2021.
18 HECIC New Energy MTN001	Matured, with principal and interest payment being settled on time on 27 September 2021.
17 HECIC New Energy MTN001	Not yet matured, with outstanding principal to be settled while interest payment being fully settled on time on 24 November 2021.
19 HECIC New Energy MTN001	Not yet matured, with outstanding principal to be settled while interest payment being fully settled on time on 5 September 2021.
20 Suntien Green MTN001	Not yet matured, with outstanding principal to be settled while interest payment being fully settled on time on 17 May 2021.
21 HECIC New Energy SCP001	Not yet matured, with principal and interest payment not being due for settlement yet.

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

☐ Applicable ☒ Not Applicable

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

Name of intermediary	Address of office	Contact person	Contact telephone number
Bank of China Limited	No. 1 Fuxingmennei Avenue, Beijing	Wang Xinan, 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 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: '00 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
China Suntien Green Energy Corporation Limited 2020 Medium-Term Notes Series 1	10	10	0	Normal	Nil	Yes
HECIC New Energy Co., Ltd. 2021 First Tranche of Super Short-Term Commercial Papers	7	7	0	Normal	Nil	Yes
China Suntien Green Energy Corporation Limited 2021 First Tranche of Green and Super Short-Term Commercial Papers (carbon neutrality bonds)	5	5	0	Normal	Nil	Yes
China Suntien Green Energy Corporation Limited 2020 First Tranche of Super Short-Term Commercial Papers	5	5	0	Normal	Nil	Yes
HECIC New Energy Co., Ltd. 2018 Medium-Term Notes Series 2	7	7	0	Normal	Nil	Yes
HECIC New Energy Co., Ltd. 2018 Medium-Term Notes Series 1	5	5	0	Normal	Nil	Yes
HECIC New Energy Co., Ltd. 2017 Medium-Term Notes Series 1	5	5	0	Normal	Nil	Yes
HECIC New Energy Co., Ltd. 2019 Medium-Term Notes Series 1	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

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	2021	2020	Increase or decrease over the same period of the previous year (%)	Reason for changes
Net profit after deducting non-recurring gain or loss	2,154,698,190.06	1,466,927,837.58	46.89	Mainly attributable to the increase in overall profit as compared with the previous year as a result of the continuous business development of the Company
Current ratio	93.81%	63.79%	47.06	Mainly attributable to the Company's issuance of additional shares to specific subscribers, insurance of perpetual bonds and the increase in sales proceeds
Quick ratio	87.54%	53.78%	62.77	Mainly attributable to the Company's issuance of additional shares to specific subscribers, insurance of perpetual bonds and the increase in sales proceeds
Gearing ratio (%)	66.96	70.84	-5.48	Mainly attributable to the Company's issuance of additional shares to specific subscribers and insurance of perpetual bonds
Total debt to EBITDA ratio	0.135	0.120	12.50	Mainly attributable to the increase in overall profit as compared with the previous year as a result of the continuous business development of the Company
Interest coverage ratio	3.03	2.49	21.69	Mainly attributable to the increase in overall profit as compared with the previous year as a result of the continuous business development of the Company
Cash interest coverage ratio	3.29	4.36	-24.54	Mainly due to the increase in interest expenses and income tax expense settled by cash for the current year
EBITDA interest coverage ratio	4.50	3.74	20.32	Mainly attributable to the increase in overall profit as compared with the previous year as a result of the continuous business development of the Company
Loan repayment ratio (%)	100	100		
Interest coverage (%)	100	100		

(VIII) Other Explanations

- (1) Pingan-HECIC New-energy No.1 Renewable Energy Tariff Surcharge Green Assets Support Scheme (G HECIC 1): issued on 24 December 2019-25 December 2019, value day was 26 December 2019, maturity date is 26 December 2022, balance is RMB285 million, interest rate is 4.09%, and semi-annual interest payments with principal repayment at maturity.
- (2) Pingan-HECIC New-energy No.1 Renewable Energy Tariff Surcharge Green Assets Support Scheme (G HECIC 2): issued on 24 December 2019-25 December 2019, value day was 26 December 2019, maturity date is 26 December 2022, balance is RMB15 million, interest rate is 4.09%, and semi-annual interest payments with principal repayment at maturity.

II. CONVERTIBLE CORPORATE BONDS

☐ Applicable ☒ Not Applicable

I. AUDITOR'S REPORT

Auditor's Report

Ernst & Young Hua Ming (2022) Shen Zi No. 60809266_A01
China Suntien Green Energy Corporation Limited

To the 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 2021, 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 2021, 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 2021, the original value of the Group's accounts receivable was RMB7,138,207,319.62, and the provision for impairment was RMB480,792,117.39.

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:

Our audit procedures included:

Checking the aging analysis of the accounts receivable throughout the year to gain an understanding of movements in the aging and the settlement pattern of the customers;

Testing the aging analysis of accounts receivable, by reviewing documents including sales invoices and electricity and gas statements. Reviewing the reasonableness of the amount of impairment provision, based on arrears or delays in payments, settlement records, post-period repayments, aging analysis of accounts receivable, actual bad debt losses occurred in the current year, current economic situation and forward-looking information.

In addition, we also reviewed the appropriateness of the related disclosures in the financial statements.

Key audit matter:*Impairment of long-term assets*

As at 31 December 2021, the total amount of fixed assets and construction in progress among the long-term assets of the Group was RMB45,934,650,709.26. The management assessed that there were indicator of impairment for small portion of long-term assets with lower utilization 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, we reviewed the assumptions made 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. For example, we compared the historical information and adjustment factors for assumptions regarding production capacity, operating costs, projected revenue growth rate, and the projected gross profit margin; 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 reviewed the recoverable amount of some long-term assets based on the fair value of the assets after deducting disposal costs.

We also involved internal assessment experts to assist us in reviewing key parameters such as management cash flow forecast models and discount rates, and a sensitivity analysis was performed on the result of the impairment testing. 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.
- (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:

Chen Jing

(Engagement Partner)

Chinese Certified Public Accountant:

Qi Li Na

Beijing, the PRC

23 March 2022

II. FINANCIAL STATEMENT

CONSOLIDATED BALANCE SHEET

31 December 2021

Prepared by: China Suntien Green Energy Corporation Limited

Unit: Yuan Currency: RMB

Items	Note VII	31 December 2021	31 December 2020
CURRENT ASSETS:			
Cash	1	7,648,396,983.55	1,898,492,786.13
Including: deposits with finance companies		3,115,853,047.06	1,649,456,969.69
Clearing settlement funds			
Lending to banks and other financial institutions			
Financial assets for trading			
Derivative financial assets			
Bills receivable			
Accounts receivable	5	6,657,415,202.23	4,866,274,731.98
Receivables financing	6	494,976,373.69	420,392,697.68
Advances to suppliers	7	161,631,341.92	380,771,646.27
Premium receivable			
Receivables from reinsurers			
Reinsurance deposits receivable			
Other receivables	8	135,599,831.17	94,391,151.51
Including: Interest receivable			
Dividends receivable		94,765,961.18	44,158,212.59
Financial assets purchased under agreements to resell			
Inventories	9	214,186,265.69	58,109,933.28
Contract assets			
Assets held for sale	11	12,373,484.60	
Non-current assets due within one year			
Other current assets	13	681,347,576.94	915,759,257.54
Total current assets		16,005,927,059.79	8,634,192,204.39
NON-CURRENT ASSETS:			
Loans and advances granted			
Debt investments			
Other debt investments			
Long-term receivables	16	41,133,817.83	
Long-term equity investments	17	3,058,088,144.23	2,476,150,375.02
Investments in other equity instruments	18	218,605,700.00	218,605,700.00
Other non-current financial assets			
Investment properties	20	26,032,201.48	27,137,369.92
Fixed assets	21	32,220,077,891.90	25,617,692,590.53
Construction in progress	22	13,714,572,817.36	13,983,364,988.28
Bearer biological assets			
Oil and gas assets			
Right-of-use assets	25	2,017,852,925.66	1,981,077,101.98
Intangible assets	26	2,151,290,713.14	2,197,732,480.00
Development expenses	27	27,227,806.35	12,425,222.01
Goodwill	28	55,450,878.54	39,411,613.25
Long-term deferred expenses	29	37,147,692.06	41,078,690.75
Deferred income tax assets	30	186,877,995.35	175,129,816.42
Other non-current assets	31	2,157,471,147.28	1,853,716,395.86
Total non-current assets		55,911,829,731.18	48,623,522,344.02
Total assets		71,917,756,790.97	57,257,714,548.41

II. FINANCIAL STATEMENT (continued)

CONSOLIDATED BALANCE SHEET (continued)

31 December 2021

Prepared by: China Suntien Green Energy Corporation Limited

Unit: Yuan Currency: RMB

Items	Note VII	31 December 2021	31 December 2020
CURRENT LIABILITIES:			
Short-term borrowings	32	1,978,114,966.89	1,220,742,600.37
Loans from central bank			
Deposits and amounts due to banks			
Financial liabilities for trading			
Derivative financial liabilities			
Bills payable	35	14,738,449.62	4,516,529.53
Accounts payable	36	458,031,776.88	176,947,893.06
Advances from customers	37	778,761,061.94	
Contract liabilities	38	1,654,191,386.15	1,580,107,357.02
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	79,033,920.95	92,086,286.31
Taxes payable	40	159,169,763.37	136,079,970.92
Other payables	41	7,016,558,174.65	6,133,744,755.20
Including: Interest payable			
Dividends payable		169,836,057.78	172,358,689.75
Handling charges and commission payable			
Amount payable for reinsurance			
Liabilities held for sale	42	7,859,895.72	
Non-current liabilities due within one year	43	4,211,344,922.30	3,691,634,649.12
Other current liabilities	44	704,107,945.21	500,000,000.00
Total current liabilities		17,061,912,263.68	13,535,860,041.53
NON-CURRENT LIABILITIES:			
Provisions for insurance contracts			
Long-term borrowings	45	28,705,566,379.15	23,837,385,993.66
Debentures payable	46	1,000,000,000.00	2,085,000,000.00
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	47	784,769,810.01	738,279,841.86
Long-term payables	48	361,236,137.17	204,163,944.97
Long-term employee benefits payable			
Accrued liabilities	50	77,531,149.68	52,760,727.00
Deferred income	51	106,249,255.16	59,142,565.63
Deferred income tax liabilities	30	56,187,755.68	49,632,336.35
Other non-current liabilities			
Total non-current liabilities		31,091,540,486.85	27,026,365,409.47
Total liabilities		48,153,452,750.53	40,562,225,451.00
Owners' equity (or shareholders' equity):			
Paid-in capital (or share capital)	53	4,187,093,073.00	3,849,910,396.00
Other equity instruments	54	1,945,736,000.00	1,494,000,000.00
Including: Preferred shares			
Perpetual bonds		1,945,736,000.00	1,494,000,000.00
Capital reserve	55	6,590,287,168.26	2,400,024,673.73
Less: Treasury stocks			
Other comprehensive income	57	6,493,135.00	6,493,135.00
Special reserves			
Surplus reserves	59	638,241,006.48	486,035,679.01
Provision for general risks			
Undistributed profit	60	6,316,513,894.20	4,928,503,066.37
Total equity attributable to owners of the parent company (or shareholders' equity)		19,684,364,276.94	13,164,966,950.11
Minority interests		4,079,939,763.50	3,530,522,147.30
Total owners' equity (or shareholders' equity)		23,764,304,040.44	16,695,489,097.41
Total liabilities and owners' equity (or shareholders' equity)		71,917,756,790.97	57,257,714,548.41

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 2021

Prepared by: China Suntien Green Energy Corporation Limited

Unit: Yuan Currency: RMB

Items	Note XVII	31 December 2021	31 December 2020
CURRENT ASSETS:			
Cash		4,955,847,636.66	140,173,830.24
Including: deposits with finance companies		894,798,008.36	130,752,272.11
Financial assets for trading			
Derivative financial assets			
Bills receivable			
Accounts receivable			
Receivables financing			
Advances to suppliers		1,635,332.15	1,807,879.04
Other receivables	2	1,350,583,043.68	839,074,927.28
Including: Interest receivable			21,860,932.05
Dividends receivable		585,067,066.45	138,491,656.50
Inventories			
Contract assets			
Assets held for sale		2,174,706.49	
Non-current assets due within one year		19,834,399.46	
Other current assets		5,422,603.07	915,151.96
Total current assets		6,335,497,721.51	981,971,788.52
NON-CURRENT ASSETS:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	3	11,911,865,694.69	10,868,214,909.92
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	4,711,962.92
Construction in progress		12,258,459.14	17,077,506.31
Bearer biological assets			
Oil and gas assets			
Right-of-use assets			1,921,656.15
Intangible assets		3,898,427.16	4,973,363.74
Development expenses			
Goodwill			
Long-term deferred expenses		139,723.22	45,123.82
Deferred income tax assets			
Other non-current assets		2,827,369,600.00	3,050,710,600.00
Total non-current assets		14,961,686,729.91	14,147,655,122.86
Total assets		21,297,184,451.42	15,129,626,911.38

II. FINANCIAL STATEMENT (continued)

BALANCE SHEET OF THE COMPANY (continued)

31 December 2021

Prepared by: China Suntien Green Energy Corporation Limited

Unit: Yuan Currency: RMB

Items	Note XVII	31 December 2021	31 December 2020
CURRENT LIABILITIES:			
Short-term borrowings		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	2,565,703.98
Taxes payable		3,025,635.06	1,666,861.82
Other payables		140,550,247.75	147,822,366.13
Including: Interest payable			
Dividends payable		96,330,000.00	77,934,000.00
Liabilities held for sale			
Non-current liabilities due within one year		485,834,490.35	234,119,001.88
Other current liabilities			500,000,000.00
Total current liabilities		1,332,709,557.69	886,173,933.81
NON-CURRENT LIABILITIES:			
Long-term borrowings		2,841,770,600.00	3,018,710,600.00
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	1,500,000.00
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		3,844,170,600.00	4,020,210,600.00
Total liabilities		5,176,880,157.69	4,906,384,533.81
Owners' equity (or shareholders' equity):			
Paid-in capital (or share capital)		4,187,093,073.00	3,849,910,396.00
Other equity instruments		1,945,736,000.00	1,494,000,000.00
Including: Preferred shares			
Perpetual bonds		1,945,736,000.00	1,494,000,000.00
Capital reserve		6,673,646,098.38	2,467,638,320.02
Less: Treasury stocks			
Other comprehensive income			
Special reserves			
Surplus reserves		638,241,006.48	486,035,679.01
Undistributed profit		2,675,588,115.87	1,925,657,982.54
Total owners' equity (or shareholders' equity)		16,120,304,293.73	10,223,242,377.57
Total liabilities and owners' equity (or shareholders' equity)		21,297,184,451.42	15,129,626,911.38

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 2021

Unit: Yuan Currency: RMB

Items	Note VII	2021	2020
I. Total operating revenue		15,985,268,252.01	12,510,885,312.89
Including: Operating revenue	61	15,985,268,252.01	12,510,885,312.89
Interest income			
Premiums earned			
Handling charges and commission income			
II. Total operating costs		13,253,916,958.66	10,613,744,098.65
Including: Operating costs	61	11,233,945,477.61	9,100,644,582.09
Interest expenses			
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	53,779,961.58	33,861,898.47
Selling expenses	63	3,108,585.99	1,985,327.57
Administration expenses	64	675,455,283.69	528,112,484.93
R&D expenses	65	72,022,183.84	36,417,584.20
Finance costs	66	1,215,605,465.95	912,722,221.39
Including: Interest expenses		1,228,640,406.46	925,256,193.42
Interest income		24,269,705.78	17,976,867.30
Add: other gains	67	119,637,593.45	74,524,487.85
Investment gains (losses are indicated with "-")	68	295,942,038.83	266,424,598.45
Including: Gains from investment in associates and joint ventures		281,785,663.87	254,015,712.80
Gains on derecognition of financial assets measured at amortized cost			
Foreign exchange gains (losses are indicated with "-")			
Net gain 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	-22,297,770.78	69,900,742.39
Asset impairment losses (losses are indicated with "-")	72	-7,040,492.38	-55,773,051.65
Asset disposal gains (losses are indicated with "-")	73	236,353.08	260,932.94
III. Operating profit (losses are indicated with "-")		3,117,829,015.55	2,252,478,924.22
Add: Non-operating income	74	25,991,330.46	13,099,850.88
Less: Non-operating expenses	75	15,580,472.94	1,562,460.91
VI. Gross profit (total losses are indicated with "-")		3,128,239,873.07	2,264,016,314.19
Less: Income tax expenses	76	416,611,131.47	331,284,660.61

II. FINANCIAL STATEMENT (continued)

CONSOLIDATED INCOME STATEMENT (continued)

January - December 2021

Unit: Yuan Currency: RMB

Items	Note VII	2021	2020
V. Net profit (net losses are indicated with "-")		2,711,628,741.60	1,932,731,653.58
(i) By continuity as a going concern			
1. Net profit from continuing operations (net losses are indicated with "-")		2,711,628,741.60	1,932,731,653.58
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 "-")		2,160,133,969.16	1,510,555,357.16
2. Gain or loss attributable to minority interests (net losses are indicated with "-")		551,494,772.44	422,176,296.42
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) Change in fair value of investments in 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) Change 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 investment			
(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		2,711,628,741.60	1,932,731,653.58
(i) Total comprehensive income attributable to owners of the parent company		2,160,133,969.16	1,510,555,357.16
(ii) Total comprehensive income attributable to minority interests		551,494,772.44	422,176,296.42
VIII. Earnings per share:			
(i) Basic earnings per share (RMB/share)		0.54	0.38
(ii) Diluted earnings per share (RMB/share)		0.54	0.38

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, and the net profit realized by the combining entities in the previous period was RMB0.

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 COMPANY

January - December 2021

Unit: Yuan Currency: RMB

Items	Note XVII	2021	2020
I. Operating revenue		3,952,144.33	1,903,318.83
Less: Operating costs		508,803.36	556,559.36
Taxes and surcharges		73,268.00	24,130.45
Selling expenses			
Administration expenses		92,415,524.01	70,636,514.51
R&D expenses		17,460,836.55	18,555,337.59
Finance costs		44,447,061.12	21,601,693.05
Including: Interest expenses		45,586,739.63	28,256,308.17
Interest income		4,179,090.18	4,226,706.61
Add: Other gains		205,551.60	49,306.80
Investment gains (losses are indicated with "-")	5	1,702,325,421.02	1,360,801,382.36
Including: Gains from investment in associates and joint ventures		23,410,639.53	8,191,682.14
Gains on derecognition of 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 "-")		1,130,060.12	-948,278.36
Asset impairment losses (losses are indicated with "-")		-35,396,668.65	-9,539,404.52
Asset disposal gains (losses are indicated with "-")			
II. Operating profit (losses are indicated with "-")		1,517,311,015.38	1,240,892,090.15
Add: Non-operating income		5,029,392.60	
Less: Non-operating expenses		287,133.32	248,952.00
III. Gross profit (total losses are indicated with "-")		1,522,053,274.66	1,240,643,138.15
Less: Income tax expenses			
IV. Net profit (net losses are indicated with "-")		1,522,053,274.66	1,240,643,138.15
(i) Net profit from continuing operations (net losses are indicated with "-")		1,522,053,274.66	1,240,643,138.15
(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. Change in fair value of investments in 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. Change 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		1,522,053,274.66	1,240,643,138.15
VII. Earnings per share:			
(i) Basic earnings per share (RMB/share)			
(ii) Diluted earnings per share (RMB/share)			

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 CASH FLOW STATEMENT

January - December 2021

Unit: Yuan Currency: RMB

Items	Note VII	2021	2020
I. Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		14,730,432,054.60	12,950,923,767.81
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		114,324,263.77	69,529,438.26
Cash received from other operating activities	78	102,379,824.05	31,297,942.96
Sub-total of cash inflows from operating activities		14,947,136,142.42	13,051,751,149.03
Cash paid for goods and services		8,952,146,341.83	7,780,274,875.69
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		702,328,303.25	610,160,007.56
Payments of taxes and surcharges		759,878,620.75	544,817,735.65
Cash paid relating to other operating activities	78	200,141,709.64	217,988,066.42
Sub-total of cash outflows from operating activities		10,614,494,975.47	9,153,240,685.32
Net cash flows from operating activities	79	4,332,641,166.95	3,898,510,463.71
II. Cash flows from investing activities:			
Cash received from investment			66,219,474.14
Cash received from investment income		176,556,122.74	175,330,352.84
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		675,641.30	364,966.13
Net cash received from disposal of subsidiaries and other business units		3,921,600.00	
Cash received from other investing activities	78	880,000,000.00	
Sub-total of cash inflows from investing activities		1,061,153,364.04	241,914,793.11
Cash paid to acquire fixed assets, intangible assets and other long-term assets		7,946,029,826.58	9,860,264,202.28
Cash paid for investments		307,035,600.00	183,950,800.00
Net increase in secured loans			
Net cash paid to acquire subsidiaries and other business units		19,372,859.56	
Increase in pledged bank deposits and other restricted cash	78	80,260,928.59	11,726,165.07
Cash paid relating to other investing activities		19,854,284.47	
Sub-total of cash outflows from investing activities		8,372,553,499.20	10,055,941,167.35
Net cash flows from investing activities		-7,311,400,135.16	-9,814,026,374.24

II. FINANCIAL STATEMENT (continued)
 CONSOLIDATED CASH FLOW STATEMENT (continued)

January - December 2021

Unit: Yuan Currency: RMB

Items	Note VII	2021	2020
III. Cash flows from financing activities:			
Proceeds from share issuance		4,545,055,183.47	400,203,113.21
Cash received from investment absorbed		381,200,000.00	481,032,731.00
Including: Cash received from minority shareholders' investment absorbed by subsidiaries		381,200,000.00	481,032,731.00
Cash received from issuance of other equity instruments		1,039,376,000.00	
Cash received from borrowings		14,277,699,084.39	14,896,778,854.11
Cash received from other financing activities	78	40,527,754.65	266,678,143.26
Subtotal cash inflows from financing activities		20,283,858,022.51	16,044,692,841.58
Cash paid for debt repayments		8,694,833,622.52	8,155,095,284.78
Cash paid for distribution of dividends and profits or interest payments		2,178,113,096.39	2,118,169,282.42
Including: Dividends and profits paid by subsidiaries to minority shareholders		212,909,741.47	305,989,953.16
Cash paid for redemption of other equity instruments		590,000,000.00	
Cash paid for other financing activities	78	171,533,649.51	332,976,888.21
Sub-total cash outflows from financing activities		11,634,480,368.42	10,606,241,455.41
Net cash flows from financing activities		8,649,377,654.09	5,438,451,386.17
IV. Effect of changes in foreign exchange rate on cash and cash equivalents		-975,417.05	6,297,742.52
V. Net increase in cash and cash equivalents	79	5,669,643,268.83	-470,766,781.84
Add: Balance of cash and cash equivalents at the beginning of the period	79	1,863,441,446.73	2,334,208,228.57
VI. Balance of cash and cash equivalents at the end of the period	79	7,533,084,715.56	1,863,441,446.73

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)

CASH FLOW STATEMENT OF THE COMPANY

January - December 2021

Unit: Yuan Currency: RMB

Items	Note	2021	2020
I. Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		5,707,438.57	-
Cash received from tax refund			
Cash received from other operating activities		1,159,288,603.19	808,549,883.03
Sub-total of cash inflows from operating activities		1,164,996,041.76	808,549,883.03
Cash paid for goods and services			
Cash paid to and on behalf of employees		64,552,760.33	51,702,231.82
Payments of taxes and surcharges		421,294.95	85,075.75
Cash paid relating to other operating activities		887,212,465.60	992,390,204.55
Sub-total of cash outflows from operating activities		952,186,520.88	1,044,177,512.12
Net cash flows from operating activities		212,809,520.88	-235,627,629.09
II. Cash flows from investing activities:			
Cash received from investment			
Cash received from investment income		1,124,241,823.06	1,236,828,753.03
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
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		1,128,163,423.06	1,236,828,753.03
Cash paid to acquire fixed assets, intangible assets and other long-term assets		3,817,955.54	7,228,970.00
Cash paid for investments		949,218,700.00	1,611,421,331.25
Net cash paid to acquire subsidiaries and other business units			
Cash paid to other investing activities			
Sub-total of cash outflows from investing activities		953,036,655.54	1,618,650,301.25
Net cash flows from investing activities		175,126,767.52	-381,821,548.22
III. Cash flows from financing activities:			
Cash received from investment absorbed		4,545,055,183.47	400,203,113.21
Cash received from issuance of other equity instruments		1,039,376,000.00	
Cash received from borrowings		2,236,070,000.00	3,607,427,777.78
Cash received from other financing activities		4,149,225.23	
Sub-total of cash inflows from financing activities		7,824,650,408.70	4,007,630,890.99
Cash paid for loan repayments		1,987,750,000.00	2,847,540,000.00
Cash paid for dividends, profits appropriation or payments of interest		816,895,943.40	723,653,628.15
Cash paid relating to other financing activities		592,237,899.68	10,373,847.74
Sub-total of cash outflows from financing activities		3,396,883,843.08	3,581,567,475.89
Net cash flows from financing activities		4,427,766,565.62	426,063,415.10
IV. Effect of changes in foreign exchange rate on cash and cash equivalents		-29,047.60	5,545,299.77
V. Net increase in cash and cash equivalents		4,815,673,806.42	-185,840,462.44
Add: Cash and cash equivalents at the beginning of the period		140,173,830.24	326,014,292.68
VI. Cash and cash equivalents at the end of the period		4,955,847,636.66	140,173,830.24

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 2021

2021														
Equity attributable to owners of the Company														
Items	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 profit	Subtotal	Minority interest	Total owners' equity
		Preferred share	Perpetual bond	Others										
I. Balance at the end of last year Add: Effects of changes in accounting policies Effects of correction of prior year errors Business combination involving enterprises under common control Others	3,849,910,386.00		1,494,000,000.00		2,400,024,493.73		6,493,135.00		484,035,679.01		4,928,503,666.37	13,164,966,950.11	3,539,521,147.30	16,695,489,897.61
II. Balance at the beginning of the year III. Increase/decrease in the period (decrease is represented by "-")	3,849,910,386.00		1,494,000,000.00		2,400,024,493.73		6,493,135.00		484,035,679.01		4,928,503,666.37	13,164,966,950.11	3,539,521,147.30	16,695,489,897.61
(I) Total comprehensive income	337,182,677.00		461,736,000.00		4,190,042,044.53				152,205,327.47		1,388,010,827.83	6,519,397,326.83	549,417,616.20	7,068,814,943.03
(II) Owners' contribution and decrease in capital	337,182,677.00		461,736,000.00		4,190,042,044.53						2,160,133,989.16	2,160,133,989.16	551,494,772.44	2,711,628,761.60
1. Ordinary shares contributed by owners	337,182,677.00				4,207,872,386.47						4,545,055,183.47	4,545,055,183.47	230,101,044.95	5,289,282,238.48
2. Capital invested by owners of other equity instruments			1,039,376,000.00								1,039,376,000.00	1,039,376,000.00	380,200,000.00	1,429,576,000.00
3. Share-based payments credited to owners' equity														
4. Business combinations involving enterprises not under common control														
5. Disposal of subsidiaries														
6. Other reasons for changes in business combination														
7. Changes in proportion of ownership of subsidiaries														
8. Others			-387,440,000.00		-176,100,194				152,205,327.47		-772,123,141.33	-405,250,011.94	-151,098,935.05	-755,348,946.99
(III) Profit distribution									152,205,327.47		-152,205,327.47	-419,917,813.86	-232,178,221.19	-82,976,893.05
1. Appropriation to surplus reserve														
2. Appropriation to general risk provision														
3. Distribution to owners (or shareholders)														
4. Distribution to other equity instruments														
5. 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 related earnings														
5. Other comprehensive income transferred to related earnings														
6. Others														
(V) Special reserve														
1. Appropriation for the current period								65,018,027.74				65,018,027.74		65,018,027.74
2. Application for the current period								65,018,027.74				65,018,027.74		65,018,027.74
(VI) Others														
IV. Balance at the end of the current period	4,187,093,073.00		1,945,736,000.00		6,590,287,168.26		6,493,135.00		638,241,006.48		6,314,513,894.20	19,843,344,216.94	4,079,397,743.30	23,764,304,040.44

Note: Decrease in capital of other equity instruments is included in (II) Owners' contribution and decrease in capital 4. Others;

