



# 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



**2023**  
ANNUAL REPORT

\*For identification purpose only

# IMPORTANT NOTICE

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

In 2023, the Company's net profit attributable to shareholders of the parent company was RMB2,207,473,530.19 and undistributed profits were RMB8,960,553,185.93 as presented in the audited consolidated statements. The Company proposes to distribute a cash dividend of RMB2.14 (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 2023 profit distribution proposal was approved, being 4,187,093,073 shares, the total cash dividend will amount to RMB896,037,917.62 (tax inclusive). The balance of the undistributed profits of the Company will be carried forward to the next year. The total cash dividend proposed in the plan accounts for 40.59% of the net profit attributable to shareholders of the parent company in the Company's consolidated statements for 2023.

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 distribution amount per share unchanged and make corresponding adjustment to the total distribution amount and will make further announcement on the particulars of the adjustment.

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

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

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

No

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

No

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

No

## X. WARNING OF MAJOR RISKS

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

## XI. OTHERS

Applicable  Not applicable



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# DEFINITIONS

## I. DEFINITIONS

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

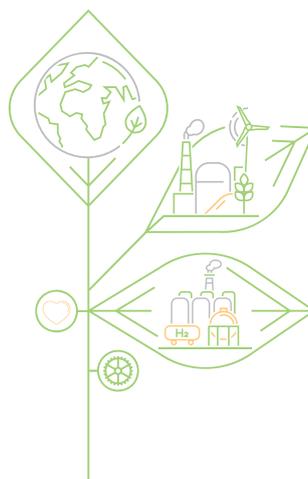
### Definitions of frequently-used terms

"availability factor"	the amount of time that a power plant is able to produce electricity after it starts commercial operations over a certain period divided by the amount of time in such period
"average utilization hours"	the consolidated gross power generation in a specified period (in MWh or GWh) divided by the consolidated installed capacity in the same period (in MW or GW)
"Company"	China Suntien Green Energy Corporation Limited (新天綠色能源股份有限公司)
"Group"	the Company and its wholly-owned and controlled subsidiaries
"Financial Statements"	the audited financial statements for the year ended 31 December 2023
"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, gigawatt. 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 National Administration of Financial Regulation, 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 non-wholly owned 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

## DEFINITIONS

"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
"HCIG Huineng"	HCIG Huineng New Energy Co., Ltd. (河北建投匯能新能源有限責任公司), a wholly-owned subsidiary of the Company
"Fengning Pumped Storage Company"	Hebei Fengning Pumped Storage Co., Ltd. (河北豐寧抽水蓄能有限公司), a 20% owned investee of the Company
"CISF"	Hebei Construction & Investment State Financing Energy Services Ltd. (河北建投國融能源服務有限公司), a non-wholly-owned subsidiary of JEI
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"A Share Listing Rules"	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
"LNG"	liquefied natural gas
"CNG"	compressed natural gas
"MW"	unit of power, megawatt. 1 MW = 1,000 kW. The installed capacity of power plants is generally expressed in MW
"MWh"	unit of energy, megawatt-hour. 1 MWh = 1,000 kWh
"National Energy Administration"	National Energy Administration of the People's Republic of China (中華人民共和國國家能源局)
"NDRC"	National Development and Reform Commission of the People's Republic of China (中華人民共和國國家發展和改革委員會)
"HDRC"	Hebei Development and Reform Commission
"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 2023 to 31 December 2023
"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 C1 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 C3 to the Hong Kong Listing Rules
"SSE"	the Shanghai Stock Exchange
"CSRC"	China Securities Regulatory Commission
"A shares"	the domestic listed RMB ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the main board of the SSE
"H shares"	the Hong Kong listed HKD ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the main board of the Hong Kong Stock Exchange

# Chairman's statement



Dear Shareholders,

The year 2023 is the first year to fully implement the spirit of the 20th CPC National Congress. The management of the Company led all cadres and staff in anchoring strategic objectives for the 14th Five-Year Plan period, in conducting fine management, and in ensuring stability and improvement with a pragmatic work style and solid work attitude.

## I. COMPLETION OF WORK IN 2023

The comprehensive indicators remained stable, with a view to seeking progress amidst stability and consolidating results. As at the end of 2023, the Company recorded total consolidated assets of RMB79.017 billion, operating revenue of RMB20.282 billion, total profit of RMB3.368 billion and net profit of RMB2.734 billion, of which net profit attributable to shareholders of the parent company amounted to RMB2.207 billion. The Group's wind and photovoltaic power generation business recorded the power generation of 14.254 billion kWh and the sales volume of electricity of 13.930 billion kWh, while the total transmission volume of its natural gas business increased by 13.63% year on year to 5.114 billion cubic meters and the sales volume rose by 15.93% year on year to 4.503 billion cubic meters.

Development work was steady yet strove for progress, setting sail in the fiercely competitive market to forge ahead through the waves. Newly approved (registered) wind power capacity amounted to 1.4418 million kW, newly registered photovoltaic capacity was 42,000 kW, and newly approved (registered) independent energy storage capacity stood at 160,000 kW/640,000 kWh. The Tangshan LNG Outbound Pipeline and China-Russia East-route Interconnection Project, the Tangshan LNG Outbound Double Track Pipeline Project, and the Suntien Green Energy Qingxian 2\*480MW Gas Power Plant Project have been approved. The Tangshan Port Caofeidian No.2 Port Area LNG Berth Project has received a letter for preliminary work from the Hebei Development and Reform Commission.





# CHAIRMAN'S STATEMENT

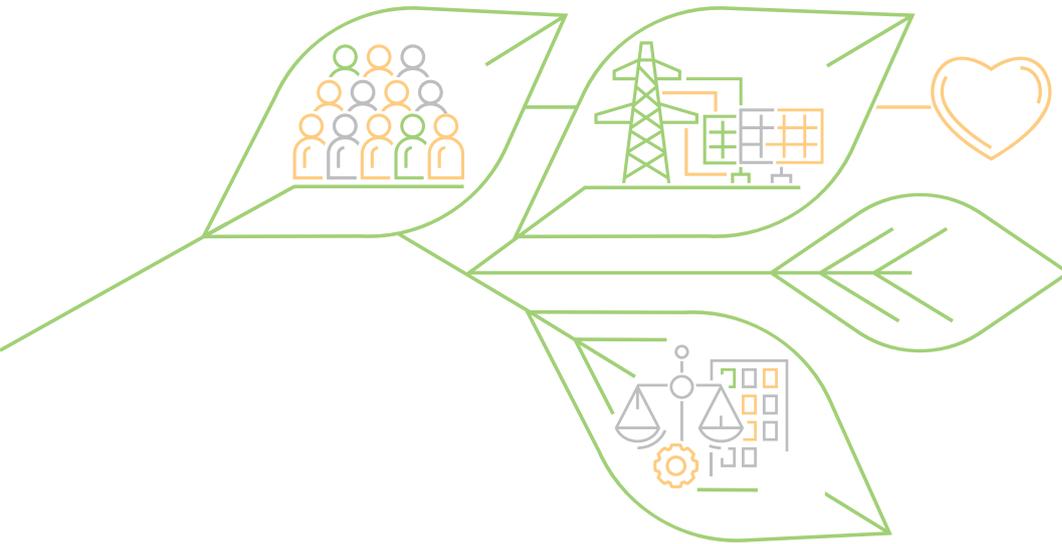
The Company solidly proceeded with project construction, laying a solid foundation for its high-quality development. All the wind turbines of Taian Sanglin, Shuangcheng Phase II, Ruoqiang Luobuzhuang and Zhangbei Zhanhai projects were connected to the grid for power generation. The Tangshan LNG Phase I Terminal Project and its Supporting Wharf Project and the main lines of the Caofeidian-Baodi section and the Baodi-Yongqing section of the outbound pipeline projects, as well as the Beijing-Handan Pipeline LNG Gas Storage Load Shifting Station Phase I Project were put into operation. The second phase of the Tangshan LNG Terminal Project and the warm seawater utilization project were progressing in an orderly manner.

Scientific and technological innovation leads the future and stimulates high-quality development with new momentums. The “program of ‘turbine-farm-grid’ collaborative active support technology in marginal power grid and its application” won the First Prize of Science and Technology Progress Award of Hebei Provincial Department of Science and Technology, and the “green energy industry innovation team” was honored as the Hebei Provincial Science and Technology Innovation Team. A total of 16 wind farms were honored as outstanding projects by the China Electricity Council. The national research and development center for hydrogen and renewable energy technologies has been selected as one of the first “competing to be the front-runner” innovation platforms by the National Energy Administration (NEA) for the 14th Five-Year Plan period.

## II. CURRENT DEVELOPMENT SITUATION

The one who observes trends is wise, and the one who controls trends wins. We should be aware of the complex and volatile external situation and the industry situation. Internationally, risks arose from the Russia-Ukraine conflict, the Gaza crisis, high global inflation, among others, increasing the complexity, severity and uncertainty in the external environment. China is in a critical period of economic recovery and industrial upgrade. In the context of economic transformation and upgrading and slow recovery, the new energy and clean energy sectors are faced with a more complex development situation.

In the meantime, we should also realize that the domestic economy has withstood external pressure and overcome internal difficulties, that the basic trend of rebound and long-term improvement remains unchanged, and that the policy orientation with national Dual Carbon goals and establishment of a new power system centering on new energy remains unchanged. Our principal business, new energy and natural gas business, has always been on the main track of the country's new energy industry. There is an incomparably broad stage to promote the green development.



### III. HIGHLIGHTS FOR 2024

The year 2024 marks the 75th anniversary of the People's Republic of China and the fourth year of the 14th Five-Year Plan, when the Company makes all efforts to achieve its strategic goals. Looking ahead, the Company will closely follow its strategic arrangements, focus on the key areas to enhance the level of fine management, and strengthen the synergy and coordination to complete the annual objectives and tasks with high quality.

In the new year, we will strive to “become a first-class player on all fronts”, struggle on our own initiative, be passionate to “start anew and take a step beyond”, and go forward with tenacity and hard work. We, a great ship of “Suntien high-quality development”, will surely be able to cleave through the waves and sail steadily and far on a more magnificent voyage.

**Cao Xin**  
*Chairman*

Shijiazhuang, the PRC, 26 March 2024



# Corporate Overview

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

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

The Group is engaged in the planning, development and operation of wind farms and photovoltaic power stations as well as the sale of electricity. The Group owns wind power/photovoltaic projects in Hebei, Shanxi, Xinjiang, Shandong, Yunnan and Inner Mongolia, etc. Based in Hebei, the Group has invested and developed new energy projects across the country, and has actively sought suitable investment projects overseas. As at 31 December 2023, the Group had a wind power consolidated installed capacity of 6,293.75 MW, an installed capacity under management of 6,554.35 MW, as well as an attributable installed capacity of 5,878.71 MW. The Group had a photovoltaic consolidated installed capacity of 126.12 MW, an installed capacity under management of 296.12 MW, as well as an attributable installed capacity of 201.30 MW. In 2023, its wind power generation and photovoltaic power generation was 14,081 million kWh with 2,419 utilization hours and 173 million kWh with 1,376 utilization hours, respectively.

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 2023, the Group owned 1 LNG terminal, 11 long-distance natural gas transmission pipelines, 21 high-pressure branch pipelines, 33 urban gas projects, 34 distribution stations, 20 gate stations, 5 CNG primary filling stations, 3 CNG secondary filling stations, 3 LNG filling (refilling) station, and 1 L-CNG joint filling stations. In 2023, the Group recorded a natural gas transmission volume of 5,114 million cubic meters and a sales volume of 4,503 million cubic meters.



# CORPORATE OVERVIEW

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

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

By region	Installed capacity (MW)
Northern China (Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia)	4,985.35
Eastern China (Shanghai, Shandong, Jiangsu, Anhui, Zhejiang, Fujian, Jiangxi, Taiwan)	270.6
Northwestern China (Shaanxi, Ningxia, Xinjiang, Qinghai, Gansu)	331
Southwestern China (Sichuan, Yunnan, Chongqing, Guizhou, Tibet)	193.6
Central China (Henan, Hubei, Hunan)	156.2
Southern China (Guangdong, Guangxi, Hainan, Hong Kong, Macau)	110
Northeastern China (Liaoning, Jilin, Heilongjiang)	247
Total	6,293.75

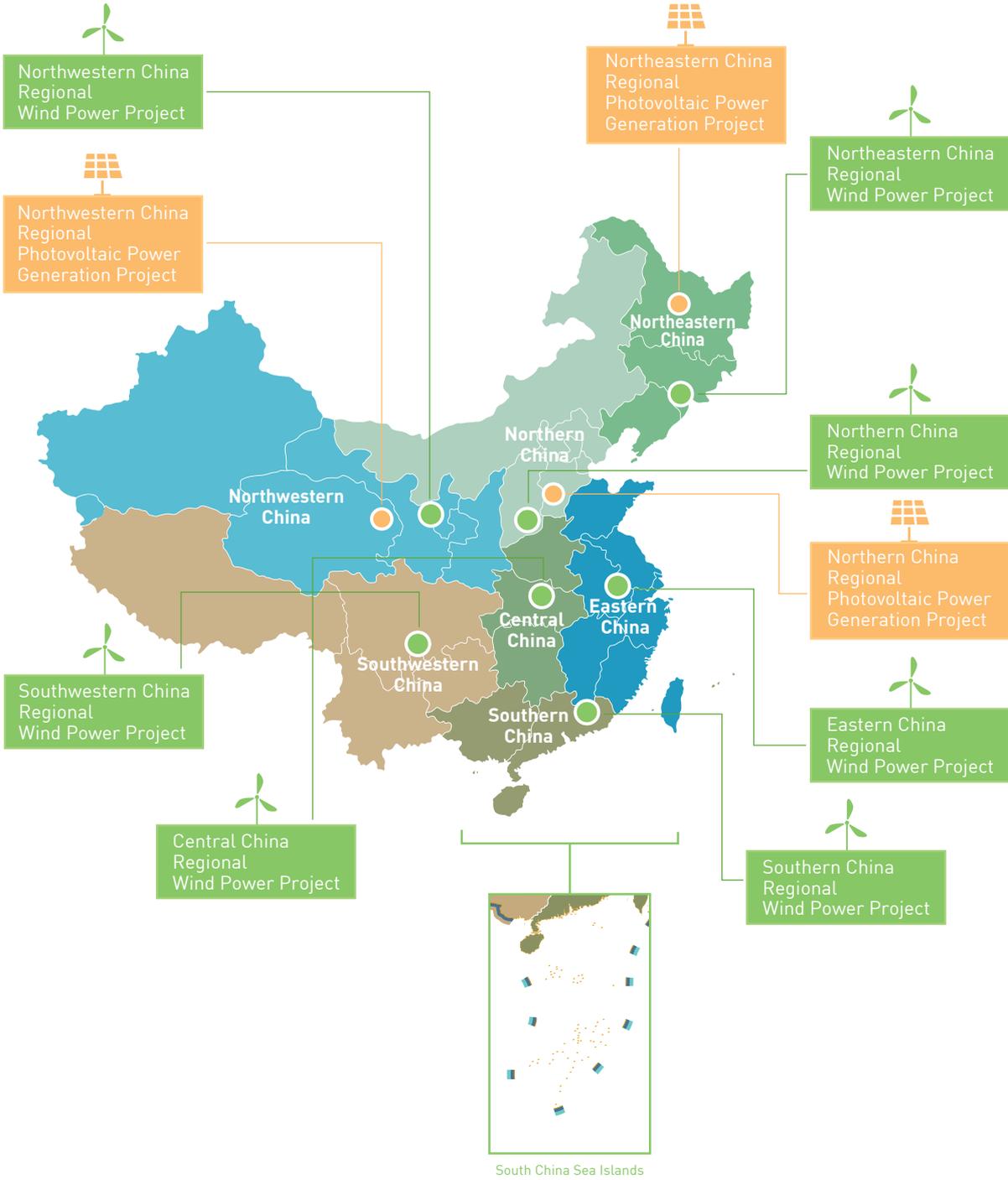
Note: 1. Wind farms in which the Group has shareholding have an installed capacity of 508.1 MW; 2. The wind farms managed and operated by the Group have an installed capacity of 260.6 MW.

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

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

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

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



## CORPORATE OVERVIEW

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

Project type	Project location	Ownership held by the Group	Project summary
LNG terminal	Caofeidian District, Tangshan City <sup>1</sup>	51%	Provides customers with comprehensive operation services for LNG terminals
Long-distance transmission pipeline	Zhuozhou City to Handan City <sup>2</sup>	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 <sup>3</sup>	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 <sup>4</sup>	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 <sup>5</sup>	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 <sup>6</sup>	90%	Supplies natural gas to Chengde City by the Group's natural gas suppliers
	Qinghe County to Linxi County <sup>7</sup>	60%	Supplies natural gas to Linxi County and Linqing City by the Group's natural gas suppliers
	Guantao County to Handan City <sup>8</sup>	100%	Supplies natural gas by the Group's natural gas suppliers to pipelines from Guantao County to Handan City and surrounding cities
	Zhuozhou City to Yongqing County <sup>9</sup>	100%	Supplies natural gas by the Group's natural gas suppliers to pipelines from Zhuozhou City to Yongqing County and surrounding cities
	Zhuozhou City to Baoding City <sup>10</sup>	100%	Supplies natural gas by the Group's natural gas suppliers to pipelines from Zhuozhou City to Baoding City and surrounding cities
	Caofeidian District to Baodi District <sup>11</sup>	51%	Supplies natural gas by the Group's natural gas suppliers to pipelines from Caofeidian District to Baodi District and surrounding cities
	Baodi District to Yongqing County <sup>12</sup>	51%	Supplies natural gas by the Group's natural gas suppliers to pipelines from Baodi District to Yongqing County and surrounding cities
	City gas project	Shijiazhuang High-Tech Industrial Development Zone, Economic Development Zone, Chang'an District	100%
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

## CORPORATE OVERVIEW

Project type	Project location	Ownership held by the Group	Project summary
	Jinzhou City	100%	Distributes natural gas to retail customers in areas under the administration of Jinzhou City
	Gaoyi County East Industrial Park	100%	Distributes natural gas to retail customers within the area of the Gaoyi County East Industrial Park
	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
	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)

## CORPORATE OVERVIEW

Project type	Project location	Ownership held by the Group	Project summary
	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
	Gaocheng District, Shijiazhuang City	80%	Distributes natural gas to retail customers in Gaocheng District
	Gaoyi County	60%	Distributes natural gas to retail customers within the area of Gaoyi County
CNG primary filling station	Shijiazhuang <sup>13</sup>	100%	Shijiazhuang Development Zone
	Shahe <sup>14</sup>	100%	Eastern Ring Road, Shahe City
	Chengde City <sup>15</sup>	90%	Shuangluan District, Chengde City
	Baoding City <sup>16</sup>	100%	Xinshi District, Baoding
	Anping County <sup>17</sup>	100%	Madian Town, Anping County

### Notes:

1. Designed receiving and unloading capacity of the Tangshan LNG Terminal was 12 million tons per year.
2. Specification of the long-distance transmission pipeline from Zhuozhou City to Handan City: 6.3 MPa standard pipeline of 374.83 km in length.
3. Specification of the long-distance transmission pipeline from Gaoyi County to Qinghe County: 6.3 MPa standard pipeline of 116 km in length.
4. Specification of the long-distance transmission pipelines from Suning County to Shenzhou City: 6.3 MPa standard pipeline of 125.34km in length.
5. Specification of the long-distance transmission pipelines from Gaocheng District to Shenzhou City: 6.3 MPa standard pipeline of 101 km in length.
6. 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.
7. Specification of the long-distance transmission pipelines from Qinghe County to Linxi County: 6.3 MPa standard pipeline of 35.2 km in length.
8. Specification of the long-distance transmission pipeline from Guantao County to Handan City: 6.3 MPa standard pipeline of 81.4682 km in length.
9. Specification of the long-distance transmission pipeline from Zhuozhou City to Yongqing County: 10.0 MPa standard pipeline of 82.566 km in length.
10. Specification of the long-distance transmission pipeline from Zhuozhou City to Baoding City: 10.0 MPa standard pipeline of 103 km in length.
11. Specification of the long-distance transmission pipeline from Caofeidian District to Baodi District: 10.0 MPa standard pipeline of 167 km in length.
12. Specification of the long-distance transmission pipeline from Baodi District to Yongqing County: 10.0 MPa standard pipeline of 102 km in length.
13. Total designed capacity of Shijiazhuang CNG primary filling station is 0.20 million m<sup>3</sup> per day.
14. Total designed capacity of Shahe CNG primary filling station is 0.08 million m<sup>3</sup> per day.
15. Total designed capacity of Chengde CNG primary filling station is 0.10 million m<sup>3</sup> per day.
16. Total designed capacity of Baoding CNG primary filling station is 0.20 million m<sup>3</sup> per day.
17. Total designed capacity of Anping CNG primary filling station is 0.05 million m<sup>3</sup> per day.



# CORPORATE PROFILE AND PRINCIPAL FINANCIAL INDICATORS

## I. COMPANY PROFILE

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

## II. CONTACT PERSONS AND CONTACT METHODS

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

## III. BASIC INFORMATION

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

## IV. INFORMATION DISCLOSURE AND PLACE OF INSPECTION

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

## V. BASIC INFORMATION OF THE COMPANY'S SHARES

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

## VI. OTHER RELEVANT INFORMATION

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

## CORPORATE PROFILE AND PRINCIPAL FINANCIAL INDICATORS

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

#### (I) Principal accounting data

Unit: Yuan Currency: RMB

Principal accounting data	2023	2022		Increase/ decrease for the period as compared to the same period last year (%)	2021	
		After adjustment	Before adjustment		After adjustment	Before adjustment
Operating revenue	<b>20,281,788,883.53</b>	18,560,522,731.81	18,560,522,731.81	9.27	16,137,769,830.60	15,985,268,252.01
Net profit attributable to shareholders of the listed company	<b>2,207,473,530.19</b>	2,292,630,759.66	2,294,116,322.38	-3.71	2,295,057,264.37	2,160,133,969.16
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	<b>2,169,460,836.09</b>	2,267,106,812.03	2,268,592,374.75	-4.31	2,289,621,485.27	2,154,698,190.06
Net cash flows from operating activities	<b>4,851,683,579.95</b>	7,463,360,158.38	7,463,360,158.38	-34.99	4,332,641,166.95	4,332,641,166.95

	At the end of 2023	At the end of 2022		Increase/ decrease at the end of the period as compared to the end of last year (%)	At the end of 2021	
		After adjustment	Before adjustment		After adjustment	Before adjustment
Net assets attributable to shareholders of the listed company	<b>21,876,733,637.92</b>	20,461,432,459.73	20,464,970,898.87	6.92	19,834,599,822.27	19,684,364,276.94
Total assets	<b>79,016,593,096.75</b>	77,412,548,934.66	77,408,666,608.07	2.07	72,077,013,277.00	71,917,756,790.97

#### (II) Principal financial indicators

Principal Financial Indicators	2023	2022		Increase/ decrease for the period as compared to the same period last year (%)	2021	
		After adjustment	Before adjustment		After adjustment	Before adjustment
Basic earnings per share (Yuan/share)	<b>0.51</b>	0.53	0.53	-3.77	0.57	0.54
Diluted earnings per share (Yuan/share)	<b>0.51</b>	0.53	0.53	-3.77	0.57	0.54
Basic earnings per share after deducting non-recurring profit or loss (Yuan/share)	<b>0.51</b>	0.53	0.53	-3.77	0.57	0.54
Weighted average net return rate of assets (%)	<b>10.70</b>	11.97	11.97	fell by 1.27 percentage points	17.58	16.61
Weighted average return on net assets after deducting non-recurring gain or loss (%)	<b>10.51</b>	11.83	11.83	fell by 1.32 percentage points	17.54	16.57

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

The decrease in basic earnings per share, diluted earnings per share and basic earnings per share after deducting non-recurring gain or loss as compared to last year was mainly due to the decrease in the Group's net profit for 2023 as compared to the same period of the previous year, and the increase in non-recurring gain or loss for 2023 as compared to the same period of the previous year.

## CORPORATE PROFILE AND PRINCIPAL FINANCIAL INDICATORS

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

Unit: Yuan Currency: RMB

Items	2023	2022 (Restated)	2021 (Restated)	2020	2019
<b>INCOME STATEMENT HIGHLIGHT</b>					
Operating revenue	20,281,788,883.53	18,560,522,731.81	16,137,769,830.60	12,510,885,312.89	11,985,837,618.15
Total profit	3,368,358,692.41	3,295,069,142.96	3,271,311,398.34	2,264,016,314.19	2,190,641,643.43
Income tax expense	634,076,628.90	477,368,687.88	416,611,131.47	331,284,660.61	356,306,759.24
Net profit	2,734,282,063.51	2,817,700,455.08	2,854,700,266.87	1,932,731,653.58	1,834,334,884.19
Net profit attributable to owners of the parent company	2,207,473,530.19	2,292,630,759.66	2,295,057,264.37	1,510,555,357.16	1,420,669,278.97
Basic/diluted earnings per share	0.51	0.53	0.57	0.38	0.36
<b>BALANCE SHEET HIGHLIGHTS</b>					
Total assets	79,016,593,096.75	77,412,548,934.66	72,077,013,277.00	57,257,714,548.41	46,047,677,000.01
Total liabilities	52,275,823,528.51	52,231,291,874.48	48,153,452,750.53	40,562,225,451.00	31,256,950,889.38
Net assets	26,740,769,568.24	25,181,257,060.18	23,923,560,526.47	16,695,489,097.41	14,790,726,110.63
Net assets attributable to owners of the parent company	21,876,733,637.92	20,461,432,459.73	19,834,599,822.27	13,164,966,950.11	11,854,399,559.40

### 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 2023 BY QUARTERS

Unit: Yuan Currency: RMB

	First Quarter (January - March)	Second quarter (April-June)	Third Quarter (July-September)	Fourth Quarter (October-December)
Operating revenue	6,558,823,651.29	3,488,538,142.13	3,076,161,993.53	7,158,265,096.58
Net profit attributable to shareholders of the listed company	839,592,338.86	599,004,389.79	67,899,210.39	700,977,591.15
Net profit attributable to shareholders of the listed company after deducting non-recurring gain or loss	816,704,767.34	602,071,273.69	57,753,260.54	692,931,534.52
Net cash flows from operating activities	1,121,097,272.50	707,449,147.65	581,753,888.38	2,441,383,271.42

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

- Applicable  Not applicable

## CORPORATE PROFILE AND PRINCIPAL FINANCIAL INDICATORS

### X. NON-RECURRING GAIN OR LOSS ITEMS AND AMOUNTS

Unit: Yuan Currency: RMB

Non-recurring gain or loss items	Amount for 2023	Notes (if applicable)	Amount for 2022	Amount for 2021
Gain or loss on disposal of non-current assets, including reversal of provision for impairment of assets	-6,902,336.63		-2,568,979.94	-11,752,187.79
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, received in accordance with specific standards and impacting the Company's gain or loss on a continuous basis	68,086,769.66		19,825,980.99	11,022,699.74
Gain or loss arising from changes in fair value of financial assets and financial liabilities held by non-financial enterprises and gain or loss arising from the disposal of financial assets and financial liabilities, except for effective hedging business related to the Company's normal business operations	8,601,062.69		17,139,186.28	
Capital utilization fee received from non-financial enterprises and included in profit or loss for the period				
Gain or loss on entrusted investments or assets under management				
Gain or loss from external entrusted loans				
Losses of various assets due to force majeure factors such as natural disasters				
Reversal of impairment provisions for receivables subject to individual impairment test			1,500.00	3,066,718.74
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				
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				
Gain or loss on exchange of non-monetary assets				
Gain or loss on debt restructuring				
One-off expenses incurred by the enterprise as a result of the discontinuation of the relevant business activities, such as staff settlement expenses, etc.				
One-off effect on profit or loss due to adjustments in taxation, accounting and other laws and regulations				
One-off share-based payment expenses recognized for cancellation and modification of equity incentive plans				
Gain or loss arising from changes in the fair value of remuneration payable to employees after the exercise date in respect of cash-settled share-based payments				
Gain or loss on changes in fair value of investment properties adopting fair value method for subsequent measurement				
Gain arising from transactions with the unfair transaction price				
Gain or loss on contingency items unrelated to the normal business operations of the Company				
Custody fee income received from custody operation				
Other non-operating income and expenses apart from the aforesaid items	9,121,621.03		13,856,124.28	16,690,028.33
Other items of non-recurring gains or losses	10,826,295.86		1,886,586.26	2,213,368.03
Less: Effect of income tax	22,364,513.79		10,671,593.70	5,726,525.85
Effect of minority interests (after taxation)	29,356,204.72		13,944,856.54	10,078,322.10
<b>Total</b>	<b>38,012,694.10</b>		<b>25,523,947.63</b>	<b>5,435,779.10</b>

## CORPORATE PROFILE AND PRINCIPAL FINANCIAL INDICATORS

Explanation on the reasons for the Company's identification of items not listed under the "Explanatory Announcement No. 1 on Information Disclosure for Companies Issuing Their Securities to the Public – Non-recurring Gain or Loss" as non-recurring gain or loss items with significant amount, 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	Reason
Value-added tax (VAT) refund	<b>168,199,560.34</b>	Government subsidies closely related to the Company's normal business operations, in line with national policies and regulations and in accordance with certain fixed amounts on a continuous basis are defined as recurring gain or loss.

### XI. ITEMS MEASURED AT FAIR VALUE

Unit: Yuan Currency: RMB

Items	Opening balance	Closing balance	Changes in current period	Amounts that affect the profit of the current period
Tradable financial assets	<b>520,000,000.00</b>	380,000,000.00	-140,000,000.00	0.00
Financing receivables	<b>169,290,765.51</b>	181,663,568.90	12,372,803.39	0.00
Investment in other equity instruments	<b>218,605,700.00</b>	215,013,700.00	-3,592,000.00	0.00
Total	<b>907,896,465.51</b>	776,677,268.90	-131,219,196.61	0.00

### XII. OTHERS

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

Items	2023	2022	2021	2020	2019
Wind power consolidated installed capacity (unit: MW)	<b>6,293.75</b>	5,811.85	5,673.85	5,471.95	4,415.75
Wind power consolidated net power delivered to grid (unit: MWh)	<b>13,760,915.38</b>	13,707,883.95	12,999,682.6	9,233,497.2	8,347,450.2
Natural gas sales volume (Unit: '00 million m <sup>3</sup> )	<b>45.03</b>	38.85	38.079	35.249	32.369

# MANAGEMENT DISCUSSION AND ANALYSIS

## I. BUSINESS DISCUSSION AND ANALYSIS

### (I) Operating Environment

The year 2023 marks the first year to fully implement the spirit of the 20th CPC National Congress and the year of economic recovery and development. The CPC Central Committee, with Comrade Xi Jinping at its core, has united and led the entire Party and the people of the country to withstand external pressures, overcome internal difficulties, deepen reform and opening-up in an all-round manner, intensify macroeconomic regulation, expand domestic demand, optimize the structure, boost confidence, and prevent and resolve risks. China's economy has rebounded, and high-quality development has been solidly pushed forward. Important progress has been made in the development of a modernized industrial system, new breakthroughs in scientific and technological innovation have been achieved, the reform and opening-up have been intensified, the foundation of security and development has been consolidated, people's livelihoods have been safeguarded in a powerful and effective way, and a solid step has been made towards the comprehensive building of a modern socialist country.

The annual market report called Renewables 2023, published by the International Energy Agency (IEA), shows that global annual renewable capacity additions increased by 50% in 2023 from 2022, with installed capacity growing faster than at any time in the last 30 years. The report predicts that the global installed renewable capacity will see rapid growth over the next five years, but key issues such as financing for emerging and developing economies still need to be resolved. According to the report, China is a global leader in renewable field. In 2023, China's wind power additions increased by 66% over the previous year, and solar photovoltaic additions were on par with the global solar photovoltaic additions in 2022. China is expected to account for 60% of the world's new renewable generation by 2028.

According to the China Natural Gas Development Report (2023) (《中國天然氣發展報告 (2023)》) issued by the National Energy Administration, natural gas, as the cleanest and lowest-carbon fossil energy source, is an indispensable and important component in the construction of China's new energy system, and the demand for natural gas will continue to grow steadily at present and in the longer term. Natural gas, featuring high flexibility and efficiency, can also support the synergistic development of various energy sources, playing a positive role during the achievement of the carbon peak and carbon neutrality.

Preliminary estimates indicate that total energy consumption increased by 5.7% in 2023 from the previous year. The percentage of non-fossil energy in total energy consumption rose steadily by 0.2 percentage point over the previous year, and the percentage of coal fell by 0.7 percentage point, oil increased by 0.4 percentage point, and natural gas increased by 0.1 percentage point.

#### 1. Operating environment for the natural gas industry

According to the statistics disclosed by the NDRC and the National Energy Administration, the industrial output of natural gas above the designated size reached 229.7 billion cubic meters in 2023, a year-on-year increase of 5.8%. The import of natural gas was 119.97 million tons, up by 9.9% year on year. In 2023, the national apparent consumption of natural gas amounted to 394.53 billion cubic meters, a year-on-year growth of 7.6%.

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

In March 2023, the National Energy Administration published the Action Plan for Accelerating the Integration of Oil and Gas Exploration and Development with Renewable Energy (2023-2025), proposing to vigorously promote the integration of oil and gas exploration and development with renewable energy, and to actively expand the scale of development and utilization of green power by oil and gas enterprises.

#### 2. Operating environment for the wind power industry

According to the statistics published by the NEA, China's electricity consumption rose by 6.7% year-on-year to 9.2241 trillion kWh in 2023. As at the end of December 2023, the national accumulated installed power generation capacity was approximately 2.92 billion kW, a year-on-year increase of 13.9%. Among these, the installed capacity of wind power was approximately 440 million kW, a year-on-year rise of 20.7%.

In April 2023, the NEA released the Guiding Opinions on Energy Work for 2023 (the "Opinions"), which stated that China will insist on promoting green and low-carbon transformation in a positive and steady manner, push forward the implementation of carbon peaking in the energy sector, accelerate the construction of a new type of power system, and vigorously develop non-fossil energy sources to strengthen the foundation for safe and reliable substitution of new energy sources. It also suggested to enhance the clean and efficient use of coal, focus on controlling the consumption of fossil energy sources, and facilitate the adjustment and optimization of the energy structure.

## MANAGEMENT DISCUSSION AND ANALYSIS

In August 2023, departments including the National Development and Reform Commission (NDRC) released the Guidelines on Promoting the Recycling of Decommissioned Wind Power and Photovoltaic Equipment, which stated that for decommissioned new energy equipment, the key tasks are to vigorously promote green design, establish a sound responsibility mechanism for the handling of decommissioned equipment, improve the equipment recycling system, strengthen the resource recycling ability, steadily promote the remanufacture of equipment, and standardize the harmless disposal of solid wastes.

### (II) Business Review

#### 1. Business review of the natural gas business

##### (1) Increase in sales volume of natural gas as compared with the same period of 2022

During the Reporting Period, the Group's total transmission volume of the natural gas business was 5.114 billion cubic meters, representing an increase of 13.63% as compared with the same period of 2022, among which, the sales volume amounted to 4.503 billion cubic meters, representing an increase of 15.93% as compared with the same period of 2022, including (i) wholesale volume of 1.962 billion cubic meters, representing a rise of 0.26% as compared with the same period of 2022; (ii) retail sales volume of 2.000 billion cubic meters, representing an increase of 8.78% as compared with the same period of 2022; (iii) sales volume of CNG of 85 million cubic meters, representing an increase of 1.24% as compared with the same period of 2022; (iv) LNG sales of 456 million cubic meters, representing an increase of 9,585.78% as compared with the same period of 2022 mainly due to the increase in sales of imported LNG as a result of the operation of the Tangshan LNG Project; the gas transmission volume amounted to 611 million cubic meters, representing a decrease of 0.87% as compared with the same period of 2022.

##### (2) Active promotion of the construction of infrastructural projects

During the Reporting Period, the first phase of the LNG Storage Peak Capacity Station for the Beijing-Handan Line was put into operation. Cangzhou Southeast Natural Gas (Erdos-Anping-Cangzhou gas source) Utilisation Project met the conditions for production. Projects including the Central Hebei Pipeline Network Phase IV Project, the Qinhuangdao-Fengnan coastal Gas transmission Pipeline Project, the South Baoding Connection Line Project, and the Luquan-Jingxing Gas Transmission Pipeline Project progressed smoothly.

The Tangshan LNG Phase I Terminal Project and its Supporting Wharf Project and the main lines of the Caofeidian-Baodi section and the Baodi-Yongqing section of the outbound pipeline projects were put into operation. In terms of Phase II projects of the Tangshan LNG Project for Tanks 1#, 2#, 5# and 6#, the hydraulic testing on two tanks was completed while the welding for two tanks was accomplished. Among projects for Tanks 9#, 10#, 15# and 16#, air pressure lifting for two tanks was completed and wall construction was completed for two tanks with completion of 20% of the warm seawater utilization project water pipeline.

##### (3) Continuing to develop the natural gas end-user market

During the Reporting Period, the Group, relying on the operation of new pipelines, made great efforts to acquire natural gas end users, and its newly added users hit 88,036. As of 31 December 2023, the Group had an aggregate of 647,084 users.

During the Reporting Period, it completed the acquisition of a 60% equity interest in Gaoyi Fengcheng Natural Gas Co., Ltd., expanding the operation to the gas market within the jurisdiction of Gaoyi County.

##### (4) Further improving transmission network

The Group's natural gas pipelines increased by 1,394.34 kilometers in 2023. As at 31 December 2023, the Group operated pipelines of a total of 9,741.57 kilometers, including 1,546.54 kilometers of long-distance transmission pipelines and 8,195.03 kilometers of city gas pipelines. It operated a total of 34 distribution stations and 20 gate stations.

During the Reporting Period, the Group actively participated in the construction of transmission pipelines and made effort in improving its midstream transmission network. The Tangshan LNG Outbound Pipeline and China-Russia East-route Interconnection Project, and the Tangshan LNG Outbound Double Track Pipeline Project have received approval. The Tangshan Port Caofeidian No.2 Port Area LNG Berth Project has received a letter for preliminary work from the Hebei Development and Reform Commission. The tender for the relocation project of the natural gas pipeline of the Beijing-Handan Line (Luancheng section) was completed, and preparations were made before the commencement of the construction. Approval has been obtained for the Bafangmen Station around the Shijiazhuang Hi-Tech Zone and its ancillary facilities project, the Baoding Qingyuan-Cangzhou Suning Pipeline Project, the Qinxi Industrial Park Branch Line of the Qinhuangdao-Fengnan Pipeline, and Lulong High Voltage Project.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (5) Steadily operating urban CNG and LNG businesses

During the Reporting Period, the Group steadily operated its urban CNG and LNG businesses. As at 31 December 2023, the Group operated a total of 5 CNG primary filling stations, 3 CNG secondary filling stations, 3 LNG refilling stations and 1 L-CNG joint filling station.

## 2. Business review of wind power business

### (1) Steady growth in installed capacity

In 2023, the Group added 481.9 MW of wind power installed capacity under management, of which the new consolidated installed capacity was 481.9 MW due to the fact that all the wind turbines of Taian Sanglin, Shuangcheng Phase II, Ruoqiang Luobuzhuang and Zhangbei Zhanhai projects were connected to the grid for power generation. The Group's accumulative consolidated installed capacity of wind power was 6,293.75 MW, and its accumulative installed capacity under management was 6,554.35 MW. The additional attributable installed capacity of wind power was 419.36 MW, and its accumulative attributable installed capacity was 5,878.71 MW. During the year, the commercial operation project capacity increased by 130.1 MW, and its accumulated commercial operation project capacity was 5,791.55 MW.

As at 31 December 2023, the total designed capacity of the wind power projects under construction of the Group was 574.5 MW. Chongli Maniba Wind Farm Project won the 2023 Hebei Province Construction Engineering Anji Cup Award (Provincial Quality Engineering).

### (2) The utilization hours of wind farms remained at a relatively high level

In 2023, the average utilization hours of the Group's consolidated wind farms was 2,419 hours, a decrease of 66 hours as compared with the same period of the previous year, which was 194 hours higher than the national wind power utilization hours announced by the China Electricity Council. The decrease in average utilization hours was mainly due to the decrease in average wind speed. The consolidated wind farms of the Group achieved the power generation of 14,081 million kWh, representing a year-on-year increase of 0.35%, which was mainly attributable to the contribution from newly commissioned projects, with an average wind turbine availability rate of 97.72%.

### (3) Accelerating wind resource reserves

In 2023, the Group added 1,441.75 MW of new approved wind power capacity, including the capacity from the entrusted management of the controlling shareholder's 500 MW wind power project in Zhangjiakou area, with a cumulative total of 2,957.8 MW of approved project capacity yet to be commissioned. An additional 2,591.75 MW of wind power projects were included in the government's development and construction program, and the Group's cumulative capacity included in the development and construction programs of various regions reached 10,740.85 MW, which are located in 16 provinces in China, including Hebei, Inner Mongolia, Heilongjiang, Xinjiang, Yunnan, Shanxi and Jiangsu.

During the Reporting Period, the Group added 9,231.25 MW of agreed wind power capacity, totalling 32,481.25 MW of effective agreed wind power capacity, which are located in 19 provinces including Hebei, Heilongjiang, Xinjiang and Inner Mongolia.

## 3. Other businesses

During the Reporting Period, the Group added 42 MW of registered photovoltaic capacity, and the total capacity of projects registered but yet to be commissioned amounted 649.2 MW. It added 1,000 MW of new agreed photovoltaic capacity and the cumulative effective agreed photovoltaic capacity was 10,958 MW. As at the end of 2023, the Group operated photovoltaic power generation projects with an accumulative operating capacity of 126.12 MW and accumulative installed capacity under management of 296.12 MW. The utilization hours of photovoltaic projects were 1,376 hours, a decrease of 28 hours as compared with the previous year, which was 90 hours higher than the national utilization hours of solar power announced by the China Electricity Council.

The Group 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 load shifting and valley filling. As at 31 December 2023, the Hebei Fengning Pumped Storage Power Station Project had a total of 10 units in operation. In May 2023, the NDRC issued the Notice on Capacity Tariffs of Pumped Storage Power Stations and Related Matters, approving the capacity tariffs of 48 pumped storage power stations in operation and intended to be commissioned by the end of 2025, of which the capacity tariff of the Fengning Phase I Project was RMB547.07/kWh and the capacity tariff of the Fengning Phase II Project was RMB510.94/kWh.

During the Reporting Period, the Group added an independent storage agreement capacity of 500 MW for a 500 MW shared storage power station project in Antu County, Jilin Province. The Qingxian 2\*480MW Gas Power Plant Project developed by the Group has obtained approval from the HDRC, and its Ruoqiang Suntien 160,000 kW/640,000 kWh independent new energy storage project has completed filing with and obtained approval from the Development and Reform Commission of Bayinguleng Mongol Autonomous Prefecture in Xinjiang Autonomous Region. Meanwhile, the Group will also try to invest in new energy storage projects in Hebei and beyond.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 4. *Digital intelligence development and technological innovation*

During the Reporting Period, the Group steadily promoted digital intelligence development and technological innovation and steadily improved the level of intelligent production by strengthening top-level design and actively promoting the application and transformation of new technologies and processes.

First of all, it improved the data management system. The Measures for the Management of Information Asset Catalog was released to clarify the management responsibilities and structure standards of the Company's information asset catalog, and to ensure the coordinated management, unified standards and integrated linkage of the Company's information assets, which preliminarily established a basic framework for data assets in various business areas of the Company, laying the foundation for the coordinated management and integrated linkage of data assets.

Secondly, continuous efforts were made to expand and optimize the creation of the digital intelligence scenes. During the Reporting Period, it further strengthened its digital intelligence base based on the data asset catalogs and data lakes. On this basis, the Group continued to expand production- and operation-related digital intelligence scenarios, such as optimized production command, reliability management, and equipment health management, with the goal of improving production and operation management refinement, and solving actual needs.

Thirdly, it launched a special campaign regarding the R&D investment. It accelerated the implementation of innovation-driven development strategies, integrated innovation elements, successfully got approval to build "Hebei engineering research center for intelligent natural gas transmission and distribution", the first of its kind in the province, promote the digital intelligence transformation of the natural gas industry through intelligent research on allocation of pipeline network resources and gas transmission control, and actively carry out research on the HCNG transmission, utilize the pipeline network advantage to contribute to the domestic transmission of hydrogen. Wind turbine main shaft protection tooling, high-speed braking protection system, and low-temperature environment adaptability system have been implemented in a number of wind farms. The Group strengthened the development of intellectual property rights, and was granted 59 patents for inventions and 403 patents for utility models. The "program of 'turbine-farm-grid' collaborative active support technology in marginal power grid and its application" won the First Prize of Science and Technology Progress Award of Hebei Provincial Department of Science and Technology.

### (iii) OPERATING PERFORMANCE DISCUSSION AND ANALYSIS

#### 1. *Overview*

According to the audited consolidated financial statements for 2023, the Group recorded a total profit of RMB3.368 billion, a year-on-year increase of 2.22%; a net profit of RMB2.734 billion, a year-on-year decrease of 2.96%, of which, net profit attributable to shareholders of the listed company amounted to RMB2.207 billion, a year-on-year decrease of 3.71%, which was mainly due to the decrease in net profit as a result of the increase in income tax expense as compared with that of the previous year.

#### 2. *Revenue*

In 2023, the Group recorded operating revenue of RMB20.282 billion, representing a year-on-year increase of 9.27%, of which:

- (1) RMB6.244 billion was the operating revenue of wind/photovoltaic business segment, representing a year-on-year decrease of 1.61%, accounting for 30.78% of the total operating revenue of the Group. The decrease in revenue was mainly due to the decrease in the number of utilization hours in the Group's wind farms compared to the same period of the previous year.
- (2) RMB14.027 billion was the operating revenue of the natural gas business segment, representing a year-on-year increase of 14.96%, accounting for 69.16% of the total operating revenue of the Group. The increase in revenue was mainly attributable to the increase in the sales volume of natural gas during the Reporting Period as compared to the previous year with LNG the commencement of operation of the Group's LNG projects.

#### 3. *Net Profit*

During the Reporting Period, the Group recorded a net profit of RMB2.734 billion, representing a year-on-year decrease of 2.96%. During the Reporting Period, the wind power/photovoltaic segment reported a decrease in revenue from electricity sales and achieved a net profit of RMB1.816 billion, a decrease of 14.94% year-on-year, mainly due to a decrease in the number of utilization hours compared to the same period of the previous year. The natural gas business segment reported a net profit of RMB946 million, representing an increase of 30.12% year-on-year, which was mainly attributable to the increase in the sales volume of natural gas as compared with the previous year.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 RMB2.207 billion, representing a decrease of RMB86 million as compared with that of RMB2.293 billion in the same period of the last year, which was mainly due to the decrease in the Group's net profit over the same period of last year.

Basic earnings per share attributable to shareholders of the Company is RMB0.51.

### 5. Gain or loss attributable to minority interests

During the Reporting Period, net profit attributable to minority interests of the Company amounted to RMB527 million, representing an increase of RMB2 million as compared with RMB525 million in the corresponding period of last year, which was mainly due to the increase in the Group's net profit in the natural gas business segment over the same period of last year.

### 6. External equity investments

During the Reporting Period, the Group's investment income from joint ventures and associates was RMB339 million, representing an increase of RMB114 million as compared with RMB225 million in the same period of last year. 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 RMB117 million, representing a decrease of RMB212 million as compared with RMB329 million in the same period of last year, mainly due to the decrease in investments in joint ventures and associates from last year.