II. FINANCIAL STATEMENT (continued)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

January - December 2021

Unit: Yuan Currency: RMB

2020															
Equity attributable to owners of the Company															
Items	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 profit	Others	Subtotal	Minority interest	Total owners' equity
		Preferred share	Perpetual bond	Others											
I. Balance at the end of last year	371516036.00		1,040,000,000.00		213,840,672.21		6,493,135.00		336,977,365.19		4,102,915,107.78		119,163,380,661.18	2,932,267,312.93	14,049,655,374.11
Adopt Effects of changes in accounting policies															
Effects of correction of prior year errors															
Business combination involving enterprises under common control															
Others					397,411,783.47						-1,720,265.35		380,111,499.22	3,059,238.30	41,000,736.52
II. Balance at the beginning of the year	371516036.00		1,040,000,000.00		217,539,840.68		6,493,135.00		336,977,365.19		4,101,184,822.53		119,561,399,559.40	2,936,326,551.23	14,790,726,110.63
III. Increase/decrease in the period (decrease is represented by "-")															
(I) Total comprehensive income	134,750,000.00				224,434,833.05				124,064,313.82		827,318,213.84		1,310,567,390.71	594,165,960.07	1,904,622,984.78
(II) Owners' contribution and decrease in capital	134,750,000.00				224,434,833.05						151,035,357.16		15,102,555,357.16	4,221,76,244.42	1,927,731,653.58
1. Ordinary shares contributed by owners													359,184,833.05	530,056,700.02	883,241,553.07
2. Capital invested by owners of other equity instruments	134,750,000.00				250,079,265.47								3,662,757,265.47	4,754,084,755.50	6,657,382,401.97
3. Share-based payments credited to owners' equity															
4. Others					-30,644,422.42								-30,644,422.42	48,147,445.2	17,503,012.10
(III) Profit distribution									124,064,313.82		-483,237,113.22		559,172,799.50	-350,057,420.37	-91,210,219.87
1. Appropriation to surplus reserve									124,064,313.82						
2. Appropriation to general risk provision															
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 related earnings															
5. Other comprehensive income transferred to related earnings															
6. Others															
(V) Special reserve															
1. Appropriation for the current period								62,868,933.83					62,868,933.83		62,868,933.83
2. Application for the current period								62,868,933.83					62,868,933.83		62,868,933.83
(VI) Others															
IV. Balance at the end of the current period	3,849,910,336.00		1,040,000,000.00		2,400,044,833.73		6,493,135.00		486,026,679.01		4,908,350,066.37		13,164,966,950.11	3,530,521,497.30	16,695,488,447.41

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

II. FINANCIAL STATEMENT (continued)
STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

January - December 2021

Unit: Yuan Currency: RMB

Items	2021						
	Paid-up capital (or Share capital)	Other equity instruments			Less: treasury stocks	Other comprehensive income	Special reserve
		Preferred share	Perpetual bond	Others			
I. Balance at the end of last year	3,849,910,396.00		1,494,000,000.00		2,447,638,320.02		486,035,679.01
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		2,447,638,320.02		486,035,679.01
III. Increase/decrease in the period (decrease is represented by "-")	337,182,677.00		451,736,000.00		4,206,007,778.36		152,205,327.47
(I) Total comprehensive income							
(II) Owners' contribution and decrease in capital	337,182,677.00		451,736,000.00		4,206,007,778.36		486,035,679.01
1. Ordinary shares contributed by owners	337,182,677.00				4,207,872,506.47		152,205,327.47
2. Capital invested by owners of other equity instruments							
3. Share-based payments credited to owners' equity							
4. Others			-587,640,000.00		-1,864,728.11		
(III) Profit distribution							
1. Appropriation to surplus reserve							152,205,327.47
2. Distribution to owners (or Shareholders)							152,205,327.47
3. Others							
(IV) Internal transfer of owners' equity							
1. Conversion of capital reserve into capital (or share capital)							-772,123,141.33
2. Conversion of surplus reserve into capital (or share capital)							-152,205,327.47
3. Making good of loss with surplus reserve							
4. Change in defined benefit plan transferred to retained earnings							-523,587,813.86
5. Other comprehensive income transferred to retained earnings							-96,330,000.00
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		1,945,736,000.00		6,673,646,098.38		638,241,006.48
							2,675,588,115.87
							16,120,304,293.73

II. FINANCIAL STATEMENT (continued)

STATEMENT OF CHANGES IN EQUITY OF THE COMPANY (continued)

January - December 2021

Items	2020							Unit: Yuan		Currency: RMB	
	Paid-up capital (or share capital)	Other equity instruments			Capital reserve	Less treasury stocks	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total owners' equity
		Preferred share	Perpetual bond	Others							
I. Balance at the end of last year	3,715,160,396.00		1,494,000,000.00		2,212,623,248.78				36,197,365.19	1,368,251,957.71	9,152,006,967.68
Add: Effects of changes in accounting policies											
Effects of correction of prior year errors											
Others											
II. Balance at the beginning of the year	3,715,160,396.00		1,494,000,000.00		2,212,623,248.78				36,197,365.19	1,368,251,957.71	9,152,006,967.68
III. Increase/decrease in the period (decrease is represented by "-")	134,750,000.00				255,015,071.24				124,044,313.82	557,406,024.83	1,071,235,489.89
(I) Total comprehensive income											
(1) Owners' contribution and decrease in capital	134,750,000.00				255,015,071.24					124,044,313.82	1,240,443,138.15
(2) Ordinary shares contributed by owners	134,750,000.00				255,015,071.24						389,765,071.24
3. Capital invested by owners of other equity instruments					255,015,071.24						389,765,071.24
3. Share-based payments credited to owners' equity					255,015,071.24						389,765,071.24
4. Others											389,765,071.24
(II) Profit distribution					-64,194.23						-64,194.23
1. Appropriation to surplus reserve									124,044,313.82	-68,237,113.32	-559,172,799.50
2. Distribution to owners (or shareholders)									124,044,313.82	-124,044,313.82	
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	3,849,910,396.00		1,494,000,000.00		2,467,638,320.02				48,635,679.01	1,925,657,982.54	10,232,942,377.57

Person in charge of the Company: Cao Xin Person in charge of accounting: Fan Wei Hung Head of accounting: Yang Zhangding

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 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, divided into 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%.

With the approval of China Securities Regulatory Commission (Zheng Jian Xu Ke [2020] No. 1012), the initial public offering and listing of the shares of the Company on the Shanghai Stock Exchange were completed on 28 May 2020. 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 2021, 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 financial statements have been approved and authorized for issue by the Company's Board of Directors on 23 March 2022.

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 for the change of scope for the year.

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 are prepared on a going concern basis.

IV. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

2. GOING CONCERN

As at 31 December 2021, the Group's current liabilities exceeded its current assets by approximately RMB1,056 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 2021 of approximately RMB46.342 billion;
- (3) The Group registered super short-term commercial papers of RMB2.0 billion with the National Association of Financial Market Institutional Investors in April 2020. Such facilities were approved for revolving use before April 2022. As at 31 December 2021, the unutilised facilities amounted to RMB2.0 billion. 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 2021, the unutilised facilities amounted to RMB1.3 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. 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, details of which are described below:

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 2021, and the operating results and cash flows for 2021 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 Group 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 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.

5. Business combinations

Business combinations are classified into business combinations involving enterprises under common control and business combinations involving enterprises not under common control.

Business 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. In a business combination under common control, the party which obtains control of other combining enterprise(s) on the combination date is the merging party, the other combining enterprise(s) is (are) the merged party. The combination date refers to the date on which the merging party actually obtains control of the merged parties.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES: (continued)

5. Business combinations (continued)

Business combinations involving enterprises under common control (continued)

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.

Business 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. In a business combination not under common control, the party which obtains control of other combining enterprise(s) on the acquisition date is the acquirer, the other combining enterprise(s) is (are) the acquiree(s). The acquisition date refers to the date on which the acquirer actually obtains control of the acquiree.

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.

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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES: (continued)

6. Preparation of consolidated financial statements (continued)

By stepping through multiple transactions to dispose of the equity investment in a subsidiary until the loss of control, if it is a package transaction, the transactions are treated as a transaction that disposes of the subsidiary and loses 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. Classification of joint arrangements and joint ventures

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. 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.

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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES: (continued)

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.

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: financial assets measured at fair value through profit or loss, financial assets measured at amortised cost and financial assets at fair value through other comprehensive income. 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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES: (continued)

10. Financial instruments (continued)

Classification and measurement of financial assets (continued)

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 assets stipulate that cash flows generated on a specific date are only the payment of the principal and the interest based on the outstanding principal amount. 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.

On initial recognition, the Group's financial liabilities are classified as: financial liabilities at fair value through profit or loss and other financial liabilities. 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 transaction expenses relating to other financial liabilities are included in the initial recognized amount.

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.

Other financial liabilities

Such financial liabilities are measured at amortized cost by using the effective interest method.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES: (continued)

10. Financial instruments (continued)

Impairment of financial instruments

The Group performs impairment treatment on financial assets measured at amortised cost and debt instrument investments, lease receivables, contract assets, loan commitments and financial guarantee contracts at fair value through other comprehensive income 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.

For lease receivables, receivables with significant financing components, and contract assets, the Group has chosen to use a simplified measurement method to measure loss allowance at the full lifetime expected credit loss.

In addition to the financial assets, loan commitments 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, the definition of credit-impaired assets, and assumptions for the measurement of expected credit losses, please refer to Note X. 3.

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.

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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES: (continued)

10. Financial instruments (continued)

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, please refer to the description of financial instruments in Note V to these financial statements.

12. Accounts Receivable

Determination and accounting treatment of expected credit losses of accounts receivable

For details, please refer to the description of financial instruments in Note V to these financial statements.

13. Receivables financing

For details, please refer to the description of financial instruments in Note V to these financial statements.

14. Other receivables

Determination and accounting treatment of expected credit losses of other receivables

For details, please refer to the description of financial instruments in Note V to these financial statements.

15. Inventories

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 weighted average 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. If the factors that give rise to the provision in prior years are not in effect, as a result that the net realisable value of inventories is higher than their carrying amount, the original amount of the write-down is reversed within the previously impaired amount and the reversed amount is included 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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES: (continued)

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.

17. Assets 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 amortized.

18. Debt investments

(1). Determination and accounting treatment of expected credit losses of debt investments

☐ Applicable ☒ Not applicable

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

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES: (continued)

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.

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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES: (continued)

21. Long-term equity investments (continued)

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.

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 a building for the purposes of leasing out and a building that will be used for leasing out after construction or development.

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:

	Useful life	Estimated residual value rate	Annual depreciation rate
Houses and buildings	30 years	5%	3.17%

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES: (continued)

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 years	5%	2.38%-4.75%
Machinery and equipment	Straight-line method	5-30 years	5%	3.17%-19.00%
Transportation equipment	Straight-line method	5-8 years	5%	11.88%-19.00%
Electronic equipment and office equipment	Straight-line method	3-5 years	5%	19.00%-31.67%
Others	Straight-line method	10 years	5%	9.50%

Depreciation is provided on fixed assets using the straight-line method, except for fixed assets generated by consuming safety production reserves.

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

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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES: (continued)

25. Borrowing costs

Borrowing costs are interests and other related cost arising from Group's borrowing, including borrowing interests, amortization of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency lending, etc.

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.

26. Biological assets

☐ Applicable ☒ Not applicable

27. Oil and gas assets

☐ Applicable ☒ Not applicable

28. Right-of-use assets

The right-of-use assets of the Group mainly comprise leased land, buildings, wind turbines and relevant equipment and transportation equipment and others.

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: (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. 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.

The Group re-measured the lease liability based on the present value of the changed lease payments and adjusted the carrying amounts of the right-of-use asset accordingly. If the carrying amount of the right-of-use asset has been reduced to zero and the lease liability still needs to be further reduced, the Group accounts for the remaining amount in the current profit and loss.

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	25-30 years
Proprietary technologies	10 years
Software licenses	10 years

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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES: (continued)

29. Intangible assets (continued)

(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.

30. Impairment on assets

The Group determines the impairment of assets other than inventories, contract assets and assets relating to contract assets, deferred income tax, financial assets and assets held for sale using the following methods:

The Group assesses at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset and performs testing for impairment. Goodwill arising from a business combination and intangible assets with indefinite useful life 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. Intangible assets that have not been ready for intended use are tested for impairment each year.

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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES: (continued)

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.

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). 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). 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. 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, 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.

An obligation related to a contingency shall be recognized 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;

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES: (continued)

34. Lease liabilities (continued)

- (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.

35. Accrued liabilities

An obligation related to a contingency shall be recognized 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.

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.

Revenue from the 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.

Revenue from the 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.

Rental income

Rental income under operating lease is recognised under the straight-line method over the lease term, and contingent rental is included in the current profit or loss upon incurrence.

(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

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES: (continued)

39. Contract costs

☐ Applicable ☒ Not applicable

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; (b) 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. Income tax

Income tax comprises current and deferred income tax. Income tax is recognised as an expense or income in profit or loss for the current period, or otherwise recognised directly in shareholders' equity if it arises from goodwill on a business combination or relates to a transaction or event which is recognised directly in shareholders' equity.

The Group measures a current tax liability or asset arising from the current and prior periods based on the amount of income tax estimated to be paid or returned and calculated in accordance with the requirements of relevant tax laws.

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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES: (continued)

41. Income tax (continued)

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.

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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES: (continued)

42. Leases

(1). Accounting treatment for operating leases

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.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

(2). Accounting treatment for finance leases

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.

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.

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 lessor, 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 lessor, 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.

(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. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, the customer has both of the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset.

Separation of lease and non-lease components

If the contract contains both lease and non-lease components, when the Group acts as the lessee, the lease and non-lease components are separated for accounting treatment.

The lease term is the non-cancellable period of a lease for which the Group has the right to use an underlying asset. If the Group has an option to extend the lease, that is, the Group has the right to extend the lease, and is reasonably certain to exercise that option, the lease term also includes periods covered by an option to extend the lease. If the Group has an option to terminate the lease, that is, the Group has the right to terminate the lease, but is reasonably certain not to exercise that option, the lease term includes periods covered by an option to terminate the lease. The Group reassesses whether it is reasonably certain to exercise an extension option, purchase option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in the circumstances that are within the control of the Group and affect whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term.

As lessee

For the general accounting treatment of the Group as a lessee, please refer to Note V. 28 and Note V. 34.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES: (continued)

42. Leases (continued)

(3). Determination and accounting treatment of leases under the new lease standard (continued)

Lease modification

The lease modifications refer to the change of lease scope, lease consideration, and lease term outside the original contract terms, including the addition or termination of the use right of one or more lease assets. It also includes the extension or shortening of the lease term stipulated in the contract.

If the lease modifications have met the following conditions simultaneously, the Group will account for the lease modifications as a separate lease:

- (1) The lease modifications expand the scope of the lease by adding the rights of use of one or more leased assets;
- (2) The increased consideration and the individual price of the enlarged portion of the lease are equivalent to the amount adjusted in accordance with the contract situation.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability on the effective date of the lease modification by discounting the revised lease payments using a revised discount rate. When calculating the present value of the lease payment after the modification, the revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term if that rate can be readily determined, or the lease's Incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

The Group distinguishes between the following cases for accounting treatment in view of the above effects of the adjustment of lease liabilities:

- (1) If the lease modifications result in a narrower lease scope or a shorter lease term, the Group reduces the book value of the right-of-use asset to reflect the partial termination or full termination of the lease and recognizes the related gains or losses that partially terminate or completely terminate the leases in the current profits and losses;
- (2) Making a corresponding adjustment to the book value of right-of-use asset for all other lease modification.

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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES: (continued)

42. Leases (continued)

(3). Determination and accounting treatment of leases under the new lease standard (continued)

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.

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.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

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.

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.

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 lessor, 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 lessor, 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.

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. However, 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:

Operating leases – as lessor

The Group has entered into lease contracts for its investment properties. The Group considers that, according to the terms of the lease contracts, the Group has retained substantially all the risks and rewards and therefore such leases are treated as operating leases.

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.

Method for determining the performance progress for construction contracts (only applicable to situations where control is transferred within a period of time)

The input method is adopted by the Group to determine the progress of performance of construction contracts. Specifically, the construction costs actually incurred on a cumulative basis as a percentage of estimated total costs is used to ascertain progress of performance. Costs actually incurred on a cumulative basis include direct and indirect costs incurred by the Group in the course of transfer of goods to customers. The Group considers that the consideration of construction contracts entered into with customers is determined based on construction costs. The construction costs actually incurred as a percentage of estimated total costs can practically reflect the progress of performance of the construction service. As the period of validity of construction contracts is relatively long and may span over a number of accounting periods, the Group will review and revise budget as the duration of the construction contracts continues, and adjust the amount of recognised revenue accordingly.

Business model

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets. In determining the business model, the Group considers, among other things, the way the enterprise evaluates and reports the results of the financial assets to key management personnel, the risks affecting the results of the financial assets and how they are managed, and the manner in which the relevant business management personnel are remunerated. In assessing whether to target the receipt of contractual cash flows, it requires the Group's analysis and judgement as to the reasons for, timing, frequency and value of sales of financial assets prior to their maturity date.

Characteristics of contractual cash flows

The classification of a financial asset at initial recognition depends on characteristics of contractual cash flow of the financial asset, and requires judgement as to whether the contractual cash flows are solely payments of principal and interest based on the outstanding principal, whether there is a significant difference between the time value of money and the benchmark cash flows at the evaluation for the adjustment to the time value of money, and whether the fair value of financial assets with early repayment feature is minimal.

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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES: (continued)

43. Significant accounting judgments and estimates (continued)

Estimation uncertainties (continued)

Impairment of financial instruments and contract assets

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. For details, please refer to Notes VII. 5 and VII. 8.

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. For details, please refer to Notes VII. 21 and VII. 22.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. It requires the estimation of the present value of future cash flows for the asset group or portfolio of assets to which goodwill has been allocated. In estimating the present value of future cash flows, the Group is required to estimate the future cash flows generated by the asset group or portfolio of assets and to select an appropriate discount rate to determine the present value of future cash flows. For details, please refer to Note VII. 28.

Fair value of unlisted equity investments

Unlisted equity investments are valued based on the estimated future cash flows discounted at the current discount rate of other financial instruments with similar contractual terms and risk characteristics. This requires the Group to estimate expected future cash flows, credit risk, volatility and discount rates and is therefore uncertain.

Development expenditures

Determination of the capitalisation amount requires estimation of future cash flows of the related assets, choosing a suitable discount rate and estimation of beneficial useful lives by the management.

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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES: (continued)

43. Significant accounting judgments and estimates (continued)

Estimation uncertainties (continued)

Classification of investment properties and fixed assets

The Group determines whether properties it held meet the definition of investment properties, and establishes criteria during which. The Group classifies premises held for rental or capital appreciation, or both purposes, including buildings under construction or in the process of development for future rental, as investment properties. Accordingly, the Group considers whether a property generates cash flows in a manner that is largely independent of other assets held by the Group. Some properties are used in part to generate rent or capital appreciation, with the remainder being used to produce goods, provide service or manage the business. If the portion used to generate rentals or capital appreciation can be sold or financed separately, the Group accounts for that portion separately. If not, the property is classified as investment property only if the portion used for the production of goods, the provision of services or the management of the business is not significant. The Group makes judgement for properties on an individual basis in determining whether ancillary services are significant to the extent that disqualifying the property from recognition as investment properties.

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.

44. Change in Significant Accounting Policies and Accounting Estimates

(1). Change in significant 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 Company 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 for changes in contracts or leases due to benchmark rate reform

According to Accounting Standards for Business Enterprises – Interpretation No. 14, only when changes in the basis for determining the contractual cash flows of financial assets or financial liabilities accounted for using the effective interest rate method are directly arisen the benchmark interest rate reform and such basis for determination is economically equivalent before and after the changes, the Group will recalculate the effective interest rate based on the future cash flows after the changes and use such basis for subsequent measurement. Since 1 January 2021, the Group has accounted for relevant amounts in accordance with the above-mentioned requirements. In accordance with the requirement for transition, the information of comparable periods has not been adjusted and the difference between the amount on the first day of implementation of the above-mentioned requirements and the prevailing standards has been included in retained earnings or other comprehensive income at the beginning of the current year. During the year, the change in such accounting policy had no impact on the consolidated and the Company's net profit and owners' equity.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES: (continued)

44. Change in Significant Accounting Policies and Accounting Estimates (continued)

(2). Change in significant accounting estimates

☐Applicable ☒Not applicable

(3). Information on making adjustment on implementation of related items in the financial statements at the beginning of such year for the first time in 2021 against initial application of the new revenue standards and the new lease standards

☐Applicable ☒Not applicable

(4). Description of retrospective adjustment on the comparative figures in the previous period against initial application of the new revenue standards and the new lease standards since 2021

☐Applicable ☒Not applicable

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability or in the most advantageous market for the asset or liability when a principal market is absent. The principal or the most advantageous market must be accessible to by the Group at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other supporting information are available, giving priority to the use of relevant observable inputs, and using unobservable inputs only when observable inputs are unavailable or not feasible to obtain.

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 (VAT)	Output VAT is calculated by applying to the taxable income less deductible input VAT of the current period.	13% 、 9%
City maintenance 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%
Educational surcharge	On the turnover taxes paid	3%
Local educational surcharges	On the turnover taxes paid	2%

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.

VI. TAXATION (continued)

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 wind power generation and photovoltaic power generation subsidiaries of the Company 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公告》) (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.

Value-added tax (VAT)

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: (1) 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 natural gas companies controlled by the Company 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 wind power subsidiaries controlled by the Company enjoy the policy of refund of 50% VAT upon collection.

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		
Deposits at banks	7,533,084,715.56	1,872,746,020.72
Other deposits	115,312,267.99	25,746,765.41
Total	7,648,396,983.55	1,898,492,786.13
Including: total amount deposited abroad	5,452,417.59	12,369,638.60

Other explanation

As at 31 December 2021, cash deposited abroad of the Group amounted to RMB5,452,417.59 (31 December 2020: RMB12,369,638.60).

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) amounted to RMB115,312,267.99 and RMB35,051,339.40 in 2021 and 2020 respectively.

2. Financial assets for trading

☐ Applicable ☒ Not applicable

3. Derivative financial assets

☐ Applicable ☒ Not applicable

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Bills receivable

(1). Categories of bills receivable presented

☐ Applicable ☒ Not applicable

(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

☐ Applicable ☒ Not applicable

(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). Disclosure by classification 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

(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

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Accounts receivable

(1). Disclosure by age

Unit: Yuan Currency: RMB

Age	Closing book balance
Within 1 year	
Including: sub-items within 1 year	
Within 6 months	1,925,119,390.33
6 months to 1 year	1,394,547,868.83
Subtotal within 1 year	3,319,667,259.16
1 to 2 years	1,682,479,051.62
2 to 3 years	1,190,622,812.03
Over 3 years	945,438,196.81
Total	7,138,207,319.62

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). Disclosure by classification of provision for bad debts

Unit: Yuan Currency: RMB

Category	Closing balance					Opening balance				
	Carrying amount		Provision for bad debts		Book value	Carrying amount		Provision for bad debts		Book value
	Amount	Ratio (%)	Amount	Provision ratio (%)		Amount	Ratio (%)	Amount	Provision ratio (%)	
Bad debt provision on an individual basis	399,037,330.81	5.59	399,037,330.81	100.00	0.00	399,155,147.05	7.49	399,155,147.05	100.00	0.00
Including:										
Bad debt provision on a group basis	6,739,169,988.81	94.41	81,754,786.58	1.21	6,657,415,202.23	4,933,139,975.56	92.51	66,865,243.58	1.36	4,866,274,731.98
Including:										
Provision for bad debts made on a group basis by credit risk characteristics	6,739,169,988.81	94.41	81,754,786.58	1.21	6,657,415,202.23	4,933,139,975.56	92.51	66,865,243.58	1.36	4,866,274,731.98
Total	7,138,207,319.62	100.00	480,792,117.39		6,657,415,202.23	5,332,295,122.61	100.00	466,020,390.63		4,866,274,731.98

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Accounts receivable (continued)

(2). Disclosure by classification of provision for bad debts (continued)

Bad debt provision on an individual basis:

Unit: Yuan Currency: RMB

Name	Closing balance			
	Carrying amount	Provision for bad debts	Provision ratio (%)	Reason for 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 a group basis:

Item provision on a group basis: Nil

Unit: Yuan Currency: RMB

Name	Closing balance		
	Accounts receivable	Provision for bad debts	Provision ratio (%)
Within 6 months	37,844,190.32	1,892,209.52	5.00
6 months to 1 year	11,323,545.71	1,132,354.57	10.00
1 to 2 years	2,476,415.04	742,924.51	30.00
2 to 3 years	540,579.25	270,289.63	50.00
Over 3 years	10,956,722.99	10,956,722.99	100.00
Total	63,141,453.31	14,994,501.21	

Recognition standard and description of provision for bad debts made on a group basis:

At each balance sheet date, the accounts receivable with provision for bad debts made on credit risk characteristics grouping basis are as follows:

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Accounts receivable (continued)

(2). Disclosure by classification of provision for bad debts (continued)

The accounts receivable of grouping with extremely low recovery risk are as follows:

	31 December 2021			
	Book balance		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)
Renewable energy subsidies and benchmark electricity prices	6,676,028,535.50	100.00	66,760,285.36	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	Business combinations involving enterprises not under common control	Change for the period				Closing balance
			Provision	Recovered or reversed	Disposal of subsidiaries	Classified as held for sale	
2021	466,020,390.63	620,149.70	29,121,552.27	7,198,594.47	1,443,417.50	6,327,963.24	480,792,117.39
Total	466,020,390.63	620,149.70	29,121,552.27	7,198,594.47	1,443,417.50	6,327,963.24	480,792,117.39

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

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. 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
State Grid Jibei Electric Power Co., Ltd. (國網冀北電力有限公司)	3,985,969,288.33	55.84	39,859,692.88
State Grid Hebei Electric Power Co., Ltd. (國網河北省電力有限公司)	911,822,137.99	12.77	9,118,221.38
Yunnan Power Grid Co., Ltd. (雲南電網有限責任公司)	493,161,153.22	6.91	4,931,611.53
State Grid Shanxi Electric Power Co., Ltd. (國網山西省電力有限公司)	315,890,797.07	4.43	3,158,907.97
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)	275,007,167.57	3.85	2,750,071.68
Total	5,981,850,544.18	83.80	59,818,505.44

Other explanations

As at 31 December 2021 and 31 December 2020, 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 RMB4,965,601,619.65 and RMB3,251,297,679.34, respectively. Please refer to Note VII. 81.

As at 31 December 2021 and 31 December 2020, the Group utilised accounts receivable with the carrying amount of RMB332,103,388.61 and RMB282,973,223.41, respectively, as the fundamental assets for the establishment of Ping An-HECIC New-energy No. 1 Asset-backed Special Program. Please refer to Note VII. 81.

(6). Accounts receivable that were derecognized due to the transfer of financial assets

☐ Applicable ☒ Not applicable

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Accounts receivable (continued)

(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

Item	Closing balance	Opening balance
Bank acceptance bills	494,976,373.69	420,392,697.68
Total	494,976,373.69	420,392,697.68

The changes in the current amount and fair value of accounts receivable financing in this period:

☐ Applicable ☒ Not Applicable

In case the provision for bad debts is made under the general model of expected credit loss, refer to the disclosure of other receivables:

☐ Applicable ☒ Not Applicable

Other explanations:

Bills receivable that have been endorsed or discounted but not yet due at the balance sheet date are as follows:

	31 December 2021		30 December 2020	
	Derecognised	Not yet derecognised	Derecognised	Not yet derecognised
Bank acceptance bills	1,144,706,647.22	66,595,054.65	160,125,401.49	203,446,404.10

As at 31 December 2021 and 31 December 2020, the Company had no bank acceptance bills transferred to accounts receivable due to non-performance of drawers. For the transfer of bills receivable, please refer to Note X. 2.

As at 31 December 2021 and 31 December 2020, the corresponding electricity fees settled by bank acceptance bills in relation to the Group's long-term borrowings secured by part of the right of collection of future electricity fees have also been used to secure borrowings of the same kind and the corresponding accounts receivable amounted to RMB590,000.00 and RMB12,100,000.00, respectively. Please refer to Note VII. 81.

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Advances to suppliers

(1). Presentation of advances to suppliers by aging analysis

Unit: Yuan Currency: RMB

Age	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	158,325,136.16	97.95	371,107,717.23	97.47
1 to 2 years	735,783.99	0.46	4,775,692.85	1.25
2 to 3 years	1,118,271.64	0.69	1,176,287.79	0.31
Over 3 years	1,452,150.13	0.90	3,711,948.40	0.97
Total	161,631,341.92	100	380,771,646.27	100

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	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)	52,107,329.97	32.24
Datang Energy Chemical Marketing Co., Ltd. (大唐能源化工營銷有限公司)	16,014,684.40	9.91
PipeChina Group Tianjin Liquefied Natural Gas Co., Ltd. (國家管網集團天津液化天然氣有限責任公司)	14,854,502.43	9.19
Shanxi Guohua Energy Co., Ltd. (山西國化能源有限責任公司)	5,339,948.93	3.30
PipeChina Group Beijing Pipeline Co., Ltd. (國家管網集團北京管道有限公司)	4,741,323.25	2.93
Total	93,057,788.98	57.57

Other explanations

Nil

Other explanations

☐ Applicable ☒ Not applicable

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other receivables

Items presented

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interest receivable		
Dividends receivable	94,765,961.18	44,158,212.59
Other receivables	40,833,869.99	50,232,938.92
Total	135,599,831.17	94,391,151.51

Other explanations:

☐ Applicable ☒ Not applicable

Interest receivable

(1). Classification of interest receivable

☐ Applicable ☒ Not applicable

(2). Significant overdue interest

☐ Applicable ☒ Not applicable

(3). Provision 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)

Dividends receivable

(4). Dividends receivable

Unit: Yuan Currency: RMB

Project (or Invested unit)	Closing balance	Opening balance
Hebei Weichang Longyuan CIC Wind Energy Generation Co., Ltd. (河北圍場龍源建投風力發電公司) ("Hebei Weichang")	25,577,001.61	17,930,153.30
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")	24,960,437.72	26,228,059.29
Chengde Dayuan New Energy Co., Ltd. (承德大元新能源有限公司) ("Chengde Dayuan")	12,902,451.51	
Zhangbei CIC Huashi Wind Energy Co., Ltd. (張北建投華實風能有限公司) ("Zhangbei CIC")	27,727,561.12	
Chongli CIC Huashi Wind Energy Co., Ltd. (崇禮建投華實風能有限公司) ("Chongli CIC")	3,598,509.22	
Total	94,765,961.18	44,158,212.59

(5). Significant dividends receivable aging over 1 year

☐ Applicable ☒ Not applicable

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other receivables (continued)

Dividends receivable (continued)

(6). Provision 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	22,414,334.85
6 months to 1 year	13,022,285.34
Subtotal within 1 year	35,436,620.19
1 to 2 years	6,290,109.98
2 to 3 years	6,834,236.19
Over 3 years	51,658,375.47
Total	100,219,341.83

(8). Classified by nature

Unit: Yuan Currency: RMB

Nature	Closing book balance	Opening book balance
Deposits	60,165,311.14	58,358,684.12
Advances	23,806,856.40	25,331,000.21
Reserves	1,191,594.17	1,012,148.33
Others	15,055,580.12	27,515,144.12
Total	100,219,341.83	112,216,976.78

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other receivables (continued)

Other receivables (continued)

(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 2021	14,351,765.71	30,133,537.17	17,498,734.98	61,984,037.86
Balance at 1 January 2021 during the period				
- Transfer into the second stage	-8,093,115.87	8,093,115.87		
- Transfer into the third stage				
- Reversal to the second stage				
- Reversal to the first stage				
Provision during the period	4,577,689.92	8,001,491.67		12,579,181.59
Reversal during the period	-2,988,559.06	-9,004,108.48	-211,701.07	-12,204,368.61
Transferral during the period				
Write-off during the period				
Classified as held for sale	-5,191.09		-2,852,694.67	-2,857,885.76
Deregistration and disposal	-115,493.24			-115,493.24
Balance at 31 December 2021	7,727,096.37	37,224,036.23	14,434,339.24	59,385,471.84

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
		Provisions	Recovered or reversed	Write-off or cancellation	Other changes	
Provision for bad debts of other receivables	61,984,037.86	12,579,181.59	12,204,368.61		2,973,379.00	59,385,471.84
Total	61,984,037.86	12,579,181.59	12,204,368.61		2,973,379.00	59,385,471.84

Significant amounts of provision for bad debts recovered or reversed for the period:

☐ Applicable ☒ Not applicable

(11). Other receivables actually written off for the period

☐ Applicable ☒ Not applicable

(12). Other accounts receivable ranking the top five by the closing balance aggregated by the owing party

Unit: Yuan Currency: RMB

Name of entity	Nature	Closing balance	Age	Percentage of the total closing balance of other receivables (%)	Closing balance of provision for bad debts
Datang Hunyuan Mimazongliang New Energy Co., Ltd. (大唐渾源密馬鬃梁新能源有限公司)	Advance	13,421,959.24	Over 3 years	13.39	13,421,959.24
Bank of Communications Financial Leasing Co., Ltd. (交銀金融租賃有限責任公司)	Deposit	9,540,000.00	Within 1 year	9.52	742,000.00
Fengning Manchu Autonomous County Wind Power and Thermal Power Project Construction Office (豐寧滿族自治縣風電火電項目建設辦公室)	Deposit	8,000,000.00	Over 3 years	7.98	8,000,000.00
Shuangqiao District Land Acquisition and Reserve Center (雙橋區土地收購儲備中心)	Others	7,972,001.79	Within 1 year and over 3 years	7.95	4,474,162.38
Weichang Manchu and Mongolian Autonomous County Development and Reform Bureau (圍場滿族蒙古族自治縣發展改革局)	Deposit	6,157,000.00	Over 3 years	6.14	6,157,000.00
Total	/	45,090,961.03	/	44.98	32,795,121.62

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other receivables (continued)

Other receivables (continued)

(13). Accounts receivable 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:

	31 December 2021				
	Book balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Percentage (%)	Carrying amount
Provision made for bad debts for individual assessment of expected credit losses	14,434,339.24	14.4	14,434,339.24	100	-
Assessment of expected credit losses based on credit risk characteristics grouping					
Provision made for bad debts	85,785,002.59	85.6	44,951,132.60	52.4	40,833,869.99
Total:	100,219,341.83	100	59,385,471.84		40,833,869.99

As at 31 December 2021, other receivables with provision made for bad debts on an individual basis are as follows:

	Book balance	Provision for bad debts	Provision percentage (%)	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
Yunnan Yuwang Economic and Trade Co., Ltd. (雲南渝旺經貿有限公司)	1,500.00	1,500.00	100.00	Expected unrecoverable
	14,434,339.24	14,434,339.24		

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, other receivables with provision for bad debts made on credit risk characteristics grouping basis are as follows:

Other receivables with provision for bad debts made on aging analysis grouping basis are as follows:

	31 December 2021		
	Carrying amount estimated to be in default	Expected credit loss rate (%)	Expected credit losses
Within 6 months	22,414,334.85	5.00	1,120,716.74
6 months to 1 year	13,022,285.34	10.00	1,302,228.53
1 to 2 years	6,290,109.98	30.00	1,887,033.00
2 to 3 years	6,834,236.19	50.00	3,417,118.10
Over 3 years	37,224,036.23	100.00	37,224,036.23
	85,785,002.59		44,951,132.60

9. Inventories

(1). Classification of inventories

Unit: Yuan Currency: RMB

Item	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	35,036,428.32		35,036,428.32	29,530,462.34		29,530,462.34
Products in process						
Goods in stock	178,930,669.22		178,930,669.22	28,360,302.79		28,360,302.79
Circulating materials	219,168.15		219,168.15	219,168.15		219,168.15
Consumable biological assets						
Contract performance cost						
Total	214,186,265.69		214,186,265.69	58,109,933.28		58,109,933.28

Note: Goods in stock represent the balance of natural gas inventories, which have all been sold out subsequent to the period.

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Inventories (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 the reason for the significant changes in book value 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

11. Assets held for sale

Unit: Yuan Currency: RMB

	Closing balance	Impairment provision	Closing carrying amount	Fair value	Expected disposal costs	Expected disposal timeline
Assets held for sale	12,373,484.60		12,373,484.60			
Total	12,373,484.60		12,373,484.60			/

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 lose its control over Huludao Gas. On 31 December 2021, the Group signed a legally binding transfer agreement and it is expected that such transfer will be closed within twelve months. Therefore, Huludao Gas is classified as held for sale.

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Assets held for sale (continued)

The carrying value of assets and liabilities of Huludao Gas is as follows:

	31 December 2021
Cash	57,083.86
Advances to suppliers	36,200.00
Other receivables	4,501.18
Other current assets	742,972.56
Fixed assets	7,857,306.74
Construction in progress	3,675,420.26
Assets held for sale	12,373,484.60
Accounts payable	2,536,439.86
Advances from customers	190,608.10
Other payables	3,925,247.17
Employee benefits payable	367,767.08
Long-term borrowings due within one year	216,246.00
Long-term borrowings	623,587.51
Liabilities held for sale	7,859,895.72
Accumulated other comprehensive income in relation to held for sale	-

12. Non-current assets due within one year

☐ Applicable ☒ Not applicable

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
VAT to be deducted	675,208,657.34	908,562,062.68
Enterprise income tax prepaid	6,138,919.60	7,197,194.86
Total	681,347,576.94	915,759,257.54

Other explanations

Nil

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Debt investment

(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 bad debt provision for the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly

☐ Applicable ☒ Not applicable

Other explanation

☐ Applicable ☒ Not applicable

15. Other debt investment

(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

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	Carrying amount	Book balance	Provision for bad debts	Carrying amount	
Finance lease	-	-	-	-	-	-	-
Including: Unrealised financing income	-	-	-	-	-	-	-
Sale of goods with amounts receivable by installments	-	-	-	-	-	-	-
Rendering of services with amounts receivable by installments	41,133,817.83	-	41,133,817.83	-	-	-	-
Total	41,133,817.83	-	41,133,817.83	-	-	-	-

(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

The amount is receivable from Anguo Housing and Urban Rural Development Bureau for the construction of "gas for coal" project. 97% of the project fund is expected to be recovered by 2023, and 3% of the project fund, as the quality guarantee fees, will be recovered after the guarantee period. As at 31 December 2021, a discount rate of 4.35% was adopted when calculating the present value of the long-term receivables.

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Long-term equity investments

Unit: Yuan Currency: RMB

Investees	Opening balance	Current changes							Closing balance	Closing balance of provision for impairment
		Additional investment	Reduced investment	Investment gains/losses recognized under equity method	Other comprehensive income adjustment	Other change in equity	Declared cash dividend or profit	Provision for impairment		
I. Joint ventures										
Hebei Suntien Guohua Gas Co., Ltd. (河北新天國化燃氣有限公司) ("Suntien Guohua")	40,320,716.40			2,261,088.59		495,271.89			43,077,076.88	
Chengde Dayuan New Energy Co., Ltd. (承德大元新能源有限公司) ("Chengde Dayuan")	48,027,945.38	60,524,800.00		21,149,550.94			-12,902,451.51		116,799,845.01	
Chongli CIC Huashi Wind Energy Co., Ltd. (崇禮建投華實風能有限公司)("Chongli CIC")		106,635,711.71		440,289.36					107,076,001.07	
Zhangbei CIC Huashi Wind Energy Co., Ltd. (張北建投華實風能有限公司)("Zhangbei CIC")				3,457,644.44					72,916,497.36	
Subtotal	88,348,661.78	236,619,344.63		27,308,573.33		495,271.89	-12,902,451.51		339,869,620.32	
II. Associates										
Chengde Shuanglun District CIC LNG Co., Ltd. (承德市雙龍區建投液化天然氣有限責任公司)("Shuanglun LNG")	3,222,525.60	-		-38,709.16					3,183,816.44	
PetroChina Jingtang LNG Co., Ltd. (中石油京唐液化天然氣有限公司)("Jingtang LNG")	1,066,579,107.18	-		218,093,929.39		338,717.30	-120,000,000.00		1,165,011,753.87	
PipeChina Group North China Natural Gas Pipeline Co., Ltd. (國家管網集團華北天然氣管道有限公司)("PipeChina Pipeline")	243,213,802.81	181,310,800.00		-2,599,547.76		82,745.58			422,007,800.63	
Hebei Weichang	145,622,708.54			3,726,986.57			-18,222,029.26		131,127,665.85	
Chengde Wind Energy	256,630,359.77			25,746,618.41			-24,940,437.72		257,416,540.46	
Hebei Fengning Pumped Storage Co., Ltd. (河北豐寧抽水蓄能有限公司) ("Fengning Pumped Storage")	447,463,551.93	65,200,000.00							512,663,551.93	
Hebei Jinjianja Natural Gas Co., Ltd. (河北金建佳天然氣有限公司)("Jinjianja")	10,500,000.00								10,500,000.00	
Huhal Leasing	203,598,779.92			9,571,876.17			-7,809,875.57		205,360,780.52	
Hengshui Honghua Gas Co., Ltd. (衡水鴻華燃氣有限公司)	10,970,877.29			-24,063.08					10,946,814.21	
Subtotal	2,387,801,713.04	246,510,800.00		254,477,090.54		421,462.88	-170,992,342.55		2,718,218,723.91	
Total	2,476,150,375.02	483,130,144.63		281,785,663.87		916,734.77	-183,894,794.06		3,058,088,144.23	

Other explanations

PipeChina Group North China Natural Gas Pipeline Co., Ltd. (國家管網集團華北天然氣管道有限公司) was formerly known as CNOOC North China Natural Gas Pipeline Co., Ltd. (中海油華北天然氣管道有限公司).

On 15 September 2021, the Group lost its control over Chongli CIC and Zhangbei CIC, which are accounted for as joint ventures.

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Investments in other equity instruments

(1). Investments in other equity instruments

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
HECIC Finance Company Limited (建投財務有限公司)	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 HECIC Finance in 2021 amounted to RMB11,943,006.92, and the fair value changes in accumulated other comprehensive income of Baoding PetroChina Kunlun Gas Co., Ltd. in 2021 amounted to RMB11,805,700.00.

19. Other non-current financial assets

☐ Applicable ☒ Not applicable

Other explanations:

☐ Applicable ☒ Not applicable

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

Item	Houses and buildings	Land use right	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	10,273,480.93	-	-	10,273,480.93
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	11,378,649.37	-	-	11,378,649.37
III. Impairment provision	-	-	-	-
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. Carrying amount	-	-	-	-
1. At the end of the period	26,032,201.48	-	-	26,032,201.48
2. At the beginning of the period	27,137,369.92	-	-	27,137,369.92

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 2021, the fair value of these investment properties was approximately RMB41,862,000.00 (31 December 2020: RMB40,045,000.00).
- (2) The investment properties were leased to third parties and the controlled companies in the form of operating lease.
- (3) As at 31 December 2021 and 31 December 2020, 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	32,220,077,891.90	25,617,692,590.53
Disposal of fixed assets	-	-
Total	32,220,077,891.90	25,617,692,590.53

Other explanations:

☐ Applicable ☒ Not applicable

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	2,103,604,258.08	30,874,800,291.85	103,158,270.36	166,069,023.52	41,411,856.07	33,289,043,699.88
2. Addition during the period	209,123,965.84	8,830,707,261.99	4,020,429.36	26,022,360.92	7,209,834.91	9,077,083,853.02
(1) Acquisition	-	10,143,117.80	3,859,356.70	16,382,578.15	4,509,478.94	34,894,531.59
(2) Transfer from construction in progress	206,948,902.38	8,768,844,317.74	-	9,500,462.34	2,700,355.97	8,987,994,038.43
(3) Increase in business combinations	2,175,063.46	51,719,826.45	161,072.66	139,320.43	-	54,195,283.00
3. Decrease during the period	61,589,936.97	1,198,494,473.34	5,297,946.25	4,542,028.41	3,111,046.29	1,273,035,431.26
(1) Disposal or scrapping	958,613.82	6,552,137.11	3,514,098.39	3,683,303.89	1,616,667.24	16,324,820.45
(2) Classified as held for sale	4,472,434.04	7,295,578.63	1,523,164.09	142,639.18		13,433,815.94
(3) Disposal of subsidiaries	56,158,889.11	1,184,646,757.60	260,683.77	716,085.34	1,494,379.05	1,243,276,794.87
4. Closing balance	2,251,138,286.95	38,507,013,080.50	101,880,753.47	187,549,356.03	45,510,644.69	41,093,092,121.64
II. Accumulated depreciation						
1. Opening balance	435,226,270.18	7,006,851,211.42	77,550,336.71	80,398,638.02	21,164,668.42	7,621,191,124.75
2. Addition during the period	114,313,010.74	1,692,620,740.54	3,463,815.61	19,485,961.43	6,415,297.97	1,836,298,826.29
(1) Provision	114,313,010.74	1,692,620,740.54	3,463,815.61	19,485,961.43	6,415,297.97	1,836,298,826.29
3. Decrease during the period	26,716,167.93	596,975,200.02	3,864,838.01	4,150,247.18	2,929,252.76	634,635,705.90
(1) Disposal or scrapping	148,039.66	5,404,270.83	2,631,170.07	3,446,524.21	1,482,516.23	13,112,521.00
(2) Assets classified as held for sale	716,986.95	3,730,864.90	986,018.17	142,639.18		5,576,509.20
(3) Disposal of subsidiaries	25,851,141.32	587,840,064.29	247,649.77	561,083.79	1,446,736.53	615,946,675.70
4. Closing balance	522,823,112.99	8,102,496,751.94	77,149,314.31	95,734,352.27	24,650,713.63	8,822,854,245.14

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Fixed Assets (continued)

Fixed assets (continued)

(1). Fixed assets (continued)

Unit: Yuan Currency: RMB

Items	Houses and buildings	Mechanical equipment	Transportation equipment	Electronic equipment and office equipment	Other equipment	Total
III. Impairment provision						
1. Opening balance		50,159,984.60				50,159,984.60
2. Addition during the period						
(1) Provision						
3. Decrease during the period						
(1) Disposal or scrapping						
4. Closing balance		50,159,984.60				50,159,984.60
IV. Carrying amount						
1. At the end of the period	1,728,315,173.96	30,354,356,343.96	24,731,439.16	91,815,003.76	20,859,931.06	32,220,077,891.90
2. At the beginning of the period	1,668,377,987.90	23,817,789,095.83	25,607,933.65	85,670,385.50	20,247,187.65	25,617,692,590.53

(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

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Fixed Assets (continued)

Fixed assets (continued)

(5). Fixed assets with pending title certificates

Unit: Yuan Currency: RMB

Item	Carrying amount	Reasons for fixed assets with pending title certificates
Houses and buildings	179,049,190.07	pending title certificates
Total	179,049,190.07	

Other explanations:

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 2021.

As at 31 December 2021 and 31 December 2020, the Group had fixed assets with restricted ownership of RMB282,529,150.15 and RMB 300,513,810.27, respectively. Please refer to Note VII. 81.

As at 31 December 2021 and 31 December 2020, the Group had no temporarily idle fixed assets and fixed assets leased out for operating purposes.

Fixed assets in liquidation

☐ Applicable ☒ Not applicable

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	13,629,602,296.34	13,887,592,126.20
Construction materials	84,970,521.02	95,772,862.08
Total	13,714,572,817.36	13,983,364,988.28

Other explanations:

☐ Applicable ☒ Not applicable

Construction in progress

(1). Construction in progress

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Construction in progress	13,650,491,731.70	20,889,435.36	13,629,602,296.34	13,912,565,259.14	24,973,132.94	13,887,592,126.20
Total	13,650,491,731.70	20,889,435.36	13,629,602,296.34	13,912,565,259.14	24,973,132.94	13,887,592,126.20

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	Business combinations involving enterprises not under common control	Amount transferred into to fixed assets during the period	Amount transferred into intangible assets during the period	Assets classified as held for sale	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 Export Pipeline Project (Cao-Bao Section)	5,360,486,700.00	1,035,502,421.47	1,844,678,170.37		-			3,028,180,591.84	56.49%	56.49%	47,233,282.89	35,166,428.65	3.79%	Self-raising and borrowing
Tangshan LNG Receiving Station Construction Project	25,390,000,000.00	918,487,388.58	1,921,352,027.66		-			2,839,839,416.24	11.18%	11.18%	35,900,030.84	25,801,570.65	3.75%	Self-raising and borrowing
Tangshan LNG Export Pipeline Project (Bao-Yong Section)	2,712,762,900.00	948,977,664.30	1,181,903,740.09		-			2,130,881,404.39	78.55%	78.55%	35,328,492.86	27,763,405.99	3.91%	Self-raising and borrowing
Zhuchou-Yongqing Gas Pipeline Construction Project	1,322,529,100.00	664,936,716.19	388,344,496.18		9,869,504.17			1,043,411,708.20	79.64%	79.64%	32,678,073.22	24,883,656.40	3.91%	Self-raising and borrowing
"Jingshitian" Dual Track Gas Pipeline Construction Project	1,820,365,900.00	235,434,425.47	818,234,148.00		19,788,946.64			1,033,859,606.83	57.05%	57.05%	13,215,971.57	12,820,620.75	3.88%	Self-raising and borrowing
Zhangbei Chenhai 200MW Wind Farm Project	1,370,368,200.00	515,943,944.82	48,338,652.56		-			555,682,597.38	40.55%	40.55%	33,468,296.54	21,505,337.08	3.98%	Self-raising and borrowing
Kangbaa Dayingtu Grid Connection at Affordable Price Demonstration Project	594,535,200.00	3,899,514.96	422,915,788.77		-			426,815,304.73	71.79%	71.79%	4,512,599.30	4,512,599.30	3.97%	Self-raising and borrowing
Fuping Phase I 50 MW Wind Power Station Project	390,137,800.00	222,548,947.77	178,008,475.45		-			400,557,423.22	102.67%	100.00%	13,488,640.55	10,304,739.83	4.36%	Self-raising and borrowing
Chongli 100 MW Wind Powered Hydrogen Production Project (Wind Farm Portion)	761,678,700.00	285,565,975.37	85,041,654.49		-			370,607,629.86	48.66%	48.66%	15,444,378.88	9,765,257.08	4.15%	Self-raising and borrowing
Fuping Phase II 50 MW Wind Power Station Project	375,206,000.00	147,899,592.53	176,336,799.41		-			324,236,391.94	86.41%	86.41%	10,263,844.57	7,859,835.64	4.41%	Self-raising and borrowing
Guyuan Xiba Wind Farm 49.5 MW Wind Power Station Project	395,899,200.00	142,513,051.47	153,440,085.54		-			295,973,137.01	74.76%	74.76%	9,814,261.63	5,970,608.40	4.24%	Self-raising and borrowing
Guyuan Hydrogen Production Station Integrated Utilization Demonstration Project	280,740,000.00	88,448,039.56	21,575,907.08		-			110,023,946.64	39.19%	39.19%	3,641.10	3,641.10	4.43%	Self-raising and borrowing
Other wind power and photovoltaic construction in progress		7563,246,574.07	847,187,039.85		7,987,910,166.53	60,485,166.87		362,718,280.52						
Other natural gas pipeline construction projects		991,777,002.58	708,922,683.51	6,517,974.91	970,425,401.09	4,776,460.75	3,675,420.26	728,336,298.90						
Total	40,775,709,700.00	13,912,565,259.14	8,788,229,583.96	6,517,974.91	8,987,994,038.43	65,181,627.62	3,675,420.26	13,650,491,731.70	/	/	251,342,713.75	186,137,699.87		

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

Unit: Yuan Currency: RMB

Item	Provision in the current period	Reason for provision
Xingyang Suntien	7,040,492.38	Recoverable amount is lower than its carrying amount
Total	7,040,492.38	/

Other explanations

☐ Applicable ☒ Not applicable

Construction materials

(4). Construction materials

Unit: Yuan Currency: RMB

Items	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Specialised materials	92,084,331.33	7,113,810.31	84,970,521.02	102,886,672.39	7,113,810.31	95,772,862.08
Total	92,084,331.33	7,113,810.31	84,970,521.02	102,886,672.39	7,113,810.31	95,772,862.08

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

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	63,529,401.67	31,594,268.99	2,317,716,914.44	5,679,136.66	2,418,519,721.76
2. Addition during the period	9,713,322.02	29,023,561.80	127,168,677.18	16,817,518.18	182,723,079.18
(1) Acquisition	9,713,322.02	29,023,561.80	127,168,677.18	16,817,518.18	182,723,079.18
3. Decrease during the period		7,262,375.49		3,392,234.10	10,654,609.59
(1) Disposal		7,262,375.49		3,392,234.10	10,654,609.59
4. Closing balance	73,242,723.69	53,355,455.30	2,444,885,591.62	19,104,420.74	2,590,588,191.35
II. Accumulated depreciation					
1. Opening balance	5,861,291.46	19,647,522.05	407,991,784.01	3,942,022.26	437,442,619.78
2. Addition during the period	4,028,077.86	12,413,031.87	120,455,392.63	8,791,678.03	145,688,180.39
(1) Provision	4,028,077.86	12,413,031.87	120,455,392.63	8,791,678.03	145,688,180.39
3. Decrease during the period		7,003,300.38		3,392,234.10	10,395,534.48
(1) Disposal		7,003,300.38		3,392,234.10	10,395,534.48
4. Closing balance	9,889,369.32	25,057,253.54	528,447,176.64	9,341,466.19	572,735,265.69
III. Impairment provision					
1. Opening balance					
2. Addition during the period					
(1) Provision					
3. Decrease during the period					
(1) Disposal					
4. Closing balance					
IV. Carrying amount					
1. At the end 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
2. At the beginning of the period	57,668,110.21	11,946,746.94	1,909,725,130.43	1,737,114.40	1,981,077,101.98

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	Patent rights	Non-patented technologies	Concession rights	Proprietary technologies	Software license	Total
I. Original carrying amount							
1. Opening balance	698,061,681.07			2,597,635,068.38	670,450.49	61,297,458.54	3,357,664,658.48
2. Addition during the period	42,138,720.77			39,670,548.69	3,382,783.99	18,932,226.57	104,124,280.02
(1) Acquisition	1,829,169.06				3,340,802.86	18,932,226.57	24,102,198.49
(2) Internal R&D							
(3) Increase in business combinations	2,301,867.94			12,496,604.84	41,981.13		14,840,453.91
(4) Transfer from construction in progress	38,007,683.77			27,173,943.85			65,181,627.62
3. Decrease during the period	27,747,495.80			16,547,200.00		1,283,098.52	45,577,794.32
(1) Disposal	27,747,495.80					1,283,098.52	29,030,594.32
(2) Classified as held for sale				16,547,200.00			16,547,200.00
4. Closing balance	712,452,906.04			2,620,758,417.07	4,053,234.48	78,946,586.59	3,416,211,144.18
II. Accumulated amortisation							
1. Opening balance	99,593,252.48			1,012,676,702.13	70,158.71	33,159,229.61	1,145,499,342.93
2. Addition during the period	24,749,806.56			99,062,250.82	134,030.21	9,013,586.41	132,959,674.00
(1) Provision	24,749,806.56			99,062,250.82	134,030.21	9,013,586.41	132,959,674.00
3. Decrease during the period	10,456,677.41			2,114,364.45		967,544.03	13,538,585.89
(1) Disposal	10,456,677.41					967,544.03	11,424,221.44
(2) Classified as held for sale				2,114,364.45			2,114,364.45
4. Closing balance	113,886,381.63			1,109,624,588.50	204,188.92	41,205,271.99	1,264,920,431.04
III. Impairment provision							
1. Opening balance				14,432,835.55			14,432,835.55
2. Addition during the period							
(1) Provision							
3. Decrease during the period				14,432,835.55			14,432,835.55
(1) Disposal				14,432,835.55			14,432,835.55
4. Closing balance							
IV. Carrying amount							
1. At the end 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
2. At the beginning of the period	598,468,428.59			1,570,525,530.70	600,291.78	28,138,228.93	2,197,732,480.00

At the end of the period, intangible assets formed through internal research and development of the Company account for 0.00% of the balance of intangible assets.

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	Carrying amount	Reasons for fixed assets with pending title certificates
Yanshan Guyuan Wind Powered Hydrogen Production Land	23,176,068.18	Pending title certificate
Horqin Right Front Banner Electric Heating Land	2,681,810.04	Pending title certificate
Shahe South Gate Mountain Land	1,292,027.94	Pending title certificate
Julu Laozhangzhang River Land	7,273,267.44	Pending title certificate
Harbin Shuangcheng Land	10,781,891.86	Pending title certificate
Weihui Dongshuanma Wind Power Land	5,746,281.23	Pending title certificate
Tai'an Sanglin Wind Power Land	2,240,670.12	Pending title certificate
Total	53,192,016.81	Pending title certificate

Other explanations:

As at 31 December 2021 and 31 December 2020, the Group had restricted land use rights of RMB3,310,438.09 and RMB3,385,818.14, respectively. Please refer to Note VII. 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 2021.