### 7. Contingent liabilities

As at 31 December 2023, the Group was subject to certain pending litigations/arbitrations with its suppliers, etc., involving RMB36 million. The cases are still under trial.

### 8. Cash flows

As of 31 December 2023, the Group's net current liabilities were RMB5.738 billion, and the net decrease in cash and cash equivalents was RMB3.886 billion. The Group has obtained credit facilities of a total amount of RMB94.497 billion from various domestic banks, of which an amount of RMB33.722 billion was utilized.

The majority of the Group's revenue and expenses are denominated in Renminbi. Currently, the Group's imports of LNG are mainly settled in U.S. dollars, which exposes the Company to exchange rate fluctuations. In view of the continued risk of exchange rate fluctuations of RMB against the US dollar, the Group will continue to pay close attention to the trend of the foreign exchange market and adopt relevant financial instruments in a timely manner to minimise its impact on the Company's operations.

### 9. Capital expenditure

During the Reporting Period, capital expenditures mainly included project construction costs for new wind power projects, natural gas pipelines and additions to 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 RMB6.147 billion, representing a decrease of 15.11% as compared with RMB7.241 billion in the corresponding period of the prior year. A breakdown of capital expenditure is as follows:

	2023 (RMB'000)	2022 (RMB'000)	Change (%)
Natural gas	4,053,415.80	4,708,156.26	-13.91
Wind power and solar energy	2,072,675.76	2,527,745.37	-18.00
Unallocated capital expenditures	20,801.95	5,246.60	296.48
Total	<u>6,146,893.51</u>	<u>7,241,148.23</u>	<u>-15.11</u>

### 10. Borrowings

As at 31 December 2023, the Group's long-term and short-term borrowings totalled to RMB37.913 billion, representing an increase of RMB0.71 billion as compared with the end of 2022. Among all borrowings, the short-term borrowings (including long-term loans due within one year) aggregated to RMB7.219 billion, and the long-term borrowings amounted to RMB30.693 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 cost. 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 11. *Debt-to-asset ratio*

As at 31 December 2023, the Group's debt-to-asset ratio (the ratio of total liabilities divided by total assets) was 66.16%, representing a decrease of 1.31 percentage points from 67.47% as at 31 December 2022, mainly due to the fact that the total liabilities remained stable, while the net assets increased, as compared to the end of the previous year.

### 12. *Substantial mortgage*

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

### 13. *Substantial acquisitions and disposals*

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

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

### (I) Natural gas business

#### 1. *Natural gas consumption increased year on year, and will continue to grow steadily in the future*

In recent years, the carbon peak, carbon neutral "1 + N" policy system has been gradually improved to further promote transformation to clean and low-carbon energy, with the adoption of natural gas and other clean energy to replace other energy sources in industry, construction, heating, transportation and other areas. Regarding natural gas supply, the Company is leveraging domestic gas and imported gas from long-term agreements as the "ballast" to ensure supply and stabilise prices, while also making flexible adjustments to spot purchases of LNG. In terms of demand, based on the concept of energy system, we aim to optimise the gas consumption structure by applying multiple energy sources. According to NDRC statistics, China's apparent consumption of natural gas was 394.53 billion cubic meters in 2023, up by 7.6% from a year earlier.

As a high-quality, efficient, green and clean low-carbon energy, natural gas will play an important role as a bridge in the dual-carbon process. In addition, China is still accelerating the reform of the oil and gas system, and continue to promote the development of the natural gas production, storage and marketing system. Natural gas is anticipated to maintain a steady growth over the next period of time.

#### 2. *Global LNG prices fluctuated while energy prices became a prominent risk factor*

In 2023, the international situation led to geopolitical volatility, with the Russian-Ukrainian conflict unresolved and the Israeli-Palestinian conflict reigniting hostilities. The drastic fluctuations in international energy prices posed risks to LNG prices.

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

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

### (II) New energy business

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

Since the dual carbon goal was introduced, new energy sources, such as wind power, had continued to develop at a high speed as the main energy source to achieve the dual carbon goal. According to the National Energy Administration, the cumulative installed power generation capacity in China was approximately 2.92 billion kW in 2023, a year-on-year increase of 13.9%. Among these, the installed capacity of wind power was approximately 440 million kW, a year-on-year increase of 20.7%. At the same time, Hebei worked out a strategy of accelerating the pace to build a new strong province in terms of energy around the aim to build the Chinese-style modern Hebei. It proposed that by 2027, the province will strike a balance between electricity supply and demand, with the installed capacity of both wind and solar power reaching 114 million kW, the offshore installed capacity of wind power reaching 5 million kW and the connected installed capacity with pumped storage reaching 15 million kW. By 2035, the onshore installed capacity of wind and solar power will reach 166 million kW, and the offshore capacity of wind power developed will reach 15 million kW. A supply landscape of "wind, solar, hydraulic, fuel, nuclear, storage and hydrogen" being complementary to each other will be basically formed. In the future, there will be a lot of room for the development of the new energy industry.

It is clearly stated at the National Energy Work Conference on 21 December 2023 that focus will be placed on achieving Dual Carbon goals, optimizing and adjusting the energy structure, vigorously enhancing the safe and reliable new energy alternative level, and accelerating the green and low-carbon transformation of energy. It is proposed at the conference that China set forth a goal of having 200 million kW of additional wind and solar installed capacity for 2024, an increase of 25% over the target of 160 million kW for 2023. On 21 January 2024, the provincial government work report of the provincial government at the Second Session of the 14th People's Congress of Hebei Province proposed a target of 15 million kW of new wind and solar installed capacity in 2024 in Hebei Province.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

On 12 May 2023, the National Energy Administration issued the Notice on Matters Relating to Further Improving the Planning and Construction of Pumped Storage, proposing to strengthen the demonstration of demand for pumped storage development, and analyse the future reasonable demand by provinces and regions in a scientific study to avoid excessive applications; and for the provinces without such demand, to refrain from implementing new regulations for the time being.

In November 2023, the NDRC released the Circular on Further Accelerating the Development of the Electricity Spot Market, stating that it would accelerate the development of the regional electricity market and accelerate the opening of the electricity spot market to various power sources. China's electricity spot market will see fast growth, and the electricity trading model is gradually undergoing profound changes.

### 3. *Offshore Wind Power Entered a Fast Growing Period*

Offshore wind power has the advantages of high generation utilisation hours and proximity to coastal areas with high demand for electricity, and is one of the industries that China attaches great importance to and vigorously develops. China's offshore wind power installations exceeded 32 million kW from 2014 to 2023, and the planned installations will reach 90 million kW by 2030. The industry has entered a period of rapid development. At present, 11 provinces and cities along the coast of China had proposed their offshore wind power development plans for the 14th Five-Year Plan period, and the total scale of offshore wind power projects under construction or planning is close to 110GW, with a planned grid-connected capacity of about 51GW. The "14th Five-Year Plan" for offshore wind power in Hebei Province has been approved by the government. In particular, offshore wind power projects with a capacity of 1.8 million kW in province-controlled waters are located in Qinhuangdao and Tangshan. Offshore wind power projects in state-controlled waters have a capacity of 5.5 million kW. It is planned that 600,000 kW will be connected to the grid in province-controlled waters and 1 million kW will be connected to the grid in state-controlled waters by 2025. The offshore wind power industry has entered the "fast track" of development during the 14th Five-Year Plan.

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

The Company is a leader in the development and utilisation of clean energy in northern China. With the wealthy wind and photovoltaic resources in Hebei Province, more than 10 years of experience in the management of wind and photovoltaic project construction and extensive project resources reserve, the Company's business is based in Hebei, radiating across 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.

### 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. The Company's current principal business is in the middle and lower reaches of the natural gas industry, involving 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 distribution of gas sources purchased from upstream producers 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 be selected, which shall have abundant and stable wind energy and solar energy resources, and be 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 tariff will be determined according to the regional tariff or concession bidding price determined by the national department in charge of energy prices.

With the deepening of national power system reform, the scale of market-based electricity trading is expected to further expand. 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, in order to maximize the interests of the Company.

## IV. ANALYSIS ON THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD

Through years of development and accumulation, the Company has established a professional team in the wind power, photovoltaic power segment and natural gas segments, 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, currently with its major businesses within Hebei Province while steadily advancing its presence establishment nationwide. As it has been a long-standing player engaging in the clean energy sector in the Hebei Province, the Company has a strong competitive edge in terms of policy support, technologies, customers and brand recognition. It is actively developing the market in the provinces yet to be explored and perfecting its business coverage while maintaining its advantages in North China.
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, and natural gas fields. The Company has established a team consisting of several hundreds of production and technical service personnel with high-level professional knowledge and relevant technical qualifications, and strong professional operation and maintenance capabilities. During the Reporting Period, the Company built a smart digital manufacturing platform at group-level based on its internet of things, big data and cloud computing technology, and fully implement the management model of "remote centralized control, unattended operation (minimal manpower)" so as to continuously improve operational maintenance, cost reduction and efficiency enhancement measures and refine management capabilities.
3. The Company's wind power and natural gas businesses can form a benign complement, which can effectively reduce the volatility of the Company's profits, prevent adverse changes in a single business and diversify operational risks.
4. The Company has established a robust natural gas production, supply, storage and marketing system. The diversified supply of resources has been continuously strengthened, the construction of natural gas transmission pipeline network has been accelerated, the capacity of gas storage and peak regulation has been steadily improved, the advantages of resources, pipeline network, price and other favourable factors have been given full play to actively explore the downstream market, and research on and deployment of gas power plant projects have been carried out. Meanwhile, we also expand our high-quality natural gas urban gas projects by means of cooperation and through mergers and acquisitions to capture greater share in the end-user market.

## MANAGEMENT DISCUSSION AND ANALYSIS

5. The Company has established a sound and effective sustainable development management system with emphasis on environmental, social and governance management. The Company has been focusing on ESG issues since 2014 and has been disclosing ESG reports year by year. The Company has established an internal control governance structure and a comprehensive risk management system. During the Reporting Period, the Company was honored as one of the Top 50 Players in Carbon Neutrality of ESG Golden Bull Award in the 1st China Reform Cup, and an excellent case of ESG practices in the 2nd Xinhua Credit Jinlan Cup. The Company continuously promotes environmental protection and rural revitalisation to fulfill its commitment to sustainable development through practical actions.
6. The Company actively carries out technological innovation and lays out digital intelligence, and strives to build a "digital Suntien". In order to further reduce costs and increase efficiency, the Company has been continuously stepping up its efforts in "digital intelligence" research and development and technological innovation, and continuously optimized business processes based on the enterprise structure with the help of data and technology, so as to continuously improve the Company's business management and production operation, and maximize the its organizational efficiency.

### 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 corresponding period of previous year	Percentage of change (%)
Operating revenue	20,281,788,883.53	18,560,522,731.81	9.27
Operating costs	15,206,398,532.44	13,318,562,338.06	14.17
Selling expenses	3,872,013.95	3,287,198.88	17.79
Administration expenses	709,650,614.49	659,800,606.76	7.56
Finance costs	1,066,349,942.84	1,185,123,687.32	-10.02
R&D expenses	371,586,463.46	427,157,752.69	-13.01
Net cash flows from operating activities	4,851,683,579.95	7,463,360,158.38	-34.99
Net cash flows from investing activities	-6,416,048,689.39	-7,648,675,576.32	-16.12
Net cash flows from financing activities	-2,310,077,440.28	-175,591,681.98	1,215.60

Explanation on reasons for changes in operating revenue: during the Reporting Period, the increase in revenue was mainly attributable to the increase in the sales volume of the natural gas as compared to the previous year with the LNG Project putting into operation by the Group during the Reporting Period.

Explanation on reasons for changes in operating costs: during the Reporting Period, the Group's operating costs increased by 14.17% as compared with the same period of last year, mainly due to the increase in the sales volume of natural gas as compared to the same period of the previous year with the certain LNG terminals putting into operation.

Explanation on reasons for changes in selling expenses: during the Reporting Period, the Group's selling expenses were RMB3.8720 million, representing a year-on-year increase of 17.79%, mainly due to the increase in business promotional expenses as compared to the same period of the previous year.

Explanation on reasons for changes in administrative expenses: during the Reporting Period, the Group's administrative expenses were RMB710 million, representing a year-on-year increase of 7.56%, mainly due to the increase in repair costs, depreciation and amortisation expenses, advisory fees and office expenses as compared to the same period of the previous year.

Explanation on reasons for changes in finance costs: during the Reporting Period, the Group's finance costs were RMB1,066 million, representing a year-on-year decrease of 10.02% from RMB1,185 million for the same period of the previous year, mainly due to the decrease in financing rates during the period and the early repayment of certain loans from financial institutions.

Explanation on reasons for changes in R&D expenses: during the Reporting Period, the Group's R&D expenses were RMB372 million, representing a year-on-year decrease of 13.01% from that of RMB427 million for the same period of the previous year, mainly due to the decrease in outsourcing development expenses as compared to the same period of the previous year.

## MANAGEMENT DISCUSSION AND ANALYSIS

Explanation on reasons for changes in net cash flows from operating activities: in 2023 and 2022, the net cash flows from operating activities of the Company were RMB4,852 million and RMB7,463 million, respectively, representing a year-on-year decrease of 34.99%. In 2023 and 2022, the cash inflows from operating activities of the Company were mainly from cash received from sales of goods and rendering for services, accounting for 98.31% and 98.10% of the cash inflows from operating activities, respectively. The cash outflows from operating activities were mainly cash used in purchase of goods and services, accounting for 87.43% and 84.83% of the cash outflows from operating activities in 2023 and 2022, respectively.

Explanation on reasons for changes in net cash flows from investment activities: in 2023 and 2022, the net cash flows from investment activities were RMB-6,416 million and RMB-7,649 million, respectively. The investment activities of the Company are mainly cash paid for the purchase of fixed assets, intangible assets and other long-term assets. The Company's cash inflows from investment activities were mainly cash received from divestments, investment income, and other investment activities, accounting for 98.73% and 99.67% of the cash inflows from investment activities in 2023 and 2022, respectively. Cash outflows were mainly cash paid for the purchase of fixed assets, intangible assets and other long-term assets, and cash paid for investments, accounting for 99.11% and 98.36% of the cash outflows from investment activities in 2023 and 2022, respectively.

Explanation on reasons for changes in net cash flows from financing activities: in 2023 and 2022, the net cash flows generated from the Company's financing activities were RMB-2,310 million and RMB-176 million, respectively. The significant decrease in net inflow from financing activities as compared to the same period of the previous year was mainly due to the significant increase in cash paid for debt repayment in the current period as compared to the previous year. The cash inflows from the Company's financing activities were mainly cash received from loans, accounting for 99.19% and 95.74% of the cash inflows from financing activities in 2023 and 2022, respectively. The Company's cash outflows from financing activities were mainly cash paid for debt repayment and cash paid for distribution of dividends, profits or repayment of interest, which accounted for 80.74%, 17.50% and 70.01%, 20.07% of the cash outflows from financing activities in 2023 and 2022, 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 sales model

Unit: Yuan Currency: RMB

By product	Principal business by product			Increase/ decrease in operating revenue over the previous year (%)	Increase/ decrease in operating costs over the previous year (%)	Increase/ decrease in gross profit margin over the previous year (%)
	Operating revenue	Operating costs	Gross profit (%)			
Natural gas sales business	13,785,961,609.42	12,537,258,837.26	9.06	16.33	16.99	Decrease of 0.51 percentage point
Wind/photovoltaic power generation business	6,181,320,498.70	2,506,576,584.50	59.45	-1.80	4.91	Decrease of 2.59 percentage points
Business of connection and construction of gas pipeline network	119,774,082.05	76,815,160.26	35.87	-37.43	-28.88	Decrease of 7.7 percentage points
Rental income	20,277,709.43	9,741,432.92	51.96	7.24	0.40	Decrease of 3.65 percentage points
Others	174,454,983.93	76,006,517.50	56.43	-13.52	20.01	Increase of 3.53 percentage points

Explanations on principal business by industry, product, region and sales model

## MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Group recorded operating revenue of RMB13.786 billion from its natural gas sales business. In particular, the pipe wholesale business recorded sales revenue of RMB5.933 billion, accounting for 43.03% of the Group's revenue from its natural gas sales business; the Group's retail business, such as city gas, recorded sales revenue of RMB6.096 billion, accounting for 44.22% of the Group's sales revenue from its natural gas business; the LNG business recorded sales revenue of RMB1.491 billion, accounting for 10.82% of the Group's revenue from its natural gas sales business; and the CNG business recorded sales revenue of RMB266 million, accounting for 1.93% of the Group's revenue from its natural gas sales business.

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.

(2). Table of production and sales analysis

Applicable  Not applicable

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

Applicable  Not applicable

(4). Cost analysis table

Unit: Yuan

By product	Cost composition project	Breakdown by product				Year-on-year change (%)	Explanation
		Amount for the period	Percentage of total costs for the period (%)	Amount for the same period of the previous year	Percentage of amount for the same period of the previous year in total costs (%)		
Natural gas	Operating costs	12,636,950,459.22	83.10	10,887,531,947.34	81.75	16.07	Nil
Wind and photovoltaic power generation	Operating costs	2,562,509,682.94	16.85	2,425,161,045.40	18.21	5.66	Nil
Others	Operating costs	6,938,390.28	0.05	5,869,345.32	0.04	18.21	Nil

Cost analysis and explanation

During the Reporting Period, the operating costs of the Group's wind power and photovoltaic business were RMB2.563 billion, representing a year-on-year increase of 5.66%. 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 RMB12.637 billion, representing an increase of 16.07% from RMB10.888 billion for the previous year. 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 the same period of the previous year.

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

Applicable  Not applicable

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

Applicable  Not applicable

## MANAGEMENT DISCUSSION AND ANALYSIS

### (7). Information on major customers and major suppliers

#### A. Major customers of the Company

Sales to the top five customers amounted to RMB8,778.4442 million, accounting for 43.28% of the total sales for the year, of which sales to related parties were RMB0.00 million among the sales to the top five customers, accounting for 0.00% of the total sales for the year.

The proportion of sales to a single customer during the Reporting Period exceeded 50% of the total amount, 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 RMB12,865.7288 million, accounting for 68.40% of the total purchases for the year, of which purchases from related parties were RMB0.00 million among the purchases from the top five suppliers, accounting for 0.00% 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 explanations

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 Group's selling expenses were RMB3.8720 million, representing a year-on-year increase of 17.79%, mainly due to the increase in business promotional expenses as compared to the same period of the previous year.
- (2) During the Reporting Period, the Group's administrative expenses were RMB710 million, representing a year-on-year increase of 7.56%, mainly due to the increase in repair costs, depreciation and amortisation expenses, advisory fees and office expenses as compared to the same period of the previous year.
- (3) During the Reporting Period, the Group's finance costs were RMB1,066 million, representing a year-on-year decrease of 10.02% from RMB1,185 million for the same period of the previous year, mainly due to the decrease in financing rates during the period and the early repayment of certain loans from financial institutions. Specifically, finance costs of wind power and photovoltaic business amounted to RMB875 million, representing a year-on-year decrease of 17.27%, which was mainly attributable to the decrease in interest expenses on bank borrowings as compared with the previous year; the finance costs of natural gas business were RMB157 million, representing a year-on-year increase of 37.81%, mainly due to the increase in interest expenses on bank borrowings as compared with the previous year.
- (4) During the Reporting Period, the R&D expenses of the Group were RMB372 million, representing a year-on-year decrease of 13.01% from RMB427 million for the same period of the previous year. This was mainly due to the decrease in outsourcing development fees as compared to the same period of the previous year.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 4. R&D investment

#### (1). Table of R&D investment

Unit: Yuan

Expensed R&D expenses for the period	371,586,463.46
Capitalized R&D investments for the period	9,002,272.55
Total R&D investment	380,588,736.01
Percentage of the total R&D investment to operating revenue (%)	1.88
Percentage of R&D expenditure capitalized (%)	2.37

#### (2). Table of R&D staff

Number of R&D staff in the Company	185
Percentage of R&D staff in the total number of employees in the Company (%)	7
Education background of R&D staff	
Type of education background	Number of employees by education background
Doctoral graduates	1
Postgraduate	83
Undergraduate	101
Diploma	0
High school or below	0
Age group of R&D staff	
Type of age groups	Number of employees at age groups
30 or below (excluding 30)	37
30-40 (including 30 while excluding 40)	114
40-50 (including 40 while excluding 50)	30
50-60 (including 50 while excluding 60)	4
60 or above	0

#### (3). Explanation

Applicable     Not applicable

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

Applicable     Not applicable

### 5. Cash flow

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".

## MANAGEMENT DISCUSSION AND ANALYSIS

### (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 last period	Balance as at the end of the last period as a percentage of total assets (%)	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	3,420,053,078.91	4.33	7,326,059,327.77	9.46	-53.32	This was mainly due to the purchase and construction of long-term assets and repayment of bank borrowings by the Company
Bills receivable	53,600,000.00	0.07	235,764,112.96	0.30	-77.27	This was due to endorsement and transfer of bank acceptance bills or due for collection during the period
Prepayments	733,927,145.17	0.93	534,453,113.73	0.69	37.32	This was mainly due to the increase in prepayments for purchase of natural gas
Other receivables	290,839,107.48	0.37	207,110,462.03	0.27	40.43	This was mainly due to the increase in dividend receivables compared to the same period of the previous year
Inventory	967,715,883.89	1.22	104,531,171.77	0.14	825.77	This was mainly due to the increase in liquefied natural gas inventories during the period
Assets held for sale			12,416,736.35	0.02	-100.00	This was due to the completion of disposal of assets held for sale during the period
Non-current assets due within one year			22,349,480.00	0.03	-100.00	This was mainly due to the collection of long-term receivables due within one year
Fixed assets	48,822,524,231.15	61.79	32,773,611,789.39	42.34	48.97	This was mainly due to the transfer of certain completed projects into fixed assets during the period
Construction in progress	6,510,386,490.11	8.24	19,162,911,804.71	24.75	-66.03	This was mainly due to the transfer of certain completed projects into fixed assets during the period
Intangible assets	3,034,327,079.99	3.84	2,121,212,538.58	2.74	43.05	This was mainly due to the acquisition of additional land use rights during the period
Development expenses	2,597,576.11	0.00	28,425,706.04	0.04	-90.86	This was mainly due to the transfer of the Company's certain technology projects to intangible assets upon project acceptance
Goodwill	166,033,484.07	0.21	96,922,283.74	0.13	71.31	This was mainly goodwill arising from acquisition of Gaoyi Fengcheng Company during the period
Long-term deferred expenses	83,559,230.52	0.11	41,926,286.06	0.05	99.30	This was mainly due to the addition of amortised utilisation fees for access to booster stations during the period
Bills payable	3,404,155.80	0.00	13,649,747.04	0.02	-75.06	This was mainly due to the maturity of the bills payable
Taxes payable	336,651,526.96	0.43	203,392,348.56	0.26	65.52	This was mainly due to the increase in corporate income taxes payable for the period
Liabilities held for sale			6,811,269.63	0.01	-100.00	This was due to the completion of disposal of liabilities held for sale during the period
Other current liabilities	112,246,563.18	0.14	1,086,927,077.13	1.40	-89.67	This was mainly due to the maturity of super short-term commercial paper issued
Other explanations						
Nil						

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2. Overseas assets

#### (1) Size of assets

Of which: foreign assets amounted to 3.60 (Unit: '00 million Yuan Currency: RMB), representing 0.46% of total assets.

#### (2) Explanation of the high proportion of foreign assets

Applicable  Not applicable

### 3. Restrictions on main assets as of the end of the Reporting Period

Unit: Yuan

Items	Closing carrying value	Reasons for restriction
Cash	140,693,852.08	Deposits
Bills receivable	29,500,000.00	Discounted/endorsed
Accounts receivable	5,323,562,329.01	Pledged
Fixed assets	244,626,597.36	Secured
Intangible assets	3,159,678.01	Secured
Inventory	606,836,122.24	Under supervision
Total	6,348,378,578.70	/

### 4. Other explanations

Applicable  Not applicable

### (IV) Analysis on operational information in the industry

Applicable  Not applicable

## MANAGEMENT DISCUSSION AND ANALYSIS

### (V) Analysis of investment status

#### *General analysis of external equity investments*

During the Reporting Period, the Group's external investments amounted to RMB117 million, representing a decrease of RMB212 million as compared with RMB329 million in the same period of last year, mainly due to the decrease in investments in joint ventures and associates from last year.

#### 1. Material equity investments

Applicable  Not applicable

#### 2. Material non-equity investments

Applicable  Not applicable

#### 3. Financial assets measured at fair value

Unit: Yuan Currency: RMB

Type of asset	Opening balance	Gains and losses on change in fair value during the period	Cumulative change in fair value included in equity	Impairment provided during the period	Purchase amount during the period	Sales/redemption amount during the period	Other changes	Closing balance
Tradable financial assets	520,000,000.00					140,000,000.00		380,000,000.00
Financing receivables	169,290,765.51						12,372,803.39	181,663,568.90
Investment in other equity instruments	218,605,700.00	-5,592,000.00	6,213,700.00		2,000,000.00			215,013,700.00
<b>Total</b>	<b>907,896,465.51</b>	<b>-5,592,000.00</b>	<b>6,213,700.00</b>		<b>2,000,000.00</b>	<b>140,000,000.00</b>	<b>12,372,803.39</b>	<b>776,677,268.90</b>

#### Investment in securities

Applicable  Not applicable

#### Description of investment in securities

Applicable  Not applicable

#### Investment in private equity

At the 29th extraordinary meeting of the fourth session of the board of directors of the Company held on 18 January 2022, it was agreed that HCIG Huineng New Energy, a wholly-owned subsidiary of the Company would contribute RMB179 million as a limited partner to establish Hebei Suntien Green Shuifa Carbon Neutrality Equity Investment Fund (Limited Partnership) with a total fund size of RMB360 million, of which HCIG Huineng New Energy owns 49.722%. On September 2022, the Suntien Shuifa Fund had completed the filing procedures with the Asset Management Association of China. As at 31 December 2023, HCIG Huineng New Energy made an actual capital contribution of RMB1.00 million.

#### Investment in derivatives

Applicable  Not applicable

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

Applicable  Not applicable

## MANAGEMENT DISCUSSION AND ANALYSIS

### (VI) Material disposal of assets and equity interest

Applicable  Not applicable

### (VII) Analysis of major subsidiaries and investee companies

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

Unit: '0,000 yuan

Name of subsidiary	Proportion of shareholding	Principal business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
HECIC New-energy Co., Ltd.	100%	Wind power generation, wind farm investment and service consulting	534,730.00	2,441,174.76	856,252.33	374,140.51	121,974.65	102,080.47
Hebei Natural Gas Company Limited	55%	Sale of natural gas and appliances, as well as connection and construction of natural gas pipelines	190,000.00	1,413,993.26	410,058.10	1,254,595.92	80,048.65	65,277.78
Hebei Fengning HClG New-energy Co., Ltd.	100%	Wind power generation	100,083.00	389,202.88	166,038.63	83,914.55	50,158.84	40,956.55

### (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

Given the global dual-carbon goals and energy shortages, the energy structure is accelerating its transition to clean energy. More than 130 countries and regions around the world have put forward "zero-carbon" or "carbon-neutral" climate targets. The realization of green and sustainable development has become a broad consensus around the world.

In 2020, China proposed the strategic goals of "striving to peak its carbon dioxide emission by 2030, and achieving carbon neutrality by 2060", outlining the vision of green and low-carbon transformation and development. The Central Government released the Plan for Renewable Energy Development for 2021-2025. By 2025, the annual power generation from renewable energy will reach around 3.3 trillion kWh. During the 14th Five-Year Plan period, the proportion of incremental renewable power generation in total incremental social power consumption will exceed 50%.

The Central Government unveiled the Plan for Modern Energy System for 2021-2025, clearly proposing that China's annual natural gas production will exceed 230 billion cubic meters by 2025. The development direction and goal is to accelerate the construction of long-distance natural gas pipelines and regional natural gas pipeline networks, promote the interconnection and interoperability of the pipeline networks, optimize the LNG storage and transportation system, and enhance the natural gas reserve and adjustment capabilities. The target percentage of natural gas in the primary energy consumption structure will be raised to 15.0% by 2030, up from 8.9% in 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Hebei Provincial Government has proposed for Hebei to be a new energy powerhouse as one of the Chinese-style modernization scenario for the province, and has explicitly set the goal of achieving a balance between electricity supply and demand province-wide by 2027. Hebei Provincial Development and Reform Commission issued the Hebei's Outline of the Fourteenth Five-Year Plan for National Economic and Social Development and Vision 2035 (《河北省國民經濟和社會發展第十四個五年規劃和二〇三五年遠景目標綱要》) clearly put forward: to build a green and clean energy production and supply system, accelerate the construction of wind power bases and photovoltaic application bases, accelerate the hydrogen production with new energy and support the hydrogen production with renewable energy. By 2025, the installed capacity of wind power will reach 43 million kW.

As mentioned in the report of the 20th National Congress of the Communist Party of China (CPC), China needs to actively and steadily promote carbon peaking and carbon neutrality, promote the safe and efficient use of energy in a clean and low-carbon manner, further push forward the low-carbon transformation in industry, construction and transportation, among others, accelerate the planning and establishment of a new energy system, and strengthen the establishment of an energy production, supply, storage and marketing system to ensure energy security. Meanwhile, in 2023, China formulated and released a series of important policies such as the Guiding Opinions on Energy Work in 2023, the Blue Book on the Development of New Electricity Systems (Draft for Opinion), and the Circular on Organising and Developing Pilot Demonstrations of Renewable Energy Development, which will further promote the green and low carbon transformation of energy in the aspect of policies. It guided the replacement with new energy, natural gas and other clean energy in industry, construction, heating, transportation and other fields, and accelerated the setup of an energy supply system dominated by clean and low-carbon energy. In 2023, the National Energy Work Conference called for the "adjustment and optimization of the energy structure, and enhancement of the construction of wind and solar power generation projects". The Group's two main segments, new energy and natural gas, are fully in line with the national policies and have a very broad space for future development.

In the new energy segment, China continues to strongly support wind and solar power projects, and offshore wind power has entered a stage of rapid development. A single source of energy can hardly effect the transformation of energy structure, and it is necessary to improve the comprehensive and in-depth utilization of resources by means of multi-energy complementary integration, big base, centralized and distributed forms according to local conditions. At the same time, new energy projects have entered the era of parity and power trading. Large power enterprises have accelerated their pace to set foot in the new energy industry, while new energy storage schemes have been implemented in provinces. Competition in the development of resources gets fiercer.

In the natural gas segment, efforts were made to set up a natural gas production, supply, storage and marketing system, accelerate the construction of long-distance natural gas pipelines and regional natural gas pipeline networks, and coordinate the construction of LNG terminals and underground gas storage depots to improve the establishment of natural gas storage and transportation systems. The natural gas industry will remain stable for some time to come. With the deepening of the natural gas system reform, the natural gas pipeline network operated independently, and fair opening standards for the pipeline network continued to improve. Competition in the natural gas downstream market will become stiffer.

### (II) Development strategies of the Company

#### 1. *Following the strategy of "based in Hebei, presence nationwide" and continuing to intensify the development of new energy.*

The Company will continue to promote the setup of wind projects inside and outside of Hebei Province in accordance with the idea of scaling up regional development, and actively promote the integrated development of multiple energy sources.

In terms of onshore wind power, the Company will continue to follow the strategy of "based in Hebei and presence nationwide", develop large wind power bases with the focus on sand, Gobi and desert, and plan to advance a number of pilot decentralized wind power projects in resource-rich and power-load areas, further strive for new resource reserves, closely follow up integrated energy hub projects in Hebei Province, and push forward the implementation of existing reserve projects, and the technological transformation and upgrading of existing old wind farms. Outside Hebei Province, the Company will further expand its projects based on the projects already in operation as well as existing and planned outbound transmission channels. At the same time, the Company will increase the intensity of onshore wind power resources reserves and development, vigorously implement the platform strategy, innovate in the cooperation model, seek the transformation of the reserve resources, and make use of its resources and project experience to develop cross-provincial cooperation. In addition, the Company plans to promote the development of projects covering source, grid, load and storage and multi-energy complementary projects, and maximize synergies between its two main businesses of new energy and natural gas so as to achieve "dual peak shaving" effects on the power grid and gas network. Plans were mapped out for industry chain extension demonstration projects, including wind-to-hydrogen, wind-to-ammonia, wind, light and hydrogen storage integration projects.

## MANAGEMENT DISCUSSION AND ANALYSIS

As for offshore wind power, the Company will leverage its offshore wind power projects, such as the Puti Island project in Laoting, Tangshan, which has already been put into operation, to seize the new opportunities from offshore wind power development in Hebei. This includes undertaking relevant work such as new sector integration among marine ranching, offshore oil and gas fields, and offshore wind power hydrogen production, to actively promote the implementation of province-controlled waters plans and projects. Additionally, the Company will prepare in advance for the application of state-controlled waters demonstration projects.

### **2. *Improving our presence along the natural gas chain and enhancing the synergistic development of the natural gas industry chain.***

The Company will continue to adopt the "long-term agreement + spot" procurement model to build a diversified and stable resource pool, which helps reduce its dependence on a single upstream gas source. At the same time, leveraging its geographical advantages, the Company aims to enhance the synergistic development capability of the "Xingang-Caofeidian-Supply Chain" LNG trading chain. This will involve integrating the Caofeidian Terminal and outbound pipelines, existing pipelines, and market resources within the province, along with planned gas power plant projects. The goal is to gradually build an integrated natural gas operation model that better aligns with the Company's actual situation.

In terms of the upstream, with the commissioning of the Tangshan LNG Wharf and Ancillary Gas Pipeline Projects, we will create an integrated operation model with gasification pipeline and liquid distribution services as the mainstay, supplemented by tank capacity leasing, government reserves, window period auctions and others, thus extending the natural gas industry chain. We aim to improve our presence along the natural gas chain and strengthen the capacity of natural gas storage and load shifting by actively promoting negotiations with international LNG suppliers to obtain high-quality long-term agreements and spot resources while seeking low-priced LNG resources in Hebei.

In terms of the midstream industrial chain, we will continue to promote the interconnection of existing pipelines, new major trunk pipelines, such as the Tangshan LNG outbound pipelines, national gas pipelines and pipelines in nearby provinces, accelerate the construction of pipeline networks in the province, and form a connected "province-wide network" as soon as possible in order to enhance the flexibility of natural gas resources deployment and steadily improve the Company's security of natural gas supply. At the same time, the Company will keep increasing investment in digital and intelligent transformation to further improve the efficiency of pipeline transmission and reduce the costs of pipeline operation.

As for the downstream industrial chain, we will steadily promote business development in regional markets and expand urban gas projects within the pipeline coverage. The Company will actively leverage its advanced management level and rich operating experience to promote the timely and steady M&A and consolidation of natural gas enterprises in relevant cities, and increase its market share in the downstream. In addition, we will further tap potential in existing regional markets by adopting diversified sales strategies to accelerate the acquisition of industrial and commercial users, public welfare users and residential users, and adopt diversified sales strategies to increase the penetration rate of the Company's existing markets.

### **3. *Setting up diversified energy storage market, and solving the problem of new energy consumption through multiple channels.***

The Company will focus on the huge demand for energy storage and peak adjustment for the establishment of a new power system based on new energy sources, optimize the layout of a number of independent energy storage, pumped storage, gas-fired power plants and other demonstration projects, and explore the development of new energy storage models such as chemical energy storage, compressed air energy storage and flywheel energy storage, so as to promote the efficient consumption of new energy sources.

With its resources and strengths in Hebei Province, the Company will steadily advance the approval, construction and commissioning of pumped-storage projects while maintaining a reasonable rate of return. The Company will facilitate the remaining two facilities of the Fengning pumped-storage power station to be put into operation on schedule, propel the preliminary work of certain selected pumped-storage power stations of which development agreements have been executed, strive for obtaining approval as early as possible, and make all-out efforts in supporting the development of Hebei into a strong new energy power.

At the same time, the Company will seek diversified growth starting with hydrogen business, and integrate its advantages over wind into the hydrogen energy industrial chain. The Company will translate its experience in integrated project of hydrogen production from wind power as well as from wind and solar power into expansion of its projects of hydrogen production from renewable energy sources, explore viable business models and further develop its renewable energy and hydrogen business in parallel.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 4. *Robustly expanding overseas business presence*

In order to meet China's demand for natural gas and ensure stable natural gas price and supply, the Company will continue to seize industry opportunities and actively discuss cooperation with international natural gas suppliers to secure quality upstream gas sources overseas, and further extend its long-term natural gas procurement pipeline in the international market to provide the Company with a variety of natural gas suppliers and pricing options. The Company will continue to actively develop overseas LNG trading by utilizing relatively flexible financing policy overseas and the international platform of its Hong Kong subsidiary.

What's more, the Company will stick to the national strategic plan of carbon peaking and neutrality. Based on its domestic experience in new energy development and advanced technologies, the Company will look for suitable overseas investment projects and M&A candidates to strengthen its international business presence, and promote the expansion of overseas projects following the pragmatic and steadfast principle.

### 5. *Fulfilling environmental, social and governance responsibilities and continuing to promote the high-quality development of the whole society*

The Company is committed to fulfilling its environmental, social and governance responsibilities, and setting an example for the industry. On the one hand, the Company will continue to vigorously develop new energy sources to help China accelerate the transformation towards clean energy and low carbon. On the other hand, adhering to the concept of "people-oriented and harmonious development", the Company strives to build a diversified and equal working platform, and offer good welfare to its employees in accordance with relevant laws and regulations. In addition, the Company focuses on maintaining high standards of corporate governance, continues to optimize its internal management mechanism, increase shareholder value and protect shareholders interests, and actively participates in social activities such as poverty alleviation and charity events so as contribute to the high-quality development of the whole society.

## (III) Business plan

### 1. *Renewable and clean energy business*

- (1) Expediting the acquisition of indicators and the approval of projects for filing. The guarantee- and market-oriented projects that have obtained the indicators will complete the approval (filing) formalities as soon as possible, efforts will be further increased on the reserve and development of onshore wind and light resources, the platform strategy will be vigorously implemented, and the model of cooperation will be innovated. It will further seek policy support and actively participate in the development of new energy projects, the energy base and power channel project in Hebei;
- (2) Actively exploring the layout for the integrated project covering source, grid, load and storage in industrial parks, integrating local wind, light, gas and other resources to carry out comprehensive energy integration planning, constructing intelligent zero-carbon parks, and promoting substantial progress in source, grid, load and storage project. Efforts will be made to push forward multi-energy complementary integration projects of "gas turbine + new energy", and focus on exploring the gas processing business model by utilizing the advantages of the efficiency of the gas turbines. Plans were mapped out for demonstration projects, including wind-to-hydrogen, wind-to-ammonia, wind, light and hydrogen storage integration projects;
- (3) Seizing the opportunity presented by Hebei Province's approval of the offshore wind power planning in the "14th Five-Year Plan," we aim to actively promote and strive for the early commencement of the province's offshore wind power projects. It will accelerate the planning of offshore wind power innovation demonstration projects in Hebei through new forms such as the integration of offshore wind power with marine ranching and the integration of offshore oil and gas fields with wind power in state-controlled waters;
- (4) Continuously seeking the synergistic development of natural gas. In the upstream, it will continue to negotiate long-term agreements and spot purchases with international LNG resources providers and seek low-priced LNG resources in other provinces. In terms of the midstream, the Company will accelerate the preliminary work of natural gas pipelines such as the Tangshan LNG Dual Track Gas Pipeline and the Qinxi Industrial Park Branch Line of the Qinhuangdao-Fengnan Pipeline. In the downstream, it will quicken the acquisition of high-quality city gas projects.

## MANAGEMENT DISCUSSION AND ANALYSIS

(5) We strive to conduct project construction in a well-planned and step-by-step manner to ensure the project quality and progress by taking multiple measures. We are striving to promote the projects of Weichang Daxigou, Wuming Anfengling Phase II, Xishuiquan, Qingyazi and Acheng to be connected to the grid on schedule. We will push forward the construction progress of Tangshan LNG Project Terminal No. 4 as scheduled, strive to meet the operation conditions for Tangshan LNG Project Phase II's Tanks 1#, 2#, 5# and 6# as soon as possible and, complete the mechanical construction of Tanks 9#, 10#, 15# and 16#, and try to put the heated drainage project into operation at an early date.

### 2. *Insisting on innovation-driven development and intensifying efforts to transform innovation*

Fully utilizing the "Hebei engineering research center for intelligent natural gas transmission and distribution" to gradually promote the integration of traditional natural gas transmission and distribution with modern information technology, and to accelerate the digital intelligence transformation of the natural gas sector. Promoting the commercialization of provincial- and municipal-level projects in the hydrogen energy field, optimizing the mechanism for fostering innovation platforms, promoting the mechanism for transferring scientific and technological achievements, and continuing to invest in scientific and technological research and development as well as fostering innovation platforms. Establishing a vertical management system for data application with "production command" as the core to promote fine production management.

### 3. *Developing a bottom-line thinking to prevent and mitigate risks*

Relying on digital intelligence to conduct precise control, further enhance the digital intelligence of safety supervision, and seek a change in safety oversight from "prevention by personnel" to "prevention by personnel + technology" in order to carry out stringent supervision; Launching a special campaign to remove safety risks and hidden dangers in key business segments, and enhancing the safety awareness of all staff in an all-round way. Deepening the establishment of an organizational system and an institutional system concerning compliance management, and comprehensively enhancing the Company's risk management capability. Further strengthening foreign exchange risk management, reducing uncertainty in operating costs and guaranteeing cash flow safety.

## (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 2024 as compared to 2023. 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) **Continuation 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (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 fluctuation in electricity prices

With the deepening of national power system reform and the launch of capacity tariff policies, 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". As the reform continues, there is a risk that pipeline transmission fees and city gas charges will decline.

The Company will seize the favourable opportunity of achieving Dual Carbon goals and improving the use of clean energy in China, give full play to its upper, middle and downstream synergetic development advantages 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (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 consumption decline

In 2023, due to the downturn in external demand and the unstable global geopolitical situation, the domestic economic recovery was inhibited to a certain degree. In addition, the weakening of the global economy also exerted pressure on the domestic export industry, and the demand for natural gas in the market was sluggish.

The Group will continue to increase its efforts in downstream market development and actively introduce expedient resources and low-cost gas sources to enhance its competitiveness, and proactively formulate targeted promotional policies in an effort to ensure growth in sales volume.

### 3. Interest rate risk

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

### 4. Risk of exchange rate fluctuations

Currently, the Group's import of LNG is mainly settled in US dollars, while domestic sales are generally settled in RMB, resulting in the Company being exposed to exchange rate fluctuations. Exchange rate fluctuations will lead to uncertainty in the cost of purchases. Changes in exchange rates are a normal part of the currency and financial markets, which will result in a degree of uncertainty about future changes in the Company's foreign exchange gains and losses. In order to minimise the foreign exchange exposure, the Group will pay timely attention to the risk of exchange rate fluctuation and decide whether to adopt corresponding measures to reduce the exchange rate risk in due course according to the trend of exchange rate fluctuation.

### 5. Risk of safety

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

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

### (V) Others

Applicable  Not applicable

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

Applicable  Not applicable

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

## I. RELEVANT EXPLANATION ON CORPORATE GOVERNANCE

The Board of the Company hereby presents to shareholders the corporate governance report 2023.

The Company focuses on high standards of corporate governance, so as to enhance value for shareholders and protect their rights and interests. The Company has established a modern corporate governance structure and set up the Board, the board of supervisors, Board committees and senior management in accordance with the Company Law of the People's Republic of China, the Guidelines on Articles of Association of Listed Companies and the CG Code set out in the Hong Kong Listing Rules. During the Reporting Period, the Company has complied with all provisions set out in the CG Code, except for code provision F.2.2 of Part 2 of the CG Code. In accordance with the requirements of provision F.2.2 of Part 2 of the CG Code, 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 2022 annual general meeting of the Company due to other business engagement. According to relevant requirements, the meeting was chaired by Mr. Mei Chun Xiao, an executive Director, as jointly recommended by more than half of all the Directors of the Company.

The Company has adopted the Model Code set out in Appendix C3 to the Hong Kong Listing Rules as the code of conduct and rules regarding securities transactions of the Company by all Directors and supervisors. Subsequent to enquiries made to all of the Directors and supervisors of the Company, all Directors and supervisors had confirmed that during the Reporting Period, they had fully complied with the standards set out in the Model Code.

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

### (I) Composition of the Board

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

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

In 2023, 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.

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

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, a number of Directors and supervisors of the Company attended trainings organised by The Hong Kong Chartered Governance Institute, among which, Guo Ying Jun, Lin Tao and Zhang Dong Sheng attended the 69th Seminar on Enhancing Continuing Professional Development for Corporate Governance Professionals (Joint Training for Secretaries of the Board, Directors and Chief Financial Officers) of The Hong Kong Chartered Governance Institute; Cao Xin, Li Lian Ping, Mei Chun Xiao, Wang Hong Jun, Wang Tao, Gao Jun, and Cao Zhi Jie attended the 72nd Seminar on Enhancing Continuing Professional Development for Corporate Governance Professionals (Joint Training for Chief Financial Officers and Secretaries of the Board of A + H Shares Companies) of The Hong Kong Chartered Governance Institute; Wan Yim Keung, Daniel attended the 2023 Advanced Seminar on Corporate Regulation of Chinese Companies Listed Overseas of The Hong Kong Chartered Governance Institute; and Qin Gang attended the 73rd Seminar on Enhancing Continuing Professional Development for Corporate Governance Professionals (Joint Training for Secretaries of the Board and Chief Financial Officers).

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

In addition, Mr. Tan Jian Xin and Mr. Chan Yik Pun got professional advice from Latham & Watkins LLP, the Company's Hong Kong legal adviser, in January 2024 prior to their appointments, and each of the two Directors has confirmed that he has understood all the requirements under the Hong Kong Listing Rules applicable to him as a director of a listed issuer and the possible consequences of making false statements or providing false information to the Hong Kong Stock Exchange.