27. Development expenditure

Unit: Yuan Currency: RMB

Items	Opening balance	Increase 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)	10,016,769.65	12,678,424.96				22,695,194.61
Corporate Warehouse and Big Data Platform System Project	2,408,452.36	2,124,159.38				4,532,611.74
Total	12,425,222.01	14,802,584.34				27,227,806.35

Other explanations:

A project is established and approved to enter the development phase when the following conditions are considered to be met by the Group's internal evaluation: 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.

As at 31 December 2021, the above projects were in the development phase and have not been completed.

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
		From business combinations involving enterprises not under common control	Disposal	Classified as held for sale	
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
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
Zhangbei CIC Huashi Wind Energy Co., Ltd. (張北建投華實風能有限公司) ("Zhangbei CIC")	2,372,010.00		2,372,010.00		
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
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
Huludao Liaohe Oil Field Gas Co., Ltd. (葫蘆島遼河油田燃氣有限公司) ("Huludao Gas")	4,902,611.66			4,902,611.66	
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
Shenzhou CIC Gas Co., Ltd. (深州市建投燃氣有限公司) ("Shenzhou Gas")	20,461.18				20,461.18
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
Total	47,666,164.16	18,411,275.29	2,372,010.00	4,902,611.66	58,802,817.79

(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	Classified as held for sale	
Huludao Liaohe Oil Field Gas Co., Ltd. (葫蘆島遼河油田燃氣有限公司)	4,902,611.66				4,902,611.66	
Yunnan Pushi Natural Gas Co., Ltd. (雲南普適天然氣有限公司)	3,351,939.25					3,351,939.25
Total	8,254,550.91				4,902,611.66	3,351,939.25

(3). Information about the asset group or the portfolio of asset groups to which goodwill belongs

☐ Applicable ☒ Not applicable

(4). Description of 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

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

28. Goodwill (continued)

(5). Impact of goodwill impairment test

☐ Applicable ☒ Not applicable

Other explanations

The Group acquired the subsidiary Tianhongxiang on 18 March 2021, which resulted in a goodwill of RMB18,411,275.29. Please refer to Note VIII. 1. Business combinations involving enterprises not under common control.

The Group lost the control over Zhangbei CIC on 15 September 2021. Disposal of subsidiary has resulted in transfer of goodwill of RMB2,372,010.00 allocated to the asset group.

As at 31 December 2021, the recoverable amounts of Tianhongxiang, Linxi Xinneng, Anguo Huagang, Shenzhou Gas, Pingshan Huajian, Jinzhou Gas and Xinji Gas were higher than their respective carrying amounts, therefore no goodwill impairment provision was required.

The goodwill obtained from a business merger has been allocated to each asset group for impairment testing. The recoverable amount of each asset group is determined on the basis of the 5-year budget approved by management and the present value of expected future cash flows. As at 31 December 2021, the discount rates used in cash flow forecasts were 9.4% – 9.76% (31 December 2020: discount rates of 9.04%-9.8%).

Assumption was used when calculating the present value of the expected future cash flows of these asset groups as at 31 December 2021 and 31 December 2020. The key assumptions made by management when determining the cash flow forecasts for goodwill impairment tests are as follows:

Revenue growth rate: 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.

29. Long-term deferred expenses

Unit: Yuan Currency: RMB

Items	Opening balance	Increase during the period	Amortization during the period	Other decreased amount	Closing balance
Prepaid lease payments	15,234,355.07		2,063,807.04		13,170,548.03
Reform of operating leased fixed assets	7,469,142.48	1,979,542.61	2,559,597.05		6,889,088.04
Project road reconstruction cost	10,030,074.27		661,323.60		9,368,750.67
Others	8,345,118.93	1,432,262.92	2,058,076.53		7,719,305.32
Total	41,078,690.75	3,411,805.53	7,342,804.22		37,147,692.06

Other explanations:

Nil

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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	508,001,360.02	122,792,928.63	481,158,213.22	117,492,331.13
Unrealised profit from internal transactions				
Deductible loss				
Offset by capitalized interest	42,488,809.16	10,622,202.29	47,479,577.16	11,869,894.29
Trial operation to write down construction in progress	157,856,727.06	35,095,626.08	168,022,940.17	36,250,281.41
Deferred income	73,468,953.39	18,367,238.35	38,069,238.35	9,517,309.59
Total	781,815,849.63	186,877,995.35	734,729,968.90	175,129,816.42

(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 investment in other equity instruments				
One-off pre-tax deduction of fixed assets	205,733,486.36	51,433,371.59	198,529,345.40	49,632,336.35
Adjustments to fair values of business combinations involving enterprises not under common control	19,017,536.38	4,754,384.09		
Total	224,751,022.74	56,187,755.68	198,529,345.40	49,632,336.35

(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	125,362,101.77	144,666,719.29
Deductible loss	1,150,869,671.65	908,269,346.56
Total	1,276,231,773.42	1,052,936,065.85

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 2021		63,381,449.87	
31 December 2022	167,648,239.81	169,434,573.95	
31 December 2023	178,154,582.87	183,078,121.29	
31 December 2024	220,162,655.54	222,751,888.42	
31 December 2025	268,906,780.74	269,623,313.03	
31 December 2026	315,997,412.69		
Total	1,150,869,671.65	908,269,346.56	/

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 provision	Carrying value	Book balance	Impairment provision	Carrying value
Contract obtainment cost						
Contract performance cost						
Right of return assets						
Contract assets						
Prepayment for equipment	238,416,754.36		238,416,754.36	372,177,569.60		372,177,569.60
Prepayment for construction cost	270,548,023.47		270,548,023.47	80,068,871.98		80,068,871.98
Prepayment for others	319,798,726.65		319,798,726.65	151,708,801.34		151,708,801.34
VAT to be deducted	1,328,707,642.80		1,328,707,642.80	1,249,761,152.94		1,249,761,152.94
Total	2,157,471,147.28		2,157,471,147.28	1,853,716,395.86		1,853,716,395.86

Other explanations:

Nil

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	40,527,754.65	57,142,600.37
Secured borrowings		
Guaranteed borrowings	20,108,333.34	
Credit borrowings	1,917,478,878.90	1,163,600,000.00
Total	1,978,114,966.89	1,220,742,600.37

Description of classification of short-term borrowings: Classified according to the nature of the borrowings

As at 31 December 2021, the Group discounted bank acceptance bills amounted to RMB40,527,754.65 (31 December 2020: RMB57,142,600.37). These bills were not derecognised by the Group since they were subject to recourse, accordingly, a pledged borrowing of RMB40,527,754.65 was recognised.

As at 31 December 2021, the Company provided an irrevocable joint and several guarantee for its subsidiary Suntien Green Energy (Hong Kong) Co., Ltd. ("Suntien Green Hong Kong") for a short-term bank borrowing.

As at 31 December 2021, the interest rates per annum of the above-mentioned short-term borrowings were 1.61% – 5.15% (31 December 2020: 3.10% – 4.78%).

As at 31 December 2021 and 31 December 2020, 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

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. Financial liabilities for trading

☐ Applicable ☒ Not applicable

34. Derivative financial liabilities

☐ Applicable ☒ Not applicable

35. Bills payable

(1). Bills payable presented

Unit: Yuan Currency: RMB

Type	Closing balance	Opening balance
Commercial acceptance bills		
Bank acceptance bills	14,738,449.62	4,516,529.53
Total	14,738,449.62	4,516,529.53

At the end of the period, the total bills payable that are due but unpaid amounted to RMB0.

36. Accounts payable

(1). Presentation of accounts payable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Within 6 months	374,483,668.83	137,429,669.75
6 months to 1 year	40,796,953.58	22,470,249.95
1 to 2 years	39,729,252.33	15,499,638.91
2 to 3 years	1,734,575.69	1,318,762.02
Over 3 years	1,287,326.45	229,572.43
Total	458,031,776.88	176,947,893.06

(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.

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	778,761,061.94	0
Total	778,761,061.94	0

(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	974,854,970.07	916,108,116.60
Advances received for the costs of entrusted construction of storage tanks	389,380,530.96	389,380,530.96
Advances received for construction of pipeline projects	261,769,841.77	266,479,390.01
Advances received for pipeline transmission fees	7,075,036.96	3,399,050.24
Other advances received	21,111,006.39	4,740,269.21
Total	1,654,191,386.15	1,580,107,357.02

(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	92,057,285.39	673,834,515.31	686,885,243.93	79,006,556.77
II. Post-employment benefits				
– Defined contribution plan	29,000.92	96,862,520.03	96,864,156.77	27,364.18
III. Termination benefits	0	0	0	0
IV. Other benefits due within one year	0	0	0	0
Total	<u>92,086,286.31</u>	<u>770,697,035.34</u>	<u>783,749,400.70</u>	<u>79,033,920.95</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	72,989,077.80	487,129,098.54	503,960,935.87	56,157,240.47
II. Employee welfare		63,475,092.10	63,451,369.29	23,722.81
III. Social insurance premiums	1,016,511.78	52,658,775.78	52,655,216.51	1,020,071.05
Including: Medical insurance premiums	1,016,511.78	49,027,826.03	49,025,514.18	1,018,823.63
Work injury compensation insurance premiums		3,219,954.49	3,218,707.07	1,247.42
Maternity insurance premiums		410,995.26	410,995.26	
IV. Housing fund	4,310.70	44,507,038.64	44,511,349.34	
V. Union expenses and employees education expenses	17,476,902.26	18,975,927.29	15,670,076.06	20,782,753.49
VI. Short-term paid leave	0	0	0	0
VII. Short-term profit sharing plan	0	0	0	0
VIII. Others	570,482.85	7,088,582.96	6,636,296.86	1,022,768.95
Total	<u>92,057,285.39</u>	<u>673,834,515.31</u>	<u>686,885,243.93</u>	<u>79,006,556.77</u>

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	3,468.27	58,329,222.25	58,330,797.39	1,893.13
2. Unemployment insurance premiums	7,929.00	2,704,380.97	2,704,442.57	7,867.40
3. Enterprise annuity payment	17,603.65	35,828,916.81	35,828,916.81	17,603.65
Total	29,000.92	96,862,520.03	96,864,156.77	27,364.18

Other explanations:

The defined contribution plan is as follows:

Full-time employees of the Group are covered by various government-sponsored pension plans. These government agencies are responsible for the pension liability to retired employees. The Group contributes on a monthly basis to these pension plans for the full-time employees. The contribution rate for basic pension insurance is 16%-20% of the total wages, the contribution rate for unemployment insurance is 0.5%-0.7% of the total wages, and the contribution rate for enterprise annuity is 8% of the total wages. The maximum contribution for pension insurance is three times of the average social wage in the region where social security is located, and unemployment insurance and enterprise annuity have no requirements on maximum contribution. The above basic pension insurance is fully vested in the employees of the Group upon payment, and the paid amount shall not be forfeited by the Group. The part of the company contribution to the enterprise annuity plan that is not vested in the individual employee due to the termination of employment will be transferred to the enterprise annuity public account and shall not be used to offset the future company contribution. Funds in the public account, subsequent to the performance of approval procedures as required, shall be distributed among employees whose account status is normal. Under these plans, the Group has no obligations beyond the accrued amount.

40. Taxes payable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Value-added tax	25,374,780.80	25,387,817.62
Consumption tax		
Business tax		
Enterprise income tax	115,985,663.53	100,491,033.76
Individual income tax	13,344,269.00	7,442,241.53
City maintenance and construction tax	1,541,058.81	1,485,361.20
Stamp duty	1,616,642.47	368,606.15
Others	1,307,348.76	904,910.66
Total	159,169,763.37	136,079,970.92

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	-	-
Dividends payable	169,836,057.78	172,358,689.75
Other payables	6,846,722,116.87	5,961,386,065.45
Total	7,016,558,174.65	6,133,744,755.20

Other explanations:

☐ Applicable ☒ Not applicable

Interest payable

(1). Categories presented

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Interest on long-term borrowings with interest payments by installment and principal payments at due	-	-
Interest on corporate bonds	-	-
Interest payable on short-term borrowings	-	-
Interest on financial liabilities classified as preferred shares/perpetual bonds	-	-
Total	-	-

Significant overdue interest payments :

☐ Applicable ☒ Not applicable

Other explanations:

☐ Applicable ☒ Not applicable

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

41. Other payables (continued)

Dividends 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	96,330,000.00	77,934,000.00
Preferred share/perpetual bond dividends		
– Dividends payable to other equity holders	96,330,000.00	77,934,000.00
Dividends payable-minority shareholder dividends	73,506,057.78	94,424,689.75
Total	169,836,057.78	172,358,689.75

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

Other payables

(1). Other payables presented by nature of amount

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Payables for equipment	2,142,254,198.17	3,278,152,501.21
Payables for construction and materials	4,454,660,496.90	2,417,068,530.57
Payables for investment	–	1,060,000.00
Others	249,807,421.80	265,105,033.67
Total	6,846,722,116.87	5,961,386,065.45

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

41. Other payables (continued)

Other payables (continued)

(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)	389,030,277.03	Unpaid costs for equipment
Mingyang Smart Energy Group Limited (明陽智慧能源集團股份有限公司)	183,866,485.60	Unpaid costs for construction and equipment
Xinjiang Goldwind Science & Technology Co., Ltd. (新疆金風科技股份有限公司)	155,520,244.12	Unpaid costs for materials and equipment
Petroleum Bao Shi-Shun Steel Pipe (Qinhuangdao) Co., Ltd. (中油寶世順(秦皇島)鋼管有限公司)	107,398,424.60	Unpaid costs for materials
Siemens Gamesa Renewable Energy Technology (China) CO., LTD. (西門子歌美風可再生能源科技(中國)有限公司)	86,833,355.37	Unpaid costs for equipment
Huadian Heavy Industries Co., Ltd. (華電重工股份有限公司)	73,260,190.85	Unpaid costs for construction and equipment
Qingdao Tianneng Heavy Industry Co., Ltd. (青島天能重工股份有限公司)	61,828,742.60	Unpaid costs for equipment
Harbin Electric Corporation Wind Power Co., Ltd. (哈電風能有限公司)	56,383,425.64	Unpaid costs for materials and equipment
CCCC Third Harbour Engineering Co., Ltd. (中交第三航務工程局有限公司)	38,974,687.98	Unpaid costs for construction
Dajin Heavy Industry Co., Ltd. (大金重工股份有限公司)	35,264,905.44	Unpaid costs for equipment
Total	1,188,360,739.23	/

Other explanations:

☐ Applicable ☒ Not applicable

42. Liabilities held for sale

☐ Applicable ☒ Not applicable

43. Non-current liabilities due within 1 year

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Long-term borrowings due within 1 year	2,903,735,593.66	2,282,077,238.02
Debentures payable due within 1 year	1,117,210,160.56	1,200,000,000.00
Long-term payables due within 1 year	75,195,563.41	113,818,180.70
Lease liabilities due within 1 year	114,003,604.67	94,539,230.40
Others	1,200,000.00	1,200,000.00
Total	4,211,344,922.30	3,691,634,649.12

Other explanations:

Nil

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

44. Other current liabilities

Other current liabilities

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Short-term debentures payable	704,107,945.21	500,000,000.00
Payable return payment		
Total	704,107,945.21	500,000,000.00

Change in short-term debentures payable :

☐ Applicable ☒ Not applicable

Other explanations:

Note: The Company registered super short-term commercial papers of RMB2.0 billion with the National Association of Financial Market Institutional Investors in April 2020. Such facilities were approved for revolving use before April 2022. As at 31 December 2021, the unutilised facilities amounted to RMB2.0 billion.

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%. As at 31 December 2021, the unutilised facilities amounted to RMB1.3 billion.

As at 31 December 2021, the balance of super short-term commercial papers is presented as follows:

Name of bond	Par value	Issuance date	Term of bond	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	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	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	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

As at 31 December 2020, the balance of super short-term commercial papers is presented as follows:

Name of bond	Par value	Issuance date	Term of bond	Issuance amount	Opening balance	Issued during the current year	Accrued interest for the current year	Repaid during the current year	Closing balance
20 Suntien Green SCP001	100	2020/6/10	268 days	500,000,000.00	0.00	500,000,000.00	-	-	500,000,000.00
Total				500,000,000.00	0.00	500,000,000.00	-	-	500,000,000.00

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⁾	13,270,551,305.35	11,952,205,565.95
Secured borrowings ⁽²⁾	89,870,000.00	100,714,373.03
Guaranteed borrowings ⁽³⁾	417,991,588.37	291,115,760.00
Credit borrowings	17,666,889,079.09	13,593,827,532.70
Pledges and securities ⁽¹⁾⁽²⁾	164,000,000.00	181,600,000.00
Less: Long-term borrowings due within one year	-2,903,735,593.66	-2,282,077,238.02
Total	28,705,566,379.15	23,837,385,993.66

Description of 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 2021 and 31 December 2020, 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.
- (2) As at 31 December 2021, the Group secured fixed assets and intangible assets with carrying values of RMB285,839,588.24 (31 December 2020: RMB303,899,628.41) for long-term bank borrowings. Please refer to notes 4 and 5 to Note VII. 81.
- (3) As at 31 December 2021, the Group's long-term bank borrowing with a carrying value of RMB155,000,000.00 (31 December 2020: RMB197,500,000.00) was secured by an irrevocable joint and several guarantee provided by its subsidiary HECIC New Energy.

As at 31 December 2021, the Group's long-term bank borrowing with a carrying value of RMB30,000,000.00 (31 December 2020: RMB30,000,000.00) was secured by an irrevocable joint and several guarantee provided by HECIC Finance Company Limited (河北建投財務有限公司).

As at 31 December 2021, the Group's long-term bank borrowing with a carrying value of RMB232,991,588.37 (31 December 2020: RMB63,615,760.00) was secured by an irrevocable joint and several guarantee provided by the Company.

The analysis of maturity dates of long-term borrowings over one year is as follows:

Unit: Yuan Currency: RMB

	31 December 2021	31 December 2020
One to two years	2,104,428,400.00	977,475,404.85
Two to five years	2,315,666,995.62	2,713,840,580.30
Over five years	24,285,470,983.53	20,146,070,008.51
	28,705,566,379.15	23,837,385,993.66

As at 31 December 2021, the annual interest rates of the above-mentioned borrowings was 1.20% to 5.88% (31 December 2020: 1.20% to 5.88%).

As at 31 December 2021 and 31 December 2020, the Group had no overdue long-term borrowings.

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

46. Debentures payable

(1). Debentures payable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Medium-term notes	1,832,210,160.56	3,000,000,000.00
Ping An-HECIC New-energy No. 1 Asset-backed Special Program	285,000,000.00	285,000,000.00
Less : Debentures payable due within one year	-1,117,210,160.56	-1,200,000,000.00
Total	1,000,000,000.00	2,085,000,000.00

(2). Change in debentures payable (excluding other financial instruments such as preferred shares and perpetual bonds classified as financial liabilities):

Unit: Yuan Currency: RMB

Name of debenture	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
Medium-term notes	100	2018/9/27	3 years	5.69%	500,000,000.00	500,000,000.00		20,967,260.27		520,967,260.27	
Medium-term notes	100	2018/10/30	3 years	5.50%	700,000,000.00	700,000,000.00		31,854,794.52		731,854,794.52	
Medium-term notes	100	2019/9/5	3 years	4.43%	300,000,000.00	300,000,000.00		13,314,955.65		8,993,506.85	304,321,448.80
Ping An-HECIC New-energy No. 1 Asset-backed Special Program (Note)	100	2019/12/26	3 years	4.09%	285,000,000.00	285,000,000.00		11,657,031.34		11,465,409.84	285,191,621.50
Medium-term notes	100	2017/11/24	5 years	6.20%	500,000,000.00	500,000,000.00		31,040,651.99		27,772,602.82	503,268,049.17
Medium-term notes	100	2020/5/15	5 years	3.86%	1,000,000,000.00	1,000,000,000.00		24,429,041.09			1,024,429,041.09
Total					3,285,000,000.00	3,285,000,000.00		133,263,734.86		1,301,053,574.30	2,117,210,160.56

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.

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

46. Debentures payable (continued)

(3). Description of the condition and time for conversion of convertible corporate bonds

☐ Applicable ☒ Not applicable

(4). Description of the other financial instrument classified as financial liabilities

Basic information of other financial instruments such as preferred shares and perpetual bonds issued at the end of the period

☐ Applicable ☒ Not applicable

Table of changes in financial instruments such as preferred shares and perpetual bonds issued 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

47. Lease liabilities

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Lease liabilities	898,773,414.68	832,819,072.26
Less: Lease liabilities due within one year	-114,003,604.67	-94,539,230.40
Total	784,769,810.01	738,279,841.86

The carrying amount of lease liabilities and changes during the year are as follows:

	2021	2020
Opening balance	832,819,072.26	1,450,757,164.19
Addition during the year	173,973,086.46	13,398,952.73
Interest expenses	47,026,512.70	47,268,752.11
Decrease during the year	-155,045,256.74	-678,605,796.77
Closing balance	898,773,414.68	832,819,072.26

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

48. Long-term payables

Item presented

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Long-term payables	361,236,137.17	204,163,944.97
Special payables		
Total	361,236,137.17	204,163,944.97

Other explanations:

☐ Applicable ☒ Not applicable

Long-term payables

(1). Long-term payables presented according to the nature of the payment

Unit: Yuan Currency: RMB

Items	Opening balance	Closing balance
Compensation for woodlands	86,207,981.67	86,207,981.67
Sale-leaseback borrowings	350,223,718.91	231,774,144.00
Less: Long-term payables due within one year	75,195,563.41	113,818,180.70
Total	361,236,137.17	204,163,944.97

Other explanations:

Nil

Special payables

(2). Special payables presented according to the nature of the payment

☐ Applicable ☒ Not applicable

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

49. Long-term employee benefits payable

☐ Applicable ☒ Not applicable

50. Accrued liabilities

Unit: Yuan Currency: RMB

Items	Opening balance	Increase during the period	Decrease during the period	Closing balance	Reasons for arising
Pending litigations					Amounts payable for construction costs
Pending arbitrations		24,798,127.94		24,798,127.94	
Disposal obligations	52,760,727.00		-27,705.26	52,733,021.74	
Total	<u>52,760,727.00</u>	<u>24,798,127.94</u>	<u>-27,705.26</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") 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. No result has been issued yet. As at 31 December 2021, the Group temporarily recorded accrued liabilities of RMB24,798,127.94 according to the arbitration results.

51. Deferred income

Deferred income

Unit: Yuan Currency: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance	Formation reasons
Government grants	59,142,565.63	52,178,240.48	5,071,550.95	106,249,255.16	Government grants
Total	<u>59,142,565.63</u>	<u>52,178,240.48</u>	<u>5,071,550.95</u>	<u>106,249,255.16</u>	/

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

51. Deferred income (continued)

Deferred income (continued)

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/income
Subsidies for Xingtai Xingdong New District Rerouting Project	36,945,061.31	-		3,100,284.88		33,844,776.43	Relating to assets
Investment Subsidies within 2018 Central Budget for Renewable Energy Demonstration Zone Industrial Innovation Development Special Project	15,400,000.00	23,100,000.00		-		38,500,000.00	Relating to assets
Strategic Emerging Industry Fund	2,894,737.23	-		263,157.84		2,631,579.39	Relating to assets
Jiran Pipeline Coal-to-Gas Project	1,844,100.58	-		65,867.67		1,778,232.91	Relating to assets
Key Technologies and Application Demonstration for Large-Scale Renewable Energy Coupling with Hydrogen Production	900,000.00	900,000.00				1,800,000.00	Relating to assets
Key Technologies for Direct Current Microgrid Wind and Photovoltaic Complementary Hydrogen Production	600,000.00					600,000.00	Relating to assets
Dedicated Funds Designated for Science and Technology Projects (Dedicated Project of the Department of Science and Technology of Hebei Province)	311,999.92	800,000.00		104,000.04		1,007,999.88	Relating to assets
Weilai Industrial Load Absorption Distributed Renewable Energy Joint R&D	246,666.59			80,000.04		166,666.55	Relating to assets
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
2020 Incentives for Promoting Steady Growth of Industrial Enterprises funded by the Economic Development Bureau of the High-tech Development Zone Economic Development Bureau		982,050.00			982,050.00		Relating to income
Financial Subsidies for Public Pipe Corridors of the Finance Bureau of the Circular Chemical Industry Park		476,190.48		476,190.48			Relating to income
First Batch of 2021 Dedicated Funds for Provincial Industrial Transformation and Upgrading		100,000.00				100,000.00	Relating to income
Subsidies for Key Research and Development Programs funded by the Department of Science and Technology of Hebei Province		200,000.00				200,000.00	Relating to assets
Total	59,142,565.63	52,178,240.48		4,089,500.95	982,050.00	106,249,255.16	

Other explanations:

☐ Applicable ☒ Not applicable

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

52. Other non-current liabilities

☐ Applicable ☒ Not applicable

53. Share capital

Unit: Yuan Currency: RMB

	Opening balance	Increase or decrease in the period(+,-)					Closing balance
		Issuance of new shares	Bonus share	Transfer of capital reserve to ordinary shares	Others	Sub-total	
Hebei Construction & Investment Group Co., Ltd.	1,876,156,000.00	182,685,253.00				182,685,253.00	2,058,841,253.00
Shareholders of overseas listed foreign H shares	1,839,004,396.00	-					1,839,004,396.00
Shareholders of domestic A shares	134,750,000.00	154,497,424.00				154,497,424.00	289,247,424.00
Total shares	3,849,910,396.00	337,182,677.00				337,182,677.00	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 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 recognized 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 13 March 2018, the Company issued 2018 Renewable Green Corporate Bonds (First Tranche) with an initial interest rate of 5.96% in the aggregate offering amount of RMB590 million, and after deducting the underwriting expense and other related trading fees, the Company actually received cash of RMB587,640,000.00;

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 reserve;

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 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.

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 in the period		Decrease in the period		End of the period	
	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount
Perpetual bonds	15,000,000.00	1,494,000,000.00	10,400,000.00	1,039,376,000.00	5,900,000.00	587,640,000.00	19,500,000.00	1,945,736,000.00
Total	15,000,000.00	1,494,000,000.00	10,400,000.00	1,039,376,000.00	5,900,000.00	587,640,000.00	19,500,000.00	1,945,736,000.00

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 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, defer the interest payment for the current period, and all the interest and yields are deferred to the next interest payment date, and there is no limit on the number of times of interest payment deferral. 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 considers that the bill does not meet the definition of financial liabilities and recognizes the actual amount received after deducting the related transaction fees from the total amount issued as equity, and the declaration of interest payments is treated as profit distribution.

Other explanations:

As at 31 December 2021, the Group's outstanding perpetual bonds are detailed as follows:

2021	Issuance date	Accounting categories	Dividend rate of 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

As at 31 December 2020, the Group's outstanding perpetual bonds are detailed as follows:

2020	Issuance date	Accounting categories	Dividend rate of interest rate	Issue price	Quantity	Amount	Maturity date or renewal
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
2018 Renewable Green Corporate Bonds (First Tranche)	13 March 2018	Equity instrument	5.96%	RMB0.59 billion	5,900,000.00	587,640,000.00	The bonds were issued with the option for the issuer to renew the bonds

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

55. Capital reserve

Unit: Yuan Currency: RMB

Items	Opening balance	Increase in the period	Decrease in the period	Closing balance
Capital premium (share premium)	2,394,636,359.07	4,207,872,506.47	18,337,088.42	6,584,171,777.12
Other capital reserve	5,388,314.66	727,076.48		6,115,391.14
Total	<u>2,400,024,673.73</u>	<u>4,208,599,582.95</u>	<u>18,337,088.42</u>	<u>6,590,287,168.26</u>

Other descriptions, including changes in the period and reason for the changes:

The premium of proceeds from the non-public issuance of A Shares by the Group in 2021 of RMB4,207,872,506.47 was credited to the capital reserve. Please refer to Note VII. 53. During the year, the Group redeemed the Renewable Green Corporate Bonds (First Tranche) issued in 2018 by the Company, and the difference between the redemption price and the carrying value of the investment in equity instruments of RMB2,360,000.00 was written down to the capital reserve. Please refer to Note VII. 54. During the year, the Group acquired the minority interests in the subsidiaries International Development Wind Power V Company Limited (國際開發風電五有限公司) and Suntien Liquefied Natural Gas Shahe Co., Ltd. without change in control, resulting in a reduction in capital reserve of RMB15,977,088.42元. Please refer to Note IX. 2.

56. Treasury stocks

☐ Applicable ☒ Not applicable

57. Other comprehensive income

Unit: Yuan Currency: RMB

		Amount for the the period						
		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		Attributable to minority shareholders after tax
Items	Opening balance							Closing balance
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

☐ Applicable ☒ Not applicable

59. Surplus reserve

Unit: Yuan Currency: RMB

Items	Opening balance	Increase in the period	Decrease in the period	Closing balance
Statutory surplus reserve	486,035,679.01	152,205,327.47		638,241,006.48
Discretionary surplus reserve				
Reserve funds				
Enterprise expansion fund				
Other				
Total	<u>486,035,679.01</u>	<u>152,205,327.47</u>		<u>638,241,006.48</u>

Description of 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.

60. Undistributed profits

Unit: Yuan Currency: RMB

Items	Current period	Previous period
Undistributed profits at the end of the previous period before adjustment	4,928,503,066.37	4,102,915,107.78
Total increase or decrease in undistributed profits at the beginning of the period (increase represented by "+", and decrease represented by "-")		-1,730,285.25
Undistributed profits at the beginning of the period after adjustment	4,928,503,066.37	4,101,184,822.53
Add: Net profit attributable to owners of the Parent Company in the period	2,160,133,969.16	1,510,555,357.16
Less: Extract for statutory surplus reserve	152,205,327.47	124,064,313.82
Extract for discretionary surplus reserve		
Extract for general risk reserve		
Ordinary shares dividend payable	523,587,813.86	481,238,799.50
Dividend of ordinary shares converted to share capital		
Dividends payable to holders of other equity instruments	96,330,000.00	77,934,000.00
Undistributed profits at the end of the period	<u>6,316,513,894.20</u>	<u>4,928,503,066.37</u>

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 RMB 0.00.
- Due to changes in accounting policies, the undistributed profit at the beginning of the period was affected by RMB 0.00.
- Due to the correction of major accounting errors, the undistributed profit at the beginning of the period was affected by RMB 0.00.
- 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 RMB 0.00.

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

60. Undistributed profits (continued)

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 resolution passed by the shareholders of the Company on 13 October 2020, it was agreed that the Company declared a cash dividend of RMB0.125 per share including tax for the year 2019, totaling RMB481,238,799.50.

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).

According to the prospectus of 2018 Renewable Green Corporate Bonds (First Tranche) and 2019 Renewable Green Corporate Bonds (First Tranche) of the Company, the Company declared a dividend to ordinary shareholders on 11 June 2019, which triggered a mandatory interest payment and no current interest shall be deferred. The principal of 2018 Renewable Green Corporate Bonds (First Tranche) was RMB590,000,000.00 with an initial interest rate of 5.96% per annum and accrued interest of RMB35,164,000.00 for the current interest payment period (13 March 2019 to 12 March 2020); 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 2019 to 5 March 2020).

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	
	Revenue	Cost	Revenue	Cost
Principal operations	15,951,088,734.15	11,218,873,511.87	12,482,272,445.21	9,093,941,097.57
Other operations	34,179,517.86	15,071,965.74	28,612,867.68	6,703,484.52
Total	15,985,268,252.01	11,233,945,477.61	12,510,885,312.89	9,100,644,582.09

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

61. Operating revenue and operating costs (continued)

(2). Revenue from contracts

☐ Applicable ☒ Not applicable

Description of revenue from contracts:

Operating revenue by segments is presented as follows:

2021	
Revenue from natural gas sales	9,519,273,994.93
Revenue from wind/photovoltaic power generation	6,147,651,024.55
Revenue from connection and construction of gas pipeline network	211,211,261.38
Other main operating income	72,952,453.29
Other operating income	34,179,517.86
Total	15,985,268,252.01

2021

Revenue recognition time	Wind power	Natural gas	Total
Operating revenue from contracts with customers			
Transferred at a point in time	6,147,651,024.55	9,526,630,590.59	15,674,281,615.14
Rendered over time	26,724,205.80	267,026,239.61	293,750,445.41
Rental income	14,856,113.29	2,380,078.17	17,236,191.46
Total	6,189,231,343.64	9,796,036,908.37	15,985,268,252.01

Revenue recognised in the current year and included in the carrying amount of contract liabilities at the beginning of the year is as follows:

2021	
Advances received for natural gas sales	916,108,116.60
Advances received for construction of pipeline projects	103,940,882.33
Advances received for pipeline transmission fees	3,399,050.24
Other advances received	3,659,664.92
Total	1,027,107,714.09

(3). Description on performance obligations

☐ Applicable ☒ Not applicable

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

61. Operating revenue and operating costs (continued)

(4). Description of apportionment to the remaining performance obligations

☐ Applicable ☒ Not applicable

Other explanations:

The performance obligations of the electricity sales contract are fulfilled when the power is supplied to the provincial power grid company where each electric field is located. The part of benchmark electricity prices of the contract price will be recovered within 30 days after settlement. The renewable energy subsidies will be paid in batches from the renewable energy fund by the Ministry of Finance and there is no fixed period for amounts collection. There are no sales returns and variable consideration.

The natural gas sales contract usually requires the receipt of advances, 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.

The contract for connection and construction of gas pipeline network usually requires the receipt of advances. The performance obligations are fulfilled over time and as services are provided. The remaining performance obligations are expected to be fulfilled and revenue to be recognized within the next year.

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	17,800,261.87	8,888,655.93
Education surcharges	12,997,922.29	9,689,483.73
Resources tax		
Property tax	3,683,709.51	3,106,964.77
Land use tax	8,908,646.95	4,038,114.80
Vehicle and vessel use tax		
Stamp duty	9,201,918.89	7,160,980.29
Others	1,187,502.07	977,698.95
Total	53,779,961.58	33,861,898.47

Other explanations:

Nil

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

63. Selling expenses

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Employee benefits	1,876,866.68	1,291,541.01
Advertising and promotion fees	810,845.12	517,031.80
Others	420,874.19	176,754.76
Total	3,108,585.99	1,985,327.57

Other explanations:

Nil

64. Administration expenses

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Employee benefits	373,052,527.06	281,627,343.95
Audit and evaluation consulting fees	33,882,731.86	29,067,331.24
Office expenses	26,524,499.43	17,157,426.81
Amortization of intangible assets	25,052,823.84	22,676,342.84
Vehicle, transportation and travelling expenses	18,477,271.35	13,618,805.86
Rental expenses	17,343,934.82	13,981,079.96
Depreciation of fixed assets	17,266,295.34	17,836,291.82
Depreciation of right-of-use assets	12,396,360.90	6,456,746.18
Business entertainment expenses	11,611,343.98	7,590,687.05
Amortization of long-term deferred expenses	8,513,368.66	5,858,376.88
Others	131,334,126.45	112,242,052.34
Total	675,455,283.69	528,112,484.93

Other explanations:

In 2021, the above administration expenses include remuneration of auditors of RMB 8,512,760.69 (2020: RMB 7,218,369.17).

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

65. R&D EXPENSE

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Labor costs	25,396,312.53	19,562,607.19
Outsourcing development fees	39,162,668.95	13,054,707.58
Others	7,463,202.36	3,800,269.43
Total	72,022,183.84	36,417,584.20

Other explanations:

Nil

66. Finance costs

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Interest expense	1,436,915,673.29	1,279,257,192.99
Less: Interest income	-24,269,705.78	-17,976,867.30
Less: Capitalized interest	-208,275,266.83	-354,000,999.57
Exchange gain or loss	-465,709.14	-6,297,742.52
Bank charges	2,713,885.92	2,013,835.07
Others	8,986,588.49	9,726,802.72
Total	1,215,605,465.95	912,722,221.39

Other explanations:

Capitalised amount of borrowing costs was included in construction in progress and right-of-use assets.

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:

	2021	2020
Capitalisation rate	3.8%-4.4%	3.0%-6.3%

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

67. Other gains

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
VAT refund	114,324,263.77	69,529,438.26
Fiscal appropriation	4,124,891.92	3,786,274.58
Operating subsidy	952,380.95	952,380.95
Others	236,056.81	256,394.06
Total	119,637,593.45	74,524,487.85

Other explanations:

Below sets forth the government grants relating to daily activities:

	2021	2020	Relating to assets/ income
VAT refund	114,324,263.77	69,529,438.26	Relating to income
Strategic Emerging Industry Fund	263,157.84	263,157.84	Relating to assets
Weilai Industrial Load Absorption Distributed Renewable Energy Joint R&D	80,000.04	80,000.04	Relating to assets
Project funded by the Department of Science and Technology	104,000.04	104,000.04	Relating to assets
Xingdong New District Rerouting	3,100,284.88	3,100,284.88	Relating to assets
Jiran Pipeline Coal-to-Gas Project	65,867.67	65,860.73	Relating to assets
Subsidies for operation	952,380.95	952,380.95	Relating to income
Funds for cultivation of above-scale industrial enterprises	100,000.00	—	Relating to income
Others	647,638.26	429,365.11	
Total	119,637,593.45	74,524,487.85	

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

68. Investment gains

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	281,785,663.87	254,015,712.80
Investment gain on disposal of long-term equity investment		
Investment gain of held-for-trading financial assets during the period of holding		
Dividend income from investment in other equity instruments during the period of holding	11,943,006.92	12,196,612.18
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		
Investment gains obtained during the holding period of the entrusted loan investment		274,873.47
Derecognition gains on financial assets measured at amortized cost		-62,600.00
Gain on fair value remeasurement of remaining equity interests after loss of control	2,213,368.04	
Total	295,942,038.83	266,424,598.45

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. Loss on credit impairment

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	21,922,957.80	-70,107,691.25
Loss on bad debts of other receivables	374,812.98	206,948.86
Impairment losses on debt investments		
Impairment losses on other debt investments		
Bad debt loss on long-term receivables		
Impairment losses on contract assets		
Total	22,297,770.78	-69,900,742.39

Other explanations:

Nil

72. Impairment loss on assets

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		
IV. Impairment loss on investment property		
V. Impairment loss on fixed assets	-	35,000,000.00
VI. Impairment loss on construction material		
VII. Impairment loss on construction in progress	7,040,492.38	20,773,051.65
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	7,040,492.38	55,773,051.65

Other explanations:

In the year, the Group made a total impairment provision of RMB7,040,492.38 (2020: RMB20,773,051.65) for certain construction projects with indicators of impairment based on the difference between their recoverable amounts and carrying values.

In 2020, the Group recognised an impairment loss on fixed assets of RMB35,000,000.00 in relation to the impairment provision made for Suntien Liquefied Shahe due to the carrying value was less than the recoverable amount. The recoverable amount was determined based on the present value of the estimated future cash flow of the asset group. The asset group consisted of storage tanks and LNG liquefaction equipment, etc. A discount rate of 10% was adopted when determining the present value of the estimated future cash flow of the asset group.

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

73. Gain on disposal of assets

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the previous period
Gain on disposal of assets	236,353.08	260,932.94
Total	236,353.08	260,932.94

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		18,000,000.00
Total gains on disposal of non-current assets	301,231.40	120,358.47	301,231.40
Including: Gain on disposal of fixed assets	301,231.40	120,358.47	301,231.40
Gain on disposal of intangible assets			
Exchange gain on non-monetary assets			
Income from donations			
Government grants	5,709,370.06	7,087,202.36	5,709,370.06
Resale income of carbon emission allowances	1,256,546.14	2,672,171.14	1,256,546.14
Net gain from penalties	101,662.28	376,500.00	101,662.28
Unpayable amounts	102,096.24	349,365.18	102,096.24
Others	520,424.34	2,494,253.73	520,424.34
Total	25,991,330.46	13,099,850.88	25,991,330.46

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 current period	Amount for the previous period	Relating to assets/ Relating to income
VAT refund	114,324,263.77	69,529,438.26	Relating to income
2020 Foreign Enterprise Investment Incentives of Development and Reform Bureau of Qiaoxi District		6,536,000.00	Relating to assets
Listing Incentive Funds	5,000,000.00		Relating to income
Xingdong New District Rerouting Project	3,100,284.88	3,100,284.88	Relating to assets
Subsidies for operation	952,380.95	952,380.95	Relating to income
Strategic Emerging Industry Fund	263,157.84	263,157.84	Relating to assets
Industrial Output Value Growth Subsidy Funds of Economic and Information Bureau of Wuming District	221,000.00		Relating to income
Project funded by the Department of Science and Technology	104,000.04	104,000.04	Relating to assets
Weilai Industrial Load Absorption Distributed Renewable Energy Joint R&D	80,000.04	80,000.04	Relating to assets
Others	1,232,089.90	963,499.99	Relating to income
Others	69,786.09	82,928.21	Relating to assets
Less: Government grants included in other income	119,637,593.45	74,524,487.85	
Government grants included in non-operating income	5,709,370.06	7,087,202.36	

Other explanations:

☐ Applicable ☒ Not applicable

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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	12,289,772.27	743,573.55	12,289,772.27
Including: Loss on disposal of fixed assets	12,289,772.27	743,573.55	12,289,772.27
Loss on disposal of intangible assets			
Exchange loss on non-monetary assets			
Donations	9,000.00	257,952.00	9,000.00
Expenses on compensation, and penalties	533,015.03	152,614.50	533,015.03
Other expenses	2,748,685.64	408,320.86	2,748,685.64
Total	15,580,472.94	1,562,460.91	15,580,472.94

Other explanations:

Nil

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	426,709,988.07	308,175,174.96
Deferred income tax expense	-10,098,856.60	23,109,485.65
Total	416,611,131.47	331,284,660.61

(2). Reconciliation of accounting profits and income tax

Unit: Yuan Currency: RMB

Items	Amount for the current period
Total profits	3,128,239,873.07
Income tax expense calculated at statutory/applicable tax rate	782,059,968.27
Impact of different tax rates applied to subsidiaries	-365,762,015.79
Impact of adjustment of income tax of previous periods	2,690,932.46
Impact of non-taxable income	-2,985,751.73
Impact of non-deductible costs, expenses and losses	3,198,861.54
Impact of utilising deductible loss of deferred tax assets unrecognized in previous periods	-4,687,666.49
Impact of deductible temporary difference or deductible loss of deferred tax assets unrecognized in current period	72,543,219.18
Income attributable to joint ventures and associates	-70,446,415.97
Income tax expenses	416,611,131.47

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.

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

77. Other comprehensive income

For details, please refer to the related content set out in Note "VII. 57 Other Comprehensive Income".

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	24,269,705.78	17,976,867.30
Resale income of carbon emission allowances	1,256,546.14	2,672,171.14
Government grants	56,902,512.18	8,202,269.84
Wire subsidy	952,380.95	952,380.95
Others	18,998,679.00	1,494,253.73
Total	102,379,824.05	31,297,942.96

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
Vehicle, transportation and travelling expenses	18,477,271.35	13,618,805.86
Rental fees	17,343,934.82	13,981,079.96
Office expenses	26,524,499.43	17,157,426.81
Audit and evaluation consulting expense	33,882,731.86	29,067,331.24
Business entertainment fees	11,611,343.98	7,590,687.05
Handling fee	2,713,885.92	6,236,229.51
Repair cost		
Fees paid for outsourced research	39,162,668.95	16,854,977.01
Others	50,425,373.33	113,481,528.98
Total	200,141,709.64	217,988,066.42

Explanation on cash paid for other operating activities:

Nil

(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	880,000,000.00	
Total	880,000,000.00	

Explanation on the cash received from other investing activities:

Nil

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

78. Items in the cash flow statement (continued)

(4). Cash paid for other investing activities

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Cancellation of investment amounts repaid by subsidiaries 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

(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	40,527,754.65	266,678,143.26
Total	40,527,754.65	266,678,143.26

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
Business combinations involving enterprises under common control		24,441,053.77
Cash outflows related to leasing	163,795,249.45	298,161,986.70
Others	7,738,400.06	10,373,847.74
Total	171,533,649.51	332,976,888.21

Explanation on the cash paid for other financing activities:

Nil

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 current period	Amount for the previous period
1. Net profit adjusted to cash flows of operating activities:		
Net profit	2,711,628,741.60	1,932,731,653.58
Add: Provision for impairment of assets	7,040,492.38	55,773,051.65
Loss on credit impairment	22,297,770.78	-69,900,742.39
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of productive biological assets	1,837,403,994.73	1,334,674,881.77
Amortization of right-of-use assets	145,688,180.39	116,310,442.05
Amortization of intangible assets	132,959,674.00	128,485,267.26
Amortization of long-term deferred expenses	7,342,804.22	9,923,233.07
Losses from disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	-236,353.08	-260,932.94
Losses from scrapping of fixed assets ("-" for gains)	11,988,540.87	623,215.08
Losses from changes in fair value ("-" for gains)		
Finance costs ("-" for gains)	1,228,174,697.55	918,958,450.90
Investment losses ("-" for gains)	-295,942,038.83	-266,424,598.45
Decrease in deferred income tax assets ("-" for increase)	-11,748,178.93	19,193,941.25
Increase in deferred income tax liabilities ("-" for decrease)	1,649,322.33	3,915,544.40
Decrease in inventories ("-" for increase)	-156,076,332.41	-6,489,971.00
Decrease in operating receivables ("-" for increase)	-3,010,097,545.45	-1,859,704,197.01
Increase in operating payables ("-" for decrease)	1,700,567,396.80	1,580,701,224.49
Others		
Net cash flows from operating activities	4,332,641,166.95	3,898,510,463.71
2. Significant investing and financing activities that do not involve cash receipts and payment		
Right-of-use assets acquired by committing lease liabilities	182,723,079.18	13,398,952.73
Transfer of bank acceptance bills by endorsement	1,701,209,043.57	526,046,649.51
Receipt of sale-leaseback amounts settled by bills	176,826,532.47	
Gain on fair value remeasurement of remaining equity interests after loss of control	176,094,564.63	
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	7,533,084,715.56	1,863,441,446.73
Less: Opening balance of cash	1,863,441,446.73	2,334,208,228.57
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	5,669,643,268.83	-470,766,781.84

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 during the current period

Unit: Yuan Currency: RMB

	Amount
Cash or cash equivalents paid during the current period for the business combination occurred during the current period	20,014,649.31
Less: Cash and cash equivalents held by subsidiaries on the date of acquisition	641,789.75
Add: Cash or cash equivalents paid during the current period for the business combination occurred during previous periods	0
Net cash paid for acquisition of subsidiaries	19,372,859.56

Other explanations:

Nil

(3). Net cash received from disposal of subsidiaries during the current period

Unit: Yuan Currency: RMB

	Amount
Cash or cash equivalents received during the current period from disposal of subsidiaries during the current period	3,921,600.00
Less: Cash and cash equivalents held by subsidiaries on the date of loss of control	19,854,284.47
Add: Cash or cash equivalents received during the current period from disposal of subsidiaries during previous periods	0
Net cash received from disposal of subsidiaries	-15,932,684.47

Other explanations:

Nil

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

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
I. Cash	7,533,084,715.56	1,863,441,446.73
Including: Cash on hand		
Bank deposit that can be used for payment at any time	7,533,084,715.56	1,863,441,446.73
Other monetary fund 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 3 months		
III. Balance of cash and cash equivalents at the end of the period	7,533,084,715.56	1,863,441,446.73
Including: restricted cash and cash equivalents used by the parent company and the subsidiaries of the Group		

Other explanations:

	Dividend payable	Borrowings	Debentures payable	Other current liabilities	Lease liabilities	Long-term payables
1 January 2021	172,358,689.75	27,340,205,832.05	3,285,000,000.00	500,000,000.00	832,819,072.26	231,774,144.00
Dividend distribution	755,766,035.05	-	-	-	-	-
Distribution to other equity holders	96,330,000.00	-	-	-	-	-
Accrued interests	-	1,188,402,181.51	133,263,734.86	21,072,328.77	47,026,512.69	17,527,657.45
Changes in cash flows from financing activities	-854,618,667.02	5,453,293,605.37	-1,301,053,574.30	183,035,616.44	-163,795,249.45	-75,904,615.01
Decrease in changes in scope of consolidation	-	-377,030,000.00	-	-	-	-
Liabilities classified as held for sale	-	-839,833.51	-	-	-	-
Significant financing activities not involving cash	-	-16,614,845.72	-	-	182,723,079.18	176,826,532.47
31 December 2021	<u>169,836,057.78</u>	<u>33,587,416,939.70</u>	<u>2,117,210,160.56</u>	<u>704,107,945.21</u>	<u>898,773,414.68</u>	<u>350,223,718.91</u>

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	Book value at the end of period	Reasons for restriction
Cash	115,312,267.99	Retained land reclamation deposit, guarantee deposit, etc.
Bills receivable		
Inventory		
Fixed assets	282,529,150.15	Secured long-term bank borrowings
Intangible assets	3,310,438.09	Secured long-term bank borrowings
Receivables financing	590,000.00	Long-term borrowings secured by the right of electricity cost collection
Accounts receivable	5,297,705,008.26	Long-term borrowings secured by the right of electricity cost collection
Total	5,699,446,864.49	/

Other explanations:

Note 1: Cash with restricted ownership represents mainly the land reclamation deposit, guarantee deposit and others. Please refer to Note VII. 1.

Note 2: As at 31 December 2021 and 31 December 2020, 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 RMB12,100,000.00, respectively. Please refer to Note VII. 6.

Note 3: As at 31 December 2021 and 31 December 2020, 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 RMB4,965,601,619.65 and RMB3,251,297,679.34, respectively. Please refer to Note VII. 5.

Note 4: As at 31 December 2021 and 31 December 2020, the Group obtained long-term bank borrowings secured by fixed assets with the carrying amount of RMB282,529,150.15 and RMB300,513,810.27, respectively. Please refer to Note VII. 21.

Note 5: As at 31 December 2021 and 31 December 2020, the Group obtained long-term bank borrowings secured by intangible assets with the carrying amount of RMB3,310,438.09 and RMB3,385,818.14, respectively. Please refer to Note VII. 26.

Note 6: As at 31 December 2021 and 31 December 2020, the Group utilised accounts receivable with the carrying amount of RMB332,103,388.61 and RMB282,973,223.41, respectively, as the fundamental assets for the establishment of Ping An-HECIC New-energy No. 1 Asset-backed Special Program. Please refer to Note VII. 5.

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			
EURO			
HKD	6,012,171.62	0.8176	4,915,551.52
Other receivables	-	-	
Including: USD			
EURO			
HKD	1,156,808.29	0.8176	945,806.46
Accounts payable	-	-	
Including: USD	13,801.94	6.3757	87,997.03
EURO			
HKD			
Other payables			
Including: USD			
EURO			
HKD	187,000.00	0.8176	152,891.20
Short-term borrowings			
Including: USD	50,106,002.79	6.3757	319,460,841.99
EURO			
HKD			
Long-term borrowings			
Including: USD			
EURO			
HKD	34,000,000.00	0.8176	27,798,400.00

Other explanations:

Nil

- (2). Descriptions of 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

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

83. Hedging

☐ Applicable ☒ Not applicable

84. Government grants

(1). information about government grants

Unit: Yuan Currency: RMB

Category	Amount	Item presented	Amount included in the current profit or loss
VAT refund	114,324,263.77	Other income	114,324,263.77
Fiscal appropriation	4,124,891.92	Other income	4,124,891.92
Subsidies for operation	952,380.95	Other income	952,380.95
Others	236,056.81	Other income	236,056.81
Government grants	5,709,370.06	Non-operating income	5,709,370.06

(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:

	2021	2020
Raw materials used	8,361,112,389.80	6,945,317,055.02
Employee benefits	729,226,580.22	576,442,017.22
Depreciation and amortisation	2,123,394,653.34	1,589,393,824.15
Others	770,797,907.77	556,007,082.40
Total	11,984,531,531.13	9,667,159,978.79

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
Xingtai Tianhongxiang Gas Co., Ltd. (邢台天宏祥燃气有限公司)	18 March 2021	19,800,000.00	67%	Acquisition settled by cash	18 March 2021	Transfer of control	13,011,410.15	-1,038,855.16

Other explanations:

On 9 March 2021, the Group entered into an equity transfer agreement with Tunghsu Azure Renewable Energy Co., Ltd. (hereinafter referred to as "Tunghsu Investment", 000040.SZ) for the acquisition of 67% equity of Tianhongxiang held by Tunghsu Investment. The equity was transferred on 18 March 2021, upon which Tianhongxiang was held as to 67% by the Group and 33% by a natural person shareholder Li Hui. Amendment to the articles of association was completed on the same day. The consideration for the acquisition was RMB19,800,000.00 in cash, and the date of acquisition was determined as 18 March 2021. The acquisition was accounted for as a business combination involving enterprises not under common control.

(2). Cost of combination and goodwill

Unit: Yuan Currency: RMB

Xingtai Tianhongxiang Gas Co., Ltd.	
Cost of combination	
- Cash	19,800,000.00
- 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	19,800,000.00
Less: share of fair value of identifiable net assets acquired	1,388,724.71
Goodwill/cost of combination fell short from share of fair value of identifiable net assets acquired	18,411,275.29

VIII. CHANGES IN SCOPE OF CONSOLIDATION (continued)

1. BUSINESS COMBINATIONS INVOLVING ENTERPRISES NOT UNDER COMMON CONTROL (continued)

(2). Cost of combination and goodwill (continued)

Explanation on determination of fair value of cost of combination, contingent consideration and its changes:

Nil

Major reason for a huge amount of goodwill:

Based on the strategic significance of the Company's future expansion in the Xingtai gas market, taking into account the relatively large number of potential users and the greater potential for future development, the acquisition price was higher than the share of fair value of the net assets of the acquired enterprise .

Other explanations:

Nil

(3). Identifiable assets and liabilities of the acquiree on the date of acquisition

Unit: Yuan Currency:RMB

	Xingtai Tianhongxiang Gas Co., Ltd.	
	Fair value at the date of acquisition	Carrying amount at the date of acquisition
Assets:	95,214,243.95	75,589,855.94
Cash	641,789.75	641,789.75
Receivables	3,007,999.76	3,007,999.76
Inventories	1,095,956.20	1,064,451.45
Fixed assets	54,195,283.00	47,222,105.89
Intangible assets	14,840,453.91	2,343,849.07
Prepayments	3,508,770.38	3,508,770.38
Other receivables	6,903,792.86	6,903,792.86
Other current assets	3,146,090.73	3,146,090.73
Long-term deferred expenses	1,356,132.45	1,356,132.45
Construction in progress	6,517,974.91	6,394,873.60
Liabilities:	93,141,520.50	88,235,423.50
Borrowings		
Payables	23,224,959.31	23,224,959.31
Deferred income tax liabilities	4,906,097.00	-
Contract liabilities	3,974,058.42	3,974,058.42
Employee benefits payable	4,600.54	4,600.54
Taxes payable	1,893.26	1,893.26
Other payables	30,935,651.10	30,935,651.10
Non-current liabilities due within one year	30,094,260.87	30,094,260.87
Net assets	2,072,723.45	-12,645,567.56
Less: Minority interests	683,998.74	-
Net assets acquired	1,388,724.71	-12,645,567.56

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 (continued)

Determination of the fair value of identifiable assets and liabilities:

It was determined on the basis of the audited data as at 31 March 2021 delivered by the acquiree, the provisional value of the concession rights under valuation carried out on 31 March 2021 and gains on valuation of the acquiree by adopting the basis approach on 31 May 2020.

Contingent liabilities of the acquiree assumed in business combination:

Nil

Other explanations:

The amount as shown in the bottom line was the cash of RMB19,800,000.00 paid by the Group in the business combination, and the goodwill generated by the acquisition was RMB18,411,275.29.

The Group appointed an independent third party valuer to evaluate the identifiable assets and liabilities on the acquisition date. The fair value of concession rights was determined by the income approach, and the fair value of other items was determined by the asset-based approach.