### (X) Joint company secretaries and trainings

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

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

### (XI) Liability insurance for Directors

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

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

Applicable  Not Applicable

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

Applicable  Not Applicable

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

Applicable  Not Applicable

## III. SUMMARY OF THE GENERAL MEETINGS

Session	Date of general meeting	Enquiry index of the designated website on which the resolutions were published	Publication date of the resolution	Resolution
2023 first extraordinary general meeting	14 February 2023	www.sse.com.cn www.hkexnews.hk	15 February 2023 14 February 2023	All resolutions were approved
2022 annual general meeting	16 May 2023	www.sse.com.cn www.hkexnews.hk	17 May 2023 16 May 2023	All resolutions were approved
2023 second extraordinary general meeting	8 August 2023	www.sse.com.cn www.hkexnews.hk	9 August 2023 8 August 2023	All resolutions were approved
2023 third extraordinary general meeting	30 November 2023	www.sse.com.cn www.hkexnews.hk	1 December 2023 30 November 2023	All resolutions were approved

The extraordinary general meetings requested by the shareholders of preference shares with restored voting right

Applicable  Not Applicable

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

### Description of general meetings

1. On 14 February 2023, the Company held the first extraordinary general meeting of 2023, at which the Resolution on Issuance and Listing of GDRs on the SIX Swiss Exchange, the Resolution on the Plan to Issue and List GDRs on the SIX Swiss Exchange, the Resolution on the Report on the Use of the Previously-Raised Proceeds of the Company, the Resolution on the Plan for the Use of Proceeds from the Issuance of GDRs, the Resolution on the Authorizations to the Board and the Authorized Person(s) of the Board to Exercise Full Power to Deal with Matters Relating to the Issuance and Listing of GDRs on the SIX Swiss Exchange, the Resolution on the Validity Period of the Resolution in Respect of Issuance and Listing of GDRs on the SIX Swiss Exchange, the Resolution on Accumulated Profit Distribution Plan before Issuance and Listing of GDRs on the SIX Swiss Exchange, the Resolution on the Amendments to the Articles of Association Applicable upon Listing of GDRs of the Company, the Resolution on the Amendments to the Rules of Procedure of the Board of Directors Applicable upon Listing of GDRs of the Company, the Resolution on the Amendments to the Rules of Procedure of the General Meetings Applicable upon Listing of GDRs of the Company, and the Resolution on the Amendments to the Rules of Procedure of the Board of Supervisors Applicable upon Listing of GDRs of the Company were considered and approved.
2. On 16 May 2023, the Company convened the 2022 Annual General Meeting, at which the Resolution on the Authorization to the Board of Directors to Exercise the General Mandate to Issue Shares, the Resolution on the 2022 Annual Report of the Company, the Resolution on the 2022 Report of the Board of Directors of the Company, the Resolution on the 2022 Report of the Board of Supervisors of the Company, the Resolution on the 2022 Financial Report of the Company, the Resolution on the Report on the 2022 Final Accounts of the Company, the Resolution on the 2022 Profit Distribution Proposal of the Company, the Resolution on the Appointment of the Audit Institution for the Company for 2023 and the Resolution on the Election of Mr. Wang Tao as a Non-executive Director of the fifth Session of the Board of Directors of the Company were considered and approved.
3. On 8 August 2023, the Company convened the second extraordinary general meeting of 2023, at which the Resolution on Entering into of a Cooperation Agreement on Use of the LNG Terminal between HECIC New-energy Supply Chain Management Co., Ltd. and Caofeidian Suntien Liquefied Natural Gas Co., Ltd. was considered and approved.
4. On 30 November 2023, the Company convened the third extraordinary general meeting of 2023, at which the Resolution on Entering into of a New Financial Service Framework Agreement between the Company and Hebei Construction & Investment Group Finance Co., Ltd., the Resolution on Entering into of an Asset Financing Service Framework Agreement between the Company and Huihai Financial Leasing Co., Ltd., the Resolution on Entrustment of Management of Assets and Related Party Transactions of the Company, the Resolution on the Amendments to the Working Rules for Independent Directors of the Company, the Resolution on the Amendments to the Articles of Association of the Company, the Resolution on the Amendments to the Rules of Procedure of the General Meetings of the Company, the Resolution on the Amendments to the Rules of Procedure of the Board of Directors of the Company, and the Resolution on the Amendments to the Rules of Procedure of the Board of Supervisors of the Company were considered and approved.

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

### IV. PARTICULARS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

#### (1) Particulars about changes in the shareholding and remuneration of current and the resigned Directors, supervisors and senior management during the Reporting Period

Unit: Shares

Name	Position	Gender	Age	Commencement date of term of office	End date of term of office	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in shares during the year	Reason for the changes	Total remuneration before tax obtained from Company during the Reporting Period (RMB'0,000)	Whether obtained remuneration from the connected parties of the Company
Cao Xin	Chairman, Non-executive Director	Male	52	14 June 2022	13 June 2025	50,000	50,000	0	Nil	0	Yes
Li Lian Ping	Non-executive Director	Male	61	14 June 2022	13 June 2025	0	0	0	Nil	0	Yes
Tan Jian Xin	Executive Director	Male	44	28 February 2024	13 June 2025	0	0	0	Nil	118.19	No
	President			26 January 2024	13 June 2025						
Mei Chun Xiao	Executive Director	Male	55	14 June 2022	13 June 2025	50,000	50,000	0	Nil	135.42	No
	President (resigned)			14 June 2022	26 January 2024						
Wang Hong Jun (resigned)	Executive Director	Male	59	14 June 2022	28 February 2024	0	0	0	Nil	99.70	No
Qin Gang	Non-executive Director	Male	49	14 June 2022	13 June 2025	0	0	0	Nil	0	Yes
Wu Hui Jiang (resigned)	Non-executive Director	Male	44	14 June 2022	16 May 2023	0	0	0	Nil	0	Yes
Wang Tao	Non-executive Director	Male	42	16 May 2023	13 June 2025	0	0	0	Nil	0	Yes
Guo Ying Jun	Independent non-executive Director	Male	50	14 June 2022	13 June 2025	0	0	0	Nil	9.05	No
Wan Yim Keung, Daniel (resigned)	Independent non-executive Director	Male	65	14 June 2022	28 February 2024	0	0	0	Nil	9.05	No
Chan Yik Pun	Independent non-executive Director	Male	42	28 February 2024	13 June 2025	0	0	0	Nil	0	No
Lin Tao	Independent non-executive Director	Male	53	14 June 2022	13 June 2025	0	0	0	Nil	9.05	No
Gao Jun	Chairman of the board of supervisors	Female	53	14 June 2022	13 June 2025	0	0	0	Nil	0	Yes
Cao Zhi Jie	Employee representative supervisor	Male	44	8 October 2022	13 June 2025	0	0	0	Nil	79.92	No
Zhang Dong Sheng	Independent supervisor	Male	63	14 June 2022	13 June 2025	0	0	0	Nil	4.53	No
Sun Xin Tian (resigned)	Vice President	Male	59	14 June 2022	7 March 2023	0	0	0	Nil	59.90	No
Ding Peng (resigned)	Vice President	Female	53	14 June 2022	12 March 2024	0	0	0	Nil	115.86	No
Lu Yang	Vice President	Male	54	14 June 2022	13 June 2025	0	0	0	Nil	114.98	No
Lu Sheng Xin	Vice President	Male	55	7 March 2023	13 June 2025	0	0	0	Nil	107.07	No
Fan Wei Hong	Chief accountant	Female	53	14 June 2022	13 June 2025	0	0	0	Nil	114.92	No
Ban Ze Feng	Vice president and Secretary to the Board	Male	46	14 June 2022	13 June 2025	50,000	50,000	0	Nil	103.02	No
Total	/	/	/	/	/	150,000	150,000	0	/	1,080.66	/

Note:

- The shares of the Company held by Mr. Cao Xin, Mr. Mei Chun Xiao and Mr. Ban Ze Feng are H shares.
- In 2023, Mr. Tan Jian Xin received take-home pay of RMB799,246.56 (2022: RMB796,592.00) from the Group. In 2023, the Group paid a total amount of RMB1,181,860.05 (2022: RMB1,399,771.61) to Mr. Tan Jian Xin as remuneration before tax, comprising: 1) an aggregate amount of RMB578,550.74 (2022: RMB671,934.71) in respect of the various salaries, allowances, various insurance policies (including employer and employee contributions, excluding pension fund and annuity), and benefits in kind payable to or on behalf of Mr. Tan Jian Xin; 2) RMB549,645.55 (2022: RMB677,822.10) in performance related-bonus; and 3) RMB53,663.76 (2022: RMB50,014.80) in contribution to pension plans (i.e., employer and employee contributions to pension fund).

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

In 2023, Mr. Mei Chun Xiao received take-home pay of RMB919,954.91 (2022: RMB970,207.38) from the Group. In 2023, the Group paid a total amount of RMB1,354,209.71 (2022: RMB1,574,058.29) to Mr. Mei Chun Xiao as remuneration before tax, comprising: 1) an aggregate amount of RMB666,575.93 (2022: RMB649,815.57) in respect of the various salaries, allowances, various insurance policies (including employer and employee contributions, excluding pension fund and annuity), and benefits in kind payable to or on behalf of Mr. Mei Chun Xiao; 2) RMB633,970.02 (2022: RMB874,227.92) in performance related-bonus; and 3) RMB53,663.76 (2022: RMB50,014.80) in contribution to pension plans (i.e., employer and employee contributions to pension fund).

In 2023, Mr. Wang Hong Jun received take-home pay of RMB685,865.47 (2022: RMB937,182.07) from the Group. In 2023, the Group paid a total amount of RMB996,980.37 (2022: RMB1,699,153.13) to Mr. Wang Hong Jun as remuneration before tax, comprising: 1) an aggregate amount of RMB487,541.77 (2022: RMB766,371.82) in respect of the various salaries, allowances, various insurance policies (including employer and employee contributions, excluding pension fund and annuity), and benefits in kind payable to or on behalf of Mr. Wang Hong Jun; 2) RMB492,767.00 (2022: RMB882,766.51) in performance related-bonus; and 3) RMB16,671.60 (2022: RMB50,014.80) in contribution to pension plans (i.e., employer and employee contributions to pension fund).

In 2023, Mr. Cao Zhi Jie received take-home pay of RMB478,702.85 (2022: RMB83,483.85) from the Group. In 2023, the Group paid a total amount of RMB799,215.85 (2022: RMB155,212.41) to Mr. Cao Zhi Jie as remuneration before tax, comprising: 1) an aggregate amount of RMB501,638.72 (2022: RMB137,811.69) in respect of the various salaries, allowances, various insurance policies (including employer and employee contributions, excluding pension fund and annuity), and benefits in kind payable to or on behalf of Mr. Cao Zhi Jie; 2) RMB243,913.37 (2022: RMB0) in performance related-bonus; and 3) RMB53,663.76 (2022: RMB17,400.72) in contribution to pension plans (i.e., employer and employee contributions to pension fund).

In 2023, Mr. Sun Xin Tian received take-home pay of RMB485,804.98 (2022: RMB951,114.66) from the Group. In 2023, the Group paid a total amount of RMB599,001.85 (2022: RMB1,515,622.86) to Mr. Sun Xin Tian as remuneration before tax, comprising: 1) an aggregate amount of RMB83,095.06 (2022: RMB540,459.26) in respect of the various salaries, allowances, various insurance policies (including employer and employee contributions, excluding pension fund and annuity), and benefits in kind payable to or on behalf of Mr. Sun Xin Tian; 2) RMB511,738.89 (2022: RMB925,148.80) in performance related-bonus; and 3) RMB4,167.90 (2022: RMB50,014.80) in contribution to pension plans (i.e., employer and employee contributions to pension fund).

In 2023, Ms. Ding Peng received take-home pay of RMB784,626.64 (2022: RMB686,027.02) from the Group. In 2023, the Group paid a total amount of RMB1,158,626.36 (2022: RMB1,329,233.35) to Ms. Ding Peng as remuneration before tax, comprising: 1) an aggregate amount of RMB562,682.94 (2022: RMB764,010.71) in respect of the various salaries, allowances, various insurance policies (including employer and employee contributions, excluding pension fund and annuity), and benefits in kind payable to or on behalf of Ms. Ding Peng; 2) RMB542,279.66 (2022: RMB515,207.84) in performance related-bonus; and 3) RMB53,663.76 (2022: RMB50,014.80) in contribution to pension plans (i.e., employer and employee contributions to pension fund).

In 2023, Mr. Lu Yang received take-home pay of RMB768,319.50 (2022: RMB957,669.10) from the Group. In 2023, the Group paid a total amount of RMB1,149,756.57 (2022: RMB1,529,718.88) to Mr. Lu Yang as remuneration before tax, comprising: 1) an aggregate amount of RMB562,110.65 (2022: RMB556,372.71) in respect of the various salaries, allowances, various insurance policies (including employer and employee contributions, excluding pension fund and annuity), and benefits in kind payable to or on behalf of Mr. Lu Yang; 2) RMB533,982.16 (2022: RMB923,331.37) in performance related-bonus; and 3) RMB53,663.76 (2022: RMB50,014.80) in contribution to pension plans (i.e., employer and employee contributions to pension fund).

In 2023, Mr. Lu Sheng Xin received take-home pay of RMB738,192.07 from the Group. In 2023, the Group paid a total amount of RMB1,070,719.34 to Mr. Lu Sheng Xin as remuneration before tax, comprising: 1) an aggregate amount of RMB606,907.11 in respect of the various salaries, allowances, various insurance policies (including employer and employee contributions, excluding pension fund and annuity), and benefits in kind payable to or on behalf of Mr. Lu Sheng Xin; 2) RMB407,500.97 in performance related-bonus; and 3) RMB56,311.26 in contribution to pension plans (i.e., employer and employee contributions to pension fund).

In 2023, Ms. Fan Wei Hong received take-home pay of RMB783,257.34 (2022: RMB709,187.75) from the Group. In 2023, the Group paid a total amount of RMB1,149,242.04 (2022: RMB1,287,486.16) to Ms. Fan Wei Hong as remuneration before tax, comprising: 1) an aggregate amount of RMB567,888.82 (2022: RMB670,044.93) in respect of the various salaries, allowances, various insurance policies (including employer and employee contributions, excluding pension fund and annuity), and benefits in kind payable to or on behalf of Fan Wei Hong; 2) RMB527,689.46 (2022: RMB567,426.43) in performance related-bonus; and 3) RMB53,663.76 (2022: RMB50,014.80) in contribution to pension plans (i.e., employer and employee contributions to pension fund).

In 2023, Mr. Ban Ze Feng received take-home pay of RMB718,319.92 (2022: RMB672,170.04) from the Group. In 2023, the Group paid a total amount of RMB1,030,182.81 (2022: RMB1,227,691.32) to Mr. Ban Ze Feng as remuneration before tax, comprising: 1) an aggregate amount of RMB536,382.05 (2022: RMB669,682.29) in respect of the various salaries, allowances, various insurance policies (including employer and employee contributions, excluding pension fund and annuity), and benefits in kind payable to or on behalf of Mr. Ban Ze Feng; 2) RMB440,137.00 (2022: RMB507,994.23) in performance related-bonus; and 3) RMB53,663.76 (2022: RMB50,014.80) in contribution to pension plans (i.e., employer and employee contributions to pension fund).

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

Name	Major Work Experience
Cao Xin	Aged 52, he is currently a non-executive Director, chairman of the Company, deputy secretary of the Party committee, general manager and vice president of Hebei Construction & Investment Group Co., Ltd.. He holds a doctorate in economics from Renmin University of China (中國人民大學) and is a chief senior economist. Dr. Cao successively served as the executive Director and President of the Company, general manager of HECIC New Energy Co., Ltd, the assistant to the general manager, member of Party committee and deputy general manager of Hebei Construction & Investment Group Co., Ltd. and the manager of the Public Utilities Department II of Hebei Construction Investment Company.
Li Lian Ping	Aged 61, he is currently a non-executive Director of the Company. He holds a doctorate in materials processing engineering from the University of Science and Technology Beijing (北京科技大學) and is a chief senior engineer. Dr. Li successively served as deputy secretary of the Party committee, deputy officer (departmental level) of State-owned Assets Supervision and Administration Commission of Hebei Province, director, deputy general manager and a member of the standing committee of the Party committee of Hebei Iron & Steel Group Co., Ltd. and general manager, deputy chairman and deputy secretary of the Party committee of Handan Iron & Steel Group Co., Ltd., and the chairman and secretary of the Party committee of Hebei Construction & Investment Group Co., Ltd..
Tan Jian Xin	Aged 44, he is currently an executive Director, secretary of the Party committee and President of the Company, and secretary of the Party committee and general manager of HECIC New Energy Co., Ltd., a subsidiary of the Company. He holds a master's degree in mechanical and electronic engineering from Huabei Electricity University (華北電力大學) and is a chief senior engineer. Upon joining the Group in October 2006, he successively served as deputy secretary of the Party committee and vice President of the Company, 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 of HECIC Yuzhou Wind Energy Co., Ltd., general manager of engineering construction and equipment supply department of Wei County Suntien Wind Energy Co., Ltd..
Mei Chun Xiao	Aged 55, he is an executive Director of the Company. He holds 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 president and vice president of the Company, general manager, deputy general manager and chief engineer, and an assistant to the general manager of HECIC New Energy Co., Ltd..
Wang Hong Jun (resigned)	Aged 59, he ceased to be an executive Director of the Company with effect from February 2024. He holds a master's degree in business administration from Tianjin University (天津大學). He 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 49, he is currently a non-executive Director of the Company and deputy general manager of Hebei Construction & Investment Group Co., Ltd.. He holds a master's degree in corporate management from Nankai University (南開大學) and is a chief senior economist. Mr. Qin successively served as assistant to the general manager, manager and deputy 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 (resigned)	Aged 44, he ceased to be a non-executive Director of the Company with effect from May 2023. He holds a master's degree in political economy of Zhejiang University and is a senior economist. Mr. Wu was deputy general manager and 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).
Wang Tao	Aged 42, he is currently a non-executive Director of the Company and general manager of Investment Development Department of Hebei Construction & Investment Group Co., Ltd.. He holds a PHD degree in physical chemistry from Peking University (北京大學). He consecutively served as deputy general manager of the Investment and Development Department of Hebei Construction & Investment Group Co., Ltd., and deputy party branch secretary and deputy general manager (presiding), deputy general manager, assistant to the general manager and director of SNG Project Department, and deputy director of SNG Project Department of CIC Tongtai Investment Co., Ltd. and assistant to the manager of CDM Office of HECIC New Energy Co., Ltd.

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

Name	Major Work Experience
Guo Ying Jun	Aged 50, he is currently an independent non-executive Director of the Company, an 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 engaged in the education and scientific research of electrical engineering at the School of Electrical Engineering, Hebei University of Science and Technology since April 2004 and was a visiting scholar at the University of Manchester, UK, from 13 August to 12 September 2011.
Wan Yim Keung, Daniel (resigned)	Aged 65, the vice chairman and chief executive officer of Haifu International Finance Holding Group Limited. He holds 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. He ceased to be an independent non-executive Director of the Company with effect from February 2024.
Chan Yik Pun	Aged 42, he is currently an independent non-executive Director of the Company and the chief financial officer of Tianfang Jincheng (HK) Limited. He holds a bachelor's degree in commerce with a major in accounting and a minor in economics from Monash University. He is qualified as a certified public accountant in Hong Kong and Australia. He has been the chief financial officer of Tianfang Hospitality Management Pte. Ltd., the company secretary of natural food International Holding Limited, the chief financial officer of the hotel division of Sun Hung Kai Real Estate Agency Limited, the chief financial officer and company secretary of Zall Group Ltd., the senior financial manager of Chaoyue Group Limited (超越集團有限公司), the deputy audit manager of Ernst & Young (Shanghai)/Ernst & Young (Australia), and a senior accountant of Grant Thornton LLP.
Lin Tao	Aged 53, he 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 53, she is the chairman of the board of supervisors of the Company. She graduated from Hebei University of Economics and Business (河北經貿大學), majoring in financial accounting, and is a senior economist. Ms. Gao has served as general manager, deputy director, assistant to director and assistant to manager of the financial management department of Hebei Construction & Investment Group Co., Ltd..
Cao Zhi Jie	Aged 44, he is the employee representative supervisor, secretary of the discipline committee and chairman of the labour union of the Company. He holds a master's degree in international trade and economics from Flinders University, jointly organized by Nankai University (南開大學) and Flinders University, and is a senior political engineer and economist. Mr. Cao has served as assistant to the general manager and deputy general manager of the human resources department, assistant to the director and deputy director of the organization department of the Party committee and deputy secretary of the Youth League Committee of Hebei Construction & Investment Group Co., Ltd., deputy secretary of the Party committee, secretary of the discipline inspection committee and chairman of the labour union of Hebei Xibaipo Power Generation Co., Ltd..
Zhang Dong Sheng	Aged 63, he is currently an independent supervisor of the Company and is the head of the Department of Business Administration, School of Economics and Management, Hebei University of Technology (河北工業大學). He holds a doctorate in management majoring in management science and engineering from Hebei University of Technology, and is a professor and an advisor to Ph.D. students. From 1983 to 1984, Mr. Zhang worked in Tangshan Mining & Metallurgical Machinery Plant (唐山冶金礦山機械廠). In July 1984, he studied in Hebei University of Technology for a master's degree. He has been teaching in that university since his graduation in 1987, during which, he studied in Hebei University of Technology for a doctorate. From 2006 to 2007, he was a senior visiting scholar at the University of Manchester, the United Kingdom.

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

Name	Major Work Experience
Sun Xin Tian (resigned)	Aged 59, he holds a master's degree in power engineering from Huabei Electricity University (華北電力大學) and is a chief 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)). He ceased to be the vice president of the Company with effect from March 2023.
Ding Peng (resigned)	Aged 53, she holds a master's degree in senior business administration from Renmin University of China (中國人民大學) and is a chief senior accountant. Ms. Ding successively served as deputy general manager and chief accountant, chief accountant and financial manager of Hebei Natural Gas. She ceased to be the vice president of the Company from March 2024.
Lu Yang	Aged 54, he is currently a vice president of the Company. He holds a master's degree in senior business administration from Renmin University of China (中國人民大學) and is a chief senior engineer. Mr. Lu successively served as deputy general manager of Hebei Natural Gas, manager for engineering technical support of Hong Kong & China Gas Investment Limited, and as deputy general manager and chief engineer of Handan City Gas Company.
Lu Sheng Xin	Aged 55, he is the vice president of the Company. He obtained a bachelor's degree in Thermal Engineering from Huabei Electricity University (華北電力大學) and is a senior engineer. Mr. Lu ever served as, among others, deputy general manager (presiding over the operation) of HECIC Offshore Wind Power Co., Ltd., assistant general manager and deputy general manager of HECIC New Energy Co., Ltd., general manager of Laoting CIC Wind Power Co., Ltd., general manager of Changli Suntien Wind Power Co., Ltd., general manager of Lingqiu CIC Wind Power Co., Ltd., and general manager of CIC Yanshan (Guyuan) Wind Power Co., Ltd.
Fan Wei Hong	Aged 53, she is currently the chief accountant of the Company. She holds a bachelor's degree in accounting from Hebei University of Economics and Business (河北經貿大學), and is a chief senior accountant and a certified public accountant in the PRC. 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 46, is currently a vice president and secretary of the board of directors of the Company. He holds a master's degree in business administration from Nankai University (南開大學), and is a chief senior economist. Mr. Ban was appointed on 24 March 2014 as joint company secretary of the Company. 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 information

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 57, was appointed as the joint company secretary of the Company on 1 April 2010. Ms. Lam has over 30 years of experience in corporate governance and corporate secretarial services and is currently the company secretary of a number of companies listed on the Main Board of the Hong Kong Stock Exchange. She 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 company secretary and Chartered Governance Professional. She is also a permanent affiliate member of The Hong Kong Independent Non-Executive Director Association.

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

### (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.	Vice Secretary of the Party Committee, General Manager and Vice Chairman	08-2022	-
Qin Gang	Hebei Construction & Investment Group Co., Ltd.	Deputy General Manager	04-2023	-
Wu Hui Jiang	Hebei Construction & Investment Group Co., Ltd.	General Manager of Investment Development Department	07-2015	02-2023
Wang Tao	Hebei Construction & Investment Group Co., Ltd.	General Manager of Investment Development Department	02-2023	-
Gao Jun	Hebei Construction & Investment Group Co., Ltd.	General Manager of Audit Management Department	04-2015	08-2023
Explanation on the employment status at shareholder entities	Nil			

#### 2. Employment status at other entities

Name of employee	Name of other entity	Position in other entity	Commencement date of term of office	End date of term of office
Cao Xin	Huihai Financial Leasing Co., Ltd.	Vice Chairman	07-2023	
Cao Xin	Datang International Power Generation Co., Ltd.	Director	03-2016	
Cao Xin	HECIC Energy Investment Co., Ltd.	Director	04-2023	
Cao Xin	Huaneng Power International, Inc	Director	12-2023	
Cao Xin	Yanshan Development Limited Company	Director and General Manager	09-2016	
Cao Xin	Yanshan International Investment Company Limited	Director and General Manager	09-2016	
Li Lian Ping	HECIC Group Finance Company Limited	Director	01-2019	
Li Lian Ping	HECIC AVIC Saihan Green Energy Technology Development Co., Ltd.	Chairman	04-2022	
Tan Jian Xin	HECIC New Energy Co., Ltd.	Director and General Manager	12-2017	
Tan Jian Xin	Suntien Green Energy Investment (Beijing) Co., Ltd.	Chairman	06-2019	
Tan Jian Xin	Heilongjiang Suntien Hadian New Energy Investment Co., Ltd.	Chairman	06-2019	
Tan Jian Xin	Chaoyang Suntien New Energy Co., Ltd.	Chairman	06-2019	
Tan Jian Xin	Harbin Ruifeng New Energy Co., Ltd. (哈爾濱瑞風新能源有限公司)	Chairman	06-2019	
Tan Jian Xin	Suntien Hebei Solar Energy Development Co., Ltd.	Chairman	06-2019	
Tan Jian Xin	Lulong County Liuyin Photovoltaic Power Co., Ltd.	Chairman	04-2019	
Tan Jian Xin	Suntien Hebei Power Sale Co., Ltd.	Chairman	09-2019	
Tan Jian Xin	Tailai Suntien Green Energy Co., Ltd.	Chairman	06-2019	
Tan Jian Xin	Tai'an Sanglin Wind Power Generation Co., Ltd.	Chairman	09-2019	
Tan Jian Xin	HCIG Huineng New Energy Co., Ltd.	Chairman	04-2021	
Tan Jian Xin	Cangzhou Suntien Botou Energy Co., Ltd.	Director	05-2022	
Tan Jian Xin	Cangzhou Suntien Green Energy Co., Ltd.	Director	05-2022	
Tan Jian Xin	HECIC AVIC Saihan Green Energy Technology Development Co., Ltd.	Director	04-2022	
Tan Jian Xin	HECIC State Financing Energy Services Co., Ltd.	Director	05-2021	
Tan Jian Xin	Harbin Qingfeng New Energy Co., Ltd.	Chairman	08-2022	
Tan Jian Xin	Caofeidian Suntien Liquefied Natural Gas Co., Ltd.	Director	01-2024	
Tan Jian Xin	Fuliang Zhongling Suntien Green Energy Co., Ltd.	Chairman	07-2023	
Tan Jian Xin	HECIC New-energy Supply Chain Management Co., Ltd.	Director	01-2024	
Tan Jian Xin	Junan Suntien Wind Energy Co., Ltd.	Chairman	07-2023	
Tan Jian Xin	Dongning Xinfeng New Energy Co., Ltd.	Chairman	03-2023	
Tan Jian Xin	Shanghai Geluoli Technology Co., Ltd.	Chairman	02-2023	
Tan Jian Xin	Suntien Green Energy (Nanzhang) Co., Ltd.	Chairman	07-2023	
Tan Jian Xin	Hainan Xintaien Green Energy Co., Ltd.	Chairman	01-2023	
Tan Jian Xin	HECIC Zhanguyuan New Energy Co., Ltd.	Chairman	10-2023	

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

Name of employee	Name of other entity	Position in other entity	Commencement date of term of office	End date of term of office
Tan Jian Xin	HECIC Zhangyuan Zhuolu New Energy Co., Ltd.	Chairman	10-2023	
Tan Jian Xin	HECIC Zhangyuan Xuanhua New Energy Co., Ltd.	Chairman	10-2023	
Tan Jian Xin	HECIC Zhangyuan Huaian New Energy Co., Ltd.	Chairman	10-2023	
Tan Jian Xin	Suntien Green Energy Gaoyi Co., Ltd.	Chairman	10-2023	
Tan Jian Xin	Suntien Green Energy Wuji Co., Ltd.	Chairman	10-2023	
Tan Jian Xin	Handan Suntien New Energy Co., Ltd.	Chairman	08-2023	
Mei Chun Xiao	HECIC New Energy Co., Ltd.	Chairman	12-2017	
Mei Chun Xiao	Hebei Natural Gas Company Limited	Chairman	04-2017	
Mei Chun Xiao	Hebei Jinjianjia Natural Gas Co., Ltd.	Chairman	11-2022	
Mei Chun Xiao	Huihai Financial Leasing Co., Ltd.	Director	05-2017	
Mei Chun Xiao	Caofeidian Suntien Liquefied Natural Gas Co., Ltd.	Chairman	03-2018	
Mei Chun Xiao	Hebei Gas Co., Ltd.	Chairman	12-2018	
Mei Chun Xiao	HECIC New-energy Supply Chain Management Co., Ltd.	Chairman	07-2019	
Mei Chun Xiao	HECIC AVIC Saihan Green Energy Technology Development Co., Ltd.	Director	04-2022	
Mei Chun Xiao	Gangzhou Suntien Botou Energy Co., Ltd.	Chairman	05-2022	
Mei Chun Xiao	Gangzhou Suntien Green Energy Co., Ltd.	Chairman	05-2022	
Mei Chun Xiao	HECIC Offshore Wind Power Co., Ltd.	Chairman	06-2023	
Mei Chun Xiao	Hebei Fengning Construction and Investment New Energy Co., Ltd.	Chairman	09-2023	
Mei Chun Xiao	Suntien Green Energy (Fengning) Co., Ltd.	Chairman	09-2023	
Mei Chun Xiao	HECIC New-energy (Tangshan) Co., Ltd.	Chairman	06-2023	
Mei Chun Xiao	Chengdedayuan New Energy Co., Ltd.	Vice Chairman	10-2023	
Mei Chun Xiao	Hebei Yan Zhao Energy Storage Co., Ltd.	Chairman	02-2024	
Mei Chun Xiao	Suntien Green Energy New Energy (Chengde) Co., Ltd.	Chairman	12-2023	
Mei Chun Xiao	Suntien Green Energy (Luanping) Co., Ltd.	Chairman	08-2023	
Mei Chun Xiao	Hebei Fengning Pumped Storage Co., Ltd.	Vice Chairman	07-2023	
Qin Gang	Mao Tian Capital Limited	Chairman	05-2023	
Qin Gang	Yanshan Development Limited Company	Director	05-2013	
Qin Gang	Yanshan International Investment Company Limited	Director	05-2013	
Qin Gang	Longxing Capital Limited	Chairman	02-2017	
Qin Gang	Hebei Asset Management Co., Ltd.	Chairman	12-2021	
Qin Gang	Yan Zhao Property Insurance Co., Ltd.	Director	08-2014	
Qin Gang	HECIC Huaxin Capital Co., Ltd.	Executive Director	09-2018	
Qin Gang	Caofeidian Suntien Liquefied Natural Gas Co., Ltd.	Director	06-2020	
Qin Gang	Hebei Financial Leasing Co., Ltd.	Director	03-2020	
Qin Gang	Hebei Science & Technology Investment Group Co., Ltd.	Director	10-2021	
Wang Tao	Mao Tian Capital Limited	Director	05-2023	
Wang Tao	Yanshan Development Limited Company	Director	12-2023	
Wang Tao	Yanshan International Investment Company Limited	Director	12-2023	
Wang Tao	Caofeidian Suntien Liquefied Natural Gas Co., Ltd.	Director	01-2024	
Wang Tao	Hebei Gas Co., Ltd.	Director	10-2023	
Wang Tao	Hebei Yan Zhao Energy Storage Co., Ltd.	Director and General Manager	02-2024	
Wu Hui Jiang	HECIC Communications Investment Co., Ltd	General Manager	02-2023	
Wu Hui Jiang	HECIC Digital Industry Co., Ltd.	Director	04-2021	
Wu Hui Jiang	HECIC Wellness Industry Investment Co., Ltd.	Director	11-2022	
Wu Hui Jiang	Xiongan Express Railway Co., Ltd.	Vice Chairman	02-2024	
Wu Hui Jiang	Beijing-Tianjin-Hebei Intercity Railway Investment Co., Ltd.	Director	11-2023	
Wu Hui Jiang	Guoneng Shuo Huang Railway Development Co., Ltd.	Director	06-2023	
Wu Hui Jiang	Hebei Province Intercity Railway Development Fund Co., Ltd.	Chairman	08-2023	
Wu Hui Jiang	Tangshan Port Group Co., Ltd.	Vice Chairman and Director	03-2023	
Wu Hui Jiang	Guoneng Huangnian Port Co., Ltd.	Director	11-2023	
Guo Ying Jun	School of Electrical Engineering, Hebei University of Science and Technology	Tutor	04-2004	
Wan Yim Keung, Daniel	Haifu International Finance Holding Group Limited	Deputy chairman and Chief Executive Officer	01-2015	
Wan Yim Keung, Daniel	Bonjour Holdings Limited	Executive Director	03-2016	
Lin Tao	School of Artificial Intelligence and Data Science, Hebei University of Technology	Tutor	07-1993	
Gao Jun	Mao Tian Capital Limited	Supervisor	09-2016	

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

Name of employee	Name of other entity	Position in other entity	Commencement date of term of office	End date of term of office
Gao Jun	Hebei Relocation of Poverty Alleviation and Relocation Development and Investment Co., Ltd.	Supervisor	03-2016	
Gao Jun	HECIC Digital Industry Co., Ltd.	Supervisor	04-2021	
Cao Zhi Jie	Hebei Gas Co., Ltd.	Supervisor	11-2022	
Cao Zhi Jie	HECIC Wellness Industry Investment Co., Ltd.	Director	11-2022	
Zhang Dong Sheng	School of Economics and Management, Hebei University of Technology	Tutor	06-1987	
Zhang Dong Sheng	Hebei Port Group Co., Ltd.	External Director	01-2017	
Sun Xin Tian	HECIC New Energy Co., Ltd.	Director	01-2010	
Sun Xin Tian	HECIC New-energy (Tangshan) Co., Ltd.	Director	06-2023	
Sun Xin Tian	Jianshui Suntien Wind Energy Co., Ltd.	Director	11-2023	
Sun Xin Tian	Guangxi Suntien Green Energy Co., Ltd.	Director	05-2023	
Sun Xin Tian	Fangchenggang Suntien Green Energy Co., Ltd.	Director	05-2023	
Sun Xin Tian	Suntien Green Energy (Shanglin) Co., Ltd.	Director	05-2023	
Sun Xin Tian	HECIC New-energy Supply Chain Management Co., Ltd.	Director	07-2019	
Sun Xin Tian	Cangzhou Suntien Green Energy Co., Ltd.	Director	05-2023	
Sun Xin Tian	Suntien Smart Energy (Qinhuangdao Wuning) Co., Ltd.	Director	05-2023	
Sun Xin Tian	Suntien Green Energy Qinhuangdao Beidaihe New District Co., Ltd.	Director	05-2023	
Sun Xin Tian	Suntien Offshore Wind Power (Qinhuangdao) Co., Ltd.	Director	05-2023	
Sun Xin Tian	Suntien Green Energy (Tianjin) Co., Ltd.	Director	06-2023	
Ding Peng	Hebei Natural Gas Company Limited	Director, Secretary of the Party Committee and General Manager	03-2010	
Ding Peng	PipeChina HECIC Natural Gas Co., Ltd.	Chairman	04-2018	
Ding Peng	Caofeidian Suntien Liquefied Natural Gas Co., Ltd.	Director	03-2018	
Ding Peng	PetroChina Jingtang LNG Co., Ltd.	Director	08-2013	
Ding Peng	PipeChina Group North China Natural Gas Pipeline Co., Ltd.	Vice Chairman	12-2018	
Ding Peng	HECIC New-energy Supply Chain Management Co., Ltd.	Director	07-2019	
Lu Yang	Hebei Jinjianjia Natural Gas Co., Ltd.	Director	04-2015	
Lu Yang	Hebei Natural Gas Company Limited	Director	01-2014	
Lu Yang	Hebei Suntien Guohua Gas Co., Ltd.	Vice Chairman	08-2016	
Lu Yang	Tongdao Suntien Green Energy Co., Ltd.	Chairman	07-2015	
Lu Yang	Xingyang Suntien Wind Energy Co., Ltd.	Chairman	07-2014	
Lu Yang	Weihui Suntien Green Energy Co., Ltd.	Chairman	07-2015	
Lu Yang	Caofeidian Suntien Liquefied Natural Gas Co., Ltd.	Director and General Manager	03-2018	
Lu Yang	S&T International Natural Gas Trading Company Limited	Chairman of the Board of Directors and General Manager	08-2019	
Lu Yang	Huludao Liaohe Oil Field Gas Co., Ltd.	Director	01-2017	
Lu Yang	HECIC New-energy Supply Chain Management Co., Ltd.	Director and General Manager	07-2019	
Lu Yang	Xinying Energy Trading Co., Ltd.	Vice Chairman	04-2023	
Lu Sheng Xin	HECIC New-energy (Tangshan) Co., Ltd.	Director and General Manager	06-2014	
Lu Sheng Xin	HECIC Offshore Wind Power Co., Ltd.	Director and General Manager	08-2017	
Lu Sheng Xin	HECIC Offshore Wind Power Sheyang Co., Ltd.	Chairman	08-2018	
Lu Sheng Xin	Suntien Green Energy Qinhuangdao Beidaihe New District Co., Ltd.	Chairman	05-2023	
Lu Sheng Xin	Suntien Offshore Wind Power (Qinhuangdao) Co., Ltd.	Chairman	06-2023	
Lu Sheng Xin	Suntien Green Energy (Tianjin) Co., Ltd.	Chairman	06-2023	
Lu Sheng Xin	Caofeidian Suntien Liquefied Natural Gas Co., Ltd.	Director	01-2024	
Lu Sheng Xin	Hebei Yan Zhao Energy Storage Co., Ltd.	Director	02-2024	
Lu Sheng Xin	Suntien Green Energy Xuyi Co., Ltd.	Chairman	08-2023	
Lu Sheng Xin	Suntien Green Energy Lianyungang Co., Ltd.	Chairman	08-2023	
Lu Sheng Xin	Jianshui Suntien Wind Energy Co., Ltd.	Chairman	11-2023	
Lu Sheng Xin	Guangxi Suntien Green Energy Co., Ltd.	Chairman	05-2023	
Lu Sheng Xin	Fangchenggang Suntien Green Energy Co., Ltd.	Chairman	05-2023	
Lu Sheng Xin	Suntien Green Energy (Shanglin) Co., Ltd.	Chairman	05-2023	
Lu Sheng Xin	Cangzhou Suntien Botou Energy Co., Ltd.	Director and General Manager	08-2023	
Lu Sheng Xin	Cangzhou Suntien Green Energy Co., Ltd.	General Manager	05-2023	
Lu Sheng Xin	Suntien Smart Energy (Qinhuangdao Wuning) Co., Ltd.	Chairman	05-2023	
Lu Sheng Xin	Tangshan Pinghuan Energy Development Co., Ltd.	Chairman and General manager	03-2023	
Lu Sheng Xin	Tangshan Hehuan Energy Development Co., Ltd.	Chairman and General manager	03-2023	

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

Name of employee	Name of other entity	Position in other entity	Commencement date of term of office	End date of term of office
Lu Sheng Xin	Tangshan Shunhuan Energy Development Co., Ltd.	Chairman and General manager	03-2023	
Lu Sheng Xin	HECIC Tangshan Wind Power Co., Ltd.	Chairman	03-2023	
Lu Sheng Xin	Construction and Investment Guokong (Tangshan) New Energy Co., Ltd.	Director	12-2023	
Fan Wei Hong	HECIC New Energy Co., Ltd.	Chairman of the Board of Supervisors	12-2017	
Fan Wei Hong	HECIC Group Finance Company Limited	Director	12-2015	
Fan Wei Hong	Caofeidian Suntien Liquefied Natural Gas Co., Ltd.	Supervisor	03-2018	
Fan Wei Hong	Hebei Natural Gas Company Limited	Chairman of the Board of Supervisors	04-2018	
Fan Wei Hong	Huihai Financial Leasing Co., Ltd.	Director	05-2017	
Fan Wei Hong	Ruoqiang Suntien Green Energy Co., Ltd.	Chairman	05-2019	
Fan Wei Hong	Hejing Suntien Green Energy Co., Ltd.	Chairman	07-2019	
Fan Wei Hong	Liquan Jisheng Green Energy Co., Ltd.	Chairman	01-2022	
Fan Wei Hong	Xinjiang Yusheng New Energy Development Co., Ltd.	Chairman	05-2022	
Fan Wei Hong	Fuping Jixin Suntien Green Energy Co., Ltd.	Chairman	06-2019	
Fan Wei Hong	HECIC AVIC Saihan Green Energy Technology Development Co., Ltd.	Supervisor	04-2022	
Fan Wei Hong	HECIC New-energy Supply Chain Management Co., Ltd.	Supervisor	07-2019	
Ban Ze Feng	Korla Tianhui Dongshan Wind Power Co., Ltd.	Chairman	11-2023	
Ban Ze Feng	HECIC New Energy Co., Ltd.	Director	12-2017	
Ban Ze Feng	Hebei Natural Gas Company Limited	Director	04-2017	
Ban Ze Feng	Suntien Green Energy (Hong Kong) Corporation Limited	Chairman	06-2017	
Ban Ze Feng	Hebei Jinjianjia Natural Gas Co., Ltd.	Director	08-2017	
Ban Ze Feng	Huihai Financial Leasing Co., Ltd.	Chairman of the Board of Supervisors	05-2017	
Ban Ze Feng	Shenzhen Suntien Green Energy Investment Co., Ltd.	Chairman	06-2019	
Ban Ze Feng	International Wind Farm Development V Limited	Chairman	08-2019	
Ban Ze Feng	Cangzhou Suntien Botou Energy Co., Ltd.	Director	05-2022	
Ban Ze Feng	Caofeidian Suntien Liquefied Natural Gas Co., Ltd.	Director	01-2024	
Explanation on the employment status at other entities	Nil			

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

### (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.
Whether a Director recuses himself/herself from the Board's discussion of his/her remuneration	Yes
The specific circumstances under which the Remuneration and Appraisal Committee or the independent Directors' special meetings make suggestions on matters relating to the remuneration of Directors, supervisors and senior management	On 14 March 2022, the remuneration package for the directors of the fifth session of the Board was considered and approved at the sixth meeting of the Remuneration and Appraisal Committee of the fourth session of the Board. On 23 March 2022, the remuneration package for the supervisors of the fifth session of the Board of Supervisors was considered and approved at the sixth meeting of the fourth session of the Board of Supervisors. The Remuneration and Appraisal Committee will hold a subsequent meeting to consider the remuneration payment plan for directors and executives for 2023.
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 in Directors, supervisors and senior management of the Company

Name	Position	Change	Reason for changes
Sun Xin Tian	Vice President	Resigned	Work arrangement adjustment
Lu Sheng Xin	Vice President	Appointed	Appointed by the Board of Directors
Wu Hui Jiang	Non-executive Director	Resigned	Work arrangement adjustment
Wang Tao	Non-executive Director	Elected	Elected at a general meeting
Mei Chun Xiao	President	Resigned	Work arrangement adjustment
Wang Hong Jun	Executive Director	Resigned	Work arrangement adjustment
Tan Jian Xin	Executive Director President	Elected Appointed	Elected at a general meeting Appointed by the Board of Directors

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

Applicable  Not Applicable

### (VI) Others

Applicable  Not Applicable

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

### V. BOARD MEETINGS HELD DURING THE REPORTING PERIOD

Session	Date of meeting	Resolutions
Ninth extraordinary meeting of the fifth session of the Board of Directors	5 January 2023	The following resolutions were considered and approved: <ol style="list-style-type: none"> <li>1. Resolution on the Issuance and Listing of GDRs on the SIX Swiss Exchange</li> <li>2. Resolution on the Plan to Issue and List GDRs on the SIX Swiss Exchange</li> <li>3. Resolution on the Report on the Use of the Previously-Raised Proceeds of the Company</li> <li>4. Resolution on the Plan for the Use of Proceeds from the Issuance of GDRs</li> <li>5. Resolution on the Authorizations to the Board and the Authorized Person(s) of the Board to Exercise Full Power to Deal with Matters Relating to the Issuance and Listing of GDRs on the SIX Swiss Exchange</li> <li>6. Resolution on the Validity Period of the Resolution in Respect of Issuance and Listing of GDRs on the SIX Swiss Exchange</li> <li>7. Resolution on Accumulated Profit Distribution Plan before Issuance and Listing of GDRs on the SIX Swiss Exchange</li> <li>8. Resolution on the Amendments to the Articles of Association Applicable upon Listing of GDRs of the Company</li> <li>9. Resolution on the Amendments to the Rules of Procedure of the General Meetings Applicable upon Listing of GDRs of the Company</li> <li>10. Resolution on the Amendments to the Rules of Procedure of the Board of Directors Applicable upon Listing of GDRs of the Company</li> <li>11. Resolution on Formulation of Regulations for Confidentiality and Document Administration Relating to the Offshore Issuance and Listing of Securities of China Suntien Green Energy Corporation Limited</li> <li>12. Resolution on Convening the 2023 First Extraordinary General Meeting of the Company</li> </ol>
Tenth extraordinary meeting of the fifth session of the Board of Directors	11 January 2023	The Resolution on Depositing the Proceeds by Way of Agreed Deposit was considered and approved
Eleventh extraordinary meeting of the fifth session of the Board of Directors	7 March 2023	The following resolutions were considered and approved: <ol style="list-style-type: none"> <li>1. Resolution on Change of Vice President of the Company</li> <li>2. Resolution on the Tenure System and Contractual Management of the Company's Management</li> <li>3. Resolution on Signing of a Contract on Use of the LNG Terminal between HECIC New-energy Supply Chain Management Co., Ltd. and Caofeidian Suntien Liquefied Natural Gas Co., Ltd.</li> </ol>

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

Session	Date of meeting	Resolutions
Fourth meeting of the fifth session of the Board of Directors	23 March 2023	<p>The following resolutions were considered and approved:</p> <ol style="list-style-type: none"> <li>1. Resolution on the 2022 Work Report of the Board of Directors of the Company</li> <li>2. Resolution on the 2022 Performance Report of the Audit Committee of the Company</li> <li>3. Resolution on the 2022 Work Report of the Independent Directors of the Company</li> <li>4. Resolution on the 2022 Work Report of the President of the Company</li> <li>5. Resolution on the 2022 Operation Activities Analysis Report of the Company</li> <li>6. Resolution on the 2022 Internal Audit and Risk Management Work Report of the Company</li> <li>7. Resolution on the 2022 Financial Report of the Company</li> <li>8. Resolution on the Report on the 2022 Final Accounts of the Company</li> <li>9. Resolution on the Description of the Operations and Financing of the Company for 2023</li> <li>10. Resolution on the Provision for Impairment and Recognition of Asset Losses of the Company for 2022</li> <li>11. Resolution on the 2022 Profit Distribution Proposal of the Company</li> <li>12. Resolution on the Placement and Actual Use of the Proceeds of the Company for 2022</li> <li>13. Resolution on the Authorization to the Board of Directors to Exercise the General Mandate to Issue Shares</li> <li>14. Resolution on the 2022 Annual Report Summary and Report, Result Announcement, Corporate Social Responsibility Report and ESG Report</li> <li>15. Resolution on the Continuous Risk Assessment Report (2022) of Hebei Construction &amp; Investment Group Finance Co., Ltd.</li> <li>16. Resolution on the Internal Control Assessment Report of the Company for 2022</li> <li>17. Resolution on the Appointment of the Audit Institution for the Company for 2023</li> <li>18. Resolution on Formulation of Regulations for Confidentiality and Document Administration Relating to the Offshore Issuance and Listing of Securities of China Suntien Green Energy Corporation Limited</li> </ol>
Twelveth extraordinary meeting of the fifth session of the Board of Directors	19 April 2023	<p>The following resolutions were considered and approved:</p> <ol style="list-style-type: none"> <li>1. Resolution on the Nomination of Non-executive Directors for the Fifth Session of the Board of Directors of the Company</li> <li>2. Resolution on the Use of Part of the Idle Proceeds for Cash Management</li> <li>3. Resolution on the Use of Part of the Idle Proceeds for Temporary Replenishment of Working Capital</li> <li>4. Resolution on Convening the 2022 Annual General Meeting</li> </ol>
Thirteenth extraordinary meeting of the fifth session of the Board of Directors	28 April 2023	<p>The following resolutions were considered and approved:</p> <ol style="list-style-type: none"> <li>1. Resolution on the 2023 First Quarterly Report of the Company</li> <li>2. Resolution on Reviewing the 2023 Risk Assessment Report and Comprehensive Risk Management Report</li> </ol>
Fourteenth extraordinary meeting of the fifth session of the Board of Directors	16 May 2023	<p>The Resolution on Change of Members of the Strategic and Investment Committee of the Fifth Session of the Board of Directors was considered and approved</p>
Fifteenth extraordinary meeting of the fifth session of the Board of Directors	14 June 2023	<p>The Resolution on Signing of a Contract on the Purchase and Sale of Liquefied Natural Gas between HECIC New-energy Supply Chain Management Co., Ltd. and Caofeidian Suntien Liquefied Natural Gas Co., Ltd. was considered and approved</p>
Fifth meeting of the fifth session of the Board of Directors	30 June 2023	<p>The following resolutions were considered and approved:</p> <ol style="list-style-type: none"> <li>1. Resolution on Reviewing of the 2023 First Quarterly Production and Operation Activities Analysis of the Company</li> <li>2. Resolution on Entering into of a Supplementary Agreement to the Contract on Use of the LNG Terminal between HECIC New-energy Supply Chain Management Co., Ltd. and Caofeidian Suntien Liquefied Natural Gas Co., Ltd.</li> <li>3. Resolution on Entering into of a Cooperation Agreement on Use of the LNG Terminal between HECIC New-energy Supply Chain Management Co., Ltd. and Caofeidian Suntien Liquefied Natural Gas Co., Ltd.</li> <li>4. Resolution on Engaging Gram Capital Limited as Independent Financial Adviser of the Company</li> <li>5. Resolution on Convening the 2023 Second Extraordinary General Meeting</li> </ol>