(4). Gain or loss on fair value remeasurement of the equity interests held before the date of acquisition

Whether there was 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:

The operating results and cash flows of Tianhongxiang from the date of acquisition to the end of the current year are presented as follows:

	For the period from 18 March 2021 to 31 December 2021 (RMB)
Operating revenue	13,011,410.15
Net profit	-1,038,855.16
Net cash flows	7,582,227.75

2. BUSINESS COMBINATIONS INVOLVING ENTERPRISES UNDER COMMON CONTROL

☐Applicable ☒Not Applicable

VIII. CHANGES IN SCOPE OF CONSOLIDATION (continued)

3. REVERSE ACQUISITION

☐Applicable ☒Not Applicable

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 subsidiary	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
Chongli CFC Huashi Wind Energy Co., Ltd.				15 September 2021	Ceased to enter into any concerted action agreement with the joint venture		51	104,480,197.56	106,635,711.71	1,945,514.15		
Zhengbei CFC Huashi Wind Energy Co., Ltd.				15 September 2021	Ceased to enter into any concerted action agreement with the joint venture		51	69,780,999.03	69,538,832.92	267,853.89		

VIII. CHANGES IN SCOPE OF CONSOLIDATION (continued)

4. DISPOSAL OF SUBSIDIARIES (continued)

Other explanations:

Prior to the loss of control, the Group and Ducheng Weiye Group Co., Ltd. (都城偉業集團有限公司) ("Ducheng Weiye") held 51% and 49% equity shares in Chongli CIC and Zhangbei CIC, respectively. The highest authorities of Chongli CIC and Zhangbei CIC are the general meeting. Decisions are subject to 2/3 affirmative votes at the general meeting voting by poll. The board of directors consist of 5 members, where the Group and Ducheng Weiye shall appoint two directors respectively, and one staff director shall be elected by the staff representative meeting. Decisions made by the board of directors are subject to at least 4/5 of the attendants at the meeting. The Group has signed a concerted action agreement with Ducheng Weiye, pursuant to which Ducheng Weiye and the Group shall vote in concert on all matters other than the protective provisions, such as increase and reduction of registered capital, merger, division and liquidation, and change in articles of association. As such, the Group had control over Chongli CIC and Zhangbei CIC through agreements, and the two companies were accounted for as subsidiaries and consolidated in the Group.

On 15 September 2021, Ducheng Weiye transferred its 49% equity shares in the above two companies to Luneng New Energy (Group) Co., Ltd. (魯能新能源(集團)有限公司) ("Luneng New Energy"). Luneng New Energy and Ducheng Weiye are under common control of the ultimate parent company, China Green Development and Investment Group Co., Ltd. (中國綠發投資集團有限公司). Subsequent to the transfer of the investment share of Ducheng Weiye, Luneng New Energy did not sign the concerted action agreement with the Group. As such, in view of the decision-making mechanism stipulated in the articles of association of the two investee companies, the Group no longer has control over the two companies, which shall be treated as disposal of subsidiaries.

On 15 September 2021, the Group ceased to incorporate Chongli CIC and Zhangbei CIC into the scope of consolidation. The relevant financial information of Chongli CIC and Zhangbei CIC is presented as follows:

Chongli CIC:

	15 September 2021	31 December 2020
	Carrying amount	Carrying amount
Current assets	95,043,556.06	103,423,431.02
Non-current assets	410,772,501.98	441,041,527.11
Current liabilities	59,541,160.86	81,954,921.79
Non-current liabilities	241,000,000.00	267,000,000.00
Minority interests	100,584,699.62	
Fair value of remaining equity interests	106,635,711.71	
Gain or loss on disposal	1,945,514.15	
Consideration for disposal		-
		For the period from 1 January 2021 to 15 September 2021
Operating revenue		58,321,132.32
Operating costs		32,107,268.20
Net profit		9,764,860.84

VIII. CHANGES IN SCOPE OF CONSOLIDATION (continued)

4. DISPOSAL OF SUBSIDIARIES (continued)

Zhangbei CIC:

	15 September 2021	31 December 2020
	Carrying amount	Carrying amount
Current assets	74,633,593.31	64,056,976.17
Non-current assets	234,553,717.76	249,248,899.92
Current liabilities	77,119,685.51	86,261,185.32
Non-current liabilities	101,050,000.00	110,030,000.00
Minority interests	64,198,636.53	
Fair value of remaining equity interests	69,458,852.92	
Gain or loss on disposal	267,853.89	
Consideration for disposal	-	

	For the period from 1 January 2021 to 15 September 2021
Operating revenue	39,997,914.08
Operating costs	14,891,556.71
Net profit	14,002,934.80

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:

Establishment of new subsidiaries

2021	Operating place	Registered place	Business nature	Registered capital (RMB'0,000)	Shareholding percentage (%)	
					Direct	Indirect
Baoding CIC Huisheng New Energy Co., Ltd. (保定建设汇晟新能源有限公司) (Note)	PRC	Baoding City	Solar power generation and solar power station total control system management and operation maintenance service	50.00	-	90.00
HECIC Huineng New Energy Co., Ltd. (河北建投汇能新能源有限公司) (Note)	PRC	Shijiazhuang City	Wind power generation, electricity, heat production and supply industry	28,000.00	100.00	-

Note: The two new companies above were established in 2021 and the Group did not make any actual capital contribution as at 31 December 2021.

VIII. CHANGES IN SCOPE OF CONSOLIDATION (continued)

5. CHANGES IN THE SCOPE OF CONSOLIDATION DUE TO OTHER REASONS (continued)

Deregistration of subsidiaries

2021	Operating place	Registered place	Business nature	Registered capital (RMB'0,000)	Shareholding percentage (%)	
					Direct	Indirect
Hebei Jiran LNG Co., Ltd. (河北冀然液化天然氣有限公司)	PRC	Shijiazhuang City	Natural gas project preparation and sale of natural gas	5,000.00	-	55.00
Wulian County Suntien Wind Energy Co., Ltd. (五蓮縣新天風能有限公司)	PRC	Rizhao City	Wind power generation	900.00	100.00	-
Suizhong Suntien Liaohe Gas Co., Ltd. (綏中新天遼河燃氣有限公司)	PRC	Suizhong County	Sale of natural gas and natural gas appliances and connection and construction of natural gas pipelines	1,000.00	-	100.00
Guyuan Suntien Wind Energy Co., Ltd. (涇源新天風能有限公司)	PRC	Guyuan County	Wind power generation	200.00	-	100.00
Anze Suntien Wind Energy Co., Ltd. (安澤新天風能有限公司)	PRC	Linfen City	Wind power generation and power transmission and distribution	390.00	-	100.00
Taigu Suntien Wind Energy Co., Ltd. (太谷新天風能有限公司)	PRC	Taigu County	Wind power generation	900.00	-	100.00

Note 2: The Company did not establish any new subsidiaries, nor did it deregister any subsidiaries in 2020.

6. OTHERS

☐Applicable ☒Not Applicable

IX. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1). Composition of the Group

Subsidiary	Operating place	Registered place	Registered capital (RMB'0,000)	Business nature	Shareholding percentage (%)		Acquisition method
					Direct	Indirect	
HECIC New Energy	PRC	Shijiazhuang City	509,730.00	Wind power generation, wind farm investment and service consulting	100.00		Combination 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		Combination 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	21,660.00	Wind power generation	99.08		Establishment by investment
Suntien Green Energy (Hong Kong) Co., Ltd. (新天綠色能源(香港)有限公司)	Hong Kong, PRC	Tsim Sha Tsui, Kowloon, Hong Kong	USD 8,290,713.9	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
Xingyang Suntien Wind Energy Co., Ltd. (滎陽新天風能有限公司)	PRC	Xingyang 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. (河北豐甯建投新能源有限公司)	PRC	Fengning Manchu Autonomous County	86,783.00	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	8,450.00	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	8,000.00	Wind power and solar energy generation, relevant technical consultation	100.00		Establishment by investment
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. (建設新能源(唐山)有限公司)	PRC	Tangshan City	8,600.00	Wind and solar power generation	100.00		Establishment by investment

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1). Composition of the Group (continued)

Subsidiary	Operating place	Registered place	Registered capital (RMB'0,000)	Business nature	Shareholding percentage (%)		Acquisition method
					Direct	Indirect	
Fuliang Zhongling Suntien Green Energy Co., Ltd. (浮梁中嶺新天綠色能源有限公司)	PRC	Jingdezhen City	16,000.00	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	Hua'an City	23,400.00	Wind power and solar energy generation and 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 and 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	9,030.00	Wind power and solar energy generation and 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	16,000.00	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	67,775.00	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
HECIC Longyuan Chongli Wind Energy Co., Ltd. (河北建投龍源崇禮風能有限公司)	PRC	Chongli District	9,500.00	Wind power generation	-	50.00	Establishment by investment
Lingjiu CIC Hengguan Wind Energy Co., Ltd. (靈丘建投衡冠風能有限公司)	PRC	Lingjiu County	33,850.00	Wind power generation	-	55.00	Establishment by investment
HECIC Yanshan (Guyuan) Wind Power Co., Ltd. (建投燕山(沽源)風能有限公司)	PRC	Guyuan County	83,977.55	Wind power generation	-	94.43	Establishment by investment
Zhangbei Huashi CIC Wind Energy Co., Ltd. (張北華實建投風能有限公司)	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. (承德禦源風能有限公司)	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	Horqin Right Front Banner	19,020.00	Wind power generation	-	100.00	Establishment by investment
Laiyuan Suntien Wind Energy Co., Ltd. (涿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 Wind Energy Co., Ltd. (張北新天風能有限公司)	PRC	Zhangbei County	22,000.00	Wind power generation	-	51.00	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

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1). Composition of the Group (continued)

Subsidiary	Operating place	Registered place	Registered capital (RMB'0,000)	Business nature	Shareholding percentage (%)		Acquisition method
					Direct	Indirect	
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
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. (承德禦景新能源有限公司)	PRC	Weichang Manchu and Mongolian Autonomous County	31,000.00	Wind power generation	-	60.00	Establishment by investment
Taigu Suntien Wind Energy Co., Ltd. (太谷新天風能有限公司)	PRC	Taigu County	900.00	Wind power generation	-	100.00	Establishment by investment
Chengde Yufeng Wind Energy Co., Ltd. (承德禦楓風能有限公司)	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	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)	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	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	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. (石家莊冀然管道工程有限公司)	PRC	Shijiazhuang City	6,375.00	Connection and construction of natural gas pipelines	-	60.00	Establishment by investment

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1). Composition of the Group (continued)

Subsidiary	Operating place	Registered place	Registered capital (RMB'0,000)	Business nature	Shareholding percentage (%)		Acquisition method
					Direct	Indirect	
Xingtai Jiran Natural Gas Co., Ltd. (邢臺冀然天然氣有限公司)	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
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 Suntien Liquefied Natural Gas Co., Ltd. (曹妃甸新天液化天然氣有限公司) ("Caofeidian Company")	PRC	Cao Feidian	20,000.00	Construction of LNG receiving station and pipeline supply projects	51.00	-	Establishment by investment
Rui'an City Xinyun New Energy Co., Ltd. (瑞安市新運新能源有限公司)	PRC	Rui'an	500.00	Wind power generation	70.00	-	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 Ruifeng New Energy Co., Ltd. (哈爾濱瑞風新能源有限公司)	PRC	Shuangcheng City	18,000.00	Wind power generation	-	80.00	Establishment by investment
Hebei Natural Gas Company Ltd. (河北燃氣有限公司)	PRC	Shijiazhuang City	10,000.00	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. (河北建投新能供應鏈管理有限公司)	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 (新港國際天然氣貿易有限公司)	Hong Kong	Hong Kong Special Administrative Region	HKD1,000.00	LNG trading and related businesses	-	51.00	Establishment by investment
Yunnan Pushi Natural Gas Co., Ltd. (雲南普適天然氣有限公司)	PRC	Kunming City	3,333.33	Research and development of natural gas, investment and technical development	70.00	-	Combination involving enterprises not under common control

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1). Composition of the Group (continued)

Subsidiary	Operating place	Registered place	Registered capital (RMB'0,000)	Business nature	Shareholding percentage (%)		Acquisition method
					Direct	Indirect	
Huludao Liaohe Oil Field Gas Co., Ltd. (葫蘆島遼河油田燃氣有限公司)	PRC	Huludao City	2,040.82	R&D design and consulting	51.00	-	Combination 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	Combination involving enterprises not under common control
Raoyang County CIC Natural Gas Co., Ltd. (饒陽縣建設天然氣有限公司)	PRC	Raoyang County	1,000.00	Sales and natural gas and gas appliances	-	60.00	Combination involving enterprises not under common control
Linxi County Xinneng Natural Gas Engineering Co., Ltd. (臨西縣新能天然氣工程有限公司)	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	Combination involving enterprises not under common control
Anguo Huaghe Gas Co., Ltd. (安國市華港燃氣有限公司)	PRC	Anguo City	2,000.00	Sale of natural gas to gas vehicles and appliances	-	51.00	Combination involving enterprises not under common control
Pingshan County Huajian Gas Co., Ltd. (平山縣華建燃氣有限公司)	PRC	Pingshan County	615.00	Sale of natural gas to gas vehicles	-	100.00	Combination involving enterprises not under common control
Jinzhou CIC Gas Co., Ltd. (晉州市建設燃氣有限公司)	PRC	Jinzhou City	1,815.99	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines	-	100.00	Combination involving enterprises not under common control
Shenzhou CIC Gas Co., Ltd. (深州市建設燃氣有限公司)	PRC	Shenzhou City	1,175.81	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines	-	100.00	Combination involving enterprises not under common control
Xinji CIC Gas Co., Ltd. (辛集市建設燃氣有限公司)	PRC	Xinji City	1,500.00	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines	-	100.00	Combination involving enterprises not under common control
Hengshui CIC Natural Gas Co., Ltd. (衡水建設天然氣有限公司)	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	Combination involving enterprises not under common control
Zhangbei CIC Huashi Wind Energy Co., Ltd. (張北建設華實風能有限公司)	PRC	Zhangbei County	9,000.00	Wind power generation	-	51.00	Combination involving enterprises not under common control
International Wind Farm Development V Limited (國際風電開發有限公司)	Hong Kong	Hong Kong Special Administrative Region	HKD100,000	Wind farm investment, construction and operation	-	100.00	Combination 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	Combination 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	-	Combination involving enterprises under common control

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1). Composition of the Group (continued)

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:

Note 2: HECIC New Energy, a subsidiary of the Company, signed a concerted action agreement with the other shareholders of Zhangbei Huashi and Longyuan Chongli, pursuant to which HECIC New Energy has control over Zhangbei Huashi and Longyuan Chongli on major operational matters. Please refer to Note V. 43 for details.

Basis of controlling significant structuring subject in the combination range:

Nil

Basis of determining whether the Company is a contracting-out party or client:

Nil

Other explanations:

Note 1: 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.

(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 Company Limited	45.00%	328,257,936.53	91,474,773.39	1,678,897,987.43
HECIC Offshore Wind Power Co., Ltd. (河北建投海上風電有限公司) ("Offshore Wind")	48.90%	89,452,331.54	28,647,093.87	563,322,291.97
Caofeidian Company	49.00%			711,339,555.29

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

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(3). Main financial information for significant non-wholly-owned subsidiaries

Unit: RMB'0,000 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 Company Limited	212,689.25	899,405.25	1,112,094.50	300,861.12	438,144.93	739,006.05	150,939.92	684,626.57	835,566.49	284,885.72	229,967.18	514,852.90
Offshore Wind	64,682.17	422,632.29	487,314.46	100,043.81	272,071.82	372,115.63	58,010.29	405,876.24	463,886.53	141,606.14	219,516.17	361,122.31
Caofeidian Company	39,414.68	835,356.02	874,770.70	399,716.23	329,883.13	729,599.36	24,770.52	310,293.70	335,064.22	94,547.05	167,329.59	261,876.64

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 Company Limited	978,471.16	72,946.21	72,946.21	52,779.31	803,886.42	58,358.16	58,358.16	79,124.00
Offshore Wind	58,676.06	18,292.91	18,292.91	29,131.83	17,099.94	6,632.96	6,632.96	9,525.55
Caofeidian Company		-16.24	-16.24		-7.52		-7.52	

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

IX. INTERESTS IN OTHER ENTITIES (continued)

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 2021, Suntien Green Energy (Hong Kong) Co., Ltd. acquired part of the investments in International Development Wind Power V Company Limited (國際開發風電五有限公司) ("V Company") (10% of the shares in V Company) without change in control over V Company, in consideration of RMB214,649.31. This transaction reduced the minority interests in the consolidated financial statements by RMB200,529.07, and the capital reserve by RMB14,120.24.

In November 2021, the Company acquired part of the investments in Suntien Liquefied Natural Gas Shahe Co., Ltd. ("Suntien Liquefied Shahe") (30% of the shares in Suntien Liquefied Shahe) without change in control over Suntien Liquefied Shahe, in consideration of RMB0. This transaction increased the minority interests in the consolidated financial statements by RMB15,962,968.18, and reduced the capital reserve by RMB15,962,968.18.

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.

In September 2020, the Company disposed of part of the investment in Zhangbei Suntien (49% of the shares in Zhangbei Suntien), without losing the control over Zhangbei Suntien, in consideration of RMB55,010,100.00. This transaction increased the minority interests in the consolidated financial statements by RMB47,775,000.00, and the capital reserve by RMB7,235,100.00.

IX. INTERESTS IN OTHER ENTITIES (continued)

2. Transactions for which the share of owners' equity in subsidiary changes while control over the subsidiary remaining unchanged (continued)

(2). The influence of the transaction on minority equity and owners' equity attributable to the parent company

☐ Applicable ☒ Not applicable

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 method for investment in joint ventures or associates
					Direct	Indirect	
Hebei Suntain Guohua Gas Co., Ltd. (河北新天國化燃氣有限責任公司)	Handan City	Handan City	Natural gas pipeline construction	12,000.00	50.00	-	Equity method
Chengde Dayuan New Energy Co., Ltd. (承德大元新能源有限公司)	Chengde City	Chengde City	Solar, wind power generation	6,875.51	49.00	-	Equity method
Chongli CIC Huashi Wind Energy Co., Ltd. (崇禮建投華實風能有限公司)	Chongli County	Chongli County	Build, own, operate and manage wind farms	17,860.00	51.00	-	Equity method
Zhangbei CIC Huashi Wind Energy Co., Ltd. (張北建投華實風能有限公司)	Zhangbei County	Zhangbei County	Build, operate and manage wind farms	90,000.00	51.00	-	Equity method
Chengde Shuanglun District CIC LNG Co., Ltd. (承德市雙溝區建設液化天然氣有限責任公司)	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	260,000.00	-	20.00	Equity method
Hebei Weichang (Note 1)	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	165,336.00	20.00	-	Equity method
Huihai Financing and Leasing Co., Ltd. (滙海融資租賃股份有限公司) ("Huihai Leasing")	Shenzhen City	Shenzhen City	Lease, purchase, and maintain leased property	65,000.00	-	30.00	Equity method
PipeChina Group North China Natural Gas Pipeline Co., Ltd. (國家管網集團華北天然氣管道有限公司)	Tianjin City	Tianjin City	Natural gas pipeline construction, operation and transportation	231,721.00	-	34.00	Equity method
Hengshui Honghua Gas Co., Ltd. (衡水鴻華燃氣有限公司)	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

Explanation on the shareholding percentage in joint ventures or associates being different from the voting power percentage therein:

Note 1: HECIC New Energy, a subsidiary of the Company, 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 Hebei Weichang, holding 50% shares of Hebei Weichang), under which, Longyuan Power Group would decide on important operational affairs of Hebei Weichang, and have control over Hebei Weichang. HECIC New Energy appointed 3 directors, which had significant influence 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

Unit: Yuan Currency: RMB

	Balance at the end of the period/ Amount for the current period		Balance at the beginning of the period/ Amount for the previous period	
	Hebei Suntien Guohua Gas Co., Ltd.	Chengdedayuan New Energy Co., Ltd.	Hebei Suntien Guohua Gas Co., Ltd.	Chengdedayuan New Energy Co., Ltd.
Current assets	35,805,825.75	150,471,530.64	44,600,462.32	56,794,682.69
Including: cash and cash equivalents	1,402,753.58	1,402,753.58	11,697,537.71	33,687,485.92
Non-current assets	402,602,857.09	812,359,662.42	413,988,563.22	282,162,391.18
Total assets	438,408,682.84	962,831,193.06	458,589,025.54	338,957,073.87
Current liabilities	79,254,529.09	72,590,987.04	197,947,592.74	18,805,742.40
Non-current liabilities	273,000,000.00	651,873,175.38	180,000,000.00	222,135,116.00
Total liabilities	352,254,529.09	724,464,162.42	377,947,592.74	240,940,858.40
Minority interests				
Equity attributable to shareholders of the parent company	86,154,153.75	238,367,030.64	80,641,432.80	98,016,215.47
Share of net assets calculated by proportion of shareholding	50%	49%	50%	49%
Adjusting items				
- Goodwill				
- Unrealised profit of internal transaction				
- Others				
Book value of equity investment in joint ventures	43,077,076.88	116,799,845.01	40,320,716.40	48,027,945.58
Fair value of equity investments in joint ventures with public offer				
Operating revenue	299,737,521.27	71,138,840.33	69,694,377.88	50,366,992.16
Finance costs	14,814,944.63	13,396,779.81	15,282,386.43	10,303,389.32
Income tax expense				
Net profit	4,522,177.18	43,162,348.86	-12,291,410.20	29,259,973.96
Net profit of discontinued operations				
Other comprehensive income				
Total comprehensive income	4,522,177.18	43,162,348.86	-12,291,410.20	29,259,973.96
Dividends received from joint ventures in the current year		12,902,451.51		

IX. INTERESTS IN OTHER ENTITIES (continued)

3. Equity in joint ventures or associates (continued)

(2). Main financial information of significant joint ventures (continued)

	Balance at the end of the period/ Amount for the current period		Balance at the beginning of the period/ Amount for the previous period	
	Chongli CIC Huashi Wind Energy Co., Ltd.	Zhangbei CIC Huashi Wind Energy Co., Ltd.	Chongli CIC Huashi Wind Energy Co., Ltd.	Zhangbei CIC Huashi Wind Energy Co., Ltd.
Current assets	103,615,532.92	81,458,181.31		
Including: cash and cash equivalents	11,499,908.62	13,203,755.24		
Non-current assets	405,892,205.73	236,371,285.97		
Total assets	509,507,738.65	317,829,467.28		
Current liabilities	84,554,795.38	83,265,943.05		
Non-current liabilities	215,000,000.00	91,590,000.00		
Total liabilities	299,554,795.38	174,855,943.05		
Minority interests				
Equity attributable to shareholders of the parent company	209,952,943.27	142,973,524.23		
Share of net assets calculated by proportion of shareholding	51%	51%		
Adjusting items				
– Goodwill				
– Unrealised profit of internal transaction				
– Others				
Carrying amount of equity investment in joint ventures	107,076,001.07	72,916,497.36		
Fair value of equity investments in joint ventures with public offer				
Operating revenue	83,645,410.23	61,610,396.00		
Finance costs	11,540,564.78	4,977,601.48		
Income tax expense	4,032,161.06	7,146,297.03		
Net profit	863,312.47	6,779,694.98		
Net profit of discontinued operations				
Other comprehensive income				
Total comprehensive income	863,312.47	6,779,694.98		
Dividends received from joint ventures in the current year				

Other explanations

The Group's significant joint venture Hebei Suntien Guohua Gas Co., Ltd., which acts as the Group's natural gas transmission agency, is accounted for using the equity method. Such investment is strategic to the Group's business activities.

The Group's significant joint venture Chengde Dayuan New Energy Co., Ltd., a strategic partner of the Group which engages in solar and wind power generation business, is accounted for using the equity method. Such investment is strategic to the Group's business activities.

The Group's significant joint venture Chongli CIC, a strategic partner of the Group which engages in business such as constructing, owning, running and operating wind farms, is accounted for using the equity method. Such investment is strategic to the Group's business activities.

The Group's significant joint venture Zhangbei CIC, a strategic partner of the Group which engages in business such as constructing, owning, running and operating wind farms, is accounted for using the equity method. Such investment is strategic to the Group's business activities.

IX. INTERESTS IN OTHER ENTITIES (continued)

3. Equity in joint ventures or associates (continued)

(3). Main financial information for significant associates

Unit: Yuan Currency: RMB

	Balance at the end of the period/ Amount for the current period		Balance at the beginning of the period/ Amount for the previous period	
	PetroChina Jingtang LNG Co., Ltd.	Hebei Weichang Longyuan CIC Wind Energy Generation Co., Ltd.	PetroChina Jingtang LNG Co., Ltd.	Hebei Weichang Longyuan CIC Wind Energy Generation Co., Ltd.
Current assets	71,550,784.17	157,992,375.81	95,252,480.07	164,864,715.74
Non-current assets	6,096,960,719.24	448,556,688.99	6,372,329,274.85	486,412,084.49
Total assets	6,168,511,503.41	606,549,064.80	6,467,581,754.92	651,276,800.23
Current liabilities	343,452,734.08	294,293,733.10	334,686,219.02	360,031,383.15
Non-current liabilities	-	50,000,000.00	800,000,000.00	-
Total liabilities	343,452,734.08	344,293,733.10	1,134,686,219.02	360,031,383.15
Minority interests				
Equity attributable to shareholders of the parent company	5,825,058,769.33	262,255,331.70	5,332,895,535.90	291,245,417.08
Share of net assets calculated by proportion of shareholding	20%	50%	20%	50%
Adjusting items				
- Goodwill				
- Unrealised profit of internal transaction				
- Others				
Book value of equity investment in associates	1,165,011,753.87	131,127,665.85	1,066,579,107.18	145,622,708.54
Fair value of equity investments in associates with public offer				
Operating revenue	2,077,524,482.42	113,042,869.41	1,894,938,450.77	123,973,902.52
Income tax expense	361,041,723.52	3,842,834.16	344,317,051.43	13,419,369.31
Net Profit	1,090,469,646.95	7,453,973.14	969,374,098.07	40,492,236.10
Net profits of discontinued operation				
Other comprehensive income				
Total comprehensive income	1,090,469,646.95	7,453,973.14	969,374,098.07	40,492,236.10
Dividends received from associates in the current year	120,000,000.00	18,222,029.26	120,000,000.00	14,709,944.71

IX. INTERESTS IN OTHER ENTITIES (continued)

3. Equity in joint ventures or associates (continued)

(3). Main financial information for significant associates (continued)

Unit: Yuan Currency: RMB

	Balance at the end of the period/Amount for the current period		Balance at the beginning of the period/ Amount for the previous period	
	Longyuan CIC (Chengde) Wind Energy Generation Co., Ltd.	Hebei Fengning Pumped Storage Co., Ltd.	Longyuan CIC (Chengde) Wind Energy Generation Co., Ltd.	Hebei Fengning Pumped Storage Co., Ltd.
Current assets	171,029,439.30	204,002,523.39	199,286,776.10	1,128,190,620.47
Non-current assets	535,991,222.18	12,946,583,905.95	578,093,532.19	9,301,195,847.29
Total assets	707,020,661.48	13,150,586,429.34	777,380,308.29	10,429,386,467.76
Current liabilities	134,983,904.90	672,268,669.69	197,090,619.91	322,068,708.11
Non-current liabilities	-	9,915,000,000.00	10,000,000.00	7,870,000,000.00
Total liabilities	134,983,904.90	10,587,268,669.69	207,090,619.91	8,192,068,708.11
Minority interests				
Equity attributable to shareholders of the parent company	572,036,756.58	2,563,317,759.65	570,289,688.38	2,237,317,759.65
Share of net assets calculated by proportion of shareholding	45%	20%	45%	20%
Adjusting items				
- Goodwill				
- Unrealised profit of internal transaction				
- Others				
Book value of equity investment in associates	257,416,540.46	512,663,551.93	256,630,359.77	447,463,551.93
Fair value of equity investments in associates with public offer				
Operating revenue	157,447,376.71		163,048,244.79	
Income tax expense	20,388,136.03		21,086,805.50	
Net profit	57,214,707.58		61,718,771.40	
Net profit of discontinued operation				
Other comprehensive income				
Total comprehensive income	57,214,707.58		61,718,771.40	
Dividends received from associates in the current year	24,960,437.72		20,895,565.15	

IX. INTERESTS IN OTHER ENTITIES (continued)

3. Equity in joint ventures or associates (continued)

(3). Main financial information for significant associates (continued)

Unit: Yuan Currency: RMB

	Balance at the end of the period/Amount for the current period		Balance at the beginning of the period/Amount for the previous period	
	Huihai Financial Leasing Co., Ltd.	PipeChina Group North China Natural Gas Pipeline Co., Ltd.	Huihai Financial Leasing Co., Ltd.	PipeChina Group North China Natural Gas Pipeline Co., Ltd.
Current assets	788,155,602.95	404,871,226.35	395,786,450.89	373,192,840.95
Non-current assets	894,062,484.64	4,557,795,584.82	1,104,391,243.57	1,854,534,189.94
Total assets	1,682,218,087.59	4,962,666,811.17	1,500,177,694.46	2,227,727,030.89
Current liabilities	643,108,398.86	677,716,223.36	307,140,094.73	177,673,947.89
Non-current liabilities	354,573,753.66	3,097,077,874.19	514,375,000.00	1,334,718,368.85
Total liabilities	997,682,152.52	3,774,794,097.55	821,515,094.73	1,512,392,316.74
Minority interests				
Equity attributable to shareholders of the parent company	684,535,935.07	1,187,872,713.62	678,662,599.73	715,334,714.15
Share of net assets calculated by proportion of shareholding	30%	34%	30%	34%
Adjusting items	-	18,131,078.00	-	-
- Goodwill	-	-	-	-
- Unrealised profit of internal transaction	-	-	-	-
- Others	-	-	-	-
Book value of equity investment in associates	205,360,780.52	422,007,800.63	203,598,779.92	243,213,802.81
Fair value of equity investments in associates with public offer	-	-	-	-
Operating revenue	89,434,014.84	63,423,157.87	88,785,589.47	17,424,625.66
Income tax expense	10,681,749.93	-	9,688,017.83	-
Net profit	31,906,253.90	-7,645,728.71	31,135,836.73	-15,169,874.98
Net profit of discontinued operation	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	31,906,253.90	-7,645,728.71	31,135,836.73	-15,169,874.98
Dividends received from associates in the current year	7,809,875.57	-	7,215,411.87	-

IX. INTERESTS IN OTHER ENTITIES (continued)

3. Equity in joint ventures or associates (continued)

(3). Main financial information for significant associates (continued)

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.