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

Session	Date of meeting	Resolutions
Sixth meeting of the fifth session of the Board of Directors	29 August 2023	The following resolutions were considered and approved: <ol style="list-style-type: none"> <li>Resolution on the 2023 Interim Work Report of the President of the Company</li> <li>Resolution on Analysis of the 2023 Interim Production and Operation Activities of the Company</li> <li>Resolution on the Placement and Actual Use of the Proceeds for First Half of 2023</li> <li>Resolution on Reviewing Interim Results Announcement and Interim Report and Semi-annual Report Summary and Report as at 30 June 2023</li> <li>Resolution on the Continuous Risk Assessment Report (Mid-2023) of Hebei Construction &amp; Investment Group Finance Co., Ltd.</li> <li>Resolution on Signing of a Natural Gas Pipeline Service Contract between HECIC New-energy Supply Chain Management Co., Ltd. and Caofeidian Suntien Liquefied Natural Gas Co., Ltd.</li> </ol>
Sixteenth extraordinary meeting of the fifth session of the Board of Directors	20 October 2023	The following resolutions were considered and approved: <ol style="list-style-type: none"> <li>Resolution on the Renewal of Financial Service Framework Agreement between the Company and Hebei Construction &amp; Investment Group Finance Co., Ltd.</li> <li>Resolution on the Renewal of an Asset Financing Service Framework Agreement between the Company and Huihai Financial Leasing Co., Ltd.</li> <li>Resolution on Engaging Gram Capital Limited as Independent Financial Adviser of the Company</li> <li>Resolution on the Risk Assessment Report of Hebei Construction &amp; Investment Group Finance Co., Ltd.</li> <li>Resolution on Entrustment of Management of Assets and Related Party Transactions of the Company</li> <li>Resolution on Convening the 2023 Third Extraordinary General Meeting of the Company</li> </ol>
Seventeenth extraordinary meeting of the fifth session of the Board of Directors	27 October 2023	The following resolutions were considered and approved: <ol style="list-style-type: none"> <li>Resolution on Reviewing the 2023 Third Quarterly Report of the Company</li> <li>Resolution on the 2022 Assessment Results and Remuneration Payment Plan for the Company's Managers</li> </ol>
Eighteenth extraordinary meeting of the fifth session of the Board of Directors	3 November 2023	The following resolutions were considered and approved: <ol style="list-style-type: none"> <li>Resolution on Amendments to the Articles of Association</li> <li>Resolution on Amendments to the Rules of Procedure of the General Meetings</li> <li>Resolution on Amendments to the Rules of Procedure of the Board of Directors</li> <li>Resolution on Amendments to the Working Rules for Independent Directors</li> </ol>
Nineteenth extraordinary meeting of the fifth session of the Board of Directors	24 November 2023	The Resolution on Entering into of a Natural Gas Service Framework Agreement between the Company and Hebei Gas Co., Ltd. and Caofeidian Suntien Liquefied Natural Gas Co., Ltd. was considered and approved
Seventh meeting of the fifth session of the Board of Directors	28 December 2023	The following resolutions were considered and approved: <ol style="list-style-type: none"> <li>Resolution on Administrative Measures for the 2023 Restricted A Share Incentive Scheme of China Suntien Green Energy Corporation Limited</li> <li>Resolution on Administrative Measures for the 2023 Restricted A Share Incentive Scheme of China Suntien Green Energy Corporation Limited</li> <li>Resolution on Administrative Measures for Appraisal for the Implementation of the 2023 Restricted A Share Incentive Scheme of China Suntien Green Energy Corporation Limited</li> <li>Resolution on the Authorization to the Board and its Delegated Persons by the General Meeting to Exercise Full Power to Deal with Matters Relating to the 2023 Restricted A Share Incentive Scheme</li> <li>Resolution on the Nomination of Executive Directors for the Fifth Session of the Board of Directors of the Company</li> <li>Resolution on the Nomination of Independent Non-executive Directors for the Fifth Session of the Board of Directors of the Company</li> <li>Resolution on the First Extraordinary General Meeting for 2024, the First A Share Class Meeting for 2024, and the First H Share Class Meeting for 2024</li> <li>Resolution on Reviewing of the 2023 Third Quarterly Production and Operation Activities Analysis of the Company</li> </ol>

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

### 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 Director	Mandatory times of attendance at Board meetings during the year	Attendance at Board meeting (s)				Times of absence	Whether or not he or she has been absent in person for two consecutive times	Attendance at general meeting (s)
			Times of attendance in person	Times of attendance by telecommunication	Times of attendance by proxy	Times of attendance at general meeting(s)			
Cao Xin	No	15	15	15	0	0	No	1	
Li Lian Ping	No	15	15	15	0	0	No	1	
Mei Chun Xiao	No	15	15	8	0	0	No	4	
Wang Hong Jun	No	15	15	8	0	0	No	4	
Qin Gang	No	15	15	15	0	0	No	1	
Wu Hui Jiang	No	6	6	6	0	0	No	1	
Wang Tao	No	9	9	9	0	0	No	0	
Guo Ying Jun	Yes	15	15	7	0	0	No	4	
Wan Yim Keung	Yes	15	14	14	0	1	No	4	
Lin Tao	Yes	15	15	14	0	0	No	4	

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

Applicable     Not Applicable

Number of Board meetings convened during the year	15
Including: number of on-site meetings	0
Number of meetings held by teleconference	7
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

#### (I) Members of the dedicated committees of the Board

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

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

### (II) The Audit Committee held 6 meetings during the Reporting Period

<u>Date of meeting</u>	<u>Matters of the meeting</u>	<u>Important comments and suggestions</u>	<u>Other particulars of performance of duties</u>
23 March 2023	The following resolutions were considered and approved: 1. Resolution on the Audit Results of the Company in 2022 2. Resolution on the 2022 Performance Report of the Audit Committee of the Company 3. Resolution on the 2022 Internal Audit and Risk Management Work Report of the Company 4. Resolution on the 2022 Annual Report of the Company 5. Resolution on the 2023 Internal Audit Work Plan of the Company 6. Resolution on the Internal Control Assessment Report of the Company for 2022 7. Resolution on the Report on the 2022 Final Accounts of the Company 8. Resolution on the Description of the Operations and Financing of the Company for 2023 9. Resolution on the Provision for Impairment and Recognition of Asset Losses of the Company for 2022 10. Resolution on the 2022 Profit Distribution Proposal of the Company 11. Resolution on the Appointment of the Audit Institution for the Company for 2023 12. Resolution on Reviewing the Special Audit Report on Raised Funds and Guarantees for 2022	Unanimous agreement has been reached to propose the resolutions to the Board of the Company for consideration	
28 April 2023	The following resolutions were considered and approved: 1. Resolution on the 2023 First Quarterly Report of the Company 2. Resolution on Reviewing the 2023 Risk Assessment Report and Comprehensive Risk Management Report	Unanimous agreement has been reached to propose the resolutions to the Board of the Company for consideration	
29 August 2023	All attending members listened carefully to Ernst & Young Hua Ming LLP's report on the 2023 interim agreed-upon procedures of the Company and concurred with its content. The following resolutions were considered and approved: 1. Resolution on Reviewing Interim Results Announcement and Interim Report and Semi-annual Report Summary and Report as at 30 June 2023 2. Resolution on Reviewing the Special Audit Report on Raised Funds and Guarantees for the First Half of 2023	Unanimous agreement has been reached to propose the resolutions to the Board of the Company for consideration	

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

Date of meeting	Matters of the meeting	Important comments and suggestions	Other particulars of performance of duties
20 October 2023	The following resolutions were considered and approved: <ol style="list-style-type: none"> <li>1. Resolution on the Renewal of Financial Services Framework Agreement between the Company and HECIC Group Finance Company Limited</li> <li>2. Resolution on the Renewal of Asset Financing Service Framework Agreement between the Company and Huihai Financial Leasing Co., Ltd.</li> <li>3. Resolution on the Relinquishment of a Business Opportunity and Entrustment of Assets for Management and Related Transactions</li> </ol>	Unanimous agreement has been reached to propose the resolutions to the Board of the Company for consideration	
27 October 2023	The Resolution on Reviewing the 2023 Third Quarterly Report of the Company was considered and approved.	Unanimous agreement has been reached to propose the resolution to the Board of the Company for consideration	
22 December 2023	We received a report from Ernst & Young Hua Ming LLP in relation to the Company's 2023 audit plan	Unanimously agreement has been reached for the content of the report	

### (III) The Remuneration and Appraisal Committee held 2 meetings during the Reporting Period

Date of meeting	Matters of the meeting	Important comments and suggestions	Other particulars of performance of duties
27 October 2023	The Resolution on the 2022 Assessment Results and Remuneration Payment Plan for the Company's Managers was considered and approved.	Unanimous agreement has been reached to propose the resolution to the Board of the Company for consideration	
22 December 2023	The following resolutions were considered and approved: <ol style="list-style-type: none"> <li>1. Resolution on the 2023 Restricted A Share Incentive Scheme (Draft) and its Summary of China Suntien Green Energy Corporation Limited</li> <li>2. Resolution on Administrative Measures for the 2023 Restricted A Share Incentive Scheme of China Suntien Green Energy Corporation Limited</li> <li>3. Resolution on Administrative Measures for Appraisal for the Implementation of the 2023 Restricted A Share Incentive Scheme of China Suntien Green Energy Corporation Limited</li> </ol>	Unanimous agreement has been reached to propose the resolutions to the Board of the Company for consideration	

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

(IV) The Strategic and Investment Committee held 0 meeting during the Reporting Period

(V) The Nomination Committee held 3 meetings during the Reporting Period

<u>Date of meeting</u>	<u>Matters of the meeting</u>	<u>Important comments and suggestions</u>	<u>Other particulars of performance of duties</u>
7 March 2023	The Resolution on Nomination of Mr. Lu Sheng Xin as Vice President of the Company was considered and approved.	Unanimous agreement has been reached to propose the resolution to the Board of the Company for consideration	
19 April 2023	The Resolution on the Nomination of Non-executive Directors for the Fifth Session of the Board of Directors of the Company was considered and approved.	Unanimous agreement has been reached to propose the resolution to the Board of the Company for consideration	
22 December 2023	The following resolutions were considered and approved: 1. Resolution on the Nomination of Executive Directors for the Fifth Session of the Board of Directors of the Company 2. Resolution on the Nomination of Independent Non-executive Directors for the Fifth Session of the Board of Directors of the Company	Unanimous agreement has been reached to propose the resolutions to the Board of the Company for consideration	

(VI) 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.

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

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

#### (I) Employees

As at 31 December 2023, the Group had a total of 2,696 employees under labour contracts, of whom 2,333 were male and 363 were female, with an average age of 35.81.

Number of in-service employees in the parent company		63
Number of in-service employees in the major subsidiaries		2,633
Total number of in-service employees		2,696
Number of employees retired whose expenses are borne by the parent company and its major subsidiaries		79
Composition of professions		
Type of profession	Number of staff	
Production staff		1,073
Sales staff		65
Technical staff		661
Finance staff		92
Administrative staff		371
Management staff		434
Total		2,696
Education level		
Type of education level	Number of employees	
Employees with a doctoral degree		4
Employees with a master's degree		322
Employees with a bachelor's degree		1,757
Junior college graduates and below		613
Total		2,696

#### (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 constant improvement in human resources management system of the Group. To cope with the changes, the Group has established an organizational structure and system that can keep pace with its rapid development, strives to formulate efficient business processes, and provides a human resources support platform for the implementation of its 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 further improved the remuneration system taking into account its business development and kept abreast of market trends. Guided by its strategies, the Group improved the incentive system and assessment indicators, focused its concerns on assessment procedures and results and continued 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 combined internal and external recruitment in accordance with the needs of its business development, and innovated in the introduction of talents by introducing high-quality talents through campus recruitment and market-based selection, so as to provide human resources support and guarantee its business development. It provided more career selection opportunities for internal staff and attracted and recruited high-calibre and high-skilled talents.

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

### 4. *Human resources development and management*

In 2023, the Group adhered to Suntien's specific philosophy on talent training, which is "intended to serve corporate development, result-oriented and information-based system", established a talent training system which is used to manage employees who are classified by demand, such as middle and senior managers, high-potential back-up employees, ordinary employees and new hires, and actively implemented the Company's Three-Year Specialized Cultivation Plan (2022-2024) to promote all kinds of talent 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 entering into of collective contracts and collective wage agreements, standardized the staff file management, clarified the approach to deal with labor relations 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 in practices, and constantly enriched and improved the talent cultivation system with Suntien characteristics.

First of all, the Group adopted a flexible approach of "combining online and offline channels for multilevel and decentralised training" and actively implemented the Three-year Training Plan for Middle-level Managers and Leaders from Enterprises Under the Company (2022-2024). The Company took the lead in organising training for middle-level managers and leaders in enterprises under the Company as well as training for cadres of various segments such as Party building, finance, engineering, production, human resources, and auditing. For instance, the 2023 leadership enhancement training for middle and senior management covered such aspects as knowledge and ability expansion required for the development of new energy and new business forms, red education, factory visits. Experts in the industry, professors from famous universities and practical management experts were invited to give lessons, which prepared talents and strengths for the Company to better cope with the challenges in the future.

Secondly, the Group continuously pushed forward with learning via online courses and made effort in creating a library of courses with its characteristics. In 2023, it offered 156 courses in 12 categories with 2,936 attendances. The Group organized the annual assessment on the Company's contractors and the preliminaries of the safety knowledge competition of the Cup of Safety & Health. In the meantime, the platform combines online and offline channels via a number of learning programs. For employees at different levels, the online classroom has designed different learning programs for cultivation and training management. This empowered new hires, new managers, internal trainers, attorneys, and middle and senior leaders.

Thirdly, the Company further promoted the establishment of the internal trainer system and launched the micro-lesson design and development workshop and the fourth micro-lesson competition themed on "Intelligence empowers Suntien", in which a total of 56 micro-lesson works selected from the system were uploaded to the Company's online course platform and evaluated and shared within the Company, so as to enrich and build up its internal knowledge base.

Fourthly, according to the Company's actual management needs, the 2023 Grassroots Temporary Training Implementation Plan was formulated and implemented to select and encourage high-quality, high-potential young talents to receive training at the grassroots level, so as to meet the urgent needs for middle and senior management at the grassroots level due to the Company's rapid development, and promote the rapid growth of corporate management talents.

Last but not least, the closed-loop management of training was strengthened to actively improve the effectiveness of training. The Company collected 89 reasonable suggestions from middle and senior managers, regarding engineering management, human resources, investment development and other segments, which were evaluated by the heads of relevant department and management unit, realising closed-loop management of training.

## (IV) Labour outsourcing

Applicable     Not Applicable

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

### (V) Diversity and inclusion

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

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

## X. PROPOSAL OF PROFIT DISTRIBUTION OR CAPITALISATION OF CAPITAL RESERVE

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

According to the Articles of Association and the Plan of China Suntien Green Energy Corporation Limited for Distribution of Dividends to Shareholders for the Three Years Following the Initial Public Offering and Listing of A Shares (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*

The Company may distribute dividend in cash if the distributable profit realized by the Company (i.e. the profit after tax remaining after offsetting loss and setting aside reserves) for the year is a positive value and the auditor has issued a standard auditor's report without qualified opinions on the Company's financial report for the year. The total profit distributed in cash by the Company each year shall not be less than 15% of the realized distributable profit attributable to the 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 not exceed the total distributable profit or affect the Company's sustainable operation ability;

#### 3. *Differentiated cash dividend policy*

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

- (1) If the Company is at mature stage and there are 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 there are 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 there are 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 there are arrangements for significant capital expenses, in making profit distribution, cash dividends shall account for at least 20% of the total profit to be distributed.

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The "arrangements for significant capital expenses" above means that the proposed total expenses of the Company in investments, acquisition of assets or purchase of equipment and buildings for the next 12 months reach or exceed 20% of the latest audited net assets of the Company and are more than 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, 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.
- (2) 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.
- (3) 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.
- (4) If any adjustment or change to the policy for cash dividends of the Company is indeed necessary, they shall be made for the purpose of protecting the interests of the shareholders. The Board shall thoroughly discuss the rationale of the adjustment or change to the profit distribution plan and adopt it as a resolution before submission to the shareholders' meeting for consideration. When being considered at the shareholders' meeting, it shall be approved by more than 2/3 voting rights held by Shareholders attending the shareholders' meeting.

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

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

- (1) Distribution plan of accumulated undistributed profits: the accumulated distributable profit of the Company prior to the completion of this Non-public Issuance of A shares shall be shared by existing and new shareholders immediately following completion of the issuance in proportion to their respective shareholding.
- (2) The shareholders' return plan for the next three years after the Company's Non-public Issuance of A Shares is as follows:
  - ① Factors considered in preparing the plan for shareholders' returns  
In view of the Company's long-term and sustainable development and taking into account its actual status and development objectives, the Company aims at establishing a consistent, stable and scientific return plan and mechanism for investors to make systematic arrangements for dividend distribution and ensure the continuity and stability of its dividend distribution policy.
  - ② Principles of preparing the plan for shareholders' returns  
In preparing the plan for shareholders' returns, the Company has fully considered and listened to the demands and desires of the shareholders, in particular, the minority shareholders, adhered to the basic principle of cash dividend while ensuring the normal operation and business development of the Company, and taken into account the characteristics of the industry in which the Company operates, its stage of development, its business model, profitability and whether there are significant capital expenses.
  - ③ Cycle of preparing the plan for shareholders' returns  
The Company shall review the Plan for Distribution of Dividends to Shareholders at least once every three years, and the Board of the Company shall prepare year-end or interim dividend distribution plan based on the results of operation of the Company and taking into account its current profitability, cash flow, stage of development and existing capital needs.

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

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

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

#### ii. Methods of profit distribution

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

#### iii. Condition and percentage of dividend distribution

Dividends may be distributed subject to the following conditions:

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

The Company may distribute profit in cash when it has realized profit but without uncovered loss, and there is sufficient cash for cash dividend distribution without affecting the normal operation of the Company. The 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; 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 not exceed the total distributable profit or affect the Company's sustainable operation ability.

#### iv. Percentage and intervals of cash dividends

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

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

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### ⑤ Conditions for distribution of share dividends

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

### ⑥ Procedures for reviewing the profit distribution plan of the Company

- i. The annual profit distribution proposal of the Company shall be raised and prepared by the board of directors in accordance with the requirements of the Articles of Association and in view of the profitability and capital supply and needs. Independent Directors shall issue their independent opinions on the profit distribution proposal, which, 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 in order to protect the interests of the Shareholders. The Board shall thoroughly discuss the rationale of the adjustment or change to the profit distribution proposal 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 refers to 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;

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- 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 2023 profit distribution proposal*

In 2023, the Company's net profit attributable to shareholders of the parent company was RMB2,207,473,530.19 and undistributed profits were RMB8,960,553,185.93 as presented in the audited consolidated statements. The Company proposes to distribute a cash dividend of RMB2.14 (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 2023 profit distribution proposal was approved, being 4,187,093,073 shares, the total cash dividend will amount to RMB896,037,917.62 (tax inclusive). The balance of the undistributed profits of the Company will be carried forward to the next year. The total cash dividend proposed in the plan accounts for 40.59% of the net profit attributable to shareholders of parent company in the Company's consolidated statements for 2023.

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 distribution amount per share unchanged and make corresponding adjustment to the total distribution amount and will make further announcement on the particulars of the adjustment.

The above profit distribution proposal is subject to consideration and approval at the 2023 annual general meeting of the Company.

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

Subject to the approval of the 2023 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.

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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 their tax advisers regarding the PRC, Hong Kong and other tax implications of owning and disposing of the H shares of the Company.

### (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	√ Yes	<input type="checkbox"/> No
Whether the criteria and percentage of dividend distribution are clear and unambiguous	√ Yes	<input type="checkbox"/> No
Whether the relevant decision-making procedures and mechanisms are comprehensive	√ Yes	<input type="checkbox"/> No
Whether the independent Directors have performed their duties and responsibilities and properly played their roles	√ 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	√ 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

### (IV) Proposals for profit distribution and capital reserve conversion during the Reporting Period

Unit: Yuan    Currency: RMB

Number of bonus shares for every 10 shares (share)	0
Dividends for every 10 shares (RMB) (tax inclusive)	2.14
Number of capitalisation shares for every 10 shares (share)	0
Amount of cash dividends (tax inclusive)	896,037,917.62
Net profit attributable to ordinary shareholders of listed companies in the annual consolidated statement of dividends	2,207,473,530.19
Ratio of the net profit attributable to ordinary shareholders of listed companies in the consolidated financial statements (%)	40.59
Amount included in cash dividends in the form of repurchasing shares in cash	0
Total cash dividends (tax inclusive)	896,037,917.62
Ratio of the total dividend amount to the net profit attributable to ordinary shareholders of listed companies in the consolidated statements (%)	40.59

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

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

Summary of events	Enquiry index
<p>The Resolution on the 2023 Restricted A Share Incentive Scheme (Draft) and its Summary of China Suntien Green Energy Corporation Limited, the Resolution on Administrative Measures for the 2023 Restricted A Share Incentive Scheme of China Suntien Green Energy Corporation Limited, the Resolution on Administrative Measures for Appraisal for the Implementation of the 2023 Restricted A Share Incentive Scheme of China Suntien Green Energy Corporation Limited and other resolutions were considered and approved at the seventh meeting of the fifth session of the board of directors, the tenth extraordinary meeting of the fifth session of the board of supervisors, the first extraordinary general meeting of 2024, the first A share class meeting of 2024 and the first H share class meeting of 2024 of the Company.</p> <p>The Company's 2023 Restricted A Share Incentive Scheme was approved by the State-owned Assets Supervision and Administration Commission of the People's Government of Hebei Province</p>	<p>For details, please refer to the relevant announcements of the Company dated 29 December 2023 and 29 February 2024 disclosed on the websites of the SSE and the Hong Kong Stock Exchange.</p> <p>For details, please refer to the relevant announcement of the Company dated 31 January 2024 as disclosed on the websites of the SSE and the Hong Kong Stock Exchange.</p>

Summary of Suntien Green Energy's 2023 Restricted A Share Incentive Scheme of the Company is as follows:

##### 1. Purpose of this incentive scheme

The aim is to further establish and improve the Company's long-acting incentive mechanism, attract and retain outstanding talents, fully mobilize the enthusiasm of its Directors, senior management and other key personnel, effectively combine the interests of shareholders, the Company and operators, and focus on the long-term development of the Company.

##### 2. Scope of the Participants

There are 232 participants under the incentive scheme, including Directors, senior managers (excluding independent Directors, external Directors and supervisors), key technical and business personnel of the Company. Among such participants, Directors and senior managers must be elected by shareholders' general meetings or appointed by the board of directors of the Company. The participants under the incentive scheme excludes external Directors, independent Directors, supervisors and shareholders or the de facto controller who individually or collectively hold more than 5% of the Company's shares, as well as their spouses, parents and children. All participants must have an employment relationship or hold a position with the Company or its holding subsidiary during the appraisal period of the scheme.

##### 3. Number of underlying shares

The number of restricted shares to be granted under the scheme shall not exceed 19.28 million, accounting for approximately 0.46% of the Company's total share capital of 4,187.0931 million shares at the time of the announcement of the draft of the incentive scheme.

##### 4. Maximum entitlement per participant

None of the incentive participants has been granted through valid incentive schemes more than 1% of the Company's total share capital at the time the scheme is submitted to the general meeting.

##### 5. Lock-up periods

Restricted shares granted under the scheme are subject to a 24-month, 36-month, or 48-month lock-up period from the date of completion of registration of the grant.

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

### 6. *Unlocking periods*

Unlocking arrangements	Unlocking schedule	Proportion of the Restricted Shares Unlocked
First Unlocking Period	Commencing from the first trading day upon the expiry of 24 months from the date of the completion of registration of the restricted shares to the last trading day upon the expiry of 36 months from the date of the completion of registration of the restricted shares	33%
Second Unlocking Period	Commencing from the first trading day upon the expiry of 36 months from the date of the completion of registration of the restricted shares to the last trading day upon the expiry of 48 months from the date of the completion of registration of the restricted shares	33%
Third Unlocking Period	Commencing from the first trading day upon the expiry of 48 months from the date of the completion of registration of the restricted shares to the last trading day upon the expiry of 60 months from the date of the completion of registration of the restricted shares	34%

### 7. *Grant price*

The grant price of the restricted shares granted under the incentive scheme is RMB4.10 per share, which means that after the the conditions for the grant are satisfied, the incentive participants may purchase additional restricted shares to be issued by the Company to the participants at a price of RMB4.10 per share.

### 8. *Method of determining the grant price*

The grant price of the restricted shares granted under the scheme is determined in accordance with fair market value principle and is not less than the higher of the following prices:

- (I) 50% of the average trading price of the Company's underlying shares for the one trading day prior to the announcement of the draft of the scheme;
- (II) 50% of one of the average trading prices of the Company's underlying shares for the 20 trading days, 60 trading days, or 120 trading days prior to the announcement of the draft of the scheme.

Based on the above pricing principle, the grant price of the restricted shares granted under the scheme was RMB4.10 per share.

### 9. *Validity period*

The validity period of the scheme shall commence on the date of completion of the registration of the grant of restricted shares and end on the date on which all restricted shares granted to the participants are released from restriction or repurchased and canceled, and shall not exceed a maximum of 60 months.

## (II) Incentives not disclosed in interim announcements or with subsequent development

### *Equity incentive*

Applicable  Not Applicable

### *Other explanations*

Applicable  Not Applicable

### *Employee share ownership plan*

Applicable  Not Applicable

### *Other incentive measures*

Applicable  Not Applicable

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

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

Applicable  Not Applicable

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

Applicable  Not Applicable

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

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

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

Management has reviewed the issuer's risk management and internal control systems and the Board considers these systems to be effective and adequate. No major concerns were identified in the scope of the review.

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

Applicable  Not Applicable

## XIII. MANAGEMENT AND CONTROL OF SUBSIDIARIES DURING THE REPORTING PERIOD

During the Reporting Period, the Group newly acquired a holding subsidiary, Gaoyi Fengcheng Natural Gas Co., Ltd. The delivery of relevant assets, personnel, and finance has been completed in May 2023, which has been included in the management system of the Group. Currently, the operation is normal.

## 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 2023 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](http://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.

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

### XVI. OTHERS

#### (I) Board committees

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

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

##### 1. Audit Committee

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

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

The Board and the Audit Committee are in consensus on the selection, appointment or dismissal of external auditors or the resignation of auditors. During the Reporting Period, the Audit Committee convened 6 meetings, at which the following resolutions were respectively reviewed and approved:

- (1) On 23 March 2023, the following resolutions were considered and approved: the Resolution on the Audit Results of the Company for the Year 2022, the Resolution on the Performance Report of Audit Committee of the Company for 2022, the Resolution on the 2022 Internal Audit and Risks Management Report of the Company, the Resolution on the 2022 Annual Report of the Company, the Resolution on the Internal Audit Plan of the Company for the Year 2023, the Resolution on the Internal Control Assessment Report for the Year 2022, the Resolution on the Report on the 2022 Final Accounts of the Company, the Resolution on the Description of the Operations and Financing of the Company for the Year 2023, the Resolution on the Provision for Impairment and Recognition of Asset Losses of the Company for the Year 2022, the Resolution on the 2022 Profit Distribution Proposal of the Company, the Resolution on the Appointment of Auditors of the Company for the Year 2023, and the Resolution on the Consideration of Special Audit Reports on Raised Funds and Guarantees for the Year 2022.
- (2) On 28 April 2023, the following resolutions were considered and approved: the Resolution on the 2023 First Quarterly Report of the Company and the Resolution on the Consideration of the Risk Assessment Report and the Comprehensive Risk Management Report for the Year 2023.
- (3) On 29 August 2023, we received a report from Ernst & Young Hua Ming LLP on the results of the Company's 2023 Interim Agreed-Upon Procedures, agreed with the relevant contents of its report, and considered and approved the following resolutions: the Resolution on the Review of the Interim Results Announcement, Interim Report for the Period Ended 30 June 2023, Summary of the 2023 Interim Report and the 2023 Interim Report and the Resolution on the Consideration of the First-Half 2023 Specific Audit Report on the Raised Funds, Guarantees, and Other Matters.
- (4) On 20 October 2023, the following resolutions were considered and approved: the Resolution on the Renewal of the Financial Services Framework Agreement between the Company and HECIC Group Finance Company Limited, the Resolution on the Renewal of the Asset Financing Services Framework Agreement between the Company and Huihai Finance Leasing Co., Ltd., the Resolution on the Relinquishment of a Business Opportunity and Entrustment of Assets for Management and Related Transactions.
- (5) On 27 October 2023, the Resolution on Reviewing the 2023 Third Quarterly Report of the Company was considered and approved.

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

- (6) On 22 December 2023, we received a report from Ernst & Young Hua Ming LLP in relation to the Company's 2023 audit plan.

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 2023 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. Qin Gang (an independent non-executive Director), Mr. Guo Ying Jun (an independent non-executive Director) and Mr. Wan Yim Keung, Daniel (an independent non-executive Director) served as members of the Remuneration and Appraisal Committee.

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

During the Reporting Period, 2 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 27 October 2023, the Resolution on the 2022 Assessment Results and Remuneration Payment Plan for the Company's Managers was considered and approved.
- (2) On 22 December 2023, the following resolutions were considered and approved: the Resolution on the 2023 Restricted A Share Incentive Scheme (Draft) and its Summary of China Suntien Green Energy Corporation Limited, the Resolution on Administrative Measures for the 2023 Restricted A Share Incentive Scheme of China Suntien Green Energy Corporation Limited, and the Resolution on Administrative Measures for Appraisal for the Implementation of the 2023 Restricted A Share Incentive Scheme of China Suntien Green Energy Corporation Limited.

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.

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Nomination Committee convened 3 meetings with all members attended the meetings, at which the following resolutions were considered and approved respectively:

- (1) On 7 March 2023, the Resolution on Nomination of Mr. Lu Sheng Xin as Vice President of the Company was considered and approved.
- (2) On 19 April 2023, the Resolution on the Nomination of Non-executive Directors for the Fifth Session of the Board of Directors of the Company was considered and approved.
- (3) On 22 December 2023, the Resolution on the Nomination of Executive Directors for the Fifth Session of the Board of Directors of the Company and the Resolution on the Nomination of Independent Non-executive Directors for the Fifth Session of the Board of Directors of the Company were considered and approved.

#### 4. Strategic and Investment Committee

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

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

During the Reporting Period, the Strategic and Investment Committee didn't convene any meeting..

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

Items	Category	Number	Proportion to Board members (%)
Gender	Male	9	100.0
	Female	0	0.0
Age	30 to 40	0	0.0
	41 to 50	4	44.4
	51 to 60	4	44.4
	61 to 70	1	11.2
Rank	Independent non-executive Director	3	33.3
	Non-executive Director	4	44.4
	Executive Director	2	22.3
Economic, finance and accounting professional		3	33.3
Outside Directorships (Number of listed companies)	Within 2 (2 inclusive)	8	88.9
	Above 3 (3 inclusive)	1	11.1

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

### (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 2023.

### (IV) Risk management and internal controls

In 2023, the Group continued to focus on its strategic deployment and adhered to its established objectives and principles for operation to steadily and orderly implement various risk management initiatives. The Group mainly carried out the annual risk assessment, the material risk warning and the response to material risks for its risk management. During the Reporting Period, based on the actual risk management, the preparation of the Risk Assessment Report was completed. The material risk warning indicators for the systems of the Company were updated and improved, the monitoring and control of material risk warning indicators was completed on a quarterly basis, and the Material Risk Warning Indicators Control Report was prepared and completed.

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

During the year, the Company 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 2023, 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 346 currently effective 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 2023. 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 2023, Ernst & Young Hua Ming LLP was appointed to provide audit services to the Company in accordance with the PRC Accounting Standards for Business Enterprises, and annual audit fees of RMB2.5 million, interim review procedures fees of RMB1.5 million, and internal control and audit fees of RMB0.75 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.

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE 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 shareholders' 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 has formulated relevant systems, such as the Rules for the Implementation of Investor Relations Work and Rules for the Management of Investor Relations, and reviews their effectiveness annually to maintain close contact with investors. During the Reporting Period, the Company effectively implemented the above systems.

The Company publishes annual reports, interim reports, main monthly/quarterly operating data, and other latest information to ensure that its shareholders can keep abreast of the Company's operational position. The Company has also organized on-site visits to facilitate shareholders' understanding on business operations, as well as offline or online occasions such as roadshows on results and meetings with shareholders and submits 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 2022 annual general meeting on 16 May 2023 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 convened extraordinary general meetings on 14 February 2023, 8 August 2023 and 30 November 2023, respectively, at which attendees voted the resolutions on the Company's issuance and listing of GDRs on the SIX Swiss Exchange, the entering into of a cooperation agreement on use of the LNG terminal between HECIC New-energy Supply Chain Management Co., Ltd. and Caofeidian Suntien Liquefied Natural Gas Co., Ltd., the entering into of a new financial service framework agreement between the Company and Hebei Construction & Investment Group Finance Co., Ltd., and the entering into of an asset financing service framework agreement between the Company and Huihai Financial Leasing Co., Ltd., all of which were approved.

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

### (VIII) Investor relations

As at 31 December 2023, 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 Rules Governing the Listing of Stocks on Shanghai Stock Exchange and the Hong Kong Listing Rules.

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

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

### (IX) Articles of Association

During the Reporting Period, in view of the repeal of the former Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies and the former Mandatory Provisions for Companies Listing Overseas with effect from 31 March 2023, the Company completed the amendments to the Articles of Association in accordance with the latest provisions of laws, regulations and regulatory documents, including the Securities Law of the People's Republic of China, the Guidelines on Articles of Association of Listed Companies (2022 Revision), the Administrative Measures for Independent Directors of Listed Companies, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as further detailed in the announcements in relation to such amendments made by the Company on the Hong Kong Stock Exchange and the SSE.

# ENVIRONMENT AND SOCIAL RESPONSIBILITY

## I. ENVIRONMENT INFORMATION

Are there environmental protection-related mechanisms established	Yes
Investment in environmental protection during the Reporting Period (Unit: RMB'0,000)	2,197.27

(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 oil, waste oil drums, waste filters and waste packaging for hazardous waste of wind farms and waste fluid from compressors of gas companies are commissioned to qualified entities with relevant experience, and hazardous waste disposal, collection and transportation agreements are signed. Relevant enterprises under the Group have formulated environmental emergency plans which are filed to environmental protection authorities.

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

Applicable  Not applicable

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

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

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

Whether to adopt carbon reduction measures	Yes
Reduction in CO <sub>2</sub> equivalent emissions (unit: ton)	11,745,300
Types of carbon reduction measures (e.g., using clean energy to generate electricity, using carbon reduction technologies in the production process, developing and producing new products that help reduce carbon emissions, etc.)	Use new energy such as wind power and photovoltaic power to generate electricity.

### *Specific Description*

In 2023, the Company generated a total of 14.254 billion kWh of green electricity, which is equivalent to avoidance of 11.7453 million tons of carbon dioxide emissions (approximately 824 g of carbon dioxide per kWh of thermal power generation nationwide), approximately 1,439.65 tons of sulfur dioxide emissions (approximately 0.101 g of sulfur dioxide per kWh of thermal power generation nationwide), approximately 2,166.61 tons of nitrogen oxide emissions (approximately 0.152 g of nitrogen oxide per kWh of thermal power generation nationwide) and 313.59 tons of soot emissions (approximately 0.022 g of soot per kWh of thermal power generation nationwide).

## ENVIRONMENT AND SOCIAL RESPONSIBILITY

### II. SOCIAL RESPONSIBILITY COMMITMENTS

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

For details, please refer to the "2023 Corporate Social Responsibility Report" disclosed by the Company on the website of the Shanghai Stock Exchange.

#### (II) Specific information on social responsibility commitments

##### *Specific Description*

In order to better care for the healthy growth of minors in villages and assist rural revitalization, the Company launched a learn-from-Lei Feng activity themed at "Books Ignite Dreams, Love Powers Revitalization", a book donation campaign. This activity was led by the Company's Discipline Committee and launched at Yuantou Primary School in Yuantou Town, Zanhuang County, following a recommendation from the Shijiazhuang City Charity Federation. After thoroughly understanding the school's needs, targeted donations were organized within the system, and a total of 473 books were collected across the system, including books on the history of the Party, Chinese classics, science popularization, historical masterpieces, children's picture books, and classic literature. Suntien Company, in collaboration with HECIC New Energy and Hebei Natural Gas, paid tribute to the sanitation workers near Jiefang Square in Shijiazhuang by joining them in cleaning up the garbage on the sidewalks and within the green belt areas. We call on everyone to take care of environmental hygiene, respect the labour achievements of sanitation workers, and build a beautiful city together.

Hebei Natural Gas, a subsidiary of the Company, actively launched voluntary blood donation activities to spread the spirit of public welfare. During the National Energy Conservation Awareness Week, it organized a promotional campaign with the theme of "Work Together to Save Energy and Reduce Carbon", aiming to guide employees in participating in environmental protection efforts. On the occasion of the 60th anniversary of the inscription of Mao Zedong and other revolutionary veterans in honour of Comrade Lei Feng, a series of activities titled "Practicing the Lei Feng Spirit and Passing on Public Welfare and Love" were launched to guide the Company's youth in taking practical actions to uphold Lei Feng's spirit in the new era. These activities included theoretical lectures, moral lectures, presenting flowers to the deserving, donations, welfare tree planting, and more. On World Environment Day, inspired by Lei Feng's spirit, the company launched the themed activity "Joining Forces to Protect the Mother River," with the aim of cleaning up and properly sorting the garbage along riverbanks. The goal is to become a promoter and advocate of ecological civilization.

HECIC New Energy, a subsidiary of the Company, organized and launched a voluntary traffic safety activity with the theme "Compliance and Smooth Traffic." This activity aimed to promote traffic safety knowledge, such as "wearing helmets", "avoiding drunk driving", and "following safe driving regulations". It involved distributing leaflets and conducting face-to-face lectures, among other methods.

On 14 February 2023, Suntien Fengning Company, a subsidiary of the Company, visited Leguo Village in Huangqi Town, Fengning County to carry out activities involving party members and volunteers to assist the villagers. They engaged in conversations with the villagers and paid them visits.

## ENVIRONMENT AND SOCIAL RESPONSIBILITY

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

#### *Specific Description*

2023 marked the third year of the transition period from consolidating the results of poverty alleviation to promoting rural revitalization. In accordance with the spirit of the rural work conference of the Central Government, Hebei Province and Chengde City conveyed in February 2023, as well as the requirements of the 2023 Fengning County Support Policy on Consolidation and Expansion of the Results of Poverty Alleviation and the Promotion of Rural Revitalization for the Development of the Local Industry (《豐寧縣2023年鞏固拓展脫貧攻堅成果銜接推進鄉村振興產業發展扶持政策》), the Company focused its work of rural revitalization in 2023 mainly on guarding the bottom line, enhancing development, and promoting rural revitalization, aiming to comprehensively consolidate and expand the poverty alleviation results. The Company strictly followed the requirement of guaranteeing basic necessities of life and ensuring education, basic medical treatment and housing security in rural area. It strived to enhance the rural living habitat, promote employment, cultivate and strengthen the supporting industries, to realize the modernization of the rural area and ensure effective rural revitalization. The specific tasks were as follows:

Firstly, we verified and registered the per capita income of the households in Leguo Village that have been documented as poverty-stricken. Our village work team collaborated with the Leguo village team to register in the Hebei Province Anti-Poverty Monitoring and Employment Assistance Information System. The purpose was to predict annual per capita income and prevent large-scale poverty recurrence.

Secondly, we commenced data acquisition on rural construction. With a focus on universal, basic, and protective livelihood infrastructure, our village work team collaborated with the Leguo village team to start gathering data on rural construction in Leguo village at the household level.

Thirdly, we organized voluntary service activities. We visited households that receive "the five guarantees", disabled households, and families facing special difficulties. We spoke with them in their homes, learning about their physical, production, and living conditions. We encouraged them to maintain confidence and optimism towards life while providing essential goods such as rice, flour, and oil.

Fourthly, the Fengning County's "three reductions and three additions" special action was carried out. Our village work team collaborated with the Leguo village team to regulate and rectify the village-level assets involving government funding and poverty alleviation funds.

Fifthly, we actively publicized the policy of preventing poverty recurrence. Our village work team collaborated with the Leguo village team to post posters on the village's publicity boards, "one-stop" service stations, health rooms, villagers' activity squares, and households to promote the policy of preventing poverty recurrence.

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

# SIGNIFICANT EVENTS

## I. PERFORMANCE OF UNDERTAKINGS

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

Background of undertakings	Type of undertakings	Undertaking party	Description of undertakings	Date of undertakings	Whether there is a time limit for performance	Period of undertakings	Whether it is strictly performed in a timely manner	If not performed timely, specify the reasons in details	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	11 June 2020	Yes	36 months from the date of listing of A shares of the Company	Yes	/	/
	Others	HECIC	Complying with the requirements on reduction of shares for the controlling shareholder of the listed company	11 June 2020	No	Long-term validity	Yes	/	/
	Others	the Company	True, accurate and complete disclosures in the Prospectus	11 June 2020	No	Long-term validity	Yes	/	/
	Others	HECIC	True, accurate and complete disclosures in the Prospectus	11 June 2020	No	Long-term validity	Yes	/	/
	Others	Directors, supervisors and senior management	True, accurate and complete disclosures in the Prospectus	11 June 2020	No	Long-term validity	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	11 June 2020	Yes	Within three years from the date of listing of A shares of the Company	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	11 June 2020	No	Long-term validity	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	11 June 2020	No	Long-term validity	Yes	/	/
	Others	the Company	Measures to be taken if undertakings disclosed in the Prospectus fail to be performed	11 June 2020	No	Long-term validity	Yes	/	/
	Others	HECIC	Measures to be taken if undertakings disclosed in the Prospectus fail to be performed	11 June 2020	No	Long-term validity	Yes	/	/
	Others	Directors, supervisors and senior management	Measures to be taken if undertakings disclosed in the Prospectus fail to be performed	11 June 2020	No	Long-term validity	Yes	/	/
	Others	HECIC	Avoiding horizontal competition	10 March 2020	No	Long-term validity	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.	5 March 2019	No	Long-term validity	Yes	/	/

## SIGNIFICANT EVENTS

Background of undertakings	Type of undertakings	Undertaking party	Description of undertakings	Date of undertakings	Whether there is a time limit for performance	Period of undertakings	Whether it is strictly performed in a timely manner	If not performed timely, specify the reasons in details	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	21 December 2020	Yes	Within 36 months from the date of closing of the non-public issuance of A shares	Yes	/	/
	Others	HECIC	Undertaking of not reducing the shares of the Company obtained under the subscription for a specified period	21 December 2020	Yes	Within 36 months from the date of completion of the non-public issuance of A shares	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.	21 December 2020	Yes	3 years after the non-public issuance of A shares	Yes	/	/
Undertakings relating to equity incentives	Others	Incentive objects	In the event that the Company does not meet the requirements for grant or exercise of the interests due to false records, misleading statements or material omissions in the information disclosure documents, the incentive objects shall return to the Company all the benefits obtained from the equity incentive scheme after the false records, misleading statements or material omissions are confirmed in the information disclosure documents.	28 December 2023	No	Long-term validity	Yes	/	/
	Others	the Company	It shall not provide loans and any other form of financial assistance, includes guarantees for loans, to incentive objects to acquire restricted shares under the scheme.	28 December 2023	No	Long-term validity	Yes	/	/

## SIGNIFICANT EVENTS

- (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 met the original profit forecast and relevant reasons

Met  Not Met  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 and their reasons	Name of statement items materially affected	Affected Amount
ASBE Interpretation No. 16	Deferred income tax assets	3,882,326.59
	Deferred income tax liabilities	7,864,577.87
	Undistributed profits	-3,538,439.14
	Minority interests	-443,812.14

Explanation:

Recognition of deferred income tax relating to lease and decommissioning obligations

In accordance with the ASBE Interpretation No. 16 issued in 2022, the initial recognition exemption does not apply to deferred income tax if single transactions are not business combinations and at the time of their occurrence, affect neither the accounting profit nor taxable income (or deductible losses), and result in the creation of an equivalent amount of taxable temporary differences and deductible temporary differences upon initial recognition of assets and liabilities. Effective from 1 January 2023, the Group, which originally did not recognise deferred income taxes, recognises the associated deferred tax liabilities and deferred tax assets, respectively, for taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities in lease transactions where lease liabilities are initially recognised at the commencement date of the lease and included in the right-to-use asset, and in transactions where estimated liabilities are recognised and included in the cost of fixed assets due to decommissioning obligations. In accordance with the transition requirements, the Group made adjustments for the above transactions that occurred between the beginning of the earliest period when the Interpretation was first applied to the presentation of financial statements and the date of changes in the accounting policy. For taxable temporary differences and deductible temporary differences arising from lease liabilities and right-of-use assets recognised at the beginning of the earliest period when the Interpretation was first applied to the presentation of financial statements as a result of the above transactions to which the Interpretation applies, as well as recognised estimated liabilities and fixed assets related to decommissioning obligations, the Group adjusted cumulative effects to the beginning retained earnings and other related financial statement items for the earliest period in which financial statements are presented.

## SIGNIFICANT EVENTS

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

### The Group

2023

Items	Opening balance before accounting policy changes	Changes in accounting policies	Opening balance after accounting policy changes
		Increase due to accounting policy change adjustment	
Deferred income tax assets	190,809,767.50	3,882,326.59	194,692,094.09
Deferred income tax liabilities	58,366,245.54	7,864,577.87	66,230,823.41
Undistributed profits	7,823,373,780.42	-3,538,439.14	7,819,835,341.28
Minority interests	4,720,268,412.59	-443,812.14	4,719,824,600.45

2022

Items	Opening balance before accounting policy changes	Changes in accounting policies	Opening balance after change in accounting policy
		Increase due to accounting policy change adjustment	
Deferred income tax assets	186,877,995.35	2,436,119.35	189,314,114.70
Deferred income tax liabilities	56,187,755.68	5,154,749.31	61,342,504.99
Undistributed profits	6,466,749,439.53	-2,052,876.42	6,464,696,563.11
Minority interests	4,088,960,704.20	-665,753.54	4,088,294,950.66

Items	Amount for the year before accounting policy changes	Changes in accounting policies	Amount for the year after accounting policy changes
		Increase due to accounting policy change adjustment	
Income tax expenses	476,105,066.56	1,263,621.32	477,368,687.88
Net profit	2,818,964,076.40	-1,263,621.32	2,817,700,455.08
Net profit attributable to shareholders of the parent company	2,294,116,322.38	-1,485,562.72	2,292,630,759.66
Gain or loss attributable to minority interests	524,847,754.02	221,941.40	525,069,695.42

### The Company

2023

Items	Opening balance before accounting policy changes	Changes in accounting policies	Opening balance after accounting policy changes
		Increase due to accounting policy change adjustment	
Deferred income tax liabilities		616,246.29	616,246.29
Undistributed profits	3,584,970,517.36	-616,246.29	3,584,354,271.07

2022

Items	Amount for the year before accounting policy changes	Changes in accounting policies	Amount for the year after accounting policy changes
		Increase due to accounting policy change adjustment	
Income tax expenses		616,246.29	616,246.29

## SIGNIFICANT EVENTS

(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) Review and approval procedures and other explanation

Applicable  Not Applicable

### VI. DESCRIPTION OF APPOINTMENT AND DISMISSAL OF AUDITOR

Unit: Yuan Currency: RMB

<b>Current engagement</b>	
Name of domestic auditor	Ernst & Young Hua Ming LLP
Remuneration of domestic auditor	2,500,000.00
Number of years of service of domestic auditor	7
Name of certified public accountants of domestic auditor	Zhang Ningning, Wang Ning
Number of cumulative years of service of certified public accountants 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	7

	<b>Name</b>	<b>Remuneration</b>
Accounting firm responsible for the audit of internal control	Ernst & Young Hua Ming LLP	750,000.00

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

Description of the reduction in audit fees by more than 20% (inclusive) over the previous year

Applicable  Not Applicable

## SIGNIFICANT EVENTS

### VII. RISKS EXPOSURE TO DELISTING

(I) Reasons for delisting risk warning

Applicable  Not Applicable

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

Applicable  Not Applicable

(III) Situation of and reasons for delisting

Applicable  Not Applicable

### VIII. EVENTS IN RELATION TO BANKRUPTCY AND REORGANISATION

Applicable  Not Applicable

### IX. MATERIAL LITIGATIONS AND ARBITRATIONS

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

Applicable  Not Applicable

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

Applicable  Not Applicable

(III) Other explanations

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

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

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

## SIGNIFICANT EVENTS

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

Applicable  Not Applicable

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

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

### XII. MATERIAL RELATED PARTY TRANSACTIONS

#### (I) Related party transactions in relation to ordinary operations

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

Applicable  Not Applicable

##### 2. *Events disclosed in interim announcements with subsequent development or changes during implementation*

###### (1) Property Tenancy Framework Agreement in 2022-2024

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

HECIC is the controlling shareholder of the Company and a connected person 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 connected transactions under the Hong Kong Listing Rules. For details, please refer to the announcement of the Company disclosed on the website of the SSE and the Hong Kong Stock Exchange dated 29 October 2021.

###### (2) Asset Financing Service Framework Agreement in 2020

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

According to the Asset Financing Service Framework Agreement, Huihai Leasing provides asset 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 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. For each year ended 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 2023, newly added direct lease amounted to RMB126 million, and there were no new sale-and-leaseback.

## SIGNIFICANT EVENTS

The Asset Financing Service 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.

As the amount of the transactions exceeded 5% of the latest audited net assets of the Company, the transaction was approved by the non-related shareholders of the Company at an extraordinary general meeting in accordance with the Rules Governing the Listing of Stocks on the SSE. Details are set out in the announcements made by the Company on SSE and the Hong Kong Stock Exchange on 21 December 2020 and 8 February 2021 and in the shareholders' circular dated 15 January 2021 in relation to the continuing connected transaction.

In view of the expiry of the term of the Asset Financing Service Framework Agreement, the Company and Huihai Leasing entered into the New Asset Financing Service Framework Agreement on 20 October 2023, pursuant to which the Group will continue to, on a voluntary and non-compulsory basis, utilize the asset financing services provided by Huihai Leasing, i.e., the finance leasing services, for a period from 1 January 2024 to 31 December 2026. Details are set out in the announcements of the Company on the SSE and the Hong Kong Stock Exchange dated 20 October 2023 and 30 November 2023 and in the shareholders' circular dated 9 November 2023.

### (3) Financial Service 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 for the relevant financial services, the charges of the Group Finance Company and the service quality of the Group Finance Company, on 28 October 2021, the Company and the Group Finance Company entered into a financial service framework agreement (the "Financial Service 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 Financial Service 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 favourable than those under which commercial banks or other financial institutions may provide the same type of financial services. The term of the agreement is effective from 1 January 2022 to 31 December 2023, and the annual caps of the agreed services are as follows: (i) the maximum daily deposit balance (including accrued interests) of the Deposit Service will be RMB3,570 million; (ii) the maximum daily loan balance (including accrued interests) of the Loan Service will be RMB4,000 million; (iii) the maximum daily discounting fund balance (including discounting interests) of the Bill Discounting Service will be RMB500 million; (iv) the annual caps on the handling fees of the Miscellaneous Fee-based Financial Services will be RMB5 million. During the Reporting Period, the proposed maximum daily balance under the deposit service under the agreement was RMB3,570 million and the actual maximum daily balance under the deposit service was RMB3,524 million.

In view of the expiry of the term of the Financial Service Framework Agreement, the Company and Group Finance Company entered into the New Asset Financing Service Framework Agreement on 20 October 2023, pursuant to which the Group will continue to, on a voluntary and non-compulsory basis, utilize the financial services provided by Group Finance Company for a period from 1 January 2024 to 31 December 2026. Details are set out in the announcements of the Company on the websites of SSE and the Hong Kong Stock Exchange dated 20 October 2023 and 30 November 2023 and in the shareholders' circular dated 9 November 2023.

**(4) LNG Terminal Usage Services Contract**

In order to further assure that New-energy Supply Chain is able to meet the demand for gas in Beijing, Tianjin, Hebei and the surrounding areas, to improve the efficiency in the use of the LNG terminals of the Tangshan LNG Project, and to continue expanding the scale of end market of the Group's natural gas business, HECIC New-energy Supply Chain Management Co., Ltd. ("**New-energy Supply Chain**") and Caofeidian Suntien Liquefied Natural Gas Co., Ltd ("**Caofeidian Company**") entered into the LNG Terminal Usage Services Contract on 7 March 2023, pursuant to which Caofeidian Company will provide various LNG terminal usage services to New-energy Supply Chain. On 30 June 2023, New-energy Supply Chain entered into a supplemental agreement with Caofeidian Company to extend the basic term of the LNG Terminal Usage Services Contract to 31 December 2037 and to specify the initial annual contracted service volume for each contract year during the contract term.

According to the above contract, the annual service volume is 400,000 tonnes (equivalent to approximately 560 million cubic metres) in 2023 and 1 million tonnes (equivalent to approximately 1,400 million cubic metres) per annum from 2024 to 2037. Any adjustment to subsequent annual contracted service volume will be subject to supplemental agreements to be signed by the parties.

Caofeidian Company is a non-wholly owned subsidiary of the Company; and HECIC is the controlling shareholder holding 49.17% equity interest in the Company and directly holds 10% or more equity interest in Caofeidian Company. Therefore, Caofeidian Company is a connected subsidiary of the Company and the LNG Terminal Usage Services Contract constitutes a continuing connected transaction of the Group under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Transaction exceeds 0.1% but is less than 5%, the LNG Terminal Usage Services Contract (as revised by the supplemental agreement) is therefore subject to the reporting and announcement requirements but exempt from the circular and the independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The Group estimates the annual caps for the three years ending 31 December 2023, 2024 and 2025 to be RMB280 million, RMB510 million and RMB510 million, respectively. During the Reporting Period, the actual transaction amount was approximately RMB16 million.

Details of the transaction are set out in the announcements published by the Company on 7 March 2023 and 30 June 2023 on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)), and on 8 March 2023 and 1 July 2023 on the website of SSE ([www.sse.com.cn](http://www.sse.com.cn)).

**(5) Terminal Usage Cooperation Agreement**

In order to further assure that New-energy Supply Chain is able to meet the demand for gas in Beijing, Tianjin, Hebei and the surrounding areas, to improve the efficiency in the use of the LNG terminals of Caofeidian Company and to increase revenue of Caofeidian Company, on 30 June 2023, New-energy Supply Chain and Caofeidian Company entered into the Terminal Usage Cooperation Agreement which provides New-energy Supply Chain with the right to use up to 2.55 million tonnes (equivalent to approximately 3.57 billion cubic metres) of the annual service volume of LNG terminals prior to the commencement of general operation of the Tangshan LNG project phase II, and up to 5.1 million tonnes (equivalent to approximately 7.14 billion cubic metres) of the annual service volume of LNG terminals after the commencement of general operation of the Tangshan LNG Project phase II during the term of the Terminal Usage Cooperation Agreement, commencing from the date of approval of the Terminal Usage Cooperation Agreement and the transaction contemplated thereunder by the independent shareholders of the Company to 31 December 2042.

As one or more of the applicable percentage ratios in respect of the transaction under the Terminal Usage Cooperation Agreement (taking into account the annual caps of the transactions under the LNG Terminal Usage Services Contract) exceed 5%, the Terminal Usage Cooperation Agreement is therefore subject to the reporting, announcement, annual review and the independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. The transaction was considered and approved by the Company at its second extraordinary general meeting of 2023 on 8 August 2023.

For the continuing connected transactions under the Terminal Usage Cooperation Agreement (taking into account the continuing connected transactions under the LNG Terminal Usage Services Contract), the Group estimates the annual caps for each of the three years ending 31 December 2023, 2024 and 2025 to be RMB330 million, RMB790 million and RMB1,190 million, respectively. During the Reporting Period, the actual transaction amount was approximately RMB16 million.

Details of the transactions are set out in the announcements published by the Company on 30 June 2023 on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and on 1 July 2023 on the website of SSE ([www.sse.com.cn](http://www.sse.com.cn)); and in the circular published by the Company on 17 July 2023.

## SIGNIFICANT EVENTS

### (6) Natural Gas Pipeline Transportation Services Contract

In order to significantly increase the utilisation rate of the gasification services at the terminal of the Tangshan LNG project and the external pipelines, to enhance the profitability of Caofeidian Company and to improve its return on investment, New-energy Supply Chain (as service recipient), has entered into the Natural Gas Pipeline Transportation Services Contract with Caofeidian Company (as service provider), pursuant to which Caofeidian Company will provide the pipeline transmission services to New-energy Supply Chain. The contract term shall be from 29 August 2023 to 31 December 2025.

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Hong Kong Listing Rules) in respect of the transaction exceeds 0.1% but is less than 5%, the transaction is therefore subject to the reporting and announcement requirements but exempt from the circular and the independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The Company expects that the annual cap of the pipeline transmission services under this contract will be approximately RMB200 million, RMB400 million and RMB400 million for each of the three years ended 31 December 2023, 2024 and 2025, respectively. During the Reporting Period, the actual transaction amount was approximately RMB26 million.

The transaction was considered and adopted at the sixth meeting of the fifth session of the Board of Directors held on 29 August 2023, details and voting results of which are set out in the announcements published by the Company on 29 August 2023 on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and on 30 August 2023 on the website of SSE ([www.sse.com.cn](http://www.sse.com.cn)).

### (7) Natural Gas Services Framework Agreement

In order to meet the requirements of the government of Hebei Province in natural gas contingency reserve targets, to fully demonstrate the important role of the Group for natural gas allocation and supply in Hebei Province, and to fully utilize the established peak-shaving facilities such as the LNG terminals, the Company entered into a Natural Gas Services Framework Agreement with two connected subsidiaries, Hebei Gas Co., Ltd. ("Hebei Gas") and Caofeidian Company, pursuant to which the Group will supply natural gas to Hebei Gas and Caofeidian Company and/or other subsidiaries of the Company will provide natural gas-related services to Hebei Gas for a term from the date of the signing of the Natural Gas Services Framework Agreement to 31 December 2025.

Both Hebei Gas and Caofeidian Company are non-wholly owned subsidiaries of the Company. HECIC is the controlling shareholder holding 49.17% equity interest in the Company and directly holding 10% or more equity interest in Hebei Gas and Caofeidian Company, and therefore Hebei Gas and Caofeidian Company are connected subsidiaries of the Company. Accordingly, natural gas supply and natural gas-related services constitute a continuing connected transaction of the Group under Chapter 14A of the Hong Kong Listing Rules. As the highest percentage ratio (as defined in Rule 14.07 of the Hong Kong Listing Rules) applicable to natural gas supply (calculated separately and aggregated with the natural gas purchased by Caofeidian Company in June 2023) and natural gas-related services (calculated separately and aggregated with the pipeline services provided to the Group by Caofeidian Company in August 2023) exceeds 0.1% but is less than 5%, the transactions are subject to the reporting, announcement and annual review requirements but are exempt from the circular and the independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

In respect of the natural gas supply, the Company estimates the annual cap for each of the three years ending 31 December 2023, 2024 and 2025 to be RMB750 million, RMB928 million and RMB750 million, respectively. During the Reporting Period, the actual transaction amount was approximately RMB662 million.

In respect of the natural gas related services, the Company estimates the annual cap for each of the three years ending 31 December 2023, 2024 and 2025 to be RMB420 million, RMB525 million and RMB525 million, respectively. During the Reporting Period, the actual transaction amount was approximately RMB20 million.

The transaction was considered and approved at the 19th extraordinary meeting of the fifth session of the Board of Directors held on 24 November 2023, details and voting results of which are set out in the announcements published by the Company on 24 November 2023 on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and on 25 November 2023 on the website of SSE ([www.sse.com.cn](http://www.sse.com.cn)).

## SIGNIFICANT EVENTS

### Confirmation by the independent non-executive Directors in accordance with relevant requirements of the Hong Kong Listing Rules

The independent non-executive Directors of the Company have reviewed the aforementioned continuing connected transactions in Parts (2) to (7) 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 in accordance with relevant requirements of the Hong Kong Listing Rules

Ernst & Young Hua Ming LLP ("Ernst & Young Hua Ming") has provided the Board with a letter confirming that, with respect to the aforesaid continuing connected transactions in Parts (2) to (7) as at 31 December 2023:

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

## SIGNIFICANT EVENTS

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

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
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 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

(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

## SIGNIFICANT EVENTS

### (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: RMB'00 million Currency: RMB

Related party	Related relationship	Maximum daily deposit limit	Range of deposit interest rates	Opening balance	Amount for the current period Total amount deposited during the current period	Total amount withdrawn during the current period	Closing balance
Hebei Construction & Investment Group Finance Co., Ltd.	Under the same ultimate beneficiary owner	35.70	0.35%-1.21%	35.11	521.33	529.26	27.18
Total	/	/	/	35.11	521.33	529.26	27.18

#### 2. Loan business

Unit: RMB'00 million Currency: RMB

Related party	Related relationship	Loan facilities	Range of loan interest rates	Opening balance	Amount for the current period Total amount of loans granted during the current period	Total amount of loans repaid during the current period	Closing balance
Hebei Construction & Investment Group Finance Co., Ltd.	Under the same ultimate beneficiary owner	32.24	2.56%-3.60%	23.87	29.91	39.97	13.81
Total	/	/	/	23.87	29.91	39.97	13.81

#### 3. Credit business or other financial businesses

Unit: RMB'00 million Currency: RMB

Related party	Related relationship	Type of business	Total amount	Actual amount
Hebei Construction & Investment Group Finance Co., Ltd.	Under the same ultimate beneficiary owner	General credit facility	40.01	13.90

#### 4. Other explanations

Applicable  Not Applicable

## SIGNIFICANT EVENTS

### (VI) Others

#### 1. *LNG Terminal Service Agreement and Supplemental Agreement*

New-energy Supply Chain (as the terminal user), a wholly-owned subsidiary of the Company, entered into a service contract with Caofeidian Company (as the terminal service provider), pursuant to which Caofeidian Company will provide various LNG terminal services to New-energy Supply Chain. The term of the contract is from the signature date of the service contract to 31 December 2025. The Company expects that there will be an annual service volume of 1 million tonnes (equivalent to approximately 1.4 billion cubic metres) from the LNG terminal under the service contract.

The transaction was considered and approved at the eleventh extraordinary meeting of the fifth session of the Board of Directors held on 7 March 2023, details and voting results of which are set out in the announcements published by the Company on the website of the Hong Kong Stock Exchange on 7 March 2023 ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the website of SSE on 8 March 2023 ([www.sse.com.cn](http://www.sse.com.cn)).

On 30 June 2023, New-energy Supply Chain and Caofeidian Company entered into a supplemental agreement to extend the basic term of the LNG terminal service contract to 31 December 2037, and at the same time, preliminarily determine the annual contracted service volume for each of the contract years during the term of the contract.

#### 2. *LNG Purchase and Sale Contract*

New-energy Supply Chain, as the vendor, entered into a purchase and sale contract with Caofeidian Company, as purchaser, pursuant to which New-energy Supply Chain will supply LNG to Caofeidian Company for commissioning of terminals and the external pipelines. The Company expects the volume of LNG to be traded under the purchase and sale contract to be approximately 33,000 tons and the total transaction amount (tax inclusive) to be approximately RMB175 million.

As the highest percentage ratio (as defined in Rule 14.07 of the Hong Kong Listing Rules) applicable to this transaction exceeds 0.1% but is less than 5%, this transaction is subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The transaction was considered and approved at the fifteenth extraordinary meeting of the fifth session of the Board of Directors held on 14 June 2023, details and voting results of which are set out in the announcements published by the Company on the website of the Hong Kong Stock Exchange on 14 June 2023 ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the website of SSE on 15 June 2023 ([www.sse.com.cn](http://www.sse.com.cn)).

#### 3. *Assets under entrusted management*

HECIC, the controlling shareholder of the Company, served the Company with the Letter Regarding the Development of Relevant New Business in the Wind Power Industry, seeking the Company's opinion on its intention to engage in or arrange for other subsidiaries to invest in and build the Huai'an Longdong 150MW wind storage project, the Xuanhua Shenjing 150MW wind storage project and the Zhuolu Huiyao Phase I 200MW wind storage project, in accordance with the horizontal competition undertaking issued by HECIC. Following a study by the Board, the Company intends to agree that HECIC or its subsidiaries will first invest in three projects and be entrusted to manage the assets of the aforesaid projects for a period of three years at an entrustment fee of RMB250,000 per annum.

The transaction was considered and approved at the 16th extraordinary meeting of the fifth session of the Board of Directors held on 20 October 2023, details and voting results of which are set out in the announcements published by the Company on the website of the Hong Kong Stock Exchange on 20 October 2023 ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the website of SSE on 21 October 2023 ([www.sse.com.cn](http://www.sse.com.cn)).

## 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: '0,000 yuan Currency: RMB

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
Total amount of guarantees incurred during the Reporting Period (excluding guarantees provided for subsidiaries)														0
Total balance of guarantees as at the end of the Reporting Period (A) (excluding guarantees provided for subsidiaries)														0
Guarantees provided by the Company and its subsidiaries for their subsidiaries														
Total amount of guarantees incurred for subsidiaries during the Reporting Period														0
Total balance of guarantees for subsidiaries as at the end of the Reporting Period (B)														19,707.37
Total amount of guarantees provided by the Company (including guarantees provided for subsidiaries)														
Total amount of guarantees (A+B)														19,707.37
Total amount of guarantees as a percentage of the net assets of the Company (%)														0.74
Of which:														
Amount of guarantees provided for shareholders, de facto controller and their related parties (C)														0
Amount of debt guarantees directly or indirectly provided for guaranteed parties with a gearing ratio exceeding 70% (D)														12,695.49
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)														12,695.49
Statement on the potential joint liability in connection with unexpired guarantees														Nil
Details of guarantees														Nil

## (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

## SIGNIFICANT EVENTS

(2) Breakdown of entrusted wealth management

Applicable  Not Applicable

Others

Applicable  Not Applicable

(3) Provisions for impairment of entrusted wealth management

Applicable  Not Applicable

2. *Entrusted loans*

(1) Overall entrusted loans

Applicable  Not Applicable

Others

Applicable  Not Applicable

(2) Breakdown of entrusted loans

Applicable  Not Applicable

Others

Applicable  Not Applicable

## SIGNIFICANT EVENTS

### (3) Provision for impairment of entrusted loans

Applicable  Not Applicable

### 3. Others

Applicable  Not Applicable

### (IV) Other material contracts

Applicable  Not Applicable

## XIV. PROGRESS IN THE USE OF PROCEEDS

### (I) Overall utilization of proceeds

Unit: '0,000 yuan

Source of proceeds	Date of availability of proceeds	Total amount of proceeds	Of which: Amount of over-raised funds	Net proceeds after deduction of issuance expenses	Total proceeds committed for investment (RMB'00 million)	Adjusted total proceeds committed for investment <sup>(1)</sup>	Cumulative proceeds invested as at the end of the Reporting Period <sup>(2)</sup>	Progress in investment with cumulative proceeds as at the end of the Reporting Period(%) <sup>(3)+(4)(1)</sup>	Amount of proceeds invested for the year <sup>(4)</sup>	Percentage of the amount of proceeds invested for the year (%) <sup>(5)+(4)(1)</sup>	Total repurposed proceeds:
Issuance of shares to specific subscribers	29 December 2021	459,579.99		454,505.52	51.10	454,505.52	418,938.43	92.17	112,230.09	24.69	

### (II) Details of the project for which proceeds raised

Unit: '0,000 yuan

Name of project	Project nature	Whether or not change of investment is involved	Source of proceeds	Date of availability of proceeds	Whether or not to use over-raised funds	Total proceeds committed for investment (RMB'00 million)	Adjusted total proceeds invested <sup>(1)</sup>	Amount of proceeds invested for the year	Cumulative proceeds invested as at the end of the Reporting Period <sup>(2)</sup>	Progress in investment with cumulative proceeds as at the end of the Reporting Period(%) <sup>(3)+(4)(1)</sup>	The date on which the project is ready for its intended use	Closed or not	Whether the progress in investment meets the schedule	Specific reasons why the progress in investment does not meet the schedule	Benefits achieved during the year	Benefits or R&D results achieved in the project	Is there any significant change in project feasibility? If so, please state the specific situation	Balance
Tangshan LNG Project (Phase I and Phase II)	Production and construction	No	Issuance of shares to specific target subscribers.	29 December 2021	No	26.96	239,797.11	70,620.30	216,828.84	90.42	Phase I has been completed, Phase II is still under construction and is expected to be ready for use by 2025	No	Yes	N/A	7,122.71	7,122.71	No	-
Tangshan LNG Terminal Outbound Pipelines Project (Caoleidian-Baodi section)	Production and construction	No	Issuance of shares to specific target subscribers.	29 December 2021	No	7.86	69,902.95	35,550.48	57,662.22	82.49	Completed	No	Yes	N/A	1,586.30	1,586.30	No	-
Tangshan LNG Terminal Outbound Pipelines Project (Baodi-Yongqing section)	Production and construction	No	Issuance of shares to specific target subscribers.	29 December 2021	No	2.66	23,679.74	5,972.11	23,107.49	97.58	Completed	No	Yes	N/A	1,014.08	1,014.08	No	-
Replenishment of liquidity and repayment of bank loans	Replenishment of liquidity and repayment of bank loans	No	Issuance of shares to specific target subscribers.	29 December 2021	No	13.62	121,125.72	87.20	121,339.88	100.18	N/A	No	Yes	N/A	N/A	N/A	No	-

## SIGNIFICANT EVENTS

### (III) Changes in or termination of investments with proceeds during the Reporting Period

Applicable  Not Applicable

### (IV) Other circumstances regarding use of proceeds during the Reporting Period

#### 1. Description of previous injection and replacement of investment projects

At the thirtieth ad hoc meeting of the fourth session of the board of directors of the Company held on 23 February 2022, the "Resolution of Suntien Green Energy on the Replacement of the Self-Raised Funds Previously Invested in the Target Projects with Proceeds" was considered and approved, approving the Company to use the proceeds to replace self-raised funds already invested in the Target Projects in the amount of RMB285,600,000.00 and the issuance expenses of RMB4,149,225.23 already paid in advance from the Company's own capital account. Ernst & Young Hua Ming LLP conducted an assurance engagement on the matter and issued the Assurance Report (Ernst & Young Hua Ming (2022) Zhuan Zi No. 60809266\_A01). The sponsor Zhong De Securities also expressed a special review opinion on the replacement with the proceeds. The independent directors and the Board of Supervisors of the Company have expressed their explicit opinions approving the same.

#### 2. Temporary use of idle proceeds for replenishment of working capital

At the thirty-second ad hoc meeting of the fourth session of the Board of Directors and the fifteenth ad hoc meeting of the fourth session of the Board of Supervisors of the Company held on 20 April 2022, the "Resolution on Temporary Use of Part of Idle Proceeds for Replenishment of Working Capital" was considered and approved, approving the Company to use not more than RMB1 billion of idle proceeds for replenishment of working capital for a period of not more than 12 months from the date of consideration and approval by the Board of Directors. Zhong De Securities, the sponsor of the Company, has issued a specific verification opinion on temporary use of part of idle proceeds for replenishment of working capital. The independent directors and the Board of Supervisors of the Company have expressed their explicit opinions approving the same.

At the twelfth ad hoc meeting of the fifth session of the Board of Directors and the sixth ad hoc meeting of the fifth session of the Board of Supervisors of the Company held on 19 April 2023, the "Resolution on Temporary Use of Part of Idle Proceeds for Replenishment of Working Capital" was considered and approved, approving the Company to use not more than RMB1 billion of idle proceeds for replenishment of working capital for a period of not more than 12 months from the date of consideration and approval by the Board of Directors. Zhong De Securities, the sponsor of the Company, has issued a specific verification opinion on temporary use of part of idle proceeds for replenishment of working capital. The independent directors and the Board of Supervisors of the Company have expressed their explicit opinions approving the same.

As of 31 December 2023, the Company did not temporarily use idle proceeds for replenishment of working capital.

#### 3. Cash management and investment of idle funds in related products

Unit: '0,000 yuan Currency: RMB

Date of Board consideration	Effective limit of proceeds for cash management for consideration	Start date	End date	Cash management balance at the end of the Reporting Period	Whether the maximum balance for the period exceeds the authorization limit
20 April 2022	200,000.00	20 April 2022	19 April 2023	38,000.00	No
19 April 2023	100,000.00	19 April 2023	18 April 2024		No

#### Other explanations

Nil

#### 4. Use of overraised funds to permanently replenish working capital or repay bank loans

Applicable  Not Applicable

#### 5. Others

Applicable  Not Applicable

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

Applicable  Not Applicable

# REPORT OF THE BOARD OF DIRECTORS

## I. BUSINESS REVIEW

### 1. Operating environment

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

### 2. Key financial indicators

In 2023, the Group's wind and photovoltaic power generation business realized a power generation of 13.93 billion kWh, representing a year-on-year increase of 0.43%; sold 4,503 million cubic meters of natural gas, representing a year-on-year increase of 15.93%; realized operating revenue of RMB20.282 billion, representing a year-on-year increase of 9.27%; a total profit of RMB3.368 billion, representing a year-on-year increase of 2.22%; and a net profit of RMB2.734 billion, representing a year-on-year decrease of 2.96%, of which the net profit attributable to the shareholders of parent company amounted to RMB2.207 billion, representing a year-on-year decrease of 3.71%.

As at 31 December 2023, 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 2023, the Group complied with laws and regulations that had material impacts on the building, production and operation of wind power, photovoltaic power and natural gas projects, which mainly included:

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

## REPORT OF THE BOARD OF DIRECTORS

### 4. Major risk factors

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

### 5. Business development forecast in the future

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

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

### 6. Staff relationship

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

### 7. Client and supplier relations

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

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

### 8. Environmental protection policies and performance

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

## II. RESULTS

The audited results of the Company and its subsidiaries for the year ended 31 December 2023 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 2023 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 2023 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 2023, the total issued share capital of the Company amounted to RMB4,187,093,073.00, divided into 4,187,093,073 shares with a par value of RMB1 each.

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

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

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

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

### IV. PRE-EMPTIVE RIGHTS

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

### V. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

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

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

As at the end of year 2023 or at any time during the year 2023, none of the Directors and supervisors (and any of their associated entities) of the Company had any personal interest, either directly or indirectly, in any transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party.

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

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

### VIII. MANAGEMENT CONTRACTS

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

### IX. PERMITTED INDEMNITY PROVISION

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

### X. COMPLIANCE WITH NON-COMPETITION AGREEMENT

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

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

## REPORT OF THE BOARD OF DIRECTORS

HECIC undertook that it had obliged to its undertakings of the Non-Competition Agreement in 2023. The independent non-executive Directors of the Company had reviewed the execution of the Non-Competition Agreement in 2023 and it was confirmed that HECIC had duly complied with the agreement and any violations of non-compliance of the agreement was not observed.

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

### XI. RETIREMENT AND EMPLOYEE BENEFIT PLANS

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

### XII. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As a company listed on the Hong Kong Stock Exchange, the Company strives to maintain a high standard of corporate governance practices and adopts the code provisions as set out in the Corporate Governance Code and Corporate Governance Report to Appendix C1 of the Hong Kong Listing Rules. During the Reporting Period, the Company has complied with all provisions set out in the CG Code, except for code provision F.2.2 of Part 2 of the CG Code. In accordance with the requirements of provision F.2.2 of Part 2 of the CG Code, Chairman of the Board shall attend the annual general meeting. Mr. Cao Xin, Chairman of the Company, was not able to attend the 2021 annual general meeting of the Company due to other business engagement. According to relevant requirements, the meeting was chaired by Mr. Mei Chun Xiao, an executive Director, as jointly recommended by more than half of all the Directors of the Company.

### XIII. PUBLIC FLOAT

According to the information publicly available to the Company and to the knowledge of the Directors, as at the latest practicable date prior to the publication of this annual report (i.e. 26 March 2024), the issued A shares and H shares of the Company held by the public accounted for no less than 25% of the total issued share capital of the Company, maintaining a sufficient public float to meet the requirements under the Hong Kong Listing Rules.

### XIV. AUDIT COMMITTEE

The Audit Committee of the Company had reviewed the 2023 annual results of the Group and the Financial Statements for the year ended 31 December 2023 prepared in accordance with the PRC Accounting Standards for Business Enterprises.

### XV. AUDITORS

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

Ernst & Young Hua Ming LLP was appointed auditor for preparation of the Financial Statements for the year ended 31 December 2023 in accordance with the PRC Accounting Standards for Business Enterprises. The Financial Statements contained in this annual report were prepared in accordance with the PRC Accounting Standards for Business Enterprises and have been audited by Ernst & Young Hua Ming LLP.

### XVI. RELATED PARTY TRANSACTIONS

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

- (a) the transactions with HECIC: the transactions had continued in 2023;
- (b) the transactions with subsidiaries of HECIC, including the transactions with Group Finance Company, Hebei Construction & Investment Rongtan Asset Management Co., Ltd. and HECIC Mingjia Property Management Service Co., Ltd. (such transactions had been continued in 2023) and the transactions with other subsidiaries of HECIC;
- (c) the transactions with Huihai Leasing: the transactions had continued in 2023;
- (d) the transactions with Caofeidian Company: the transactions had continued in 2023; and
- (e) the transactions with Hebei Gas: the transactions had continued in 2023.

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

## REPORT OF THE BOARD OF DIRECTORS

### XVII. INFORMATION OF TAX DEDUCTION FOR HOLDERS OF LISTED SECURITIES

Shareholders are taxed and/or enjoy tax relief for the dividend income received from the Company in accordance with the Individual Income Tax Law of the People's Republic of China, the Enterprise Income Tax Law of the People's Republic of China, and relevant administrative rules, governmental regulations and guiding documents. Please refer to the announcement published by the Company on the website of the SSE on 13 June 2023 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 16 May 2023 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 2023 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*

26 March 2024

# REPORT OF THE BOARD OF SUPERVISORS

## I. COMPOSITION OF THE BOARD OF SUPERVISORS

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

Name	Age	Position	Date of Appointment	Term of office
Gao Jun	53	Chairman of the board of supervisors	14 June 2022	until expiration of the term of the fifth session of the board of supervisors
Cao Zhi Jie	44	Employee representative supervisor	8 October 2022	until expiration of the term of the fifth session of the board of supervisors
Zhang Dong Sheng	63	Independent supervisor	14 June 2022	until expiration of the term of the fifth session of the board of supervisors

## II. MEETINGS CONVENED BY THE BOARD OF SUPERVISORS

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

- On 5 January 2023, the Company held the fourth extraordinary meeting of the fifth session of the board of supervisors, at which the Resolution on Issuance and Listing of GDRs on the SIX Swiss Exchange, the Resolution on the Plan to Issue and List GDRs on the SIX Swiss Exchange, the Resolution on the Report about Use of Previously-Raised Proceeds, the Resolution on the Plan to Use the Proceeds Raised from Issuance of GDRs, the Resolution on the Validity Period of the Resolution on Issuance and Listing of GDRs on the SIX Swiss Exchange, the Resolution on Accumulated Profit Distribution Plan before Issuance and Listing of GDRs on the SIX Swiss Exchange, and the Resolution on the Amendments to the Rules of Procedure of the Board of Supervisors Applicable after Listing of GDRs of the Company were considered and approved.
- On 11 January 2023, the Company held the fifth extraordinary meeting of the fifth session of the board of supervisors, at which the Resolution on Depositing the Proceeds by Way of Agreed Deposit was considered and approved.
- On 23 March 2023, the Company convened the second meeting of the fifth session of the board of supervisors, at which the Resolution on the 2022 Work Report of the Board of Supervisors of the Company, the Resolution on the 2022 Work Report of the President of the Company, the Resolution on the 2022 Financial Report of the Company, the Resolution on the Report on the 2022 Final Accounts of the Company, the Resolution on the Explanation of the Company's Operation and Financing for 2023, the Resolution on the Provision for Impairment and Recognition of Asset Loss by the Company for 2022, the Resolution on the 2022 Profit Distribution Proposal of the Company, the Resolution on the Placement and Actual Use of the Proceeds of the Company for 2022, and the Resolution on the 2022 Annual Report Summary and Report and Result Announcement were considered and approved.
- On 19 April 2023, the Company held the sixth extraordinary meeting of the fifth session of the board of supervisors, at which the Resolution on the Use of Part of the Idle Proceeds for Cash Management and the Resolution on the Use of Part of the Idle Proceeds for Temporary Replenishment of Working Capital were considered and approved.
- On 28 April 2023, the Company convened the seventh extraordinary meeting of the fifth session of the board of supervisors, at which the Resolution on the 2023 First Quarterly Report of the Company was considered and approved.
- On 29 August 2023, the Company held the third meeting of the fifth session of the board of supervisors, at which the Resolution on the 2023 Interim Work Report of the President of the Company, the Resolution on the Placement and Actual Use of the Proceeds for First Half of 2023 of the Company, and the Resolution on Reviewing the Interim Results Announcement and Interim Report and Semi-annual Report Summary for 2023 and Report as at 30 June 2023 were considered and approved.
- On 27 October 2023, the Company held the eighth extraordinary meeting of the fifth session of the board of supervisors, at which the Resolution on Reviewing the 2023 Third Quarterly Report of the Company was considered and approved.
- On 3 November 2023, the Company held the ninth extraordinary meeting of the fifth session of the board of supervisors, at which the Resolution on the Amendments to the Rules of Procedure of the Board of Supervisors was considered and approved.
- On 28 December 2023, the Company held the tenth extraordinary meeting of the fifth session of the board of supervisors, at which the Resolution on the 2023 Restricted A Share Incentive Scheme (Draft) and its Summary of China Suntien Green Energy Corporation Limited, the Resolution on Administrative Measures for the 2023 Restricted A Share Incentive Scheme of China Suntien Green Energy Corporation Limited, the Resolution on Administrative Measures for Appraisal for the Implementation of the 2023 Restricted A Share Incentive Scheme of China Suntien Green Energy Corporation Limited and the Resolution on Verification of the Participant List of the Company's 2023 Restricted A Share Incentive Scheme were considered and approved.

## REPORT OF THE BOARD OF SUPERVISORS

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

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

#### 1. Monitoring the Company's operation

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

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

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

#### 3. Monitoring the Company's financial condition

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

#### 4. Monitoring the Company's connected/related transactions

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

#### 5. Monitoring of the Company's information disclosure

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 in strict 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*  
26 March 2024

# CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

## I. CHANGES IN SHARE CAPITAL

### (I) Table of Changes in Shares

1. *Table of changes in shares*

During the Reporting Period, there were no changes in total number of shares and share capital structure of the Company.

2. *Explanation for changes in shares*

Applicable  Not Applicable

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 restricted shares

Unit: Shares

Name of shareholder	Number of restricted shares at the beginning of the year	Shares released from restrictions on sales in current year	Increase in restricted shares in current year	Number of restricted shares at the end of the year	Reason for restrictions on sales	Date of release from restrictions on sales
HECIC	1,876,156,000	1,876,156,000	0	0	Initial public offering of A shares	29 June 2023
	182,685,253	0	0	182,685,253	Non-public offering of A shares	6 January 2025
Total	2,058,841,253	1,876,156,000	0	182,685,253	/	/

## II. ISSUANCE AND LISTING OF SECURITIES

### (I) Issue of Securities during the Reporting Period

Applicable  Not Applicable

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

Applicable  Not Applicable

### (II) Change in Total Number of Shares, Shareholding Structure and Asset and Liability Structure of the Company

Applicable  Not Applicable

### (III) Information of Current Employee Shares

Applicable  Not Applicable

## CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

### III. SHAREHOLDERS AND THE DE FACTO CONTROLLER

#### (I) Total Number of Shareholders

As at 31 December 2023, the number of shareholders of the Company was: 53,964 A shareholders and 1,194 H shareholders, totaling 55,158 shareholders.

Total number of holders of ordinary shares as at the end of the Reporting Period (person)	55,158
Total number of holders of ordinary shares as at the end of the month immediately before the publication date of the annual report (person)	51,646
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 the shareholders (Full name)	Increase/ decrease during the Reporting Period	Shareholding of the top 10 shareholders (excluding shares lent through refinancing)					Nature of shareholder
		Number of shares held as at the end of the Reporting Period	Percentage (%)	Number of restricted shares held	Shares pledged, marked or frozen Status of shares	Number	
Hebei Construction & Investment Group Co., Ltd.	0	2,058,841,253	49.17	182,685,253	Nil	0	State-owned legal person
HKSCC NOMINEES LIMITED <sup>(1)</sup>	73,000	1,835,791,285	43.84	0	Unknown		Overseas legal person
Wang Yulan	0	5,209,830	0.12	0	Frozen	4,860,000	Domestic natural person
Southern Industrial Assets Management Co., Ltd.	0	5,020,957	0.12	0	Nil	0	State-owned legal person
Nanfang Tianchen (Beijing) Investment Management Co., Ltd. – Nanfang Tianchen Jingsheng First Tranche Private Securities Investment Fund (南方天辰景晟 1期私募證券投資基金)	0	3,902,310	0.09	0	Nil	0	Others
Hong Kong Securities Clearing Company Limited	1,011,414	3,829,367	0.09	0	Nil	0	Overseas legal person
China Construction Bank Corporation – Qianhai Kaiyuan Public Utilities Equity Securities Investment Fund	0	2,170,100	0.05	0	Nil	0	Others
China International Capital Corporation Limited	1,923,535	2,018,435	0.05	0	Nil	0	State-owned legal person
Agricultural Bank of China Limited – CSI 500 Exchange-traded and Open-ended Index Securities Investment Fund	100,000	1,681,876	0.04	0	Nil	0	Others
Li Pengyong	0	1,642,627	0.04	0	Nil	0	Domestic natural person

## CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

Shareholding of the top 10 shareholders holding non-restricted shares			
Name of the shareholders	Number of tradable non-restricted shares		Class and number of shares
			Class
			Number
HKSCC NOMINEES LIMITED <sup>(1)</sup>	1,835,791,285		Overseas listed foreign shares
Wang Yulan	5,209,830		RMB ordinary shares
Southern Industrial Assets Management Co., Ltd.	5,020,957		RMB ordinary shares
Nanfang Tianchen (Beijing) Investment Management Co., Ltd. – Nanfang Tianchen Jingsheng First Tranche Private Securities Investment Fund (南方天辰景晟 1期私募證券投資基金)	3,902,310		RMB ordinary shares
Hong Kong Securities Clearing Company Limited	3,829,367		RMB ordinary shares
China Construction Bank Corporation – Qianhai Kaiyuan Public Utilities Equity Securities Investment Fund	2,170,100		RMB ordinary shares
China International Capital Corporation Limited	2,018,435		RMB ordinary shares
Agricultural Bank of China Limited – CSI 500 Exchange-traded and Open-ended Index Securities Investment Fund	1,681,876		RMB ordinary shares
Li Pengyong	1,642,627		RMB ordinary shares
Caitong Fund - Huazhang Tiandi Media Investment Co., Ltd. - Caitong Fund Yu Quan 1018 Single Asset Management Plan (財通基金玉泉1018號單一資產管理計劃)	1,501,027		RMB ordinary shares
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.

### The top 10 shareholders' lending of shares through refinancing

Unit: Shares

Name of the shareholders (Full name)	The top 10 shareholders' lending of shares through refinancing							
	Number of shares held in general accounts and credit accounts as at the beginning of the Reporting Period		Number of shares lent under refinancing and not yet returned as at the beginning of the Reporting Period		Number of shares held in general accounts and credit accounts as at the end of the Reporting Period		Number of shares lent under refinancing and not yet returned as at the end of the Reporting Period	
	Total	Percentage (%)	Total	Percentage (%)	Total	Percentage (%)	Total	Percentage (%)
China International Capital Corporation Limited	94,900	0.00	0	0.00	2,018,435	0.05	4,700	0.00
Agricultural Bank of China Limited – CSI 500 Exchange-traded and Open-ended Index Securities Investment Fund	1,581,876	0.04	380,800	0.01	1,681,876	0.04	567,100	0.01

## CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

### Changes in the top 10 shareholders from the previous period

Unit: Shares

Name of the shareholders (Full name)	Shareholders added/withdrawn during the Reporting Period	Changes in the top 10 shareholders from the end of the previous period			
		Number of shares lent under refinancing and not yet returned as at the end of the Reporting Period		Number of shares held in shareholders' general accounts and credit accounts and shares lent under refinancing and not yet returned as at the end of the Reporting Period	
		Total	Percentage (%)	Total	Percentage (%)
China International Capital Corporation Limited	Added	4,700	0.00	2,023,135	0.05
Caitong Fund-Postbank-Caitong Fund-Yuquan Bohai Life No. 1 Asset Management Plan (財通基金-郵儲銀行-財通基金-玉泉渤海人壽1號資產管理計劃)	Withdrawn	-	-	-	-

Note: Shareholders of Caitong Fund-Postbank-Caitong Fund-Yuquan Bohai Life No. 1 Asset Management Plan were not among the top 200 shareholders of the Company at the end of the period in terms of general account and credit account holdings.

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

Unit: Shares

No.	Name of shareholder holding restricted shares	Number of restricted shares held	Tradable status of restricted shares		
			Date of being tradable	Number of additional tradable shares	Term of selling restriction
1	Hebei Construction & Investment Group Co., Ltd.	182,685,253	6 January 2025	182,685,253	36 months from the closing date of the non-public offering of A shares
Description of connected relationship or acting in concert among the above shareholders		Nil			

(III) Strategic investors or general legal persons became the top 10 shareholders as a result of the placement of new shares  
 Applicable  Not Applicable

(IV) DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S INTERESTS AND SHORT POSITIONS OF THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2023, the interests of Directors, supervisors and senior management of the Company in the shares of the Company are as follows:

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

Saved as disclosed above, as at 31 December 2023, 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).

## CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

### (V) INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2023, to the best knowledge of the Directors of the Company, the following persons (other than the Directors, supervisors or senior management of the Company) had interests or short positions in the shares or underlying shares of the Company which requires disclosure to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of the shareholders	Class of shares	Capacity	Number of shares/ underlying shares held	Percentage in the relevant class of share equity (%)	Percentage in the total share equity (%)
HECIC	A shares	Beneficial owner	2,058,841,253	87.68	49.17
Shanghai Ningquan Asset Management Co., Ltd. (上海寧泉資產管理有限公司)	H shares	Investment manager	184,494,000 (Long position)	10.03	4.41
Brown Brothers Harriman & Co.	H shares	Approved lending agent	133,138,033	7.24	3.18
			(Long position) 133,138,033 (Shares available for lending)	7.24	3.18
FIL Limited <sup>(1)</sup>	H shares	Interest of a controlled corporation	92,314,000 (Long position)	5.02	2.20
Pandanus Associates Inc. <sup>(1)</sup>	H shares	Interest of a controlled corporation	92,314,000 (Long position)	5.02	2.20
Pandanus Partners L.P. <sup>(1)</sup>	H shares	Interest of a controlled corporation	92,314,000 (Long position)	5.02	2.20

Note:

- (1) Pandanus Associates Inc. is in control of Pandanus Partners L.P. and is thus in control of FIL Limited. FIL Limited further holds the interests of the Company through its controlled entities 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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

In order to further promote the Company's internationalization strategy, further supplement the Company's capital strength, seek external growth opportunities, promote the transformation of internal growth momentum, and comprehensively improve the Company's operating level, on 5 January 2023, the Company announced that it intended to issue GDRs, and to apply for listing on the SIX Swiss Exchange. The new A Shares represented by the GDRs as underlying securities to be issued by the Company shall be no more than 334,967,446 Shares (including securities to be issued upon the exercise of any over-allotment option, if any) and shall not account for more than 8.00% of the total share capital of ordinary Shares and 14.27% of the A Shares of the Company prior to the issuance. Further details of the GDR issuance are set out in the relevant announcements of the Company on the Hong Kong Stock Exchange and the SSE. The GDR issuance plan is still in progress. The Company will promote the GDR issuance in an orderly manner based on the progress of regulatory approval and market conditions, and make disclosure as and when appropriate.

## CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

### (VII) Use of Proceeds from the A Share Offering

In order to enhance the profitability and sustainable development capabilities, lower debt-to-asset ratio and enhance risk resistance capacity, the Company commenced a non-public offering of A shares in 2021, which was completed on 6 January 2022. The Company's use of proceeds from the above offering was as follows:

Unit: Yuan

No.	Items	Proceeds to be invested	Actual use of proceeds during the Reporting Period <sup>(1)</sup>	Unutilised net proceeds as at 31 December 2023 <sup>(1)</sup>	Expected timetable
1	Tangshan LNG Project (Phase I and Phase II)	2,397,971,114.80	706,203,002.24	281,309,101.48	By the end of 2027
2	Tangshan LNG Terminal Outbound Pipelines Project (Caofeidian-Baodi section)	699,029,487.22	355,504,800.79	143,615,353.14	2024
3	Tangshan LNG Terminal Outbound Pipelines Project (Baodi-Yongqing section)	236,797,375.06	59,721,069.74	922,706.63	2024
4	Replenishment of working capital and repayment of bank loans	1,211,257,206.39	872,000.00	25,228.02	2024
	Total	<u>4,545,055,183.47</u>	<u>1,122,300,872.77</u>	<u>425,872,389.27</u>	-

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

(2) As at 31 December 2023, interest income (including gain on wealth management) accrued on the proceeds amounted to RMB68.9309 million.

## CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

### 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	Mi Dabin
Date of establishment	21 March 1990
Principal business	Investment and management of energy, transportation, water affairs, agriculture, tourism, service industry, real estate, industry, and commerce.
Details of controlling interests and listed companies during the Reporting Period	The controlling shareholder holds 65.63% of the shares of HECIC Energy Investment Co., Ltd., 6.93% of the shares of Datang International Power Generation Co., Ltd., 3.38% of the shares of China Energy Conservation and Environmental Protection Company Limited (中節能環境保護股份有限公司), 3.14% of the shares of Huaneng Power International, Inc, 0.98% of the shares of Caida Securities Co., Ltd., 0.12% of the shares of Bank of Communications Co., Ltd., 0.06% of the shares of China Citic Bank Co., Ltd.
Other information and explanation	Nil

##### 2 Natural person

Applicable  Not Applicable

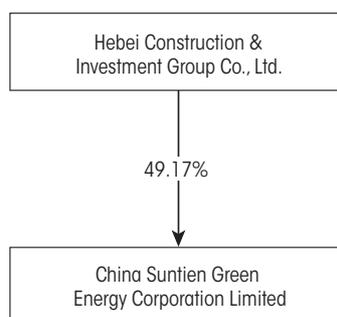
##### 3 Specific explanation on non-existence of controlling shareholder of the Company

Applicable  Not Applicable

##### 4 Explanation on changes in controlling shareholder during the Reporting Period

Applicable  Not Applicable

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



#### (II) De facto controller

##### 1 Legal person

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

##### 2 Natural person

Applicable  Not Applicable

## CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

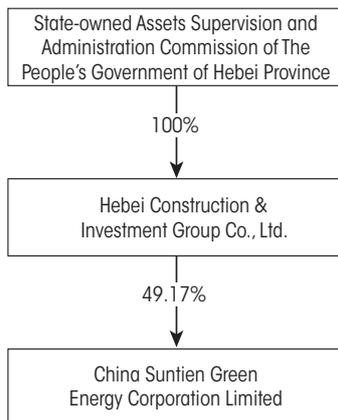
3 *Special explanation on the absence of the de facto controller of the Company*

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*



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

Applicable  Not Applicable

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

Applicable  Not Applicable

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

Applicable  Not Applicable

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

Applicable  Not Applicable

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

Applicable  Not Applicable

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

Applicable  Not Applicable

# RELEVANT INFORMATION OF BONDS

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

### (I) Debenture

Applicable  Not Applicable

### (II) Corporate Bonds

#### 1. Basic information on corporate bonds

Unit: RMB'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
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	0	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
G21 New Y1	The principal and interest were fully settled when due on 7 March 2024. For details, please refer to the "Announcement on Settlement of Payment for Principal and Interest in 2024 for, and Delisting of, 2021 Renewable Green Corporate Bonds (First Tranche) Publicly Issued by China Suntien Green Energy Corporation Limited" available on the website of the Shanghai Stock Exchange ( <a href="http://www.sse.com.cn">www.sse.com.cn</a> ).

## RELEVANT INFORMATION OF BONDS

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

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. The Company elected and settled the payment for the principal and interest in full and the delisting of the bonds on 7 March 2024.

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

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

Explanation on the changes in the aforesaid intermediaries

Applicable  Not applicable

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

Unit: RMB'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
						Yes
G21 New Y1	10.4	10.4	0	Normal	Nil	Yes

## RELEVANT INFORMATION OF BONDS

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

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. In accordance with the provisions of the prospectus of the bonds, the Company may adjust the relevant funding of project in accordance with the progress of the green projects and the actual capital requirements. According to the Company's capital utilisation plan, the scope of projects using the proceeds from the bonds will be extended from those of the prospectus for "G21 New Y1" to include eight more projects, i.e. the Hebei Construction and Investment Wind Power Hydrogen Production Project (hydrogen production part), Kangbao Wolongshan 100 MW Wind Farm Project, Kangbao Yongfeng 200 MW Wind Farm Project, Shangyi Dadongshan 49.5 MW Wind Farm Project, Chengde Yuyuan Weichang Dahuanqi Wind Farm, Julu County Laozhang River 50 MW Wind Farm, Wuchuan Dayuanshan (Desheng) 50 MW Wind Power Clean Heating Project and Maniba Wind Farm Project, and proceeds from the bonds were also used to replace RMB103.00 million of its own funds invested after the registration date of the bonds (27 November 2020). For details, please refer to the "Announcement of China Suntien Green Energy Corporation Limited and China Galaxy Securities Co., Ltd. on the Adjustment of the Use of Proceeds of 'G21 New Y1'" dated 6 June 2022. As at the end of the Reporting Period, of the net proceeds from the issuance of "G21 New Y1" 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 RMB415 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 explanations

Applicable  Not applicable

**5. Adjustment to credit rating result**

Applicable  Not applicable

Other explanations

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 corporate bonds**

Progress and environmental benefits of green projects for which funds were raised: During the Reporting Period, the Company generated a total of 14.254 billion kWh of green electricity in 2023, which is equivalent to avoidance of 11.7453 million tons of carbon dioxide emissions (approximately 824 g of carbon dioxide per kWh of thermal power generation nationwide), approximately 1,439.65 tons of sulfur dioxide emissions (approximately 0.101 g of sulfur dioxide per kWh of thermal power generation nationwide), approximately 2,166.61 tons of nitrogen oxide emissions (approximately 0.152 g of nitrogen oxide per kWh of thermal power generation nationwide) and 313.59 tons of soot emissions (approximately 0.022 g of soot per kWh of thermal power generation nationwide).

During the Reporting Period, projects including the Tangshan LNG Phase I Project and outbound pipelines projects (Caofeidian-Baodi section and Baodi-Yongqing section) were put into operation. The construction of other green projects was progressing smoothly.

## RELEVANT INFORMATION OF BONDS

### (III) Debt financing instruments of non-financial enterprises in the inter-bank bond market

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

Unit: RMB'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	Trading mechanism	Risk of termination of listing and trading
2020 First Tranche of Medium-Term Notes of China Suntien Green Energy Corporation Limited	20 Suntien Green MTN001	102001005	2020/5/13-2020/5/14	2020-05-15	2025-05-15	10	3.86	Interest to be paid annually and principal payable at maturity	Inter-bank Market	Listed	No
2022 First Tranche of Super Short-Term Commercial Papers of HECIC New Energy Co., Ltd.	22 HECIC New Energy SCP001	012282461	2022-07-14	2022-07-15	2023-04-11	0	2.45	Interest and principal payable at maturity	Inter-bank Market	Listed	No
2022 Second Tranche of Super Short-Term Commercial Papers of HECIC New Energy Co., Ltd.	22 HECIC New-energy SCP002	012283059	2022-08-26	2022-08-29	2023-02-25	0	2.1	Interest and principal payable at maturity	Inter-bank Market	Listed	No
2022 First Tranche of Medium-Term Notes of HECIC New Energy Co., Ltd.	22 HECIC New-energy MTN001	102282558	2022-11-18	2022-11-21	2024-11-20	5	3.37	Interest to be paid annually and principal payable at maturity	Inter-bank Market	Listed	No
2023 First Tranche of Medium-Term Notes of HECIC New Energy Co., Ltd.	23 HECIC New-energy MTN001	102380781	2023/04/03-2023/04/04	2023-04-06	2025-04-06	7	3.23	Interest to be paid annually and principal payable at maturity	Inter-bank Market	Listed	No
2023 Second Tranche of Medium-Term Notes of HECIC New Energy Co., Ltd. (Carbon Neutrality Bond/Village Revitalization)	23 HECIC New Energy MTN002 (Carbon Neutrality Bond)	102382597	2023/09/21-2023/09/22	2023-09-25	2025-09-25	1.4	3.18	Interest to be paid annually and principal payable at maturity	Inter-bank Market	Listed	No

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

Applicable  Not applicable

Overdue bonds

Applicable  Not applicable

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

Name of bond	Explanation on settlement of principal and interest payment
20 Suntien Green MTN001	Not yet matured, with outstanding principal to be settled while interest payment being fully settled on time on 16 May 2023.
22 HECIC New Energy SCP001	Matured, with interest payment being settled on time on 11 April 2023.
22 HECIC New-energy SCP002	Matured, with interest payment being settled on time on 25 February 2023.
22 HECIC New-energy MTN001	Not yet matured, and no payment of principal made.
23 HECIC New-energy MTN001	Not yet matured, and no payment of principal made.
23 HECIC New Energy MTN002 (Carbon Neutrality Bond)	Not yet matured, and no payment of principal made.

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

Applicable  Not applicable

## RELEVANT INFORMATION OF BONDS

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

Name of intermediary	Office address	Contact person	Contact telephone number
Bank of China Limited	No. 1 Fuxingmennei Avenue, Beijing	Wang Xi'nan, Xun Yamei	010-66592497 010-66592749
China Construction Bank Corporation	No. 25 Financial Street, Xicheng District, Beijing	Li Guoliang	010-67595447
China Chengxin International Credit Rating Co., Ltd.	Building 6, Galaxy SOHO, No. 2 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: RMB'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
20 Suntien Green MTN001	10	10	0	Normal	Nil	Yes
22 HECIC New Energy SCP001	7	7	0	Normal	Nil	Yes
22 HECIC New-energy SCP002	3	3	0	Normal	Nil	Yes
22 HECIC New-energy MTN001	5	5	0	Normal	Nil	Yes
23 HECIC New-energy MTN001	7	7	0	Normal	Nil	Yes
23 HECIC New Energy MTN002 (Carbon Neutrality Bond)	1.4	1.4	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 explanations

Applicable  Not applicable

## RELEVANT INFORMATION OF BONDS

5. *Adjustment to credit rating result*

Applicable  Not applicable

Other explanations

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

## RELEVANT INFORMATION OF BONDS

### (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	2023	2022 (Restated)	Increase/decrease for the period as compared to the same period last year (%)	Reason for changes
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	2,169,460,836.09	2,267,106,812.03	-4.31	This was mainly due to the decrease in net profit as compared to the previous year.
Current ratio (%)	69.30	78.53	-11.75	This was mainly due to the decrease in the balance of monetary funds during the period.
Quick ratio (%)	56.40	71.86	-21.51	This was mainly due to the decrease in the balance of monetary funds during the period.
Gearing ratio (%)	66.16	67.47	-1.94	This was mainly due to the fact that the total liabilities decreased, while net assets increased, as compared to the end of the previous year.
Total debt to EBITDA ratio	0.131	0.131	0.00	This remained essentially unchanged from the previous year.
Interest coverage ratio	3.16	2.98	6.04	This was mainly due to the decrease in interest expenses for the year as compared to the same period of the previous year.
Cash interest coverage ratio	3.79	5.22	-27.39	This was mainly due to the decrease in the amount of renewable energy subsidies recovered in the year as compared to the same period of the previous year.
EBITDA interest coverage ratio	4.84	4.51	7.32	This was mainly due to the decrease in interest expenses for the year as compared to the same period of the previous year.
Loan repayment ratio (%)	100.00	100.00		
Interest coverage (%)	100.00	100.00		

### II. CONVERTIBLE CORPORATE BONDS

Applicable  Not Applicable

# FINANCIAL REPORT

## I. AUDITOR'S REPORT

Ernst & Young Hua Ming (2024) Shen Zi No. 70015920\_A01  
China Suntien Green Energy Corporation Limited

To all shareholders of China Suntien Green Energy Corporation Limited,

### I. AUDIT OPINION

We have audited the financial statements of China Suntien Green Energy Corporation Limited (the "Company"), which comprise the consolidated and the Company's balance sheets as at 31 December 2023, 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 2023, 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 2023, the original value of the China Suntien Green Energy Corporation Limited's accounts receivable was RMB6,699,504,018.79, and the provision for impairment was RMB481,820,032.98.

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 disclosure by China Suntien Green Energy Corporation Limited about accounts receivable and impairment provision for accounts receivable are set out in Notes V. 11 and 39 and Notes VII. 5 and 71 to the financial statements.

#### How our audit addressed the key audit matter:

We performed the following audit procedures to assess the adequacy and accuracy of the provision for bad debts on receivables including:

we reviewed the accounting policy for the provision for impairment of receivables, assessed whether the policy and the expected credit loss calculation methodology comply with the requirements of ASBEs, assessed the reliability of management's assumptions and considered the impact of forward-looking factors;

for accounts receivable for which a provision for default was made based on a combination of credit risk characteristics, we reviewed how the Management configure the credit risk characteristics combination and reviewed the bad debt provision statement and evidence of delivery (including sales invoices and statements) to review key information such as aging;

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

we reviewed the management's analysis of historical collections of long-aging accounts receivable; we checked the Company's ledgers and bank statements to test the recovery status of accounts receivable during the year and after the balance sheet date;

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

## FINANCIAL REPORT

### Key audit matter:

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

As of 31 December 2023, the aggregate amount of fixed assets and construction in progress among the long-term assets of China Suntien Green Energy Corporation Limited was RMB55,332,910,721.26. Management assessed that there were indicators of impairment for a small portion of long-lived assets, such as lower utilisation rates, lower-than-expected economic performance and proposed disposal and demolition. 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 future cash flows estimated to be derived from the asset 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 disclosure by China Suntien Green Energy Corporation Limited of the impairment of long-term assets is set out in Notes V. 21, 22, 27 and 39 and Notes VII. 21, 22 and 72 to the financial statements.

### How our audit addressed the key audit matter:

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

We reviewed the future cash flow forecast and key assumptions adopted by the management based on the approved long-term strategic plan, e.g., assumptions regarding production capacity, operating costs, projected revenue, and the projected gross profit margin; we compared key assumptions with the historical information about the cash-generating unit and the evidence of electricity statements obtained after the period; we checked the approvals of the on-grid tariffs for the wind power industry in the region formulated by the National Development and Reform Commission for electricity prices and electricity purchase and sale contracts and invoices;

we also invited in-house valuation experts to analyse and review the valuation methodology and key valuation parameters such as discount rate;

We also reviewed the appropriateness and completeness of the disclosures in the consolidated financial statements of the Group.

### IV. OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

## FINANCIAL REPORT

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

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

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

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

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: Zhang Ningning

Chinese Certified Public Accountant: Wang Ning  
(Engagement Partner)

Beijing, the PRC  
26 March 2024

II. FINANCIAL STATEMENT  
 CONSOLIDATED BALANCE SHEET

31 December 2023

Prepared by: China Suntien Green Energy Corporation Limited

Unit: Yuan Currency: RMB

Items	Note VII	31 December 2023	31 December 2022 (Restated)
<b>CURRENT ASSETS:</b>			
Cash	1	3,420,053,078.91	7,326,059,327.77
Including: deposits with finance companies		2,717,649,958.91	3,510,955,880.39
Provision of settlement fund			
Lending to banks and other financial institutions			
Financial assets for trading	2	380,000,000.00	520,000,000.00
Derivative financial assets			
Bills receivable	4	53,600,000.00	235,764,112.96
Accounts receivable	5	6,217,683,985.81	5,345,149,228.28
Receivables financing	7	181,663,568.90	169,290,765.51
Prepayments	8	733,927,145.17	534,453,113.73
Premium receivable			
Receivables from reinsurers			
Reinsurance deposits receivable			
Other receivables	9	290,839,107.48	207,110,462.03
Including: Interest receivable			
Dividend receivables		208,403,836.94	71,598,016.20
Financial assets purchased under agreements to resell			
Inventory	10	967,715,883.89	104,531,171.77
Contract assets			
Assets held for sale	11		12,416,736.35
Non-current assets due within one year	12		22,349,480.00
Other current assets	13	709,409,688.57	608,218,206.11
<b>Total current assets</b>		<b>12,954,892,458.73</b>	<b>15,085,342,604.51</b>
<b>NON-CURRENT ASSETS:</b>			
Loans and advances granted			
Debt investments			
Other debt investments			
Long-term receivables	16	1,736,578.83	1,664,186.71
Long-term equity investments	17	3,596,572,727.03	3,393,719,280.52
Investments in other equity instruments	18	215,013,700.00	218,605,700.00
Other non-current financial assets			
Investment properties	20	23,821,864.60	24,927,033.04
Fixed assets	21	48,822,524,231.15	32,773,611,789.39
Construction in progress	22	6,510,386,490.11	19,162,911,804.71
Bearer biological assets			
Oil and gas assets			
Right-of-use assets	25	1,461,630,760.37	1,839,279,154.79
Intangible assets	26	3,034,327,079.99	2,121,212,538.58
Development expenses		2,597,576.11	28,425,706.04
Goodwill	27	166,033,484.07	96,922,283.74
Long-term deferred expenses	28	83,559,230.52	41,926,286.06
Deferred income tax assets	29	205,930,111.69	194,692,094.09
Other non-current assets	30	1,937,566,803.55	2,429,308,472.48
<b>Total non-current assets</b>		<b>66,061,700,638.02</b>	<b>62,327,206,330.15</b>
<b>Total assets</b>		<b>79,016,593,096.75</b>	<b>77,412,548,934.66</b>

## FINANCIAL REPORT

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

31 December 2022

Prepared by: China Suntien Green Energy Corporation Limited

Unit: Yuan Currency: RMB

Items	Note VII	31 December 2023	31 December 2022 (Restated)
<b>CURRENT LIABILITIES:</b>			
Short-term borrowings	32	2,410,513,290.75	2,698,366,568.48
Loans from central bank			
Loans from banks and other financial institutions			
Financial liabilities for trading			
Derivative financial liabilities			
Bills payable	35	3,404,155.80	13,649,747.04
Accounts payable	36	483,829,434.19	402,815,261.78
Advances from customers	37	1,161,223,073.93	1,161,061,946.88
Contract liabilities	38	1,878,270,794.98	1,539,750,992.89
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	67,429,927.93	68,100,777.09
Taxes payable	40	336,651,526.96	203,392,348.56
Other payables	41	6,678,958,476.90	7,719,969,496.64
Including: Interest payable			
Dividend payable		125,621,743.60	142,109,925.35
Handling charges and commission payable			
Amount payable for reinsurance			
Liabilities held for sale	42		6,811,269.63
Non-current liabilities due within one year	43	5,560,638,371.76	4,308,241,110.09
Other current liabilities	44	112,246,563.18	1,086,927,077.13
<b>Total current liabilities</b>		<b>18,693,165,616.38</b>	<b>19,209,086,596.21</b>
<b>NON-CURRENT LIABILITIES:</b>			
Provisions for insurance contracts			
Long-term borrowings	45	30,693,348,668.17	30,429,352,611.21
Debentures payable	46	1,840,000,000.00	1,500,000,000.00
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	47	618,287,744.42	644,603,458.18
Long-term payable	48	144,031,289.43	186,079,230.66
Long-term employee benefits payable			
Accrued liabilities	50	77,531,149.68	77,531,149.68
Deferred income	51	137,971,200.57	118,408,005.13
Deferred income tax liabilities	29	71,487,859.86	66,230,823.41
Other non-current liabilities			
<b>Total non-current liabilities</b>		<b>33,582,657,912.13</b>	<b>33,022,205,278.27</b>
<b>Total liabilities</b>		<b>52,275,823,528.51</b>	<b>52,231,291,874.48</b>
<b>Owners' equity (or shareholders' equity):</b>			
Paid-up capital (or Share capital)	53	4,187,093,073.00	4,187,093,073.00
Other equity instruments	54	1,039,376,000.00	1,039,376,000.00
Including: Preferred shares			
Perpetual bonds	54	1,039,376,000.00	1,039,376,000.00
Capital reserve	55	6,611,407,780.53	6,581,326,328.75
Less: treasury stocks			
Other comprehensive income	57	3,417,535.00	6,493,135.00
Special reserve	58	46,870,896.23	4,380,136.92
Surplus reserve	59	1,028,015,167.23	822,928,444.78
General risk provision			
Undistributed profits	60	8,960,553,185.93	7,819,835,341.28
<b>Total equity attributable to owners of the parent company (or shareholders' equity)</b>		<b>21,876,733,637.92</b>	<b>20,461,432,459.73</b>
Minority interests		4,864,035,930.32	4,719,824,600.45
<b>Total owners' equity (or shareholders' equity)</b>		<b>26,740,769,568.24</b>	<b>25,181,257,060.18</b>
<b>Total liabilities and owners' equity (or shareholders' equity)</b>		<b>79,016,593,096.75</b>	<b>77,412,548,934.66</b>

Person in charge of the Company: Cao Xin

Person in charge of accounting: Fan Wei Hong

Head of accounting department: Yang Zhan Qing

II. FINANCIAL STATEMENT (continued)  
BALANCE SHEET OF THE PARENT COMPANY  
31 December 2023

Prepared by: China Suntien Green Energy Corporation Limited

Unit: Yuan Currency: RMB

Items	Note XIX	31 December 2023	31 December 2022 (Restated)
<b>CURRENT ASSETS:</b>			
Cash		1,085,996,021.73	1,775,168,909.70
Including: deposits with finance companies		799,631,285.19	164,126,197.80
Financial assets for trading		380,000,000.00	520,000,000.00
Derivative financial assets			
Bills receivable			
Accounts receivable	1	44,360,343.18	46,307,994.06
Receivables financing			
Prepayments		5,219,459.02	757,471.54
Other receivables	2	3,287,479,936.89	2,207,594,279.34
Including: Interest receivable			
Dividend receivables		559,792,162.51	424,311,740.40
Inventory			
Contract assets			
Assets held for sale			2,174,706.49
Non-current assets due within one year		20,168,436.81	19,171,506.48
Other current assets		1,925,420.76	4,172,162.36
<b>Total current assets</b>		<b>4,825,149,618.39</b>	<b>4,575,347,029.97</b>
<b>NON-CURRENT ASSETS:</b>			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	3	13,536,898,896.86	13,034,433,071.23
Investments in other equity instruments		202,000,000.00	200,000,000.00
Other non-current financial assets			
Investment properties			
Fixed assets		7,850,655.92	8,291,575.14
Construction in progress		18,017,687.69	14,993,464.46
Bearer biological assets			
Oil and gas assets			
Right-of-use assets		13,017,602.75	17,864,441.51
Intangible assets		13,922,157.17	6,285,576.40
Development expenses			
Goodwill			
Long-term deferred expenses		263,055.48	420,531.84
Deferred income tax assets			
Other non-current assets	6	3,107,615,622.47	3,589,564,600.00
<b>Total non-current assets</b>		<b>16,899,585,678.34</b>	<b>16,871,853,260.58</b>
<b>Total assets</b>		<b>21,724,735,296.73</b>	<b>21,447,200,290.55</b>

## FINANCIAL REPORT

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

Prepared by: China Suntien Green Energy Corporation Limited

Unit: Yuan Currency: RMB

Items	Note XIX	31 December 2023	31 December 2022 (Restated)
<b>CURRENT LIABILITIES:</b>			
Short-term borrowings			400,354,444.45
Financial liabilities for trading			
Derivative financial liabilities			
Bills payable			
Accounts payable			
Advances from customers			
Contract liabilities			
Employee benefits payable		2,498,872.40	2,046,832.26
Taxes payable		1,090,785.88	1,282,866.59
Other payables		79,274,079.82	102,374,411.19
Including: Interest payable			
Dividend payable		53,560,000.00	53,560,000.00
Liabilities held for sale			
Non-current liabilities due within one year		496,558,585.27	529,426,321.89
Other current liabilities			
<b>Total current liabilities</b>		<b>579,422,323.37</b>	<b>1,035,484,876.38</b>
<b>NON-CURRENT LIABILITIES:</b>			
Long-term borrowings		2,638,820,600.00	3,090,990,600.00
Debentures payable		1,000,000,000.00	1,000,000,000.00
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		5,979,947.77	13,750,528.83
Long-term payable			
Long-term employee benefits payable			
Accrued liabilities			
Deferred income		300,000.00	524,639.76
Deferred income tax liabilities		571,363.56	616,246.29
Other non-current liabilities			
<b>Total non-current liabilities</b>		<b>3,645,671,911.33</b>	<b>4,105,882,014.88</b>
<b>Total liabilities</b>		<b>4,225,094,234.70</b>	<b>5,141,366,891.26</b>
<b>Owners' equity (or shareholders' equity):</b>			
Paid-up capital (or Share capital)		4,187,093,073.00	4,187,093,073.00
Other equity instruments		1,039,376,000.00	1,039,376,000.00
Including: Preferred shares			
Perpetual bonds		1,039,376,000.00	1,039,376,000.00
Capital reserve		6,677,329,756.37	6,672,081,610.44
Less: treasury stocks			
Other comprehensive income			
Special reserve			
Surplus reserve		1,028,015,167.23	822,928,444.78
Undistributed profits		4,567,827,065.43	3,584,354,271.07
<b>Total owners' equity (or shareholders' equity)</b>		<b>17,499,641,062.03</b>	<b>16,305,833,399.29</b>
<b>Total liabilities and owners' equity (or shareholders' equity)</b>		<b>21,724,735,296.73</b>	<b>21,447,200,290.55</b>

Person in charge of the Company: Cao Xin

Person in charge of accounting: Fan Wei Hong

Head of accounting department: Yang Zhan Qing

II. FINANCIAL STATEMENT (continued)

CONSOLIDATED INCOME STATEMENT

January - December 2023

Unit: Yuan Currency: RMB

Items	Note VII	2023	2022 (Restated)
<b>I. Total operating revenue</b>		<b>20,281,788,883.53</b>	18,560,522,731.81
Including: Operating revenue	61	<b>20,281,788,883.53</b>	18,560,522,731.81
Interest income			
Premiums earned			
Handling charges and commission income			
<b>II. Total operating costs</b>		<b>17,440,281,358.03</b>	15,656,842,773.62
Including: Operating costs	61	<b>15,206,398,532.44</b>	13,318,562,338.06
Interest expense			
Handling charges and commission expenses			
Surrender payment			
Net compensation expense			
Net provisions for insurance contract			
Insurance policy dividend payment			
Reinsurance cost			
Taxes and surcharges	62	<b>82,423,790.85</b>	62,911,189.91
Selling expenses	63	<b>3,872,013.95</b>	3,287,198.88
Administration expenses	64	<b>709,650,614.49</b>	659,800,606.76
R&D EXPENSE	65	<b>371,586,463.46</b>	427,157,752.69
Finance costs	66	<b>1,066,349,942.84</b>	1,185,123,687.32
Including: Interest expenses		<b>1,087,891,441.21</b>	1,235,261,192.77
Interest income		<b>39,563,708.85</b>	61,989,622.06
Add: Other gains	67	<b>289,826,487.25</b>	169,304,589.80
Investment gains (losses are indicated with "-")	68	<b>365,628,202.67</b>	258,405,528.93
Including: Gains from investment in associates and joint ventures		<b>338,601,167.19</b>	224,635,114.20
Derecognition gains on financial assets measured at amortized cost			
Foreign exchange gains (losses are indicated with "-")			
Net gain or loss on exposure hedging (losses are indicated with "-")			
Gains from changes in fair value (losses are indicated with "-")			
Credit impairment losses (losses are indicated with "-")	71	<b>-15,813,910.27</b>	-3,982,590.97
Asset impairment losses (losses are indicated with "-")	72	<b>-115,698,488.86</b>	-41,834,139.58
Asset disposal gains (losses are indicated with "-")	73	<b>-3,338,466.05</b>	291,320.32
<b>III. Operating profit (losses are indicated with "-")</b>		<b>3,362,111,350.24</b>	3,285,864,666.69
Add: Non-operating income	74	<b>13,236,992.92</b>	16,585,059.05
Less: Non-operating expenses	75	<b>6,989,650.75</b>	7,380,582.78
<b>IV. Gross profit (total losses are indicated with "-")</b>		<b>3,368,358,692.41</b>	3,295,069,142.96
Less: income tax expenses	76	<b>634,076,628.90</b>	477,368,687.88

## FINANCIAL REPORT

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

January - December 2023

Unit: Yuan Currency: RMB

Items	Note VII	2023	2022 (Restated)
<b>V. Net profit (net losses are indicated with "-")</b>		<b>2,734,282,063.51</b>	2,817,700,455.08
(I) By continuity as a going concern			
1. Net profit from continuing operations (net losses are indicated with "-")		<b>2,734,282,063.51</b>	2,817,700,455.08
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 "-")		<b>2,207,473,530.19</b>	2,292,630,759.66
2. Gain or loss attributable to minority interests (net losses are indicated with "-")		<b>526,808,533.32</b>	525,069,695.42
<b>VI. Net other comprehensive income after tax</b>	77	<b>-5,592,000.00</b>	
(I) Net other comprehensive income after tax attributable to owners of the parent company		<b>-3,075,600.00</b>	
1. Other comprehensive income that may not be reclassified to profit or loss		<b>-3,075,600.00</b>	
(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 other equity instruments		<b>-3,075,600.00</b>	
(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 investments			
(5) Cash flows hedging reserve			
(6) Exchange differences arising from translation of foreign currency financial statements			
(7) Others			
(II) Net other comprehensive income after tax attributable to minority interests		<b>-2,516,400.00</b>	
<b>VII. Total comprehensive income</b>		<b>2,728,690,063.51</b>	2,817,700,455.08
(I) Total comprehensive income attributable to owners of the parent company		<b>2,204,397,930.19</b>	2,292,630,759.66
(II) Total comprehensive income attributable to minority interests		<b>524,292,133.32</b>	525,069,695.42
<b>VIII. Earnings per share:</b>			
(I) Basic earnings per share (Yuan/share)		<b>0.51</b>	0.53
(II) Diluted earnings per share (Yuan/share)		<b>0.51</b>	0.53

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

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

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

January - December 2023

Unit: Yuan Currency: RMB

Items	Note XIX	2023	2022 (Restated)
<b>I. Operating revenue</b>	4	<b>66,385,391.19</b>	45,078,414.92
Less: Operating costs	4	<b>48,598,669.64</b>	3,991,399.13
Taxes and surcharges		<b>125,217.27</b>	117,907.05
Selling expenses			
Administration expenses		<b>48,210,871.73</b>	76,565,061.77
R&D EXPENSE		<b>10,073,731.65</b>	24,146,646.99
Finance costs		<b>-42,186,327.35</b>	-6,898,802.09
Including: Interest expenses		<b>35,755,870.77</b>	40,682,498.63
Interest income		<b>87,676,581.20</b>	51,368,858.13
Add: Other gains		<b>912,749.57</b>	3,381,503.61
Investment gains (losses are indicated with "-")	5	<b>2,160,361,780.42</b>	1,898,177,411.87
Including: Gains from investment in associates and joint ventures		<b>93,501,829.27</b>	26,741,671.49
Derecognition gains on financial assets measured at amortized cost			
Net gain or loss on exposure hedging (losses are indicated with "-")			
Gains from changes in fair value (losses are indicated with "-")			
Credit impairment losses (losses are indicated with "-")		<b>131,118.61</b>	-2,031,010.37
Asset impairment losses (losses are indicated with "-")		<b>-111,892,192.46</b>	
Asset disposal gains (losses are indicated with "-")		<b>16,750.35</b>	214,430.54
<b>II. Operating profit (losses are indicated with "-")</b>		<b>2,051,093,434.74</b>	1,846,898,537.72
Add: Non-operating income		<b>0.00</b>	11,979.40
Less: Non-operating expenses		<b>271,092.92</b>	36,134.14
<b>III. Gross profit (total losses are indicated with "-")</b>		<b>2,050,822,341.82</b>	1,846,874,382.98
Less: income tax expenses		<b>-44,882.73</b>	616,246.29
<b>IV. Net profit (net losses are indicated with "-")</b>		<b>2,050,867,224.55</b>	1,846,258,136.69
(I) Net profit from continuing operations (net losses are indicated with "-")		<b>2,050,867,224.55</b>	1,846,258,136.69
(II) Net profit from discontinued operations (net losses are indicated with "-")			
<b>V. Net other comprehensive income after tax</b>			
(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 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			
<b>VI. Total comprehensive income</b>		<b>2,050,867,224.55</b>	1,846,258,136.69
<b>VII. Earnings per share:</b>			
(I) Basic earnings per share (Yuan/share)			
(II) Diluted earnings per share (Yuan/share)			

Person in charge of the Company: Cao Xin

Person in charge of accounting: Fan Wei Hong

Head of accounting department: Yang Zhan Qing

## FINANCIAL REPORT

### II. FINANCIAL STATEMENT (continued)

#### CONSOLIDATED CASH FLOW STATEMENT

January - December 2023

Unit: Yuan Currency: RMB

Items	Note VII	2023	2022
<b>I. Cash flows from operating activities:</b>			
Cash received from sale of goods and rendering of services		<b>21,450,563,873.41</b>	21,460,234,852.53
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 loans 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		<b>174,254,110.35</b>	304,842,691.63
Cash received from other operating activities	78	<b>193,681,517.04</b>	110,007,953.75
Sub-total of cash inflows from operating activities		<b>21,818,499,500.80</b>	21,875,085,497.91
Cash paid for goods and services		<b>14,833,727,044.86</b>	12,225,412,567.71
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		<b>729,304,723.79</b>	831,860,051.87
Payments of taxes and surcharges		<b>1,102,741,105.76</b>	1,026,277,801.07
Cash paid relating to other operating activities	78	<b>301,043,046.44</b>	328,174,918.88
Sub-total of cash outflows from operating activities		<b>16,966,815,920.85</b>	14,411,725,339.53
Net cash flows from operating activities	79	<b>4,851,683,579.95</b>	7,463,360,158.38
<b>II. Cash flows from investing activities:</b>			
Cash received from investment		<b>1,430,000,000.00</b>	2,289,000,000.00
Cash received from investment income		<b>144,255,510.51</b>	269,020,503.35
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		<b>20,829,923.08</b>	9,843,342.65
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities	78	<b>45,897,731.27</b>	382,300,884.94
Sub-total of cash inflows from investing activities		<b>1,640,983,164.86</b>	2,950,164,730.94
Cash paid to acquire fixed assets, intangible assets and other long-term assets		<b>6,577,701,752.86</b>	7,287,640,552.66
Cash paid for investments		<b>1,407,633,333.00</b>	3,137,699,600.00
Net increase in secured loans			
Net cash paid to acquire subsidiaries and other business units		<b>44,826,240.47</b>	128,442,112.26
Cash paid to other investing activities	78	<b>26,870,527.92</b>	45,058,042.34
Sub-total of cash outflows from investing activities		<b>8,057,031,854.25</b>	10,598,840,307.26
Net cash flows from investing activities		<b>-6,416,048,689.39</b>	-7,648,675,576.32

II. FINANCIAL STATEMENT (continued)  
 CONSOLIDATED CASH FLOW STATEMENT (continued)  
 January - December 2023

Unit: Yuan Currency: RMB

Items	Note VII	2023	2022
<b>III. Cash flows from financing activities:</b>			
Cash received from investment absorbed		105,745,900.00	522,788,171.30
Including: Cash received from minority shareholders' investment absorbed by subsidiaries		105,745,900.00	522,788,171.30
Cash received from borrowings		12,992,824,455.34	12,685,678,710.79
Cash received from other financing activities	78		42,280,000.00
Sub-total of cash inflows from financing activities		13,098,570,355.34	13,250,746,882.09
Cash paid for loan repayments		12,440,553,508.08	9,400,215,653.17
Cash paid for dividends, profits appropriation or payments of interest		2,695,992,609.45	2,694,675,095.87
Including: Dividends and profits paid by subsidiaries to minority shareholders		487,303,109.15	412,984,265.12
Cash paid for redemption of other equity instruments			910,000,000.00
Cash paid relating to other financing activities	78	272,101,678.09	421,447,815.03
Sub-total of cash outflows from financing activities		15,408,647,795.62	13,426,338,564.07
Net cash flows from financing activities		-2,310,077,440.28	-175,591,681.98
<b>IV. Effect of changes in foreign exchange rate on cash and cash equivalents</b>		-11,887,240.89	-6,488,598.20
<b>V. Net increase in cash and cash equivalents</b>	79	-3,886,329,790.61	-367,395,698.12
Add: Cash and cash equivalents at the beginning of the period	79	7,165,689,017.44	7,533,084,715.56
<b>VI. Cash and cash equivalents at the end of the period</b>	79	<b>3,279,359,226.83</b>	7,165,689,017.44

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

## FINANCIAL REPORT

### II. FINANCIAL STATEMENT (continued) CASH FLOW STATEMENT OF THE PARENT COMPANY

January - December 2023

Unit: Yuan Currency: RMB

Items	Note	2023	2022
<b>I. Cash flows from operating activities:</b>			
Cash received from sale of goods and rendering of services		71,210,834.27	1,123,591.08
Cash received from tax refund			
Cash received from other operating activities		1,104,542,086.34	1,428,578,153.35
Sub-total of cash inflows from operating activities		1,175,752,920.61	1,429,701,744.43
Cash paid for goods and services		12,728,329.21	
Cash paid to and on behalf of employees		51,729,800.16	57,960,271.13
Payments of taxes and surcharges		502,704.85	1,299,493.58
Cash paid relating to other operating activities		484,829,097.28	3,089,211,673.13
Sub-total of cash outflows from operating activities		549,789,931.50	3,148,471,437.84
Net cash flows from operating activities		625,962,989.11	-1,718,769,693.41
<b>II. Cash flows from investing activities:</b>			
Cash received from investment		1,430,000,000.00	2,296,807,272.86
Cash received from investment income		2,056,645,117.31	2,048,973,420.58
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		36,100.00	3,726,281.00
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities			
Sub-total of cash inflows from investing activities		3,486,681,217.31	4,349,506,974.44
Cash paid to acquire fixed assets, intangible assets and other long-term assets		15,276,119.62	5,171,702.67
Cash paid for investments		1,877,287,269.70	3,928,717,700.00
Net cash paid to acquire subsidiaries and other business units			
Cash paid to other investing activities		1,028,440,000.00	
Sub-total of cash outflows from investing activities		2,921,003,389.32	3,933,889,402.67
Net cash flows from investing activities		565,677,827.99	415,617,571.77
<b>III. Cash flows from financing activities:</b>			
Cash received from investment absorbed			
Cash received from borrowings		75,800,000.00	2,215,285,000.00
Cash received from other financing activities			
Sub-total of cash inflows from financing activities		75,800,000.00	2,215,285,000.00
Cash paid for loan repayments		964,420,000.00	2,225,460,000.00
Cash paid for dividends, profits appropriation or payments of interest		986,606,301.95	954,592,033.77
Cash paid relating to other financing activities		5,603,025.94	912,849,865.68
Sub-total of cash outflows from financing activities		1,956,629,327.89	4,092,901,899.45
Net cash flows from financing activities		-1,880,829,327.89	-1,877,616,899.45
<b>IV. Effect of changes in foreign exchange rate on cash and cash equivalents</b>		15,622.82	90,294.13
<b>V. Net increase in cash and cash equivalents</b>		-689,172,887.97	-3,180,678,726.96
Add: Cash and cash equivalents at the beginning of the period		1,775,168,909.70	4,955,847,636.66
<b>VI. Cash and cash equivalents at the end of the period</b>		1,085,996,021.73	1,775,168,909.70

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

II. FINANCIAL STATEMENT (continued)  
 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 January – December 2023

Unit: Yuan Currency: RMB

Items	2023											Total owners' equity		
	Equity attributable to owners of the parent Company													
	Paid-up capital (or Share capital)	Other equity instruments		Capital reserve	Less: treasury stocks	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits	Others		Sub-total	Minority interests
Preferred share		Perpetual bonds	Others											
I. Balance at the end of last year	4,187,093,073.00	1,039,216,000.00		6,591,326,328.75		6,493,135.00	4,300,134.92	827,979,444.79		7,823,373,700.42		20,444,970,898.07	4,720,368,412.59	26,185,238,311.46
Add: Effects of changes in accounting policies										-3,339,439.14		-3,339,439.14	-443,212.14	-3,982,651.28
Effects of correction of prior year errors														
Others														
II. Balance at the beginning of the year	4,187,093,073.00	1,039,216,000.00		6,591,326,328.75		6,493,135.00	4,300,134.92	827,979,444.79		7,819,835,341.28		20,441,632,459.73	4,719,824,600.45	26,181,257,060.18
III. Increase/decrease in the period (decrease is represented by "-")														
(I) Total comprehensive income														
(II) Owners' contribution and decrease in capital														
1. Ordinary shares contributed by owners				30,081,651.78	-3,075,600.00		42,490,793.31	205,086,722.45		1,140,717,844.45		1,415,301,176.19	144,411,329.87	1,559,512,506.06
2. Capital contributed by holders of other equity instruments				30,081,651.78	-3,075,600.00					2,207,493,501.19		2,204,397,901.19	524,492,133.32	2,728,890,034.51
3. Share-based payments credited to owners' equity														
4. Others														
(III) Profit distribution														
1. Withdrawal from surplus reserves														
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 to related earnings														
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 period														
2. Application for the period														
(VI) Others														
IV. Balance at the end of the current period	4,187,093,073.00	1,039,216,000.00		6,511,407,780.53		3,417,538.00	46,870,896.23	1,028,016,147.23		8,940,353,185.93		21,876,733,637.92	4,844,655,932.32	26,740,769,568.24

## II. FINANCIAL STATEMENT (continued)

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

January – December 2023

Unit: Yuan Currency: RMB

Items	2023													
	Equity attributable to owners of the parent Company										Total owners' equity			
	Paid-up capital (or share capital)	Preferred share	Other equity instruments		Capital reserve	Less treasury stocks	Other comprehensive income	Special reserve	Surplus reserve	General risk provision		Undistributed profits	Others	Sub-total
I. Balance at the end of last year	4,187,093,073.00		1,945,736,000.00	Perpetual bonds	6,590,297,168.26	6,493,135.00	6,493,135.00	4,380,134.92	638,241,036.48	6,444,749,493.93	19,934,999,922.27	4,088,940,704.20	23,923,636,626.47	
Add: Effects of changes in accounting policies				Others										
Effects of correction of prior year errors														
Others														
II. Balance at the beginning of the year	4,187,093,073.00		1,945,736,000.00		6,590,297,168.26	6,493,135.00	6,493,135.00	4,380,134.92	638,241,036.48	6,444,694,563.11	19,932,744,946.86	4,088,294,970.66	23,920,841,894.51	
III. Increase/decrease in the period (decrease is represented by "-")														
(I) Total comprehensive income			496,360,000.00		4,900,339.51	4,900,339.51	4,900,339.51	4,900,339.51	184,671,438.30	1,355,138,778.17	6,828,865,133.88	631,529,449.79	1,304,516,163.67	
(II) Owners' contribution and decrease in capital			-906,360,000.00		-4,900,339.51	-4,900,339.51	-4,900,339.51		184,671,438.30	2,292,630,799.66	2,292,630,799.66	535,049,654.2	2,817,700,453.08	
1. Ordinary shares contributed by owners														
2. Capital contributed by holders of other equity instruments														
3. Share-based payments credited to owners' equity														
4. Others														
(III) Profit distribution			-906,360,000.00		-4,900,339.51	-4,900,339.51	-4,900,339.51		184,671,438.30	-497,491,189.14	-792,804,543.19	-4,800,813,619	-884,460,924.44	
1. Withdrawal from surplus reserves									184,671,438.30	-184,671,438.30				
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 deficit benefit transferred to retained earnings														
5. Other comprehensive income transferred to retained earnings														
6. Others														
(V) Special reserve														
1. Appropriation for the period														
2. Application for the period														
(VI) Others														
IV. Balance at the end of the current period	4,187,093,073.00		1,039,376,000.00		6,591,236,208.75	6,493,135.00	6,493,135.00	4,380,134.92	822,929,444.78	7,819,855,347.28	20,441,321,697.73	4,778,924,600.45	25,181,257,060.18	

Person in charge of the Company: Cao Xin

Person in charge of accounting: Fan Wei Hong

Head of accounting department: Yang Zhan Qing

II. FINANCIAL STATEMENT (continued)  
STATEMENT OF CHANGES IN EQUITY OF THE PARENT COMPANY  
January – December 2023

Unit: Yuan Currency: RMB

Items	2023							Total owners' equity		
	Paid-up capital (or share capital)	Other equity instruments			Less: treasury stocks	Other comprehensive income	Special reserve		Surplus reserve	Undistributed profits
		Preferred share	Perpetual bonds	Others						
I. Balance at the end of last year	4,187,093,073.00				6,672,081,610.44			822,928,444.78	3,584,970,517.36	16,304,449,645.58
Add: Effects of changes in accounting policies									-616,246.29	-616,246.29
Effects of correction of prior year errors										
Others										
II. Balance at the beginning of the year	4,187,093,073.00				6,672,081,610.44			822,928,444.78	3,584,354,271.07	16,305,893,399.29
III. Increase/decrease in the period (decrease is represented by "-")					5,248,146.93			205,086,722.45	983,472,794.36	1,193,807,662.74
(I) Total comprehensive income										
(II) Owners' contribution and decrease in capital										
1. Ordinary shares contributed by owners										
2. Capital contributed by holders of other equity instruments										
3. Share-based payments credited to owners' equity										
4. Others					5,248,146.93				-638,744.65	4,609,401.28
(III) Profit distribution										
1. Withdrawal from surplus reserves										
2. Distribution to owners (or shareholders)										
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 period										
2. Application for the period										
(VI) Others										
IV. Balance at the end of the current period	4,187,093,073.00				6,677,329,756.37			1,028,015,167.23	4,567,827,065.43	17,499,641,062.03

II. FINANCIAL STATEMENT (continued)  
STATEMENT OF CHANGES IN EQUITY OF THE PARENT COMPANY (continued)  
January – December 2023

Unit: Yuan Currency: RMB

Items	2023										
	Paid-up capital (or Share capital)	Other equity instruments			Capital reserve	Less: treasury stocks	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
		Preferred share	Perpetual bonds	Others							
I. Balance at the end of last year	4,187,093,073.00		1,945,736,000.00		6,673,646,098.38			638,241,006.48	2,675,588,115.87	16,170,304,283.73	
Add: Effects of changes in accounting policies											
Effects of correction of prior year errors											
Others											
II. Balance at the beginning of the year	4,187,093,073.00		1,945,736,000.00		6,673,646,098.38			638,241,006.48	2,675,588,115.87	16,170,304,283.73	
III. Increase/decrease in the period (decrease is represented by "-")			-906,360,000.00		-1,564,487.94			184,687,488.30	908,766,155.20	18,653,291,055.56	
(I) Total comprehensive income									1,846,288,136.69	1,846,288,136.69	
(II) Owners' contribution and decrease in capital			-906,360,000.00		-1,564,487.94					-907,924,487.94	
1. Ordinary shares contributed by owners											
2. Capital contributed by holders of other equity instruments					-3,640,000.00					-910,000,000.00	
3. Share-based payments credited to owners' equity											
4. Others											
(III) Profit distribution			-906,360,000.00		2,075,512.06					2,075,512.06	
1. Withdrawal from surplus reserves											
2. Distribution to owners (or shareholders)								184,687,488.30	-937,491,981.49	-752,804,493.19	
3. Others								184,687,488.30	-184,687,488.30		
(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 period											
2. Application for the period											
(VI) Others			1,039,316,000.00		6,672,081,610.44			822,928,444.78	3,584,354,271.07	16,368,833,389.29	
IV. Balance at the end of the current period	4,187,093,073.00		1,039,316,000.00		6,672,081,610.44			822,928,444.78	3,584,354,271.07	16,368,833,389.29	

Person in charge of the Company: Cao Xin

Person in charge of accounting: Fan Wei Hong

Head of accounting department: Yang Zhan Qing

### III. BASIC INFORMATION OF THE COMPANY

#### 1. Company Overview

China Suntien Green Energy Corporation Limited (the "Company") is a joint stock limited company incorporated in Hebei Province, the People's Republic of China, on 9 February 2010. On 13 October 2010, the Company's H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") in an initial public offering. On 28 May 2020, the Company was listed on the Shanghai Stock Exchange in an initial public offering of A-shares, with the approval of the China Securities Regulatory Commission (Zheng Jian Xu Ke [2020] No. 1012).