The Group's significant associate Hebei Weichang Longyuan CIC Wind Energy Generation Co., Ltd., a strategic partner of the Group which engages in wind power generation business, is accounted for using the equity method. Such investment is strategic to the Group's business activities.

The Group's significant associate Longyuan CIC (Chengde) Wind Energy Generation Co., Ltd., a strategic partner of the Group which engages in wind power generation business, is accounted for using the equity method. Such investment is strategic to the Group's business activities.

The Group's significant associate Hebei Fengning Pumped Storage Co., Ltd., a strategic partner of the Group which engages in pumped storage business, is accounted for using the equity method. Such investment is strategic to the Group's business activities.

The Group's significant associate Huihai Financial Leasing Co., Ltd., a strategic partner of the Group which engages in business such as leasing, purchasing and maintaining lease assets, is accounted for using the equity method. Such investment is strategic to the Group's business activities.

The Group's significant associate PipeChina Group North China Natural Gas Pipeline Co., Ltd., a strategic partner of the Group which engages in business such as natural gas pipelines construction, operation and transportation, is accounted for using the equity method. Such investment is strategic to the Group's business activities.

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

	Balance at the end of the period/Amount for the current period	Balance at the beginning of the period/Amount for the previous period
Joint ventures:		
Total of investment book value		
Total amount calculated by the following proportion of shareholding		
– Net profit		
– Other comprehensive income		
– Total comprehensive income		
Associates:		
Total of investment book value	24,630,630.65	24,693,402.89
Total amount calculated by the following proportion of shareholding		
– Net profit	-62,772.24	-2,483,114.56
– Other comprehensive income		
– Total comprehensive income	-62,772.24	-2,483,114.56

Other explanations

As the Group has no obligation to assume additional losses of investees, the Group shall discontinue recognising its share of the losses of an 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. The amounts of the Group's unrecognised investment losses for the year and cumulatively was RMB62,772.24 (2020: RMB2,483,114.56), respectively.

(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

IX. INTERESTS IN OTHER ENTITIES (continued)

3. Equity in joint ventures or associates (continued)

(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 2021

Financial assets

	Measured at amortised cost	Measured at fair value through other comprehensive income	Total
Cash	7,648,396,983.55	–	7,648,396,983.55
Receivable financing	–	494,976,373.69	494,976,373.69
Accounts receivable	6,657,415,202.23	–	6,657,415,202.23
Other receivables	135,599,831.17	–	135,599,831.17
Long-term receivables	41,133,817.83	–	41,133,817.83
Investment in other equity instruments	–	218,605,700.00	218,605,700.00
	<u>14,482,545,834.78</u>	<u>713,582,073.69</u>	<u>15,196,127,908.47</u>

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

1. Classification of financial instruments (continued)

The carrying amount of each class of financial instruments at the balance sheet date are as follows: (continued)

31 December 2021 (continued)**Financial liabilities**

	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	4,211,344,922.30
Long-term payables	28,705,566,379.15
Debentures payable	1,000,000,000.00
Long-term payables	361,236,137.17
Accrued liabilities	77,531,149.68
Lease liabilities	784,769,810.01
	<u>45,311,999,711.56</u>

31 December 2020**Financial assets**

	Measured at amortised cost	Measured at fair value through other comprehensive income	Total
Cash	1,898,492,786.13	–	1,898,492,786.13
Receivable financing	–	420,392,697.68	420,392,697.68
Accounts receivable	4,866,274,731.98	–	4,866,274,731.98
Other receivables	94,391,151.51	–	94,391,151.51
Investment in other equity instruments	–	218,605,700.00	218,605,700.00
	<u>6,859,158,669.62</u>	<u>638,998,397.68</u>	<u>7,498,157,067.30</u>

Financial liabilities

	Financial liabilities measured at amortised cost
Short-term borrowings	1,220,742,600.37
Accounts payable	176,947,893.06
Bills payable	4,516,529.53
Other payables	6,133,744,755.20
Other current liabilities	500,000,000.00
Non-current liabilities due within one year	3,691,634,649.12
Long-term payables	23,837,385,993.66
Debentures payable	2,085,000,000.00
Long-term payables	204,163,944.97
Accrued liabilities	52,760,727.00
Lease liabilities	738,279,841.86
	<u>1,220,742,600.37</u>
	<u>38,645,176,934.77</u>

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

2. Transfer of financial assets

Transferred financial assets that are not derecognised in their entirety

As at 31 December 2021, the carrying amount of bank acceptance bills that the Group has endorsed or discounted to suppliers for settlement of accounts payable was RMB66,595,054.65 (31 December 2020: RMB203,446,404.10). 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 bills 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 2021, the aggregate carrying amount of the accounts payable settled by the Group was RMB66,595,054.65 (31 December 2020: RMB203,446,404.10).

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, equity instrument investments, loans, bills receivable, accounts receivable, accounts receivable financing, other accounts receivable, bills payable, accounts payable, debentures payable, other payables, long-term payables, lease liabilities, etc. 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.

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 trade receivables 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.

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 2021 and 31 December 2020, the Group had certain concentrations of credit risk as 55.84% and 52.62%, 83.80% and 81.41% 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.

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

3. Financial instrument risks (continued)

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.

Parameters for Measuring Expected Credit Loss ("ECL")

Depending on whether credit risk has increased significantly and whether credit impairment has occurred, the Group measures impairment provision for different assets with the expected credit loss for 12 months or the entire lifetime period, respectively. The key parameters for expected credit loss measurement include default probability, default loss rate and default risk exposure. Considering the quantitative analysis and forward-looking information of historical statistical data, the Group establishes a default probability, default loss rate and default risk exposure model.

The relevant definitions are as follows:

- (1) Probability of default ("PD") refers to the possibility that the debtor will not be able to fulfill its obligations of repayment over the next 12 months or throughout the entire remaining lifetime. The Group's PD is adjusted based on the results of the ECL model, taking into account the forward-looking information to reflect the debtor's PD under the current macroeconomic environment;
- (2) Loss given default ("LGD") refers to the Group's expectation of the extent of the loss resulting from the default exposure. Depending on the type of counterparty, the method and priority of the recourse, and the type of collaterals, the LGD varies. The LGD is the percentage of loss of risk exposure at the time of default, calculated over the next 12 months or over the entire remaining lifetime;

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

3. Financial instrument risks (continued)

Parameters for Measuring Expected Credit Loss ("ECL") (continued)

- (3) Exposure at default ("EAD") is the amount that the Group should be reimbursed at the time of the default in the next 12 months or throughout the entire remaining lifetime.

Both the assessment of a significant increase in credit risk and the calculation of ECL involve forward-looking information. Through the analysis of historical data, the Group identified the key economic indicators that affect the credit risk of each business type and ECL.

No significant increase in credit risk

As at 31 December 2021 and 31 December 2020, the Group had no receivables that was overdue for more than 30 days for which the Group still provided impairment based on 12-month ECL.

Credit risk exposure

As at 31 December 2021 and 31 December 2020, the credit risk exposure of accounts receivable, receivables financing, other receivables and long-term receivables based on the internal credit risk assessment is as follows:

2021

	Book balance (unsecured)	
	Expected credit losses over the next 12 months	Lifetime expected credit losses
Accounts receivable	–	6,657,415,202.23
Receivable financing	–	494,976,373.69
Other receivables	135,599,831.17	–
Long-term receivables	–	41,133,817.83
	<u>135,599,831.17</u>	<u>7,193,525,393.75</u>

2020

	Book balance (unsecured)	
	Expected credit losses over the next 12 months	Lifetime expected credit losses
Accounts receivable	–	4,866,274,731.98
Receivable financing	–	420,392,697.68
Other receivables	94,391,151.51	–
	<u>94,391,151.51</u>	<u>5,286,667,429.66</u>

The Group's net current liabilities amounted to approximately RMB1,055,985,203.89 as at 31 December 2021, net cash inflows from operating activities amounted to approximately RMB4,332,641,166.95 and net cash inflows from financing activities amounted to approximately RMB8,649,377,654.09. Its net cash outflows used in investing activities were approximately RMB7,311,400,135.16, and its net cash outflow caused by exchange rate changes amounted to RMB975,417.05 for the period then ended. The Group recorded an increase in cash and cash equivalents of approximately RMB5,669,643,268.83 as at 31 December 2021.

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. With regard to its future capital commitments and other financing requirements, the Group had already obtained banking facilities from several PRC banks of the amount up to RMB73,497,009,329.82 and RMB72,220,693,471.79, respectively, as at 31 December 2021 and 31 December 2020, of which RMB27,155,024,951.92 and RMB21,706,992,251.92 has been utilised respectively as at 31 December 2021 and 31 December 2020.

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

3. Financial instrument risks (continued)

No significant increase in credit risk (continued)

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 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.

The following table summarises the maturity analysis of financial liabilities based on undiscounted contractual cash flows:

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	4,260,090,006.13	-	-	-	4,260,090,006.13
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
Lease liabilities	-	166,107,115.45	352,013,648.49	501,150,098.13	1,019,270,862.07
Long-term payables	-	172,261,750.89	195,858,296.14	12,017,347.20	380,137,394.23
Total	14,450,303,010.39	3,967,240,770.24	7,983,851,113.40	33,749,218,452.40	60,150,613,346.43
2020	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term					
borrowings	1,255,537,850.66	-	-	-	1,255,537,850.66
Bills payable	4,516,529.53	-	-	-	4,516,529.53
Accounts payable	176,947,893.06	-	-	-	176,947,893.06
Other payables	6,133,744,755.20	-	-	-	6,133,744,755.20
Other current liabilities	500,000,000.00	-	-	-	500,000,000.00
Non-current liabilities due within one year	3,839,300,035.09	-	-	-	3,839,300,035.09
Long-term					
borrowings	3,524,985,976.62	3,945,874,368.15	11,778,076,389.49	14,641,766,432.99	33,890,703,167.25
Debentures payable	1,347,730,250.00	887,201,083.33	1,367,898,733.33	-	3,602,830,066.66
Lease liabilities	-	110,961,634.40	348,798,755.26	412,578,434.22	872,338,823.88
Long-term payables	-	29,935,106.94	174,310,011.41	18,645,106.16	222,890,224.51
	16,782,763,290.16	4,973,972,192.82	13,669,083,889.49	15,072,989,973.37	50,498,809,345.84

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

3. Financial instrument risks (continued)

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 2021 and 31 December 2020, the borrowings of RMB31,213,605,352.86 and RMB26,050,713,231.68 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.

2021

	Increase/(decrease) in basis point	Increase/(decrease) in net profit or loss	Increase/ (decrease) in total shareholders' equity
Renminbi	100	312,136,053.53	312,136,053.53

2020

	Increase/(decrease) in basis point	Increase/(decrease) in net profit or loss	Increase/ (decrease) in total shareholders' equity
Renminbi	100	260,507,132.32	260,507,132.32

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

3. Financial instrument risks (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.

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	15,977,441.95	15,977,441.95
Appreciation of RMB against USD	(5)	(15,977,441.95)	(15,977,441.95)
	Increase/(decrease) in exchange rates (%)	Increase/(decrease) in net profit or loss	Increase/ (decrease) in total shareholders' equity
Depreciation of RMB against HKD	5	1,104,496.66	1,104,496.66
Appreciation of RMB against HKD	(5)	(1,104,496.66)	(1,104,496.66)

2020

	Increase/(decrease) in exchange rates (%)	Increase/(decrease) in net profit or loss	Increase/ (decrease) in total shareholders' equity
Depreciation of RMB against HKD	5	403,380.56	403,380.56
Appreciation of RMB against HKD	(5)	(403,380.56)	(403,380.56)

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 2021 and 2020, 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:

	2021	2020
Short-term borrowings	1,978,114,966.89	1,220,742,600.37
Bills payable	14,738,449.62	4,516,529.53
Accounts payable	458,031,776.88	176,947,893.06
Contract liabilities	1,654,191,386.15	1,580,107,357.02
Advances from customers	778,761,061.94	–
Employee benefits payable	79,033,920.95	92,086,286.31
Taxes payable	159,169,763.37	136,079,970.92
Other payables	7,016,558,174.65	6,133,744,755.20
Non-current liabilities due within one year	4,211,344,922.30	3,691,634,649.12
Other current liabilities	704,107,945.21	500,000,000.00
Long-term borrowings	28,705,566,379.15	23,837,385,993.66
Lease liabilities	784,769,810.01	738,279,841.86
Debentures payable	1,000,000,000.00	2,085,000,000.00
Less: Cash	7,648,396,983.55	1,898,492,786.13
Net liabilities	39,895,991,573.57	38,298,033,090.92
Shareholders' equity	23,764,304,040.44	16,695,489,097.41
Capital and net liabilities	63,660,295,614.01	54,993,522,188.33
Leverage ratio	62.67%	69.64%

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			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement	-	-	-	-
(I) Trading financial assets	-	-	-	-
1. Financial assets at fair value through profit or loss	-	-	-	-
(1) Investment in debt instruments	-	-	-	-
(2) Investment in equity instruments	-	-	-	-
(3) Derivative financial assets	-	-	-	-
2. Financial assets designated at fair value through profit or loss	-	-	-	-
(1) Investment in debt instruments	-	-	-	-
(2) Investment in equity instruments	-	-	-	-
(II) Other debt investments	-	-	-	-
(III) Investment in other equity instruments	-	-	-	-
(IV) Investment property	-	-	-	-
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	-	494,976,373.69	-	494,976,373.69
(VII) Investments in other equity instruments	-	218,605,700.00	-	218,605,700.00
Total assets measured at fair value on a recurring basis	-	713,582,073.69	-	713,582,073.69
(VI) Trading financial liabilities	-	-	-	-
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	-	-	-	-
(IX) Long-term borrowings	-	28,567,941,866.77	-	28,567,941,866.77
(X) Debentures payable	-	987,575,344.68	-	987,575,344.68
(XI) Long-term payable	-	361,236,137.17	-	361,236,137.17
(XII) Lease liabilities	-	784,769,810.01	-	784,769,810.01
Total liabilities measured at fair value on a recurring basis	-	30,701,523,158.63	-	30,701,523,158.63
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:

	Book value		Fair value	
	2021	2020	2021	2020
Long-term borrowings	28,591,418,042.17	23,837,385,993.66	28,567,941,866.77	23,833,328,283.23
Debentures payable	1,000,000,000.00	2,085,000,000.00	987,575,344.68	2,091,205,095.12
	29,591,418,042.17	25,922,385,993.66	29,555,517,211.45	25,924,533,378.35

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.

XI. DISCLOSURE OF FAIR VALUE (continued)

9. Others (continued)

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 December 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.

For the fair value of investment in unlisted equity instruments, 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 2021 and 31 December 2020, the risk of own non-performance against short and long-term borrowings etc. is assessed as insignificant.

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Information on the Company's parent company

Unit: RMB'0,000 Currency: RMB

Parent	Registered place	Business nature	Registered capital	Parent's shareholding percentage in this entity (%)	Parent's voting power percentage in this entity (%)
Hebei Construction & Investment Group Co., Ltd. (河北建設投資集團有限責任公司)	Hebei Province	Investment and construction of basic industries, infrastructure and provincial pillar industries such as energy, transportation, water affairs, tourism and commercial properties	1,500,000	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.

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

3. Information on the Company's joint ventures and associates

The Company's major joint ventures or associates are detailed in the notes.

For details of joint ventures and associates, please refer to Note IX.3.

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

4. Information on other related parties

Name of other related party	Relationship between the other related party with the Company
HECIC Group Finance Company Limited	Company controlled by the parent company
Hebei Construction & Investment State Financing Energy Services Ltd.	Company controlled by the parent company
Hebei Construction & Investment Rongtan Asset Management Co., Ltd	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.	Company controlled by the parent company
Hebei Construction & Investment Smart Financial Services Co., Ltd.	Company controlled by the parent company
Yan Zhao Property Insurance Co., Ltd.	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

Other explanations:

* Recognised as a related party under Chapter 14A of the Hong Kong Listing Rules.

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 period	Amount for last period
Hebei Suntain Guohua Gas Co., Ltd.	Receipt of labour/services	11,018,798.40	23,577,283.90
Yan Zhao Property Insurance Co., Ltd	Receipt of labour/services	11,140,282.10	14,264,464.33
HECIC Mingjia Property Management Service Co., Ltd.	Receipt of labour/services	2,399,316.68	2,297,646.51
Hebei Construction & Investment State Financing Energy Services Ltd.	Receipt of labour/services		622,595.50
Hebei Construction & Investment Smart Financial Services Co., Ltd.	Receipt of labour/services	3,207,547.16	

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 period	Amount for last period
Hebei Suntien Guohua Gas Co., Ltd	Provision of labour/ services	854,031.17	221,844.04

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

Explanations on related entrusting/contracting business

☐ 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
Hebei Construction & Investment Rongtan Asset Management Co., Ltd	Houses	20,982.86	20,982.86

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on related party transactions (continued)

(3). Leases with related parties

The Company acts as a lessee:

Unit: Yuan Currency: RMB

Name of lessor	Type of leased assets	Rental expenses recognized in the period	Rental expenses recognized in last period
Hebei Construction & Investment Group Co., Ltd.	Housing Lease	5,454,405.35	5,390,037.30
Huihai Financial Leasing Co., Ltd.	Finance lease	41,157,419.50	52,518,734.75

Explanations on leases with related parties

Operating leases

In 2021 and 2020, the Group entered into property tenancy contracts with HECIC for office use. The monthly rent was RMB454,533.78 and RMB449,169.78 respectively for a term from 1 – 3 years. In 2021 and 2020, the Group paid aggregate rents of RMB5,454,405.35 and RMB5,390,037.30 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:

In 2021, the Group repaid a principal of RMB85,574,144.00 and paid an interest of RMB10,622,870.36, and Huihai Leasing lent a principal of RMB31,000,000.00 to the Group. In 2020, the Group repaid a principal of RMB50,000,000.00 and paid an interest of RMB9,384,309.38, and Huihai Leasing lent a principal of RMB153,000,000.00 to the Group.

Direct leasing transactions:

In 2021, the Group repaid a principal of RMB56,932,619.76 and paid an interest of RMB30,534,549.14. In 2020, the Group repaid a principal of RMB388,277,221.39, paid an interest of RMB43,134,425.37 and paid handling fees of RMB3,169,364.27.

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

Name of guaranteed party	Guaranteed amount	Start date	Due date	Whether the guarantee has been fulfilled
Hebei Suntien Guohua Gas Co., Ltd. (Note 1)	30,000,000.00	27 June 2014	26 June 2021	Yes
Hebei Suntien Guohua Gas Co., Ltd. (Note 2)	140,000,000.00	27 September 2021	27 June 2030	No

The Company acts as the guaranteed party

Unit: Yuan Currency: RMB

Name of guarantor	Guaranteed amount	Start date	Due date	Whether the guarantee has been fulfilled
Hebei Construction & Investment Group Co., Ltd. (Note 3)	910,000,000.00	5 March 2019	Two years after the bond maturity date	No
Hebei Construction & Investment Group Co., Ltd. (Note 4)	590,000,000.00	13 March 2018	Two years after the bond maturity date	No
Hebei Construction & Investment Group Co., Ltd. (Note 5)	300,000,000.00	26 December 2019	26 June 2023	No
HECIC Group Finance Company Limited (Note 6)	30,000,000.00	8 March 2019	7 March 2025	No
HECIC Group Finance Company Limited (Note 7)	20,000,000.00	1 March 2021	28 February 2022	No
HECIC Group Finance Company Limited (Note 8)	55,796,000.00	8 December 2021	31 December 2022	No

Explanations on related party guarantees

- Note 1: 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. As at 31 December 2021 and 31 December 2020, the above-mentioned credits remained undrawn.
- Note 2: 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. As at 31 December 2021, the above guarantee deposit was fully used.
- Note 3: HECIC 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 of the entire term of bonds plus 2 years from their expiry. For details, please refer to Note VII. 54. The guarantee fee was RMB1,820,000.00 and RMB1,820,000.00 in 2021 and 2020 respectively.

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on related party transactions (continued)

(4). Related party guarantees (continued)

- Note 4: HECIC 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 of the entire term of bonds plus 2 years from their expiry. It was repaid as at 31 December 2021. For details, see Note VII. 54.
- Note 5: HECIC provided guarantees for the Pingan-HECIC New-energy No.1 Renewable Energy Tariff Surcharge Green Assets Support Scheme 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. The guarantee fee was RMB900,000.00 and RMB900,000.00 in 2021 and 2020 respectively. For details, see Note VII. 46.
- Note 6: HECIC Finance (建投財務公司) provided guarantees for the long-term borrowing contract signed in March 2019 in the amount of RMB30,000,000.00 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 of the entire term of borrowing contract plus 3 years from its expiry. For details, please refer to Note VII. 45. The guarantee fee was RMB150,000.00 and RMB150,000.00 in 2021 and 2020 respectively.
- Note 7: HECIC Finance provided guarantees for electricity and deviation assessment fees to State Grid Hebei Electric Power Co., Ltd. in the amount of RMB20,000,000.00, for a guarantee period from 1 March 2021 to 28 February 2022. The guarantee fee was RMB100,000.00 in 2021.
- Note 8: HECIC Finance provided guarantees for liquefied natural gas receiving terminal charges to PipeChina Group Tianjin Liquefied Natural Gas Co., Ltd. in the amount of RMB55,796,000.00, for a guarantee period from 8 December 2021 to 31 December 2022. The guarantee fee was RMB418,470.00 in 2021.
- Note 9: In August 2018, the Company entered into a counter-guarantee agreement with Suntien Guohua, whereby Suntien Guohua provided a counter-guarantee to the Company in respect of its coalbed methane pipeline project with a book value of approximately RMB393 million.

(5). Capital lending/borrowing between related parties

Unit: Yuan Currency: RMB

Related party	Amount of lending/borrowing	Start date	Due date	Description
Borrowing HECIC Group Finance Company Limited	2,164,070,000.00	18 January 2021 to 28 December 2021	25 February 2021 to 23 July 2048	
Related party	Amount of lending/borrowing	Start date	Due date	Description
Lending Nil				

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on related party transactions (continued)

(5). Capital lending/borrowing between related parties (continued)

2020

Related party	Amount of lending/borrowing	Start date	Due date	Description
Borrowing				
HECIC Group Finance Company Limited	2,488,280,000.00	14 January 2020 to 24 December 2020	15 December 2020 to 23 July 2048	

In the year, the Group obtained a loan of RMB2,164,070,000.00 from HECIC Finance with an interest rate of 3.30%-4.40% per annum (2020: RMB2,488,280,000.00, interest rate of 3.30%-4.44% per annum).

In the year, the Group obtained a loan of RMB38,976,458.34 from HECIC Finance by discounted bills (2020: RMB132,830,000.00).

In the year, the balance of bills payable issued by the Group with HECIC Finance amounted to RMB54,738,449.62 (2020: RMB44,516,529.53), in respect of which the Group paid a transaction handling fee of RMB27,386.93.

Interest expense on capital borrowed*

	2021	2020
HECIC Finance	48,151,613.25	50,560,683.57

Interest income*

	2021	2020
HECIC Finance	20,011,770.28	11,965,170.17

(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 period	Amount for last period
Emolument of key management	20,956,928.25	14,973,158.93
Of which:		
Fees	291,121.25	310,406.25
Salaries, allowances and benefits in kind	12,412,122.52	7,884,806.37
Performance-related bonuses	7,833,079.20	6,521,197.29
Contribution to pension plans	420,605.28	256,749.02

Remuneration of Directors and Supervisors

	2021	2020
Remuneration of Directors and supervisors	8,320,579.07	5,567,766.84

The names of the Directors and supervisors and a breakdown of their remuneration are as follows:

In 2021, the Group paid a total of RMB2,017,358.83 (2020: RMB1,039,769.26) in salaries, allowances, various insurance policies, housing provident fund, one-off supplementary medical insurance and benefits in kind, RMB931,847.96 (2020: RMB754,547.27) in performance related-bonus, RMB46,733.76 (2020: RMB37,721.42) in contribution to pension plans, and RMB2,995,940.55 (2020: RMB1,832,037.95) in total remuneration before tax for 2021 to Mr. Wang Hong Jun, an executive Director. The increase in total remuneration amount of RMB1,163,902.60 in 2021 as compared to 2020 was mainly due to the settlement of the strategic goal deposit for 2016-2019, rewards for achieving the strategic goal under the 13th Five-Year Plan of RMB939,953.53 for Mr. Wang Hong Jun, as well as the payment of a one-off supplementary medical insurance premium of RMB628,102.38 for Mr. Wang Hong Jun.

In 2021, the Group paid a total of RMB1,251,349.28 (2020: RMB1,038,516.67) in salaries, allowances, various insurance policies, housing provident fund, one-off supplementary medical insurance and benefits in kind, RMB935,564.44 (2020: RMB769,294.52) in performance related-bonus, RMB46,733.76 (2020: RMB17,035.48) in contribution to pension plans, and RMB2,233,647.48 (2020: RMB1,824,846.67) in total remuneration before tax for 2021 to Mr. Mei Chun Xiao, an executive Director and the President. The increase in total remuneration amount of RMB408,800.8 in 2021 as compared to 2020 was mainly due to the settlement of the strategic goal deposit for 2016-2019 and rewards for achieving the strategic goal under the 13th Five-Year Plan of RMB938,516.20 for Mr. Mei Chun Xiao.

In 2021 and 2020, the Group did not pay any salary and emolument in any form to Dr. Cao Xin (Chairman), Mr. Wu Hui Jiang, Mr. Li Lian Ping and Mr. Qin Gang, who are non-executive Directors.

In 2021, the Group paid fees before tax of RMB83,177.50 (2020: RMB88,687.50) to Mr. Wan Yim Keung, Daniel, Dr. Lin Tao and Mr. Guo Ying Jun (Note 2), independent non-executive Directors, respectively. In 2021, the Group paid fees before tax of RMB83,177.50 (2020: Nil) to Mr. Guo Ying Jun, an independent non-executive Director. In 2020, the Group paid fees before tax of RMB88,687.50 to Mr. Xie Wei Xian (Note 3), an independent non-executive Director.

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on related party transactions (continued)

(7). Emolument of key management (continued)

In 2021, the Group paid a total of RMB1,940,303.66 (2020: RMB884,464.92) in salaries, allowances, various insurance policies, housing provident fund, one-off supplementary medical insurance and benefits in kind, RMB812,832.37 (2020: RMB678,289.63) in performance related-bonus, RMB46,733.76 (2020: RMB37,721.42) in contribution to pension plans, and RMB2,799,869.79 (2020: RMB1,600,475.97) in total remuneration before tax for 2021 to Mr. Qiao Guo Jie, a supervisor. The increase in total remuneration amount of RMB1,199,393.82 in 2021 as compared to 2020 was mainly due to the settlement of the strategic goal deposit for 2016-2019, rewards for achieving the strategic goal under the 13th Five-Year Plan of RMB752,394.53 for Mr. Qiao Guo Jie, as well as the payment of a one-off supplementary medical insurance premium of RMB761,410.62 for Mr. Qiao Guo Jie.

In 2021, the fees before tax paid by the Group to Mr. Zhang Dong Sheng (Note 2), an independent supervisor, amounted to RMB41,588.75 (2020: RMB10,520.50). In 2020, the fees before tax paid by the Group to Dr. Shao Jing Chun (Note 1), an independent supervisor, amounted to RMB33,823.25.

In 2021 and 2020, the Group did not pay any salary and emolument in any form to Ms. Gao Jun, a supervisor.

Note 1: Mr. Wang Chun Dong and Dr. Shao Jing Chun resigned as a supervisor and an independent supervisor of the Company, respectively, with effect from 13 October 2020.

Note 2: Mr. Guo Ying Jun was appointed as an independent non-executive Director with effect from 25 November 2020. Ms. Gao Jun was appointed as a supervisor with effect from 13 October 2020, and was elected as the chairman of the board of supervisors with effect from 20 October 2020. Mr. Zhang Dong Sheng was appointed as an independent supervisor with effect from 13 October 2020.

Note 3: Mr. Xie Wei Xian resigned as an independent non-executive Director with effect from 25 November 2020.

An analysis of the number of the Group's five highest paid employees during the year is as follows:

	Number of individuals for the period	Number of individuals for the last period
Directors and supervisors	3	1
Non-director and non-supervisor employees	2	4
Total	5	5

Details of the remuneration of the above non-director and non-supervisor highest paid employees are as follows:

Unit: Yuan Currency: RMB

	Amount for the period	Amount for last period
Salary	2,727,693.48	3,605,047.71
Performance related incentive payments	3,806,741.61	1,419,188.81
Pension	140,201.28	109,513.80
Total	6,674,636.37	5,133,750.32

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on related party transactions (continued)

(7). Remuneration of key management personnel (continued)

The number of non-director and non-supervisor highest paid employees whose salary falls within the following ranges is as follows:

	Amount for the period	Amount for last period
Nil to HKD1,000,000		
HKD1,000,001 to HKD1,500,000	2	4
Total	2	4

During the years ended 31 December 2021 and 31 December 2020, 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 with retrospective effect 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.

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, 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.

(8). Other related party transactions

Items	Amount for the period	Amount for last period
Guarantee fee of Hebei Construction & Investment Group Co., Ltd.	2,720,000.00	3,900,000.00
Guarantee fee of HECIC Investment Group Finance Co., Ltd.	668,470.00	150,000.00
Total	3,388,470.00	4,050,000.00

As at 31 December 2021 and 31 December 2020, HECIC Finance granted to the Group effective credit facilities of RMB4,185 million and RMB5,952 million, respectively. The Group used RMB2,336 million and RMB2,554 million, respectively, and the remaining facilities were RMB1,849 million and RMB3,398 million, respectively.

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Accounts receivable from and accounts payable to related parties

(1). Accounts receivable

Unit: Yuan Currency: RMB

Items	Related party	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Prepayments	Hebei Construction & Investment Group Co., Ltd.			302,118.80	
Prepayments	Yan Zhao Property Insurance Co., Ltd.	38,988.03		21,510.97	
Other receivables	Huihai Financial Leasing Co., Ltd.	1,800,000.00	540,000.00	1,800,000.00	180,000.00
Other receivables	Hebei Fengning Pumped Storage Co., Ltd.			1,518,165.50	75,908.28
Other receivables	Hebei Construction & Investment Group Co., Ltd.	874,500.35	686,628.85	874,500.35	611,480.25
Other receivables	Longyuan CIC (Chengde) Wind Energy Generation Co., Ltd.	14,488.26	724.41	10,755.77	537.79
Dividend receivables	Hebei Weichang Longyuan CIC Wind Energy Generation Co., Ltd.	25,577,001.61	-	17,930,153.30	
Dividend receivables	Longyuan CIC (Chengde) Wind Energy Generation Co., Ltd.	24,960,437.72		26,228,059.29	
Dividend receivables	Chengde Dayuan New Energy Co., Ltd.	12,902,451.51			
Dividend receivables	Zhangbei CIC Huashi Wind Energy Co., Ltd.	27,727,561.12			
Dividend receivables	Chongli CIC Huashi Wind Energy Co., Ltd.	3,598,509.22			

(2). Accounts payable

Unit: Yuan Currency: RMB

Items	Related party	Closing book balance	Opening book balance
Accounts payable	Hebei Suntime Guohua Gas Co., Ltd.	-	6,148,114.00
Accounts payable	Yan Zhao Property Insurance Co., Ltd.	1,634,501.94	702,329.91
Accounts payable	Hebei Construction & Investment Smart Financial Services Co., Ltd.	3,137,856.62	
Advances from customers	Tangshan Haohua Trading Co., Ltd.	778,761,061.94	
Contract liabilities	Hebei Suntime Guohua Gas Co., Ltd.	147,768.91	20,124.12
Contract liabilities	Hebei Construction & Investment Rongtan Asset Management Co., Ltd.	5,245.71	
Contract liabilities	Tangshan Haohua Trading Co., Ltd.	389,380,530.96	389,380,530.96
Other payables	Hebei Construction & Investment State Financing Energy Services Ltd.	-	8,109.00
Other payables	Hebei Construction & Investment Rongtan Asset Management Co., Ltd.	284,679.26	597,302.14
Other payables	Chengdedayuan New Energy Co., Ltd.	-	151,631.36
Dividend payable	HECIC Group Finance Company Limited	1,986,031.94	7,076,514.28
Long-term payable	Huihai Financial Leasing Co., Ltd.	168,400,000.00	147,000,000.00
Long-term payable due within one year	Huihai Financial Leasing Co., Ltd.	11,078,226.65	84,774,144.00
Lease liabilities	Huihai Financial Leasing Co., Ltd.	549,320,587.95	634,861,285.67
Lease liabilities due within one year	Huihai Financial Leasing Co., Ltd.	69,239,436.42	60,000,190.54
Lease liabilities due within one year	Hebei Construction & Investment Group Co., Ltd.		4,609,362.03

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

7. Commitments of related parties

☐ Applicable ☒ Not applicable

8. Others

On 5 March 2021, the Company entered into the Subscription Agreement of A Shares under the Non-public Issuance with HECIC, pursuant to which HECIC agreed to conditionally subscribe for the A Shares under the Issuance. In December 2021, HECIC subscribed for 182,685,253.00 A Shares in the Company with an actual payment of RMB2,489,999,998.39.

In May 2020, the Company entered into the Capital Increase Agreement with HECIC, 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 HECIC, respectively. In August 2020, the Company entered into the Capital Increase Agreement with HECIC 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 RMB1,350 million, and the shareholdings of the Company and HECIC would remain unchanged. In August 2021, the Company entered into the Capital Increase Agreement with HECIC 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 million, and the shareholdings of the Company and HECIC would remain unchanged. In 2021 and 2020, HECIC injected capital of RMB352,800,000.00 and RMB308,700,000.00 in Caofeidian Company, respectively.

Centralised management of funds

	31 December 2021	31 December 2020
HECIC Finance	3,115,853,047.06	1,649,456,969.69

The Group has signed a Financial Services Framework Agreement with HECIC Finance to implement centralised management of funds, with no restriction on the drawdown of funds under centralised management.

Borrowings from related parties/balance of bills

	31 December 2021	31 December 2020
HECIC Finance		
Bills payable	54,738,449.62	44,516,529.53
Short-term borrowings	782,850,000.00	876,640,000.00
Long-term borrowings due within one year	180,000,000.00	-
Long-term borrowings	118,740,000.00	265,000,000.00
	1,136,328,449.62	1,186,156,529.53

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	31 December 2021	31 December 2020
Capital commitment	14,154,442,051.64	11,342,757,439.72
Investment commitment	600,886,431.40	847,397,231.40
Total	14,755,328,483.04	12,190,154,671.12

XIV COMMITMENTS AND CONTINGENCIES (continued)

2. Contingencies

(1). Significant contingencies as at the balance sheet date

Items	2021	2020
Contingent liabilities arising from providing external guarantees	140,000,000.00	98,000,000.00
Contingent liabilities arising from pending litigation or arbitration	24,279,903.53	39,231,222.56
Total	164,279,903.53	137,231,222.56

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: As at 31 December 2021 and 31 December 2020, the amounts in relation to the pending arbitration involved by the Group with its suppliers and labours amounted to RMB24,279,903.53 and RMB39,231,222.56 respectively. The cases are still in progress.

(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

The Company completed the issuance of China Suntien Green Energy Corporation Limited 2022 First Tranche of Green and Super Short-Term Commercial Papers on 28 February 2022. This tranche of green and super short-term commercial papers was issued in the amount of RMB0.5 billion, with carrying value of RMB100 each and for a term of 270 days. The interest was calculated from 28 February 2022 at an interest rate of 2.40%. The principal and interest payment shall be settled by a lump-sum repayment of principal and interest at maturity and payable on 25 November 2022 (postponed to the next business day if it falls on a statutory holiday).

On 7 March 2022, the Company paid the principal of 2019 Renewable Green Corporate Bonds (First Tranche) and the interests thereon for the period from 5 March 2021 to 4 March 2022 in a total amount of RMB952,770,000.00. A total amount of RMB910 million was issued for such bonds with a coupon rate of 4.70%.

On 23 March 2022, the Company convened the 12th meeting of the fourth session of the Board, at which, the Resolution on the 2021 Profit Distribution Proposal was approved after the consideration by all Directors. The Company proposes to distribute a cash dividend of RMB1.67 (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 2021 profit distribution proposal was approved, being 4,187,093,073 shares, the total cash dividend proposed for distribution will amount to RMB699,244,543.19 (tax inclusive). The profit distribution proposal shall be submitted to the general meeting for consideration.

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 power grid companies.
- (3) Other segments are mainly engaged in management and property leasing business, etc.

Management monitors the operating results of each of its business units 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.

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 generation	Others	Intersegment elimination	Total
Operating revenue	9,806,077,445.77	6,171,240,456.47	7,950,349.77		15,985,268,252.01
operating costs	8,831,442,643.15	2,400,888,862.66	1,613,971.80		11,233,945,477.61
Total assets	20,514,723,309.84	44,599,379,357.53	6,803,654,123.60		71,917,756,790.97
Total liabilities	14,960,116,286.81	27,921,193,837.71	5,272,142,626.01		48,153,452,750.53
Investment income from joint ventures and associates	217,692,697.94	54,521,089.73	9,571,876.20		281,785,663.87
Credit impairment losses	4,435,494.79	18,992,267.65	-1,129,991.66		22,297,770.78
Asset impairment losses		7,040,492.38			7,040,492.38
Depreciation and amortisation expense	201,198,567.81	1,914,875,493.03	7,320,592.50		2,123,394,653.34
Total profit/(loss)	874,043,710.36	2,386,331,947.27	-132,135,784.56		3,128,239,873.07
Income tax expenses	176,672,597.01	239,575,558.90	362,975.56		416,611,131.47
Non-cash expenses other than depreciation and amortisation expenses	4,435,494.79	26,032,760.03	-1,129,991.66		29,338,263.16
Capital expenditure	4,864,515,531.86	3,077,598,389.18	3,915,905.54		7,946,029,826.58

(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

Note: Capital expenditures included the increase in investment property, fixed assets, construction in progress, right-of-use assets, intangible assets, development costs and long-term deferred expenses for the current year.

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

	2021	2020
Mainland China	15,985,268,252.01	12,510,885,312.89

Revenue from external customers was attributable to the regions where the customers were located, and all customers were located in Mainland China.

XVI. OTHER SIGNIFICANT EVENTS (continued)

6. Segment information (continued)

(4). Other explanations (continued)

Total non-current assets

	2021	2020
China (excluding Hong Kong, Macao and Taiwan regions)	52,361,207,956.78	45,751,267,619.03
Other countries or regions	87,049,934.82	2,368,833.55
	52,448,257,891.60	45,753,636,452.58

The non-current assets were attributable to the regions where such assets were located, and excluded financial assets, long-term equity investment and deferred tax assets.

Information about major customers

Operating revenue of RMB3,921,103,139.19 (2020: RMB2,682,191,700.26) was the revenue generated from a single customer (including all entities known to be under the control of the customer) under the operating segments.

7. Other significant transactions and events affecting investors' decision-making

☐ Applicable ☒ Not applicable

8. Others

☐ Applicable ☒ Not applicable

(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 2021, the income generated from the leased houses and buildings amounted to RMB1,535,563.19 (2020: RMB1,967,623.63). Leased houses and buildings are presented under investment properties. For details, please refer to Note VII. 20.

Operating leases

Gains or losses related to operating leases are presented as follows:

	2021	2020
Rental income	1,535,563.19	1,967,623.63

XVI. OTHER SIGNIFICANT EVENTS (continued)

8. Others (continued)

(1) As lessor (continued)

Pursuant to the lease contracts entered into with the lessees, the minimum lease receivables under noncancellable leases are as follows:

	2021	2020
Within 1 year (inclusive)	709,920.00	532,440.00
1 to 2 years (inclusive)	709,920.00	709,920.00
2 to 3 years (inclusive)	709,920.00	709,920.00
3 to 4 years (inclusive)	-	709,920.00
	2,129,760.00	2,662,200.00

(2) As lessee

	2021	2020
Interest expense on lease liabilities	47,026,512.70	47,268,752.11
Expenses on short-term leases and leases of low-value assets included in profit or loss accounted for under the simplified approach	17,233,090.06	13,981,079.96
Total cash outflows relating to leases	172,278,346.80	351,241,225.12
Relevant profit or loss arisen from leaseback transactions	14,484,633.81	7,885,972.43

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. A few lease contracts contain terms for renewal options, termination options, and variable rentals.

Leaseback transaction

	2021	2020
Cash inflows from leaseback transactions	211,000,000.00	153,000,000.00
Cash outflows from leaseback transactions	110,078,082.54	59,384,309.38

Other leasing information

For details of right-to-use assets, please refer to Note VII. 25; For details of simplified treatment of short-term leases and leases of low-value assets, please refer to Note V. 42; For details of lease liabilities, please refer to Note VII. 47 and Note X. 1.

XVII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY

1. Accounts receivable

(1). Disclosure by aging

☐ Applicable ☒ Not applicable

(2). 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

(3). Provision for bad debts

☐ Applicable ☒ Not applicable

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

(5). Accounts receivable with the top five closing balances collected as per the borrowers

☐ Applicable ☒ Not applicable

(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

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		21,860,932.05
Dividend receivable	585,067,066.45	138,491,656.50
Other receivables	765,515,977.23	678,722,338.73
Total	1,350,583,043.68	839,074,927.28

Other explanations:

☐ Applicable ☒ Not applicable

Interest receivable

(1). Classification of interest receivable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Time deposits		
Entrusted Loan		
Bond investment		
Long-term internal borrowings		4,154,767.36
Short-term financing interest		17,706,164.69
Total		21,860,932.05

(2). Significant overdue interest

☐ Applicable ☒ Not applicable

XVII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other receivables (continued)

Interest receivable (continued)

(3). Provision for bad debts

☐ Applicable ☒ Not applicable

Other explanations:

☐ Applicable ☒ Not applicable

Dividends receivable

(4). Dividends receivable

Unit: Yuan Currency: RMB

Projects (or Invested unit)	Closing balance	Opening balance
Hebei Fengning CIC New Energy Co., Ltd.	322,201,337.98	
Suntien Green Energy (Fengning) Co., Ltd.	132,555,710.30	18,068,137.22
Jianshui Suntien Wind Energy Co., Ltd.	35,932,920.09	99,018,149.24
Heilongjiang Suntien Hadian New Energy Investment Co., Ltd.	19,713,861.48	
Guangxi Suntien Green Energy Co., Ltd.	19,456,774.16	
Ruoqiang Suntien Green Energy Co., Ltd.	16,309,556.50	
Suntien Green Energy Xuyi Co., Ltd.	11,494,968.31	14,903,290.11
Chaoyang Suntien New Energy Co., Ltd.	9,610,368.77	6,502,079.93
Junan Suntien Wind Energy Co., Ltd.	4,889,117.35	
Chengde Dayuan New Energy Co., Ltd.	12,902,451.51	
Total	585,067,066.45	138,491,656.50

(5). Significant dividends receivable aging over 1 year

☐ Applicable ☒ Not applicable

(6). Provision for bad debts

☐ Applicable ☒ Not applicable

Other explanations:

☐ Applicable ☒ Not applicable

XVII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other receivables (continued)

Other receivables

(1). Disclosure by aging

Unit: Yuan Currency: RMB

Aging	Closing book balance
Within 1 year	
Including: sub-items within 1 year	
Within 6 months	149,947,731.58
6 months to 1 year	31,161,726.33
Subtotal within 1 year	181,109,457.91
1 to 2 years	319,357,646.00
2 to 3 years	10,755,617.49
Over 3 years	254,974,147.02
Total	766,196,868.42

(2). Classified by the nature

Unit: Yuan Currency: RMB

Nature	Closing book balance	Opening book balance
Deposits	764,232,048.93	676,631,240.72
Advances	1,384,172.12	1,661,519.80
Reserves	-	433,844.47
Others	580,647.37	1,806,685.05
Total	766,196,868.42	680,533,290.04

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

	The first stage	The second stage	The third stage	
	Expected credit losses over the next 12 months	Lifetime expected credit losses (no credit impairment occurred)	Lifetime expected credit losses (credit impairment occurred)	Total
Provision for bad debts				
Balance at 1 January 2021	161,165.86	1,649,785.45		1,810,951.31
Balance at 1 January 2021 in the current period				
- Transfer into the second stage	-43,821.32	43,821.32		
- Transfer into the third stage				
- Reversal to the second stage				
- Reversal to the first stage				
Provision during the period	466,223.17	43,821.32		510,044.49
Reversal during the period	-2,676.52	-1,637,428.09		-1,640,104.61
Transferral during the period				
Write-off during the period				
Other changes				
Balance at 31 December 2021	580,891.19	100,000.00		680,891.19

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

XVII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other receivables (continued)

Other receivables (continued)

(4). Provision for bad debts

Unit: Yuan Currency: RMB

Category	Opening balance	Change for the Period				Closing balance
		Provisions	Recovered or reversed	Write-off or cancellation	Other changes	
Other receivables	1,810,951.31	510,044.49	1,640,104.61			680,891.19
Total	1,810,951.31	510,044.49	1,640,104.61			680,891.19

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

(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 total closing balance of other receivables (%)	Closing balance of provision for bad debts
HECIC New Energy Co., Ltd.	Intercompany	176,000,000.00	1 year to 2 years	22.97	
Tailai Suntien Green Energy Co., Ltd	Intercompany	100,000,000.00	1 year to 2 years	13.05	
Suntien Liquefied Natural Gas Shahe Co., Ltd.	Intercompany	88,500,000.00	Within 6 months and 1 year to 2 years	11.55	
Ruoqiang Suntien Green Energy Co., Ltd.	Intercompany	74,885,400.00	Within 6 months and 1 year to 2 years	9.77	
Zhangbei Huashi CIC Wind Energy Co., Ltd.	Intercompany	45,000,000.00	1 year to 2 years and over 3 years	5.87	
Total	/	484,385,400.00	/	63.21	

(7). Receivables related to government grants

☐ Applicable ☒ Not applicable

XVII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other receivables (continued)

Other receivables (continued)

(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 investment

Unit: Yuan Currency: RMB

Items	Closing balance			Opening balance		
	Book balance	Impairment provisions	Book value	Book balance	Impairment provisions	Book value
Investments in subsidiaries	11,289,813,390.73	60,988,169.86	11,228,825,220.87	10,354,319,490.73	32,416,794.72	10,321,902,696.01
Investments in associates and joint ventures	683,040,473.82		683,040,473.82	546,312,213.91		546,312,213.91
Total	11,972,853,864.55	60,988,169.86	11,911,865,694.69	10,900,631,704.64	32,416,794.72	10,868,214,909.92

XVII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term equity investment (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	4,760,262,260.98	280,000,000.00		5,040,262,260.98		
Hebei Natural Gas	1,147,486,574.46	121,000,000.00		1,268,486,574.46		
Suntien Green Energy (Fengning) Co., Ltd.	173,600,000.00			173,600,000.00		
Jianshui Suntien Wind Energy Co., Ltd.	333,000,000.00		169,830,000.00	163,170,000.00		
Heilongjiang Suntien Hadian New Energy Investment Co., Ltd.	185,800,000.00	20,000,000.00		205,800,000.00		
Suntien Green Energy Investment (Beijing) Co., Ltd.	60,000,000.00	-		60,000,000.00		
Suntien Green Hong Kong	175,933,023.00	333,270,000.00		509,203,023.00		
Ruoqiang Suntien Green Energy Co., Ltd.	148,100,000.00			148,100,000.00		
Xinyang Suntien Wind Energy Co., Ltd.	90,000,000.00			90,000,000.00		
Wulian County Suntien Wind Energy Co., Ltd.	9,000,000.00		9,000,000.00	-		
Junan Suntien Wind Energy Co., Ltd.	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.	35,000,000.00			35,000,000.00	35,000,000.00	35,000,000.00
Suntien Hebei Solar Energy Development Co., Ltd.	33,060,900.00			33,060,900.00		
Huludao Gas	35,000,000.00			35,000,000.00	2,571,375.14	20,000,000.00
Hebei Fengning CIC New Energy Co., Ltd.	837,830,000.00	30,000,000.00		867,830,000.00		
Guangxi Suntien Green Energy Co., Ltd.	84,500,000.00		-	84,500,000.00		
Yunnan Pushi	11,377,880.00			11,377,880.00		5,988,169.86
Weihui Suntien Green Energy Co., Ltd.	84,000,000.00			84,000,000.00		
Tongdao Suntien Green Energy Co., Ltd.	102,870,000.00	11,000,000.00		113,870,000.00		
Chaoyang Suntien New Energy Co., Ltd.	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.	86,000,000.00			86,000,000.00		
Fuliang Zhongling Suntien Green Energy Co., Ltd.	130,000,000.00	30,000,000.00		160,000,000.00		
Suntien Green Energy Xuyi Co., Ltd.	153,440,000.00		153,440,000.00			
Suntien Hebei Power Sale Co., Ltd.	38,000,000.00			38,000,000.00		
Fangchenggang Suntien Green Energy Co., Ltd.	90,300,000.00	3,000,000.00		93,300,000.00		
Fuping Jixin Suntien Green Energy Co., Ltd.	123,000,000.00	37,000,000.00		160,000,000.00		
Caofeidian Suntien Liquefied Natural Gas Co., Ltd.	423,331,100.00	367,200,000.00		790,531,100.00		
Suntien Green Energy Lianyungang Co., Ltd.	138,000,000.00			138,000,000.00		
Ruian Xin Yun New Energy Co., Ltd.	1,750,000.00			1,750,000.00		
Hebei Gas Co., Ltd.	16,500,000.00	33,000,000.00		49,500,000.00		
Suntien Green Energy (Shanglin) Co., Ltd.	3,000,000.00	293,900.00		3,293,900.00		
Jianrong Photovoltaic Technology Company	22,777,752.29			22,777,752.29		
HECIC New-energy Supply Chain Management Co., Ltd.	-	2,000,000.00		2,000,000.00		
Total	10,354,319,490.73	1,267,763,900.00	332,270,000.00	11,289,813,390.73	37,571,375.14	60,988,169.86

XVII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term equity investment (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										
Suntien Guohua	40,320,714.40			2,261,086.59	495,271.89				43,077,073.88	
Chengde Dayuan	48,027,945.58	60,534,800.00		21,149,590.94			12,902,451.51		116,799,845.01	
Sub-total	88,348,661.98	60,534,800.00		23,410,677.53	495,271.89		12,902,451.51		159,876,921.89	
II. Associates										
Hebei Fengning Pumped Storage Co., Ltd.	447,463,551.93	65,200,000.00							512,663,551.93	
Jinjiangya	10,500,000.00	-							10,500,000.00	
Sub-total	457,963,551.93	65,200,000.00							523,163,551.93	
Total	546,312,213.91	125,734,800.00		23,410,677.53	495,271.89		12,902,451.51		683,040,473.82	

Other explanations:

Other non-current assets:

	2021	2020
Capital lending/borrowing	2,827,369,600.00	3,050,710,600.00

4. Operating revenue and operating costs

(1). Operating revenue and operating costs

☐ Applicable ☒ Not applicable

(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

XVII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

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	1,666,971,774.57	1,341,419,488.04
Income from long-term equity investments under the equity method	23,410,639.53	8,191,682.14
Investment gain from disposal of long-term equity investments		
Investment income received during the period of ownership from financial assets held-for-trading		
Dividend income received during the period of ownership from other equity instruments	11,943,006.92	11,190,212.18
Interest income received during the period of ownership from debt investments		
Interest income received during the period of ownership from other debt investments		
Investment gain from disposal of financial assets held-for-trading		
Investment gain from disposal of other equity instruments		
Investment gain from disposal of debt investments		
Investment gain from disposal of other debt investments		
Gain on debt restructuring		
Total	1,702,325,421.02	1,360,801,382.36

Other explanations:

Nil

6. Others

Related party relationships and transactions

(1) Parent company

Registered place	Business nature	Registered capital (RMB'0,000)	Percentage of shareholding in the Group (%)	Percentage of voting rights over the Group (%)
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	49.17	49.17

(2) Subsidiaries

For details of subsidiaries, please refer to Note IX. 1.

(3) Joint ventures and associates

For details of joint ventures and associates, please refer to Note IX. 3.

XVIII SUPPLEMENTARY INFORMATION

1. Non-recurring gain or loss statement of the period

Unit: Yuan Currency: RMB

Items	Amount	Description
Gain or loss on disposal of non-current assets	-11,752,187.79	
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)	11,022,699.74	
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 from exchange of non-monetary assets exchange		
Gain or loss on the assets by entrusting others to invest or manage		
Provisions for asset impairment accrued due to force majeure (e.g. natural disasters)		
Gain or loss from debt restructuring		
Enterprise restructuring charges, such as the staffing expenditure and integrating expenses		
Gain or loss of the part exceeding the fair value arising from the transaction with the bargain price losing fair		
Net profit or loss of subsidiaries under common control from period – begin till combination date		
Gain or loss from contingencies unrelated to normal operations		
In addition to the effective hedging business related to the normal business of the Company, gain or loss from changes in fair value arising from financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities, and investment gains from disposal of transactional financial assets, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debts		
Reversal of depreciation reserves of receivables and contract assets under independent impairment testing	3,066,718.74	
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		
Influence on current profit or loss for one-time adjustment of the current profit and loss as required by the relevant taxation or accounting laws and regulations		
Trustee fee income achieved from the entrusted operation		
Non-operating revenue and expense other than the above-mentioned	16,690,028.33	
Other gain or loss items conforming to definition of the non-recurring gain or loss	2,213,368.03	
Less: Affected amount of income tax	5,726,525.85	
Affected amount of minority interests	10,078,322.10	
Total	5,435,779.10	

XVIII SUPPLEMENTARY INFORMATION (continued)

1. Non-recurring gain or loss statement of the period (continued)

The Group recognizes non-recurring gain or loss items in accordance with the requirements of the "Explanatory Announcement No. 1 on Information Disclosure for Companies Issuing Their Securities to the Public – Non-recurring Gain or Loss" (CSRC Announcement [2008] No. 43).

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.

Unit: Yuan Currency: RMB

Item	Amount involved	Reasons
VAT refund	114,324,263.77	

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	16.61	0.54	0.54
Net profit attributable to ordinary shareholders of the Company, net of non-recurring gain or loss	16.57	0.54	0.54

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 new ordinary shares issued was determined according to the specific terms of the issuance contract and calculated from the date of consideration receivable (normally the stock issuance date).

The calculation of basic earnings per share and diluted earnings per share is detailed as follows:

Earnings	2021	2020
Net profit for the current period attributable to ordinary shareholders of the Company		
Continuing operations	2,160,133,969.16	1,510,555,357.16
Less: Distribution related to the first tranche of perpetual bonds in 2018	6,935,122.22	35,164,000.00
Less: Distribution related to the first tranche of perpetual bonds in 2019	42,770,000.00	42,770,000.00
Less: Distribution related to the first tranche of perpetual bonds in 2021	44,187,000.00	–
Adjusted net profit for the current period attributable to ordinary shareholders of the Company	2,066,241,846.94	1,432,621,357.16
Shares		
Weighted average number of outstanding ordinary shares of the Company	3,849,910,396.00	3,782,535,396.00
Adjusted weighted average number of outstanding ordinary shares of the Company	3,849,910,396.00	3,782,535,396.00

The Group has no dilutive potential ordinary shares.

XVIII SUPPLEMENTARY INFORMATION (continued)

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 2022

Information Revision☐ Applicable ☒ Not applicable