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

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

The parent and ultimate parent of the Company is Hebei Construction & Investment Group Co., Ltd. ("HCIG"), an enterprise incorporated in China.

The financial statements have been approved and authorised for issue by the Company's Board on 26 March 2024.

## FINANCIAL REPORT

### IV. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

#### 1. Basis of Preparation

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

In addition, these financial statements disclose financial information in accordance with the Compilation Rule No. 15 for Information Disclosure by Companies Offering Securities to the Public – General Provisions for Financial Reporting).

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

#### 2. Continuing operations

As at 31 December 2023, the Group’s current liabilities exceeded its current assets by approximately RMB5.738 billion. 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 2023 of approximately RMB60.775 billion;
- (3) The Company registered super short-term commercial papers of RMB2.0 billion with the National Association of Financial Market Institutional Investors in October 2022. Such facilities were approved for revolving use before October 2024. As at 31 December 2023, the unutilised facilities amounted to RMB2.0 billion.

### V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Reminders of specific accounting policies and accounting estimates:

The Group has developed specific accounting policies and accounting estimates based on the characteristics of its actual production and operation, mainly reflected in impairment of financial assets, transfer of construction in progress to fixed assets, impairment of long-lived assets, as well as revenue recognition and measurement.

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

The financial statements have been prepared in accordance with ASBE, and presented the Company’s and the Group’s financial position as at 31 December 2023, and the operating results and cash flows for 2023 truly and completely.

#### 2. Accounting Period

The accounting year of the Company commences from 1 January to 31 December of each calendar year.

#### 3. Operating cycle

The Company’s operating cycle is 12 months.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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

5. Determination Methodology and Selection Basis of Materiality Criteria

Items	Materiality Criteria
Significant receivables for which bad debt provision has been made on an individual basis	The balance of an individual receivable for which bad debt provision has been made accounts for more than 10% of the total amount of various receivables and exceeds RMB50 million
Bad debt provision for receivables with significant recovered or reversed amount	The amount of bad debt provision recovered or reversed for an individual receivable exceeds RMB50 million
Significant dividends receivable aging over 1 year	Dividends receivable exceed RMB50 million
Significant construction in progress	The budget of a project exceeds RMB500 million
Significant accounts payable aging over 1 year	An individual account payable aging over one year accounts for more than 10% of the total accounts payable and exceeds RMB50 million
Significant contract liabilities aging over 1 year	An individual contract liability aging over one year accounts for more than 10% of the total contract liabilities and exceeds RMB50 million
Significant advances from customers with the aging over 1 year	An individual advance from customers aging over one year accounts for more than 10% of the total advances from customers and exceeds RMB50 million
Significant dividends payable aging over 1 year	Dividends payable exceed RMB50 million
Significant other payables aged over 1 year	Other individual payable aging over one year accounts for more than 10% of other payables in total and exceeds RMB50 million
Significant non-wholly-owned subsidiaries	The net assets of a subsidiary account for 1% or more of the Group's net assets, or its minority interests account for 5% or more of the Group's net assets, with an annual net profit exceeding RMB100 million
Significant joint ventures and associates	The carrying amount of long-term equity investments in joint ventures or associates accounts for more than 1% of the consolidated net assets and exceeds RMB500 million while the investment income for the year exceeds RMB50 million
Significant capitalized R&D costs	The closing balance of a project accounts for more than 10% of the closing balance of development expenditure and exceeds RMB50 million

## FINANCIAL REPORT

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

#### Combinations Involving Enterprises under Common Control

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

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

#### 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.

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 cost of the combination over the fair value of the acquiree's identifiable net assets acquired in combination, was recognized as goodwill, which is subsequently measured at cost less cumulative impairment loss. In case the cost of consolidation 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 cost of consolidation date is conducted. If the review indicates that the cost of consolidation 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.

### 7. Criteria for Judging Control and 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). The investor is able to control the investee if, and only if, the investor has all of the following three elements: the investor has the power exercisable over the investee; entitle to variable return through involvement in the activities of the investee; able to influence the amount of return using the power over the investee.

If the accounting policies or accounting periods used by the subsidiaries are not consistent with those of the Company, necessary adjustments are made to the financial statements of the subsidiaries in accordance with the Company's accounting policies and accounting periods in the preparation of the consolidated financial statements. 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.

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

#### 7. Criteria for Judging Control and Preparation of Consolidated Financial Statements (continued)

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.

#### 8. Accounting for classification of joint arrangements and joint operations

There are two types of joint arrangements – joint operations and joint ventures. A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby parties to the joint venture only have rights to the net assets of the arrangement.

A joint operator recognizes the following items in relation to its interest in a joint operation: its solely-held assets, and its share of any assets held jointly; its solely-assumed liabilities, and its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; its solely-incurred expenses, and its share of any expenses incurred jointly.

#### 9. Criteria for Determining Cash and Cash Equivalents

Cash comprises the Group's cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### 10. 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 exchange rate prevailing on initial recognition, 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 recognised in profit or loss for the current period or as other comprehensive income based on the nature of the non-monetary items.

## FINANCIAL REPORT

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

#### 10. Translation of Transactions and Financial Statements Denominated in Foreign Currencies (continued)

For foreign operations, the Group translates their functional currency amounts into RMB when preparing the financial statements as follows: as at the balance sheet date, the assets and liabilities are translated using the spot exchange rate at the balance sheet date, and equity items other than "unappropriated profit" are translated at the spot exchange rates at the dates of transactions; revenue and expense items in profit or loss are translated using the exchange rate at the transaction date. The resulting exchange differences are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss. If the disposal only involves a portion of a particular foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss on a pro-rata basis.

Foreign currency cash flows and the cash flows of foreign subsidiaries are translated using the spot exchange rates prevailing on the dates of cash flows. The effect of exchange rate changes on cash is separately presented as an adjustment item in the statement of cash flows.

#### 11. 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 has transferred substantially all the risks and rewards of ownership of the financial asset, or 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 purchasing or selling financial assets in accordance with the provisions of a contract, and the terms of the contract stipulate that financial assets are delivered according to the time schedule usually determined by laws and regulations or market practices. The trade date is the date on which the Group undertakes to buy or sell a financial asset.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial Instruments (continued)

**Classification and Measurement of Financial Assets**

The Group's financial assets are, on initial recognition, classified into the following categories based on the business model of the Group's financial asset management and the characteristics of the financial assets' contractual cash flows: financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, and financial assets at fair value through profit or loss. All affected related financial assets will be reclassified only if the Group changes its business model for managing financial assets.

A financial asset is initially recognised at fair value. However, if the accounts receivable or bills receivable arising from sale of goods or rendering of services do not include significant financing components or do not consider financing components not exceeding one year, it shall be initially measured at the transaction price.

For financial assets measured at fair value through profit or loss, the related transaction expense is directly recognised in profit or loss for the current period, transaction costs related to other types of financial assets are included in their initial recognition amount.

Subsequent measurement of a financial asset is determined by its category as follows:

***Debt instrument investments measured at amortised cost***

Financial assets are classified as financial assets measured at amortised cost if the financial assets meet the following conditions: The Group's business model for managing the financial assets is to collect contractual cash flows; the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. For such financial assets, the effective interest method is used for recognition of interest income. The gains or losses arising from derecognition, modification or impairment are recognised in profit or loss of the current period.

***Debt instrument investments measured at fair value through other comprehensive income***

The Group measures financial assets at fair value through other comprehensive income if both of the following conditions are met: the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income is recognised using the effective interest method. The interest income, impairment losses and foreign exchange revaluation are recognised in profit or loss. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

***Equity instrument investments at fair value through other comprehensive income***

The Group irrevocably opts to assign some of the investments in non-tradable equity instruments to financial assets at fair value through other comprehensive income, and only recognizes relevant dividend income in profit or loss for the current period, while subsequent changes in fair value are recognized in other comprehensive income (except for the dividend income recovered as investment costs), without needing to withdraw impairment provision. When the financial assets are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified from other comprehensive income to retained earnings.

***Financial assets at fair value through profit or loss***

The financial assets other than those measured at amortized cost and at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. For such financial assets, fair value is used for subsequent measurement, and all changes in fair value are recognized in profit or loss for the current period.

In accordance with the above conditions, such financial assets determined by the Group mainly include other investment in equity instruments.

**Classification and Measurement of Financial Liabilities**

Except for financial guarantee contracts issued and financial liabilities arising from the transfer of financial assets that do not meet the derecognition criteria or from the continued involvement in the transferred financial assets, on initial recognition, the Group's financial liabilities are classified as: financial liabilities at fair value through profit or loss and financial liabilities measured at amortized cost. For financial liabilities at fair value through profit or loss, related transaction expenses are directly charged to profit or loss for the current period; and transaction expenses relating to financial liabilities measured at amortised cost are included in the initial recognised amount.

## FINANCIAL REPORT

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

#### 11. Financial Instruments (continued)

##### Classification and Measurement of Financial Liabilities (continued)

The subsequent measurement of financial liability is determined by its category:

###### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading (including derivative financial liabilities) and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities held for trading (including derivative financial liabilities) are subsequently measured at fair value, and all of them will be recognized in the current profit or loss. For such financial liabilities, the subsequent measurement is based on fair value. Except for changes in fair value arising from changes in the Group's own credit risk, changes in fair value are recognized in profit or loss. The Group changes all fair value changes (including the impact of changes in its own credit risk) in the current profit or loss, if the changes in fair value of the Group's own credit risk are included in other comprehensive income.

###### *Financial liabilities measured at amortised cost*

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

##### Impairment of Financial Instruments

The Group performs impairment treatment on financial assets measured at amortised cost and financial guarantee contracts and provides impairment provision on the basis of expected credit losses.

For receivables and contract assets which do not contain significant financing components and contract assets, the Group uses a simplified measurement method to measure loss allowance at the full lifetime expected credit loss.

In addition to the financial assets and financial guarantee contracts described above using the simplified measurement method, the Group assesses whether its credit risk has increased significantly since the initial recognition on each balance sheet date. If the credit risk has not increased significantly since the initial recognition, it is at the first stage, and the Group measures loss allowance according to the amount of expected credit loss in the next 12 months, and calculates the interest income according to the book balance and the actual interest rate; if the credit risk has increased significantly since the initial recognition, but no credit impairment occurs, it is at the second stage, and the Group measures loss allowance at the full lifetime expected credit loss, and calculates the interest income according to the book balance and the actual interest rate; if the credit impairment occurs after the initial recognition, it is at the third stage, and the Group measures loss allowance at the full lifetime expected credit loss, and calculates the interest income according to the amortised cost and the actual interest rate. For financial instruments with relatively low credit risk only on the balance sheet date, the Group assumes that its credit risk has not increased significantly since the initial recognition.

The Group assesses the expected credit losses on financial instruments based on an individual and a collective basis. The Group considers credit risk characteristics of different customers, and assesses the expected credit losses on financial instruments carried at amortised cost based on the common risk characteristics and their ageing portfolio. The Group determines the ageing based on the invoice date. For the disclosure of the Group's judgment criteria for significant increase in credit risk, and the definition of credit-impaired assets, please refer to Note XII.1. The Group assesses credit impairment losses using a combination of electricity tariff receivables and other receivables.

The Group's approach to measuring expected credit losses on financial instruments reflects factors such as the weighted average amount of unbiased probabilities determined by evaluating a range of possible outcomes, the time value of money, and reasonable and substantiated information about past events, current conditions and projections of future economic conditions that is available at the balance sheet date without unnecessary additional cost or effort.

When the Group no longer reasonably expects to be able to fully or partially recover the contractual cash flows of financial assets, the Group writes down the carrying amount of the financial assets directly.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial Instruments (continued)

**Offsetting of Financial Instruments**

The net amount resulting from the set-off between financial assets and financial liabilities shall be presented in the balance sheet only if all of the following criteria are met: there is a legal right to offset recognised amounts which is currently enforceable; there is an intention to settle on a net basis, or the realisation of the financial asset and the settlement of the financial liability take place at the same time.

**Financial Guarantee Contracts**

A financial guarantee contract is a contract under which the issuer shall indemnify the contract holder suffering losses with a specified amount in the event that the specific debtor fails to repay its debt in accordance with the initial or revised terms of the debt instrument. Financial guarantee contracts are initially recognised as liability at fair value. Except for the financial guarantee contracts which are financial liabilities designated at fair value through profit or loss, other financial guarantee contracts are, after initial recognition, subsequently measured at the higher of the amount of provision for losses determined at the balance sheet date and the initial amount less accumulated amortisation determined in accordance with the revenue recognition principle.

**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.

12. Bills receivable

Applicable  Not applicable

13. Accounts Receivable

Applicable  Not applicable

14. Receivables financing

Applicable  Not applicable

15. Other receivables

Applicable  Not applicable

## FINANCIAL REPORT

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

#### 16. Inventories

##### **Types of inventories, valuation methods, inventory system, amortization of low value consumables and packing materials**

Inventories include raw materials, goods in stock and turnover materials.

Inventories are initially measured at cost. Inventory costs include purchase costs, processing costs and other costs. The actual cost of inventories is calculated using the FIFO method when the inventories are removed. Turnover materials include low-value consumables and packaging materials, which are amortised using one-time resale method.

Inventories are accounted for using the perpetual inventory system.

##### **Criteria for recognizing and providing for provision for decline in value of inventories**

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the cost is higher than the net realizable value, provision for impairment of inventories is made and recognized in profit or loss for the period.

##### **Portfolio classification and determination basis of provision for decline in value of inventories on a group basis, determination basis of net realisable value of different categories of inventories**

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 for decline in value of inventories is made on the basis of individual inventory items for raw materials, on the basis of inventory categories for circulating materials, and on the basis of individual inventory items for goods in stock. Inventories that are related to product lines manufactured and sold in the same region, have the same or similar end-use or purpose, and are difficult to measure separately from other items, are consolidated when providing provision for decline in value of inventories.

##### **Calculation methodology and determination basis of net realisable value for each ageing group for which net realisable value of inventories is recognized based on ageing**

Applicable     Not applicable

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

17. 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.

**Recognition method and standards of contract assets**

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.

**Determination method and accounting treatment of expected credit losses of contract assets**

For details, please refer to Note V.11. Financial Instruments in this Section.

**Portfolio classification and determination basis of provisions for bad debts made by credit risk characteristic portfolios**

Applicable  Not applicable

**Aging methodology for recognizing credit risk characteristic portfolios based on ageing**

Applicable  Not applicable

**Individual provision determination criteria of provision for bad debts on an individual basis**

Applicable  Not applicable

18. Non-current assets and disposal groups held for sale

Applicable  Not applicable

**Recognition criteria and accounting treatment for non-current assets or disposal groups classified as held for sale**

Applicable  Not applicable

**Recognition criteria and presentation of discontinued operations**

Applicable  Not applicable

19. 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). 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 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.

## FINANCIAL REPORT

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

#### 19. Long-term equity investments (continued)

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.

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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

20. Investment properties

(1). If the model of measured at costs is adopted:

*Depreciation or amortisation method*

Investment property is property held to earn rentals or for capital appreciation or for both purposes.

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, such expenditures shall be recognised in profit or loss for the period during which they are incurred.

The Group uses the cost model for subsequent measurement of investment property. The useful life, estimated net residual value rate and annual depreciation rate of investment property are as follows:

Category	Useful life	Estimated residual value rate (%)	Annual depreciation rate (%)
Houses and buildings	30 years	5.00	3.17

21. Fixed assets

(1). Conditions of recognition

A fixed asset is recognised only when the economic benefits associated with the asset will probably flow to the Group and the cost of the asset can be measured reliably. Subsequent expenditures incurred for a fixed asset that meets the recognition criteria shall be included in its cost, and the carrying amount of the component of the fixed asset that is replaced shall be derecognised. Otherwise, such expenditures shall be recognised in profit or loss for the period during which they are incurred.

Fixed assets are initially measured at cost and the effect of any expected costs of abandoning the assets is considered. The cost of a purchased fixed asset comprises the purchase price, relevant taxes and any other directly attributable expenditure for bringing the asset to working condition for its intended use.

(2). Depreciation method

Category	Depreciation method	Depreciation period (year)	Residual value rate	Annual depreciation rate
Houses and buildings	Straight-line method	20-40	5.00%	2.38%-4.75%
Mechanical equipment	Straight-line method	5-40	5.00%	2.38%-19.00%
Transportation equipment	Straight-line method	5-8	5.00%	11.88%-19.00%
Electronic equipment and office equipment	Straight-line method	3-5	5.00%	19.00%-31.67%
Others	Straight-line method	10	5.00%	9.50%

Where individual component parts of an item of fixed assets have different useful lives or provide benefits to the enterprise in different patterns, different depreciation rates are applied.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at each financial year end, and makes adjustments if necessary.

## FINANCIAL REPORT

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

#### 22. 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 when it is ready for intended use according to the following criteria:

Criteria for transferring to fixed assets	
Houses and buildings	Actual start of use/completion and acceptance, whichever is earlier
Machinery equipment	Design requirements met and pilot production completed
Electronic and office equipment	Accepted by the asset manager or user
Transportation equipment and others	Acceptance pass and being ready for its intended use

#### 23. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized, and other borrowing costs are recognized in profit or loss for the period.

Capitalization of borrowing costs commences when capital expenditures and borrowing costs have been incurred and 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:

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; 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.

#### 24. Biological assets

Applicable  Not applicable

#### 25. Oil and gas assets

Applicable  Not applicable

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

26. Intangible assets

(1). Useful life and its determination basis, estimating, amortizing methodology or reviewing procedure

Intangible asset is amortized over its useful life period by using the straight-line method as follows:

Category	Useful life	Determination basis
Land use rights	20-50 years	Term of land use
Concession rights	25 years	Term of concession
Proprietary technologies	10 years	Term of the franchise agreement term of use, whichever is shorter
Software	10 years	Estimated useful life

*Concession rights*

Intangible assets (concession rights) are recognised to the extent that the Group receives a right to charge users of the infrastructure.

The concession rights are based on the above policy. Revenues and costs related to operating services are detailed in Note V. 34 of this Section.

The Group has contractual obligations it must fulfil as a condition of its right to restore the infrastructure to a specified condition at the end of the service concession arrangement. Contractual obligations to restore the infrastructure are detailed in Note V. 39 of this Section.

(2). Scope of attribution of R&D expenditures and related accounting treatment

The Group classifies the expenditure in an internal research and development project into expenditure in the research phase and expenditure in the development phase. R&D expenses are direct expenditures related to R&D activities, including salaries for R&D staff and costs incurred from depreciation, design, equipment commissioning, amortization of intangible assets and entrusted external R&D. 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.

## FINANCIAL REPORT

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

#### 27. Impairment on assets

The impairment of assets other than inventories, contract assets and assets relating to contract costs, deferred income tax, financial assets and assets held for sale is determined using the following methods: 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 and that have not been ready for intended use are tested for impairment at least once at the end of each year, irrespective of whether there is any indication that the asset may be impaired.

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flows estimated to be derived from the asset. The Group estimates the recoverable amount on an individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

When the recoverable amount of an asset or an asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount. The reduction in carrying amount is treated as impairment loss and recognised in profit or loss for the current period. A provision for impairment loss of the asset is recognised accordingly.

For the purpose of goodwill impairment testing, the carrying amount of goodwill is allocated from the acquisition date on a reasonable basis to each of the related asset groups or set 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 operating segment determined by the Group.

The carrying amount of the related asset group or set of asset groups including goodwill 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.

#### 28. 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.

#### 29. Contract Liabilities

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.

Contract liabilities represent the obligation to transfer goods or services to a customer for the consideration received or due from the customer, such as the amounts received prior to the transfer of the goods or services undertaken by the enterprise.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

30. 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, post-employment benefits and termination benefits.

(1). Accounting treatment for short-term benefits

The liabilities of employee benefits are recognized in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

(2). Accounting treatment for post-employment benefits

The employees of the Group participate in a pension scheme and unemployment insurance managed by the local government and enterprise annuity, for which the corresponding expenses shall be included in the cost of related assets or profit or loss.

(3). Accounting treatment for termination benefits

Where the Group provides termination benefits to employees, it recognises employee compensation liabilities in the current profit or loss for termination benefits at the earlier of: when it can no longer unilaterally withdraw the termination benefits provided for the plan of the termination of labor relations or the proposal on layoff; and when it recognises costs or expenses for a restructuring that includes the payment of termination benefits.

(4). Accounting treatment for other long-term employment benefits

Applicable  Not applicable

31. Accrued Liabilities

Except for contingent considerations and contingent liabilities assumed in a business combination involving enterprises not under common control, the Group recognizes obligations related to contingencies as accrued liabilities when the obligations are present obligations of the Group and it is probable that the performance of such obligations will result in an outflow of economic benefits from the Group and the related amount can be measured reliably.

Accrued liabilities are 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. The carrying value of accrued liabilities is reviewed at the balance sheet date and adjusted appropriately to reflect the current best estimates.

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 accrued liabilities and the balance of the amount initially recognised less the cumulative amortisation determined by the revenue recognition principle.

Financial guarantee contracts that are subsequently measured at expected credit losses are presented under accrued liabilities.

32. Share-based payment

Applicable  Not applicable

## FINANCIAL REPORT

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

#### 33. 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.

#### 34. Revenue

##### (1). Disclosure of accounting policies adopted for revenue recognition and measurement by business types

###### *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.

###### **Contracts on sale of goods**

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.

The amount of consideration that the Group expects to be entitled to receive as a result of the transfer of goods to the customer is used as the transaction price, and is determined in accordance with the terms of the contract, taking into account past business practices. Some of the contracts of the Group provide for certain discounts when customer purchases more than a certain quantity of goods, which directly offsets the amount payable by the customer for the goods purchased for the period. The Group makes its best estimate of the discount based on the most probable amount, which is included in the transaction price to the extent that the estimated transaction price after the discount does not exceed the amount by which it is highly probable that there will not be a material reversal of the cumulative recognized revenue when the related uncertainty is removed, and is re-estimated at each balance sheet date.

For contracts with significant financing, the Group determines the transaction price based on the amount payable in cash as soon as the customer obtains control of the goods, and uses a discount rate that discounts the notional amount of the contractual consideration to the spot price of the goods, and amortizes the difference between the determined transaction price and the contractually committed amount of consideration over the contractual period, using the effective interest method. As the difference between the amount of consideration committed in the contract and the cash price is due to reasons other than the provision of financing benefits to the customer or the business, and this difference is proportionate to the reasons for which it arises, the Group has not taken into account the existence of a significant financing element in the contract.

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 or contracted tariff 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.

For the LNG trading business, the Group, after considering the legal form of contracts and the relevant facts and circumstances (the primary responsibility for the transfer of goods to customers, the inventory risk assumed before or after the transfer of goods, whether it has the right to independently determine the price of goods to be traded, etc.), is of the opinion that the Group owns the control of the goods because it is able to dominate the use of the goods and derive almost all the economic benefits from the goods prior to the transfer of the goods to customers and is therefore the primary responsible party, and recognises the revenue on the basis of the total consideration received or receivable at the time of the delivery of the goods to customers for acceptance.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

34. Revenue (continued)

(1). Disclosure of accounting policies adopted for revenue recognition and measurement by business types (continued)

*Income from sales of commodities and income from the provision of connections and gas pipeline construction (continued)*

Service Contract for connection and construction of gas pipeline network

Service contracts for connection and construction of gas pipeline between the Group and its customers usually contain a set of promises to transfer goods and services concerning construction design, equipment procurement, construction and installation. As the Group needs to integrate the above goods or services into a contractually agreed combined outputs to be transferred to customers, the Group accounts for them as separate performance obligations.

In accordance with contractual agreements and legal requirements among others, the Group provides quality assurance for the gas pipeline projects it builds. For warranty-type quality assurance to assure customers that the assets built meet the established standards, the Group accounts for them in accordance with Note V.31 of this section.

The amount of consideration that the Group expects to be entitled to receive as a result of the transfer of goods to the customer is used as the transaction price, and is determined in accordance with the terms of the contract, taking into account past business practices.

The Group meets its performance obligations by providing gas pipeline connection and construction services to its customers. 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 of construction 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.

(2). The adoption of different business models for the same type of business involves different revenue recognition and measurement methods

Applicable     Not applicable

35. Contract costs

Applicable     Not applicable

## FINANCIAL REPORT

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

#### 36. 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: if the grant is a compensation for related costs, expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss or offset the related costs over the periods in which the related costs, expenses or losses are recognised; if the grant is a compensation for related costs, expenses or losses already incurred, it is recognised immediately in profit or loss or used to offset the related costs of the current period.

A government grant related to an asset shall offset the carrying 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.

If the financial subsidy funds are directly allocated to the Group, the corresponding subsidy will be offset against the relevant borrowing costs.

#### 37. Deferred tax assets/deferred tax liabilities

The Group recognises deferred tax based on temporary differences using the balance sheet liability method. Temporary differences are differences between the carrying amount of assets or liabilities in the balance sheet and their tax base on the balance sheet date. Temporary differences also include the differences between the carrying amounts and tax bases of items not recognised as assets or liabilities where the tax base can be calculated according to the relevant tax regulations.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- (1) where the taxable temporary differences arise from the initial recognition of goodwill, or the initial recognition of an asset or liability in an individual 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, and the assets and liabilities initially recognised do not lead to equivalent taxable temporary differences and deductible temporary differences;
- (2) in respect of 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 and it is probable that the temporary differences will not be reversed in the foreseeable future.

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

### 37. Deferred tax assets/deferred tax liabilities (continued)

A deferred income tax asset is recognised for deductible temporary differences, and unused deductible tax losses and tax credits that can be carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, deductible tax losses and tax credits can be utilised, except:

- (1) where the deductible temporary differences arise from an individual 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, and the assets and liabilities initially recognised do not lead to equivalent taxable temporary differences and deductible temporary differences;
- (2) in respect of deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, where 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.

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 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.

### 38. Leases

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.

Where a contract contains both lease and non-lease components, the Group does not split the lease assets and treats each lease component and the non-lease component associated with it together as a lease.

#### As lessee

Except for short-term leases and leases of low-value assets, the Group recognizes right-of-use assets and lease liabilities for leases.

#### *Right-of-use assets*

On the date of commencement of the lease term, the Group recognises its right to use the leased asset during the lease term as a right-of-use asset, including: those initially measured at cost. The cost of right-of-use assets includes: (1) the initial measurement amount of lease liabilities; (2) for the lease payment made on or before the beginning of the lease term, the relevant amount of lease incentive enjoyed which shall be deducted; (3) the initial direct expenses incurred by the lessee; (4) the costs expected to be incurred by the lessee for dismantling and removing the leased assets, restoring the leased assets' site or restoring the leased assets to the agreed state in the lease terms. If the Group remeasures the lease liabilities due to changes in lease payments, the carrying amount of the right-of-use assets is adjusted accordingly. The Group subsequently adopts the straight-line method to accrue depreciation for the right-of-use assets. If it can be reasonably determined that the ownership of the leased asset will be obtained at the expiration of the lease term, the Group shall accrue depreciation during the remaining useful life of the leased asset. If it is impossible to reasonably determine whether the ownership of the leased asset can be obtained at the end of the lease term, the Group shall accrue depreciation within the shorter of the lease term and the remaining useful life of the leased asset.

## FINANCIAL REPORT

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

#### 38. Leases (continued)

##### As lessee (continued)

###### *Lease liabilities*

On the commencement date of the lease term, the Group recognized the present value of the lease payments that have not been paid as lease liabilities, except for short-term leases and leases of low-value assets. Lease payments include fixed payments and actual fixed payments net of lease incentives, variable lease payments based on an index or rate, amounts expected to be payable based on the residual value of the guarantee and also include the exercise price of a purchase option or amounts payable upon exercise of a termination option, provided that the Group is reasonably certain that the option will be exercised or the lease term reflects that the Group will exercise the termination option.

In calculating the present value of lease payments, the Group uses its implicit rate at the lease commencement date as discount rate. If the implicit rate in the lease is not readily determinable, the Group uses its incremental borrowing rate as discount rate. The Group calculates the interest expense of the lease liability in each period of the lease term according to the fixed periodic interest rate, and it is included in the current profit and loss, otherwise, it is required to be included in the cost of relevant assets. The amount of variable lease payments not included in the measurement of lease liabilities shall be included in the current profit and loss when they are actually incurred, otherwise, it is required to be included in relevant costs of assets.

After the commencement date of the lease term, the Group increases the carrying amount of the lease liabilities when interest is recognized and decreases the carrying amount of the lease liabilities when lease payments are made. When the actual fixed payment amount changes; the expected amount of the guarantee residual value changes; the index or ratio used to determine the lease payment changes, or the assessment results or actual exercise of the purchase option, the renewal option or the termination option change, the Group re-measures the lease liability based on the present value of the changed lease payments.

###### **Leaseback transaction**

The Group evaluates and determines whether an asset transfer in a leaseback transaction belongs to a sale in accordance with Note V. 34.

###### *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. 11 in this section.

###### *As lessor*

If the transfer of an asset in a sale and leaseback transaction satisfies the requirements to be accounted for as a sale of the asset, the Group, as a 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. 11 in this section.

###### **Judgment basis and accounting treatment of short-term leases and leases of low-value assets as a simplified treatment for lessees**

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 of low-value while the single leased asset is new as a low-value 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)

## 38. Leases (continued)

**Classification criteria and accounting treatment of leases as lessor**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, at the inception date and all other leases are operating leases. If a contract contains both lease and non-lease components, the Group apportions the contract consideration according to the relative proportion of the separate prices of each component.

*Finance lease – as lessor*

At the commencement date of the lease term, the Group recognizes a finance lease receivable in respect of the finance lease and derecognizes the finance lease asset. When the Group initially measures finance lease receivables, the net investment in leases is used as the carrying value of the finance lease receivables. Net investment in leases is the sum of the unguaranteed residual value and the present value of lease receipts not yet received at the commencement date of the lease term discounted at the interest rate embedded in the lease, including initial direct charges. The Group calculates and recognizes interest income at a fixed periodic rate for each period during the lease term. Variable lease payments acquired by the Group that are not included in the measurement of the net investment in leases are recognized in profit or loss when they are actually incurred.

*As lessor of an operating lease*

Rent income under an operating lease is recognised on a straight-line basis over the lease term through profit or loss. Variable lease payments that are not included in the measurement of lease receivables are charged to profit or loss as incurred. Initial direct costs are capitalised and amortised over the lease term on the same basis as rental income and recognised in profit or loss by instalment for the current period.

## 39. Significant accounting judgments and accounting estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that will affect the reported amounts and disclosure of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the balance sheet date. The outcomes of the uncertainties in relation to these assumptions and estimates would result in a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

**Judgements**

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

*Scope of consolidation – the Group holds less than half of the voting rights in the investee*

HECIC New Energy Co., Ltd. ("HECIC New Energy"), a subsidiary of the Company and Beijing Tenglong Xinda Technology Co., Ltd. ("Beijing Tenglong Xinda") (48% shareholding) and Langfang Longxin Power Automation Control Technology Co., Ltd. ("Langfang Longxin Power") (3% shareholding), two other shareholders of its subsidiary, Zhangbei Huashi CIC Wind Energy Co., Ltd. ("Zhangbei Huashi"), have entered into an agreement on the exercise of shareholders' voting rights, pursuant to which Beijing Tenglong Xinda and Langfang Longxin Power have agreed to align themselves with CITIC New Energy when exercising their proposal rights and voting rights with regard to the operational and financial policy matters of Zhangbei Huashi, and so that CITIC New Energy can control Zhangbei Huashi.

HECIC New Energy, a subsidiary of the Company and China Longyuan Power Group Corporation Limited (龍源電力集團股份有限公司) ("Longyuan Power"), another shareholder of its subsidiary, HECIC Longyuan Chongli Wind Energy Co., Ltd. ("Longyuan Chongli"), who holds 50% equity of Longyuan Chongli, have entered into an agreement on the exercise of shareholders' voting rights, pursuant to which Longyuan Power has agreed to align itself with CITIC New Energy when exercising its proposal rights and voting rights with regard to the operational and financial policy matters of Longyuan Chongli, and so that CITIC New Energy can control Longyuan Chongli.

HECIC New Energy, a subsidiary of the Company, entered into a shareholder voting right exercise agreement with Hebei Huiya Energy Investment Management Co., Ltd. ("Hebei Huiya") (holding 37.5% stake) and Chengde State-Controlled Investment Group Co., Ltd. ("Chengde State-Controlled") (holding 2.5% stake), two shareholders of Chengde Yuyuan Wind Energy Co., Ltd. ("Chengde Yuyuan"), pursuant to which Hebei Huiya and Chengde State-Controlled will act in concert with HCIG New-energy in exercising their rights to propose and vote on the operation and financial policy matters of Chengde Yuyuan. Accordingly, HCIG New-energy can control Chengde Yuyuan.

The Company entered into a shareholder voting right exercise agreement with Yao Junjue (holding 36.5% stake) and Yao Yongpeng (holding 12.5% stake), natural person shareholders of Xinjiang Yusheng of New Energy Development Co., Ltd. ("Xinjiang Yusheng"), a subsidiary of the Company, pursuant to which Yao Junjue and Yao Yongpeng will act in concert with the Company in exercising their rights to propose and vote on the operation and financial policy matters of Xinjiang Yusheng. Accordingly, the Company can control Xinjiang Yusheng.

## FINANCIAL REPORT

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

#### 39. Significant accounting judgments and accounting estimates (continued)

##### Judgements (continued)

###### *Method for determining the performance progress for construction contracts*

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.

###### Estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainties at the balance sheet date which would result in significant adjustments to the carrying amounts of assets and liabilities in future accounting periods are set out as follows.

###### *Impairment of financial instruments*

The Group uses an expected credit loss model to assess the impairment of financial instruments. The application of the expected credit loss model requires significant judgement and estimation, taking into account all reasonable and substantiated information, including forward looking information. In making these judgements and estimation, the Group inferred expected changes in debtors' credit risk based on factors such as historical repayment data combined with economic policies, macroeconomic indicators and industry risks. Different estimation may affect the provision for impairment and the amount of impairment provision made may not equal the actual amount of future impairment loss.

###### *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. 17.21 and Notes VII. 22 in this Section.

###### *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. 27 in this section.

###### *Fair value of unlisted equity investments*

The Group uses the market approach to determine the fair value of its investments in unlisted equity securities. This requires the Group to, among others, identify comparable listed companies, select market multipliers, make estimates of liquidity discounts, so there are uncertainties.

###### *Deferred income tax assets*

Deferred income tax assets should be recognised for all unused deductible losses to the extent that it is probable that sufficient taxable income will be available against which deductible losses can be utilised. This requires significant judgement of management in estimating the timing and amount of future taxable income, combined with tax planning strategies, to determine the amount of deferred income tax assets to be recognised.

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

## 39. Significant accounting judgments and accounting estimates (continued)

**Estimation uncertainties (continued)***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.

*Retirement obligation*

The Group estimates the obligations expected to be undertaken for retirement costs and environmental cleanup costs based on estimates of the amount and timing of future cash outlays. The estimated outlays are adjusted for inflation and discounted at a rate that reflects current market expectations of the time value of money and the risks specific to the liability, such that the amount of the provision reflects the present value of the obligations expected to be undertaken. The Group determines the amount of the relevant outlays by considering factors such as the method of dismantling the wind turbines in the future and the dismantling costs. As the consideration of the above factors is a matter of judgment and estimation by the Group, the actual outlays incurred may deviate from the accrued liabilities.

*Variable consideration involving sales discounts*

For a portfolio of contracts with similar characteristics, the Group reasonably estimates the discount rates based on historical sales information, current sales conditions, and after taking into account all relevant information, such as changes in customers and changes in the market. The estimated discount rate may not be equal to the actual discount rate in the future. The Group reassesses the discount rate at least at each balance sheet date and determines the accounting treatment based on the reassessed discount rate.

## FINANCIAL REPORT

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

#### 40. Changes in Significant Accounting Policies and Accounting Estimates

##### (1). Changes in significant accounting policies

Unit: Yuan Currency: RMB

Changes in accounting policies and their reasons	Name of statement items materially affected	Affected Amount
Implementation of ASBE Interpretation No. 16	Deferred income tax assets	3,882,326.59
	Deferred income tax liabilities	7,864,577.87
	Undistributed profits	-3,538,439.14
	Minority interests	-443,812.14

Other explanations

##### *Recognition of deferred income tax relating to lease and retirement obligations*

In accordance with the ASBE Interpretation No. 16 issued in 2022, the initial recognition exemption does not apply to deferred income tax if single transactions are not business combinations and at the time of their occurrence, affect neither the accounting profit nor taxable income (or deductible losses), and result in the creation of an equivalent amount of taxable temporary differences and deductible temporary differences upon initial recognition of assets and liabilities. Effective from 1 January 2023, the Group, which originally did not recognise deferred income taxes, recognises the associated deferred tax liabilities and deferred tax assets, respectively, for taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities in lease transactions where lease liabilities are initially recognised at the commencement date of the lease and included in the right-to-use asset, and in transactions where accrued liabilities are recognised and included in the cost of fixed assets due to decommissioning obligations. In accordance with the transition requirements, the Group made adjustments for the above transactions that occurred between the beginning of the earliest period when the Interpretation was first applied to the presentation of financial statements and the date of changes in the accounting policy. For taxable temporary differences and deductible temporary differences arising from lease liabilities and right-of-use assets recognised at the beginning of the earliest period when the Interpretation was first applied to the presentation of financial statements as a result of the above transactions to which the Interpretation applies, as well as recognised accrued liabilities and fixed assets related to decommissioning obligations, the Group adjusted cumulative effects to the beginning retained earnings and other related financial statement items for the earliest period in which financial statements are presented.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

40. Changes in Significant Accounting Policies and Accounting Estimates (continued)

(1). Changes in significant accounting policies (continued)

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

The Group

2023

Items	Before accounting policy changes Opening balance	Changes in accounting policies Increase due to accounting policy change adjustment	After accounting policy changes Opening balance
Deferred income tax assets	190,809,767.50	3,882,326.59	194,692,094.09
Deferred income tax liabilities	58,366,245.54	7,864,577.87	66,230,823.41
Undistributed profits	7,823,373,780.42	-3,538,439.14	7,819,835,341.28
Minority interests	4,720,268,412.59	-443,812.14	4,719,824,600.45

2022

Items	Before accounting policy changes Opening balance	Changes in accounting policies Increase due to accounting policy change adjustment	After accounting policy changes Opening balance
Deferred income tax assets	186,877,995.35	2,436,119.35	189,314,114.70
Deferred income tax liabilities	56,187,755.68	5,154,749.31	61,342,504.99
Undistributed profits	6,466,749,439.53	-2,052,876.42	6,464,696,563.11
Minority interests	4,088,960,704.20	-665,753.54	4,088,294,950.66

Items	Before accounting policy changes Amount for the year	Changes in accounting policies Increase due to accounting policy change adjustment	After accounting policy changes Amount for the year
Income tax expenses	476,105,066.56	1,263,621.32	477,368,687.88
Net profit	2,818,964,076.40	-1,263,621.32	2,817,700,455.08
Net profit attributable to shareholders of the parent company	2,294,116,322.38	-1,485,562.72	2,292,630,759.66
Gain or loss attributable to minority interests	524,847,754.02	221,941.40	525,069,695.42

## FINANCIAL REPORT

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

#### 40. Changes in Significant Accounting Policies and Accounting Estimates (continued)

##### (1). Changes in significant accounting policies (continued)

###### The Company

2023

Items	Before accounting policy changes Opening balance	Changes in accounting policies Increase due to accounting policy change adjustment	After accounting policy changes Opening balance
Deferred income tax liabilities		616,246.29	616,246.29
Undistributed profits	3,584,970,517.36	-616,246.29	3,584,354,271.07

2022

Items	Before accounting policy changes Amount for the year	Changes in accounting policies Increase due to accounting policy change adjustment	After accounting policy changes Amount for the year
Income tax expenses		616,246.29	616,246.29

##### (2). Change in significant accounting estimates

Applicable  Not applicable

##### (3). Adjustments to financial statements at the beginning of the year in which the new accounting standards or interpretations were implemented for the first time since 2023

Applicable  Not applicable

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

41. Others

**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.

**Fair value measurement**

The Group measures receivables financing and investments in equity instruments at fair value at each of the balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities; Level 2 – Input that is observable for related assets or liabilities, either directly or indirectly, but other than the input of Level 1; Level 3 – Input that is unobservable for related assets or liabilities.

For assets and liabilities that are recognised in the financial statements on a recurring basis at fair value, the Group determines whether transfers have occurred between levels at fair value in the hierarchy by re-assessing categorisation at each of the balance sheet date.

VI. TAXATION

1. MAJOR CATEGORIES OF TAXES AND RESPECTIVE TAX RATES

**Major categories of taxes and tax rates**

Tax category	Taxation basis	Tax rate
Value-added tax	Difference between sales and sales tax calculated at the applicable tax rate, net of deductible input tax credits	6% · 9% · 13%
City maintenance and construction tax	Actual amount of value-added tax paid	7% · 5%
Enterprise income tax	Taxable income	25%
Education surcharges	Actual amount of value-added tax paid	3%
Local educational surcharges	Actual amount of value-added tax paid	2%

## FINANCIAL REPORT

### VI. TAXATION (continued)

#### 1. MAJOR CATEGORIES OF TAXES AND RESPECTIVE TAX RATES (continued)

Explanations for the disclosure of the entities paying taxes being entitled to different enterprise income tax rates

Name of entity paying taxes	Income tax rate (%)
Hong Kong subsidiaries of the Group	16.50

All overseas subsidiaries of the Company (including the Hong Kong Special Administrative Region and the Macau Special Administrative Region of the People's Republic of China) calculate and pay taxes according to the applicable tax categories and tax rates in accordance with the requirements of local tax laws.

#### 2. TAX PREFERENCE

##### Enterprise income tax

According to Article 27 of the Enterprise Income Tax Law of the PRC, enterprises engaged in the investment in and operation of public infrastructure projects supported by the state may be exempted or enjoy reduced enterprise income tax. Starting from the tax year in which the project obtains the first production and operation income, the enterprise income tax will be exempt from the first to the third year, and the enterprise income tax will be reduced by half from the fourth to the sixth year. The consolidated 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通告)》(Announcement [2018] No.46), during the period from 1 January 2018 to 31 December 2020, the newly purchased equipment and appliances with the unit cost less than RMB5 million can be included in the current costs at one time and be deducted from taxable income of current year, instead of being included in annual depreciation. Meanwhile, pursuant to the Announcement on Extending the Implementation Period of Certain Preferential Tax Policies issued by the State Administration of Taxation《(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 Administration of Taxation, Ministry of Finance《(財政部稅務總局關於設備器具扣除有關企業所得稅政策的通知)》(Cai Shui [2018] No. 54), will be extended to 31 December 2023 upon expiry.

According to the Announcement on continuation of preferential enterprise income tax policies in the western region (Announcement No. 23 [2020]) released by the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission, between 1 January 2021 and 31 December 2030, enterprise income tax will be levied at a reduced rate of 15% on enterprises engaged in the encouraged industries in the western region. Enterprises engaged in the encouraged industries refer to enterprises whose main business belongs to the industries specified in the Catalogue of Encouraged Industries in the Western Region and the main business income accounts for over 60% of their gross revenues.

##### Value-added tax

Pursuant to the provision of the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (Cai Shui [2016] No. 36) that "Refund of VAT upon collection: (1) For general taxpayers providing natural gas pipeline transportation services, the policy of refund of VAT upon collection is applied to the excess of their effective VAT burden over 3%", the subsidiaries controlled by the Company that engage in pipeline transportation business 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 subsidiaries controlled by the Company that engage in wind power business enjoy the policy of refund of 50% VAT upon collection.

VI. TAXATION (continued)

2. TAX PREFERENCE (continued)

Value-added tax (continued)

Pursuant to the Announcement on Clarifying VAT Exemption and Other Policies for Small-Scale VAT Taxpayers MOF SAT Announcement [2023] No. 1, taxpayers engaged in producer services are allowed to offset the tax payable by an additional 5% of the deductible input tax amount for the current period from 1 January 2023 to 31 December 2023. 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 January 2023.

3. Others

Applicable  Not applicable

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Cash on hand		
Bank deposits	561,709,267.92	3,675,287,610.26
Other cash	140,693,852.08	139,815,837.12
Deposits with finance companies	2,717,649,958.91	3,510,955,880.39
Total	3,420,053,078.91	7,326,059,327.77
Including: total amount deposited abroad	34,160,307.19	9,588,388.32

Other explanations

Nil

## FINANCIAL REPORT

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

#### 2. Financial assets for trading

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance	Reasons and justifications for designation
Financial assets at fair value through profit or loss	<b>380,000,000.00</b>	520,000,000.00	/
Of which:			
Structured deposits	<b>380,000,000.00</b>	520,000,000.00	/
Financial assets designated at fair value through profit or loss			
Total	<b>380,000,000.00</b>	520,000,000.00	/

Other explanations:

Applicable  Not applicable

#### 3. Derivative financial assets

Applicable  Not applicable

#### 4. Bills receivable

##### (1). Categories of bills receivable presented

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Bank acceptance notes	<b>53,600,000.00</b>	235,764,112.96
Commercial acceptance notes		
Total	<b>53,600,000.00</b>	235,764,112.96

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

4. Bills receivable (continued)

(2). Bills receivable pledged by the Company at the end of the period

Unit: Yuan Currency: RMB

Items	Amount pledged at the end of the period
Bank acceptance notes	5,000,000.00
Commercial acceptance notes	
Total	5,000,000.00

(3). Endorsed or discounted bills receivable that are not mature on balance sheet date at the end of the period

Unit: Yuan Currency: RMB

Items	Closing derecognised amount	Closing non-derecognised amount
Bank acceptance notes		29,500,000.00
Commercial acceptance notes		
Total		29,500,000.00

(4). 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

Provision for bad debts is made according to the general model of expected credit losses

Applicable  Not applicable

Basis of segregation and bad debt provisioning ratio by stages

Nil

Explanation for the significant changes in the book balance of bills receivable for which the loss provisions have changed during the period:

Applicable  Not applicable

## FINANCIAL REPORT

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

#### 4. Bills receivable (continued)

##### (5). 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

Other explanations:

Nil

##### (6). Actual write-off of bills receivable during the period

Applicable  Not applicable

Including: significant bills receivable write-offs:

Applicable  Not applicable

Explanation on bills receivable write-off:

Applicable  Not applicable

Other explanations

Applicable  Not applicable

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

5. Accounts Receivable

(1). Disclosure by aging

Unit: Yuan Currency: RMB

Age	Closing book balance	Opening book balance
Within 1 year		
Including: sub-items within 1 year		
Within 6 months	1,667,502,462.98	1,870,169,496.71
6 months to 1 year	1,286,435,539.14	1,401,181,448.89
Subtotal within 1 year	2,953,938,002.12	3,271,350,945.60
1 to 2 years	1,871,487,220.56	1,279,283,889.64
2 to 3 years	872,661,738.12	595,936,928.29
3 to 4 years	494,720,050.13	252,049,956.47
4 to 5 years	91,210,783.13	412,238,746.77
Over 5 years	415,486,224.73	4,395,122.41
Less: Provision for bad debts of accounts receivable	-481,820,032.98	-470,106,360.90
<b>Total</b>	<b>6,217,683,985.81</b>	<b>5,345,149,228.28</b>

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.

(2). Classified disclosure by the method of provision for bad debts

Unit: Yuan Currency: RMB

Category	Closing balance					Opening balance				
	Carrying balance		Provision for bad debts			Carrying balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Provision percentage (%)	Book value	Amount	Percentage (%)	Amount	Provision percentage (%)	Book value
Bad debt provision on an individual basis	399,037,330.81	5.96	399,037,330.81	100.00	0.00	399,037,330.81	6.86	399,037,330.81	100.00	0.00
Bad debt provision on a group basis	6,300,466,687.98	94.04	82,782,702.17	1.31	6,217,683,985.81	5,416,218,258.37	93.14	71,069,030.09	1.31	5,345,149,228.28
Of which										
Provision for bad debts made on credit risk characteristics grouping basis	6,300,466,687.98	94.04	82,782,702.17	1.31	6,217,683,985.81	5,416,218,258.37	93.14	71,069,030.09	1.31	5,345,149,228.28
<b>Total</b>	<b>6,699,504,018.79</b>	<b>100.00</b>	<b>481,820,032.98</b>	<b>/</b>	<b>6,217,683,985.81</b>	<b>5,815,255,589.18</b>	<b>100.00</b>	<b>470,106,360.90</b>	<b>/</b>	<b>5,345,149,228.28</b>

## FINANCIAL REPORT

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

#### 5. Accounts Receivable (continued)

##### (2). Classified disclosure by the method of provision for bad debts (continued)

Provision for bad debts on individual basis:

Unit: Yuan Currency: RMB

Name	Closing balance			Reasons for provision
	Carrying balance	Provision for bad debts	Percentage of provision (%)	
Hebei Yuanhua Glass Co., Ltd.	218,172,501.77	218,172,501.77	100.00	Expected unrecoverable
Hebei Daguangming Industrial Group Jiajing Glass Co., Ltd.	163,716,204.33	163,716,204.33	100.00	Expected unrecoverable
Receivables for carbon emission reduction	11,149,907.12	11,149,907.12	100.00	Expected unrecoverable
Hebei Daguangming Industrial Group Juwuba Tanhei Co., Ltd.	5,998,717.59	5,998,717.59	100.00	Expected unrecoverable
Total	399,037,330.81	399,037,330.81	100.00	/

Explanation on provision for bad debts on an individual basis:

Applicable  Not applicable

Provision for bad debts on group basis:

Item provision on a group basis: Provision for bad debts made on the credit risk characteristics grouping basis

Unit: Yuan Currency: RMB

Name	Closing balance		Percentage of provision (%)
	Accounts receivable	Provision for bad debts	
Grouping with extremely low recovery risk	6,180,665,902.11	61,806,659.02	1.00
Aging group	119,800,785.87	20,976,043.15	17.51
Total	6,300,466,687.98	82,782,702.17	/

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

5. Accounts Receivable (continued)

(2). Classified disclosure by the method of provision for bad debts (continued)

Explanation on bad debt provision on a group basis:

Applicable  Not applicable

Provision for bad debts is made according to the general model of expected credit losses

Applicable  Not applicable

Basis of segregation and bad debt provisioning ratio by stages

Nil

Explanation for the significant changes in the book balance of receivables for which the loss provisions have changed during the period:

Applicable  Not applicable

(3). Provision for bad debts

Unit: Yuan Currency: RMB

Category	Opening balance	Change for the Period			Closing balance
		Provision	Recovered or reversed	Write-off or cancellation	
Provision for bad debts of accounts receivable	470,106,360.90	23,411,370.07	11,697,697.99		481,820,032.98
Total	470,106,360.90	23,411,370.07	11,697,697.99		481,820,032.98

Of which, significant amounts of provision for bad debts recovered or reversed for the period:

Applicable  Not applicable

Other explanations:

Nil

## FINANCIAL REPORT

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

#### 5. Accounts Receivable (continued)

##### (4). Actual write-off of accounts receivable for the current period

Applicable  Not applicable

Including: significant accounts receivable write-offs

Applicable  Not applicable

Explanation on accounts receivable write-off:

Applicable  Not applicable

##### (5). Accounts receivable and contract assets with the top five closing balances collected as per the borrowers

Unit: Yuan Currency: RMB

Name of entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of total closing balance of accounts receivable and contract assets (%)	Closing balance of provision for bad debts
State Grid Jibei Electric Power Co., Ltd. (國網冀北電力有限公司)	3,311,189,274.81		3,311,189,274.81	49.42	33,111,892.75
State Grid Hebei Electric Power Co., Ltd. (國網河北省電力有限公司)	692,698,173.09		692,698,173.09	10.34	6,926,981.73
Yunnan Power Grid Co., Ltd. (雲南電網有限責任公司)	529,218,028.83		529,218,028.83	7.90	5,292,180.29
State Grid East Inner Mongolia Electric Power Co., Ltd. (國網內蒙古東部電力有限公司)	340,111,949.05		340,111,949.05	5.08	3,401,119.49
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)	283,067,071.85		283,067,071.85	4.23	2,830,670.72
Total	5,156,284,497.63		5,156,284,497.63	76.97	51,562,844.98

Other explanations

Nil

Other explanations:

As at 31 December 2023, 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 RMB5,377,335,685.87 (31 December 2022: RMB4,459,760,109.54). Please refer to Note VII. 31 in this section.

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

6. Contract assets

(1). Particulars of contract assets

Applicable  Not applicable

(2). The amount of and reason for the significant change in the carrying amount during the reporting period

Applicable  Not applicable

(3). Classified disclosure by the method of provision for bad debts

Applicable  Not applicable

Provision for bad debts on individual basis:

Applicable  Not applicable

Explanation on provision for bad debts on an individual basis:

Applicable  Not applicable

Provision for bad debts on group basis:

Applicable  Not applicable

Provision for bad debts is made according to the general model of expected credit losses

Applicable  Not applicable

Basis of segregation and bad debt provisioning ratio by stages

Nil

Explanation for the significant changes in the book balance of contract assets for which the loss provisions have changed during the period:

Applicable  Not applicable

## FINANCIAL REPORT

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

#### 6. Contract assets (continued)

##### (4). Provision for bad debts on contract assets for the period

Applicable  Not applicable

Of which, significant amounts of provision for bad debts recovered or reversed for the period:

Applicable  Not applicable

Other explanations:

Nil

##### (5). Actual write-off of contract assets for the current period

Applicable  Not applicable

Including: significant contract assets write-offs

Applicable  Not applicable

Explanation on contract assets write-off:

Applicable  Not applicable

Other explanations:

Applicable  Not applicable

#### 7. Receivables Financing

##### (1). Categories of receivables financing presented

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Bank acceptance bills	181,663,568.90	169,290,765.51
Total	181,663,568.90	169,290,765.51

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

7. Receivables Financing (continued)

(2). Receivables financing pledged by the Company at the end of the period

Applicable  Not applicable

(3). Endorsed or discounted receivables financing that are not mature on balance sheet date at the end of the period

Unit: Yuan Currency: RMB

Items	Closing derecognised amount	Closing non-derecognised amount
Bank acceptance bills	435,921,018.21	
Total	435,921,018.21	

(4). Classified disclosure by the method of provision for bad debts

Applicable  Not applicable

Provision for bad debts on individual basis:

Applicable  Not applicable

Explanation on provision for bad debts on an individual basis:

Applicable  Not applicable

Provision for bad debts on group basis:

Applicable  Not applicable

Provision for bad debts is made according to the general model of expected credit losses

Applicable  Not applicable

Basis of segregation and bad debt provisioning ratio by stages

Nil

Explanation for the significant changes in the book balance of receivables financing for which the loss provisions have changed during the period:

Applicable  Not applicable

## FINANCIAL REPORT

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

#### 7. Receivables Financing (continued)

##### (5). 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

Other explanations:

Nil

##### (6). Actual write-off of receivables financing for the current period

Applicable  Not applicable

Including: significant receivables financing write-offs

Applicable  Not applicable

Explanation on write-off:

Applicable  Not applicable

##### (7). The changes in the current amount and fair value of accounts receivable financing in this period:

Applicable  Not applicable

##### (8). Other explanations:

Applicable  Not applicable

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

8. Prepayments

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

Unit: Yuan Currency: RMB

Age	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 6 months	714,112,755.28	97.30	516,112,978.07	96.57
6 months to 1 year	8,609,942.73	1.17	8,430,667.65	1.58
1 to 2 years	7,878,618.48	1.07	6,884,078.51	1.29
2 to 3 years	1,471,205.64	0.20	725,408.20	0.13
3 to 4 years	634,868.40	0.09	1,084,743.97	0.20
4 to 5 years	306,220.53	0.04	98,802.56	0.02
Over 5 years	913,534.11	0.13	1,116,434.77	0.21
Total	733,927,145.17	100.00	534,453,113.73	100.00

Explanation on the reasons for significant advances to suppliers over 1 year and not settled in time:

As at 31 December 2023 and 31 December 2022, the Group did not have large prepayment aging over 1 year.

(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 (%)
CNPC Hebei Natural Gas Sales Branch (中國石油天然氣股份有限公司天然氣銷售河北分公司)	314,705,910.82	42.88
Sinopec Natural Gas Company, Hebei Natural Gas Sales Centre (中國石油化工股份有限公司天然氣分公司河北天然氣銷售中心)	178,139,366.61	24.27
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)	50,895,000.00	6.93
Shanghai branch of Top Resource Energy Co., Ltd. (天壕環境股份有限公司上海分公司)	45,527,603.69	6.20
CNOOC Hebei Sales Branch (中海石油氣電集團有限責任公司河北銷售分公司)	35,013,892.51	4.77
Total	624,281,773.63	85.05

Other explanations

Nil

Other explanations

Applicable  Not applicable

## FINANCIAL REPORT

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

#### 9. Other receivables

##### Items presented

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Interest receivable		
Dividend receivables	208,403,836.94	71,598,016.20
Other receivables	82,435,270.54	135,512,445.83
Total	290,839,107.48	207,110,462.03

Other explanations:

Applicable  Not applicable

##### Interest Receivable

(1). *Classification of interest receivable*

Applicable  Not applicable

(2). *Significant overdue interest*

Applicable  Not applicable

(3). *Classified disclosure by the method of provision for bad debts*

Applicable  Not applicable

Provision for bad debts on individual basis:

Applicable  Not applicable

Explanation on provision for bad debts on an individual basis:

Applicable  Not applicable

Provision for bad debts on group basis:

Applicable  Not applicable

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

## 9. Other receivables (continued)

**Interest Receivable (continued)****(4). Provision for bad debts is made according to the general model of expected credit losses**

Applicable  Not applicable

Basis of segregation and bad debt provisioning ratio by stages

Nil

Explanation for the significant changes in the book balance of interest receivable for which the loss provisions have changed during the period:

Applicable  Not applicable

**(5). 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

Other explanations:

Nil

**(6). Actual write-off of interest receivable for the current period**

Applicable  Not applicable

Including: significant interests receivable write-offs

Applicable  Not applicable

Explanation on write-off:

Applicable  Not applicable

Other explanations:

Applicable  Not applicable

## FINANCIAL REPORT

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

#### 9. Other receivables (continued)

##### Dividend Receivables

##### (1). Dividend Receivables

Unit: Yuan Currency: RMB

Projects (or Investees)	Closing balance	Opening balance
Longyuan HCIG (Chengde) Wind Power Co., Ltd. (龍源建投(承德)風力發電有限公司)("Chengde Wind Power")	24,695,576.07	23,171,956.55
Zhangbei CIC Huashi Wind Energy Co., Ltd. (張北建投華實風能有限公司)("Zhangbei CIC")	18,240,952.04	22,117,561.12
Hebei Weichang Longyuan HCIG Wind Power Co., Ltd. (河北圍場龍源建投風力發電有限公司)("Hebei Weichang")	11,614,463.84	21,576,317.17
Chongli CIC Huashi Wind Energy Co., Ltd. (崇禮建投華實風能有限公司)("Chongli CIC")	7,881,943.16	2,578,509.22
Huihai Financial Leasing Co., Ltd. (滙海融資租賃股份有限公司) (“Huihai Leasing”)	3,370,826.62	2,153,672.14
Chengde Dayuan New Energy Co., Ltd. (承德大元新能源有限公司)("Chengde Dayuan")	22,600,075.21	
PetroChina Jingtang LNG Co., Ltd. (中石油京唐液化天然氣有限公司)("Jingtang LNG")	120,000,000.00	
Total	208,403,836.94	71,598,016.20

As at 31 December 2023, the Group did not have any significant dividends receivable aging over 1 year.

##### (2). Significant dividend receivables aging over 1 year

Applicable  Not applicable

##### (3). Classified disclosure by the method of provision for bad debts

Applicable  Not applicable

Provision for bad debts on individual basis:

Applicable  Not applicable

Explanation on provision for bad debts on an individual basis:

Applicable  Not applicable

Provision for bad debts on group basis:

Applicable  Not applicable

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

9. Other receivables (continued)

**Dividend Receivables (continued)**

**(4). Provision for bad debts is made according to the general model of expected credit losses**

Applicable  Not applicable

Basis of segregation and bad debt provisioning ratio by stages

Nil

Explanation for the significant changes in the book balance of dividend receivables for which the loss provisions have changed during the period:

Applicable  Not applicable

**(5). 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

Other explanations:

Nil

**(6). Actual write-off of dividend receivables for the current period**

Applicable  Not applicable

Including: significant dividend receivables write-offs

Applicable  Not applicable

Explanation on write-off:

Applicable  Not applicable

Other explanations:

Applicable  Not applicable

## FINANCIAL REPORT

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

#### 9. Other receivables (continued)

##### Other Receivables

##### (1). Disclosure by aging

Unit: Yuan Currency: RMB

Age	Closing book balance	Opening book balance
Within 1 year		
Including: sub-items within 1 year		
Within 6 months	<b>60,730,923.60</b>	97,619,658.58
6 months to 1 year	<b>6,788,735.51</b>	24,674,652.42
Subtotal within 1 year	<b>67,519,659.11</b>	122,294,311.00
1 to 2 years	<b>15,276,388.80</b>	26,213,207.29
2 to 3 years	<b>15,871,151.65</b>	4,434,675.82
3 to 4 years	<b>4,330,614.19</b>	15,992,389.61
4 to 5 years	<b>14,827,849.18</b>	26,359,430.00
Over 5 years	<b>39,643,991.51</b>	13,539,676.80
Less: Provision for bad debts of other receivables	<b>-75,034,383.90</b>	-73,321,244.69
Total	<b>82,435,270.54</b>	135,512,445.83

##### (2). Classified by the nature

Unit: Yuan Currency: RMB

Nature	Closing book balance	Opening book balance
Deposits	<b>59,903,135.21</b>	135,928,823.25
Advances	<b>24,007,499.24</b>	25,218,740.27
Reserves		819,174.52
Others	<b>73,559,019.99</b>	46,866,952.48
Total	<b>157,469,654.44</b>	208,833,690.52

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

9. Other receivables (continued)

Other Receivables (continued)

(3). Provision made for bad debts

Unit: Yuan Currency: RMB

Provision for bad debts	The first stage	The second stage	The third stage	Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses (no credit impairment occurred)	Lifetime expected credit losses (credit impairment occurred)	
Balance as at 1 January 2023	17,429,748.28	41,458,657.17	14,432,839.24	73,321,244.69
Balance at 1 January 2023 during the period				
- Transfer into the second stage	-52,287.32	52,287.32		
- Transfer into the third stage				
- Reversal to the second stage				
- Reversal to the first stage				
Provision during the period	12,015,557.62	2,926,475.93		14,942,033.55
Reversal during the period	-10,772,300.38	-69,494.98		-10,841,795.36
Transferral during the period	-2,387,098.98			-2,387,098.98
Write-off during the period				
Other changes				
Balance at 31 December 2023	16,233,619.22	44,367,925.44	14,432,839.24	75,034,383.90

Basis of segregation and bad debt provisioning ratio by stages

Nil

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

## FINANCIAL REPORT

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

#### 9. Other receivables (continued)

##### Other Receivables (continued)

##### (4). Provision for bad debts

Unit: Yuan Currency: RMB

Category	Opening balance	Change for the Period			Closing balance
		Provision	Recovered or reversed	Write-off or cancellation	
Provision for bad debts of other receivables	73,321,244.69	14,942,033.55	10,841,795.36	2,387,098.98	<b>75,034,383.90</b>
Total	73,321,244.69	14,942,033.55	10,841,795.36	2,387,098.98	<b>75,034,383.90</b>

Among them, significant amounts of provision for bad debts during the period have been reversed or recovered:

Applicable  Not applicable

Other explanations

Nil

##### (5). Actual write-off of other receivables for the current period

Applicable  Not applicable

Including: significant other receivable write-offs:

Applicable  Not applicable

Explanation on other receivables write-off:

Applicable  Not applicable

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

9. Other receivables (continued)

Other Receivables (continued)

(6). Other receivables from the top five debtors by closing balance

Unit: Yuan Currency: RMB

Name of entity	Closing balance	Percentage of the total closing balance of other receivables (%)	Nature of the amount	Age	Provision for bad debts Closing balance
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	8.52	Advances	Over 5 years	13,421,959.24
Shuangqiao District Land Acquisition and Reserve Center (雙橋區土地收購儲備中心)	10,014,277.25	6.36	Deposits	1 to 2 years, 2 to 3 years and over 5 years	6,064,434.34
Bank of Communications Financial Leasing Co., Ltd. (交銀金融租賃有限責任公司)	9,540,000.00	6.06	Deposits	2 to 3 years	4,770,000.00
Fengning Manzu 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)	8,000,000.00	5.08	Deposits	Over 5 years	8,000,000.00
People's Government of Shijiazhuang City	7,812,716.68	4.96	Others	Within 6 months	390,635.83
Total	48,788,953.17	30.98	/	/	32,647,029.41

(7). Presented in other receivables due to centralised management of funds

Applicable  Not applicable

Other explanations:

## FINANCIAL REPORT

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

#### 9. Other receivables (continued)

##### Other Receivables (continued)

###### (7). Presented in other receivables due to centralised management of funds (continued)

2023

Items	31 December 2023				
	Carrying balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Percentage of provision (%)	Carrying value
Provision made for bad debts for individual	14,432,839.24	9.17	14,432,839.24	100.00	
Provision for bad debts based on credit risk characteristics grouping	143,036,815.20	90.83	60,601,544.66	42.37	82,435,270.54
<b>Total</b>	<b>157,469,654.44</b>	<b>100.00</b>	<b>75,034,383.90</b>	<b>/</b>	<b>82,435,270.54</b>

2022

Items	31 December 2022				
	Carrying balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Percentage of provision (%)	Carrying value
Provision made for bad debts for individual	14,432,839.24	6.91	14,432,839.24	100.00	
Provision for bad debts based on credit risk characteristics grouping	194,400,851.28	93.09	58,888,405.45	30.29	135,512,445.83
<b>Total</b>	<b>208,833,690.52</b>	<b>100.00</b>	<b>73,321,244.69</b>	<b>/</b>	<b>135,512,445.83</b>

Other receivables with provision made for bad debts on an individual basis are as follows:

Name of entity	2023			Reasons for provision	2022	
	Carrying balance	Provision for bad debts	Percentage of provision (%)		Carrying balance	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)	13,421,959.24	13,421,959.24	100.00	Expected unrecoverable	13,421,959.24	13,421,959.24
Siemens Gamesa Renewable Energy Technology (China) Co., Ltd. (西門子歌美颯可再生能源科技(中國)有限公司)	1,010,880.00	1,010,880.00	100.00	Expected unrecoverable	1,010,880.00	1,010,880.00
<b>Total</b>	<b>14,432,839.24</b>	<b>14,432,839.24</b>	<b>100.00</b>		<b>14,432,839.24</b>	<b>14,432,839.24</b>

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

9. Other receivables (continued)

Other Receivables (continued)

(7). Presented in other receivables due to centralised management of funds (continued)

As at 31 December 2023, other receivables with provision made for bad debts on a group basis are as follows:

Items	Carrying amount estimated to be in default	Impairment provisions	Percentage of provision (%)
Within 6 months	60,730,923.60	3,036,084.18	5.00
6 months to 1 year	6,788,735.51	677,352.37	10.00
1 to 2 years	15,276,388.80	4,582,916.64	30.00
2 to 3 years	15,871,151.65	7,935,575.83	50.00
3 to 4 years	4,330,614.19	4,330,614.19	100.00
4 to 5 years	14,827,849.18	14,827,849.18	100.00
Over 5 years	25,211,152.27	25,211,152.27	100.00
Total	143,036,815.20	60,601,544.66	/

10. Inventories

(1). Classification of inventories

Unit: Yuan Currency: RMB

Items	Closing balance			Opening balance		
	Carrying balance	Provision for decline in value of inventories/ provision for impairment in contract performance cost	Carrying value	Carrying balance	Provision for decline in value of inventories/ provision for impairment in contract performance cost	Carrying value
Raw materials	62,816,373.65	1,555,104.24	61,261,269.41	46,222,266.82		46,222,266.82
Products in process						
Goods in stock (note)	906,444,683.30		906,444,683.30	58,308,904.95		58,308,904.95
Circulating materials	9,931.18		9,931.18			
Consumable biological assets						
Contract performance cost						
Total	969,270,988.13	1,555,104.24	967,715,883.89	104,531,171.77		104,531,171.77

Note: as at 31 December 2023, the Group's inventories with a carrying amount of RMB606,836,122.24 (31 December 2022: Nil) were restricted. Please refer to Note VII. 31 in this section.

## FINANCIAL REPORT

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

#### 10. Inventories (continued)

##### (2). Provision for decline in value of inventories/provision for impairment of contract performance cost

Unit: Yuan Currency: RMB

Items	Opening balance	Addition during the period		Decrease during the period		Closing balance
		Provision	Others	Reversal or write-off	Others	
Raw materials (note)		1,555,104.24				1,555,104.24
Products in process						
Goods in stock						
Circulating materials						
Consumable biological assets						
Contract performance cost						
Total		1,555,104.24				1,555,104.24

Note: 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.

Reasons for reversal or write-off of provision for decline in value of inventories during the period

Applicable  Not applicable

Provision for decline in value of inventories on a group basis

Applicable  Not applicable

Criteria for making provision for decline in value of inventories on a group basis

Applicable  Not applicable

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

10. Inventories (continued)

(3). Capitalised amount of borrowing costs included in the closing balance of the inventories and its calculation criteria and basis

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

11. Assets held for sale

Applicable  Not applicable

12. Non-current assets due within one year

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Debt investments due within one year		
Other debt investments due within one year		
Long-term receivables due within one year		22,349,480.00
Total		22,349,480.00

Debt investments due within one year

Applicable  Not applicable

Other debt investments due within one year

Applicable  Not applicable

Other explanations on the non-current assets due within one year

Nil

## FINANCIAL REPORT

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

#### 13. Other current assets

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Contract obtainment cost		
Right of return assets		
Input VAT to be deducted and certified	<b>654,084,808.54</b>	596,355,367.07
Enterprise income tax prepaid	<b>14,480,942.95</b>	11,862,839.04
Others	<b>40,843,937.08</b>	
Total	<b>709,409,688.57</b>	608,218,206.11

Other explanations

Nil

#### 14. Debt investments

##### (1). Debt investments

Applicable  Not applicable

Change during the period in provision for impairment of debt investments

Applicable  Not applicable

##### (2). Significant debt investments at the end of period

Applicable  Not applicable

##### (3). Provision for impairment

Applicable  Not applicable

Basis and bad debt provisioning ratio by stages:

Nil

Explanation for the significant changes in the book balance of debt investment for which the loss provisions have changed during the period:

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

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

14. Debt investments (continued)

(4). Actual write-off of debt investments during the period

Applicable  Not applicable

Including: significant debt investments write-offs

Applicable  Not applicable

Explanations on the write-off of debt investments:

Applicable  Not applicable

Other explanations

Applicable  Not applicable

15. Other Debt Investments

(1). Other debt investments

Applicable  Not applicable

Movement in provision for impairment of other debt investments during the period

Applicable  Not applicable

(2). Significant other debt investments at the end of period

Applicable  Not applicable

(3). Provision for impairment

Applicable  Not applicable

Basis and bad debt provisioning ratio by stages:

Nil

Explanation for the significant changes in the book balance of other debt investments for which the loss provisions have changed during the period:

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

## FINANCIAL REPORT

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

#### 15. Other Debt Investments (continued)

##### (4). Actual write-off of other debt investments for the current period

Applicable  Not applicable

Including: significant other debt investments write-offs

Applicable  Not applicable

Explanations on the write-off of other debt investments:

Applicable  Not applicable

Other explanations:

Applicable  Not applicable

#### 16. Long-term receivables

##### (1). Long-term receivables

Unit: Yuan Currency: RMB

Items	Closing balance			Opening balance			Range of discounted rates
	Carrying balance	Provision for bad debts	Carrying value	Carrying balance	Provision for bad debts	Carrying value	
Finance lease Including: Unrealised financing income							
Sale of goods with amounts receivable by installments							
Rendering of services with amounts receivable by installments	1,736,578.83		1,736,578.83	1,664,186.71		1,664,186.71	4.35%
Total	1,736,578.83		1,736,578.83	1,664,186.71		1,664,186.71	/

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

16. Long-term receivables (continued)

(2). Classified disclosure by the method of provision for bad debts

Applicable  Not applicable

Provision for bad debts on individual basis:

Applicable  Not applicable

Explanation on provision for bad debts on an individual basis:

Applicable  Not applicable

Provision for bad debts on group basis:

Applicable  Not applicable

(3). Provision for bad debts is made according to the general model of expected credit losses

Applicable  Not applicable

Basis of segregation and bad debt provisioning ratio by stages

Nil

Explanation for the significant changes in the book balance of long-term receivables for which the loss provisions have changed during the period:

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

## FINANCIAL REPORT

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

#### 16. Long-term receivables (continued)

##### (4). 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

Other explanations:

Nil

##### (5). Actual write-off of long-term receivables for the current period

Applicable  Not applicable

Including: significant long-term receivables write-offs

Applicable  Not applicable

Explanation on long-term receivables write-offs:

Applicable  Not applicable

Other explanations

Applicable  Not applicable

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

17. Long-term Equity Investments

(1). Long-term equity investments

Unit: Yuan Currency: RMB

Investee	Opening Balance	Changes in the period							Closing Balance	Closing balance of impairment provisions
		Additional investments	Decrease in investments	Gain or loss of investment recognized using equity approach	Adjustments to other comprehensive income	Changes in other equity	Declaration of payment of cash dividend or profit	Impairment provisions		
<b>I. Joint ventures</b>										
Harbin Qingfeng New Energy Co., Ltd. (哈爾濱清風新能源有限公司) ("Harbin Qingfeng")	2,000,000.00	30,000,000.00							32,000,000.00	
Chengde Dayuan	202,018,110.91	6,482,700.00		47,730,821.90		1,119,764.46		-51,423,683.21	205,927,794.06	
Hebei Sunten Guohua Gas Co., Ltd. (河北新天國化燃氣有限公司) ("Sunten Guohua")	47,625,725.52			1,492,789.83		2,977,844.27			52,046,329.62	
Xinying Energy Trading Co., Ltd. ("Xinying Energy") (Note 1)		5,000,000.00		-47,909.36					4,952,090.64	
Chongji CIC	109,041,217.86			-17,491,820.36		175,026.32		-12,795,713.40	78,928,710.42	
Zhangbai CIC	79,764,123.32			3,010,440.53				-23,940,952.04	59,433,611.81	
Dongning Xinfeng New Energy Co., Ltd. ("Dongning Xinfeng") (Note 2)		15,000,000.00							15,000,000.00	
Subtotal	440,449,177.61	56,482,700.00		34,694,472.54		4,222,655.05		-87,560,268.65	448,489,736.55	
<b>II. Associates</b>										
HECIC Rongtan Asset Management Co., Ltd. (河北建投融騰資產管理有限公司) ("CIC Rongtan")	20,870,192.55			1,552,006.43				-4,421,235.70	18,000,963.28	
HECIC Zhonghang Sehan Green Energy Technology Development Co., Ltd. (河北建投中樞聖華綠能科技開發有限公司) ("Zhonghang Sehan")	11,373,759.58			724,091.93					12,097,851.51	
Hebei Fengning Pumped Storage Co., Ltd. (河北豐寧抽水蓄能有限公司) ("Fengning Pumped Storage")	578,484,071.94	50,440,000.00		41,410,884.13		1,200,517.20			671,735,473.27	
Hebei Jinjianjie Natural Gas Co., Ltd. (河北金建佳天然氣有限公司) ("Jinjianjie")	15,900,000.00	7,310,630.00							22,810,630.00	
Huludao Liaohe Oil Field Gas Co., Ltd. (葫蘆島遼河油田燃氣有限公司) ("Huludao Natural Gas") (Note 3)		1,109,548.80		439,194.41					1,548,743.21	
Chengde Wind Energy	261,727,866.00			25,966,754.58		-26,027.58		-24,495,576.07	262,973,016.93	
Hebei Weichang	140,748,921.85			17,253,385.02		1,442.20		-11,614,463.84	146,389,485.23	
Huhai Leasing	206,155,667.43			7,940,288.17				-8,448,617.93	205,647,337.67	

## FINANCIAL REPORT

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

#### 17. Long-term Equity Investments (continued)

##### (1). Long-term equity investments (continued)

Unit: Yuan Currency: RMB

Investee	Opening Balance	Changes in the period							Closing Balance	Closing balance of impairment provisions	
		Additional investments	Decrease in investments	Gain or loss of investment recognized using equity approach	Adjustments to other comprehensive income	Changes in other equity	Declaration of payment of cash dividend or profit	Impairment provisions			Others
Hebei Suntien Green Shuifu Carbon Neutrality Equity Investment Fund (Limited Partnership) (河北新天綠色水碳碳中和股權投資基金(有限合伙)) ("Shuifu Carbon Neutrality")	1,000,000.00			-10,637.07						989,362.93	
Hengshui Honghua Gas Co., Ltd. (衡水華興煤業有限公司) ("Hengshui Honghua")	10,267,038.30	1,200,000.00		-539,722.91						10,927,315.39	
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) ("North China Natural Gas Pipeline")	515,383,289.57			-2,618,241.70		-118,778.68				512,646,269.19	
PetroChina Jingtang LNG Co., Ltd. (中石油京唐液化天然氣有限公司) ("Jingtang LNG")	1,143,551,275.69			211,588,511.66		-1,010,248.48	-120,000,000.00			1,234,129,538.87	
Chengde Shuangluan District HDG LNG Co., Ltd. (承德市雙溝區建設液化天然氣有限公司) ("Chengde Shuangluan")	3,164,390.70									3,164,390.70	3,164,390.70
Sub-total	2,956,434,493.61	602,601,891.80		303,706,694.65		46,904.66	-169,199,993.54			3,151,246,361.18	3,164,390.70
Total	3,394,883,671.22	116,712,881.80		338,601,167.19		42,049,559.71	-256,710,162.19			3,599,707,117.73	3,164,390.70

Note 1: In 2023, the Group and BP GAS & POWER INVESTMENTS LIMITED jointly established Xinying Energy, in which each party holds a 50% equity share, and the financial and operating decisions must be made jointly by the investing parties, and therefore the Company is accounted for as a joint venture of the Group.

Note 2: In March 2023, Suntien Green Energy (Hong Kong) Co., Ltd. ("Hong Kong Suntien"), a subsidiary of the Group, entered into a joint venture agreement with Harbin Electric Machinery Company Limited for to establish Dongning Xinfeng, in which each party holds a 50% equity interest. According to the Articles of Association, the financial and operating decisions of Dongning Xinfeng must be made jointly by the investing parties and therefore the Company is accounted for as a joint venture of the Group.

Note 3: On 31 January 2023, the Group transferred a 10% equity interest in Huludao Gas to Longkou Hongkong and China Gas Company Limited. Its remaining stake in Huludao Gas is 41%. After the amendment of the articles of association and the representation of directors, the Group lost control of the Company but still exerted significant influence over it. The Company has been accounted for as an associate since then.

##### (2). Impairment testing for long-term equity investments

Applicable  Not applicable

Other explanations

Provision for impairment of long-term equity investments

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Chengde Shuangluan	3,164,390.70			3,164,390.70

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

Items	Opening Balance	Changes in the period				Others	Closing Balance	Dividend income recognised in the period	Profits accumulated in other comprehensive income	Losses accumulated in other comprehensive income	Reason for designating as measured at fair value through other comprehensive income
		Additional investments	Decrease in investments	Profits included in other comprehensive income during the period	Losses accumulated in other comprehensive income during the period						
Hebei Construction & Investment Group Finance Company Limited (河北建投集團財務有限公司) ("HECIC Finance")	200,000,000.00					200,000,000.00	15,700,106.37				Strategic investment and long term holding
Baoding PetroChina Kunlun Gas Co., Ltd. ("Baoding Kunlun")	18,605,700.00				5,592,000.00	13,013,700.00		11,805,700.00	5,592,000.00		Strategic investment and long term holding
HECIC Wellness Industry Investment Co., Ltd. (Note)		2,000,000.00				2,000,000.00					Strategic investment and long term holding
<b>Total</b>	<b>218,605,700.00</b>	<b>2,000,000.00</b>			<b>5,592,000.00</b>	<b>215,013,700.00</b>	<b>15,700,106.37</b>	<b>11,805,700.00</b>	<b>5,592,000.00</b>		/

Note: The Group contributed RMB2,000,000.00 during the year to participate in the establishment of HECIC Health and Elderly Care Industry Investment Co., Ltd., in which the Group holds 10% of the shares. The investment is designated as financial assets measured at fair value with changes recognised in other comprehensive income because it is held on a long-term basis as a strategic investment and the Group cannot exercise significant influence on financial and operational decisions.

(2). Explanation on derecognition during the period

Applicable  Not applicable

Other explanations:

Applicable  Not applicable

19. Other non-current financial assets

Applicable  Not applicable

Other explanations:

Applicable  Not applicable

## FINANCIAL REPORT

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

#### 20. Investment properties

##### Measurement model of investment properties

##### (1). Investment properties under cost measurement model

Unit: Yuan Currency: RMB

Items	Houses and buildings	Land use rights	Construction in progress	Total
I. Original carrying amount				
1. Opening balance	37,410,850.85			37,410,850.85
2. Addition during the period				
(1) Acquisition				
(2) Transfer from inventories/fixed assets/construction in progress				
(3) Increase in business combinations				
3. Decrease during the period				
(1) Disposal				
(2) Other transfer-out				
4. Closing balance	37,410,850.85			37,410,850.85
II. Accumulated depreciation or amortisation				
1. Opening balance	12,483,817.81			12,483,817.81
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	13,588,986.25			13,588,986.25
III. Impairment provisions				
1. Opening balance				
2. Addition during the period				
(1) Provision				
3. Decrease during the period				
(1) Disposal				
(2) Other transfer-out				
4. Closing balance				
IV. Carrying value				
1. Closing carrying value	23,821,864.60			23,821,864.60
2. Opening carrying value	24,927,033.04			24,927,033.04

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 2023, the fair value of these investment properties was approximately RMB44,906,653.96 (31 December 2022: RMB41,271,422.68).

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

(3). Impairment testing on investment properties under cost measurement model

Applicable  Not applicable

Other explanations

As at 31 December 2023, the Group had no investment property with restricted ownership, and all investment properties had obtained the relevant title certificates.

The investment properties were leased to third parties and companies under common control of the parent company in the form of operating lease.

21. Fixed assets

Items presented

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Fixed assets	<b>48,822,524,231.15</b>	32,773,611,789.39
Fixed assets in liquidation		
Total	<b>48,822,524,231.15</b>	32,773,611,789.39

Other explanations:

Applicable  Not applicable

## FINANCIAL REPORT

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

#### 21. Fixed assets (continued)

##### Fixed assets

##### (1). Particulars of 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	2,479,296,737.42	40,618,926,999.03	101,624,655.21	292,394,818.87	190,794,891.73	43,683,038,102.26
2. Addition during the period	1,574,755,085.01	16,662,358,065.26	15,275,814.12	43,492,756.33	33,867,585.32	18,329,749,306.04
(1) Acquisition	4,948,064.99	65,044,815.45	14,716,136.79	32,386,880.27	13,221,323.75	130,317,221.25
(2) Transfer from construction in progress	1,567,956,593.96	15,997,579,960.10	185,227.12	10,763,995.40	20,646,261.57	17,597,132,038.15
(3) Increase in business combinations	1,850,426.06	117,169,055.54	374,450.21	341,880.66		119,735,812.47
(4) Transfer from right-of-use assets		482,564,234.17				482,564,234.17
3. Decrease during the period	661,464.69	38,326,437.56	5,804,868.59	5,581,299.40	2,008,905.05	52,382,975.29
(1) Disposal or scrapping	661,464.69	38,326,437.56	5,804,868.59	5,581,299.40	2,008,905.05	52,382,975.29
(2) Decrease in disposal of subsidiaries						
4. Closing balance	4,053,390,357.74	57,242,958,626.73	111,095,600.74	330,306,275.80	222,653,572.00	61,960,404,433.01
II. Accumulated depreciation						
1. Opening balance	673,095,871.42	9,802,538,587.29	77,304,541.55	151,146,066.66	116,511,512.47	10,820,596,579.39
2. Addition during the period	131,478,097.35	1,959,136,695.37	5,013,966.46	36,259,929.73	14,394,557.19	2,146,283,246.10
(1) Provision	131,478,097.35	1,867,777,392.29	5,013,966.46	36,259,929.73	14,394,557.19	2,054,923,943.02
(2) Transfer from right-of-use assets		91,359,303.08				91,359,303.08
3. Decrease during the period	237,736.35	21,442,766.87	4,312,797.20	4,777,745.03	902,000.12	31,673,045.57
(1) Disposal or scrapping	237,736.35	21,442,766.87	4,312,797.20	4,777,745.03	902,000.12	31,673,045.57
(2) Decrease in disposal of subsidiaries						
4. Closing balance	804,336,232.42	11,740,232,515.79	78,005,710.81	182,628,251.36	130,004,069.54	12,935,206,779.92
III. Impairment provisions						
1. Opening balance		88,829,733.48				88,829,733.48
2. Addition during the period		113,843,688.46				113,843,688.46
(1) Provision		113,843,688.46				113,843,688.46
3. Decrease during the period						
(1) Disposal or scrapping						
4. Closing balance		202,673,421.94				202,673,421.94
IV. Carrying value						
1. Closing carrying value	3,249,054,125.32	45,300,052,689.00	33,089,889.93	147,678,024.44	92,649,502.46	48,822,524,231.15
2. Opening carrying value	1,806,200,866.00	30,727,558,678.26	24,320,113.66	141,248,752.21	74,283,379.26	32,773,611,789.39

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

21. Fixed assets (continued)

Fixed assets (continued)

(1). Particulars of fixed assets (continued)

As at 31 December 2023 and 31 December 2022, the Group had no temporarily idle fixed assets and fixed assets leased out for operating purposes.

(2). Particulars of temporarily idle fixed assets

Applicable  Not applicable

(3). Fixed assets leased by way of operating lease

Applicable  Not applicable

(4). Particulars of fixed assets with pending title certificates

Unit: Yuan Currency: RMB

Items	Carrying value	Reasons for fixed assets with pending title certificates
Central Control Room (Building) in Caoniangou Wind Farm	2,774,754.35	Pending title certificate
Distribution Installation Room in Caoniangou Wind Farm	843,688.03	Pending title certificate
Garage in Caoniangou Wind Farm	469,416.92	Pending title certificate
Master Control Room in Zhangbei Huashi	965,814.56	Pending title certificate
Distribution Installation Room in Zhangbei Huashi	391,217.32	Pending title certificate
Complex Building in Zhangbei Huashi	2,154,290.58	Pending title certificate
Multipurpose room in Bafang Station	968,598.10	Pending title certificate
Complex Building in Gaoyi	2,666,824.20	Pending title certificate
Natural Gas Gaobeidian Multipurpose room in Hebei Province	220,508.32	Pending title certificate
Gaoyi Station Building	576,184.52	Pending title certificate
Office building in southern gate station of Phase II Shahe project	2,291,212.04	Pending title certificate
Auxiliary production room in southern gate station of Phase II Shahe project	3,030,875.84	Pending title certificate
Building 10 in Century Headquarter Project of Zhao City	2,634,705.50	Pending title certificate
Auxiliary room in Chengde gate station	1,001,172.80	Pending title certificate
Office building in Xishizhuang	6,045,818.04	Pending title certificate

## FINANCIAL REPORT

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

#### 21. Fixed assets (continued)

##### Fixed assets (continued)

##### (4). Particulars of fixed assets with pending title certificates (continued)

Unit: Yuan Currency: RMB

Items	Carrying value	Reasons for fixed assets with pending title certificates
Public room in the station area of Feixiang gas unloading station	1,476,336.94	Pending title certificate
Auxiliary room of gas unloading station of Feixiang	515,738.47	Pending title certificate
Natural Gas Multipurpose room in Hebei Province	1,394,461.18	Pending title certificate
Natural Gas Auxiliary room 223 in Hebei Province	380,013.85	Pending title certificate
Production room (Natural Gas of Shahe)	611,474.90	Pending title certificate
Purchase of Shop A8-6 in Jingzhou International City, Xinji	1,409,596.24	Pending title certificate
Master control building in Changli Datan Wind Farm	1,692,827.67	Pending title certificate
Power distribution building in Changli Datan Wind Farm	1,830,660.15	Pending title certificate
Joint pump house in Changli Datan Wind Farm	2,084,565.69	Pending title certificate
Production room in Putidao Wind Farm	1,961,149.65	Pending title certificate
Domestic fire pump room in Harbin Ruifeng	1,063,855.92	Pending title certificate
Deep Well Pump House (with Fire Tank) in Harbin Ruifeng	250,889.88	Pending title certificate
Reactive power compensation room in Harbin Ruifeng	109,245.27	Pending title certificate
Complex Building in Harbin Ruifeng	3,900,755.72	Pending title certificate
Power Distribution Room (Production Building) Harbin Ruifeng	1,623,306.71	Pending title certificate
Storage room in Harbin Ruifeng	986,557.25	Pending title certificate
Production room in Daqinghe Wind Farm	17,619,545.23	Pending title certificate
Liuyin Complex Building in Lulong County	1,025,294.34	Pending title certificate
Liuyin 35kv Power Distribution Room in Shimen Town	237,342.38	Pending title certificate
Liuyin Water Supply Pump House in Shimen Town	150,533.86	Pending title certificate
101, 1/F, Zichenyuan, Jiran, Shijiazhuang	3,242,897.33	Pending title certificate
102, 1/F, Zichenyuan, Jiran, Shijiazhuang	1,242,894.67	Pending title certificate
Complex in Chongli Suntien Wind Energy	2,574,783.64	Pending title certificate
Auxiliary production room in Chongli Suntien Wind Energy	1,300,015.82	Pending title certificate
Step-up substation in Kangzhuang Wind Farm	15,500,218.83	Pending title certificate
Fengcheng boiler room in Gaoyi County	31,234.64	Pending title certificate
Fengcheng Beiyuan Office Building Phase II in Gaoyi County	72,974.78	Pending title certificate
Ground Floor Shop, No. 06, 07, 08, Hanlinxuefu	4,642,745.00	Pending title certificate
Doorman's room of control centre in Linxi County	11,481.65	Pending title certificate
<b>Total</b>	<b>95,978,478.78</b>	

Management 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 2023.

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

21. Fixed assets (continued)

Fixed assets (continued)

(5). Impairment testing on fixed assets

For wind farms that were shut down and proposed to be disposed of as well as some of the wind power and natural gas projects with lower-than-expected operating profits, the wind farms attributable to the wind power segment and the natural gas facilities attributable to the natural gas segment for which there were indications of impairment were tested for impairment.

Recoverable amount is determined based on the net amount after deducting disposal costs from fair value

Unit: Yuan Currency: RMB

Items	Carrying value	Recoverable amount	Impairment amount	Determination of fair value and disposal costs	Key Parameters	Basis of determination of key parameters
Kangbao Wolongshan Wind Farm Phase I	41,600,961.52	12,391,728.45	29,209,233.07	Market method	Weight of material recoverable at market unit price	The proposed disposal is scrapped assets
Total	41,600,961.52	12,391,728.45	29,209,233.07	/	/	/

The recoverable amount was determined based on the present value of the estimated future cash flow

Unit: Yuan Currency: RMB

Items	Carrying value	Recoverable amount	Impairment amount	Years in the forecast period	Key parameters for the forecast period	Key parameters for the stabilisation period	Basis of determining key parameters for the stabilisation period
Haixing 49.5MW Wind Farm	155,131,409.11	147,736,953.72	7,394,455.39	2024-2028	Average annual electricity sales, average annual unit price of electricity sold, pre-tax discount rate: 8.80%	N/A	N/A
Fuping 100MW Wind Farm	764,185,200.00	686,945,200.00	77,240,000.00	2024-2028	Average annual electricity sales, average annual unit price of electricity sold, pre-tax discount rate: 5.80%	Growth Rate: 0, Gross Margin: 42.04%, After-tax discount rate: 5.80%	Historical Averages
Total	919,316,609.11	834,682,153.72	84,634,455.39	/	/	/	/

## FINANCIAL REPORT

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

#### 21. Fixed assets (continued)

##### Reasons for the significant discrepancy between the foregoing information and information used in impairment testing for prior years or external information

Applicable  Not applicable

##### Reasons for the significant discrepancy between the information used by the Company in impairment tests in prior years and the actual situations in the current year

Applicable  Not applicable

Other explanations:

The Group determines the recoverable amount of an asset group for which there is an indication of impairment based on the net present value of the estimated future cash flows of the asset group or the net amount of fair value less disposal costs, and provides for impairment of each asset group accordingly.

In 2023, the Group performed an impairment test for the remaining asset groups, other than those mentioned above, for which there was an indication of impairment. In performing the impairment test, the present value of the estimated future cash flows of the asset group is determined on the basis of estimates of factors such as future markets, policies and characteristics of the region and approved forecasts for future periods, taking into account the comparability of forecast parameters for asset groups in the same region. The key parameters used in the wind power asset group include future sales (equivalent operating hours) and discount rate, while other parameters applied in the impairment test mainly include average electricity sales price and market recycling price of major materials for wind turbines; The key parameters of the natural gas project asset group include the volume of gas sold and the discount rate, while other parameters applied in the impairment test include the average unit price of gas sold and rentals, and the projected period for the impairment test is determined based on the economic useful life of the wind turbines and natural gas facilities. In addition, the Group determines the pre-tax discount rate based on the weighted average cost of capital ("WACC"), and the calculated pre-tax discount rates for the aforesaid generation asset group and the natural gas asset group range from 8.52% to 9.71%.

##### 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	<b>6,436,292,643.10</b>	19,078,613,885.04
Construction materials	<b>74,093,847.01</b>	84,297,919.67
Total	<b>6,510,386,490.11</b>	19,162,911,804.71

Other explanations:

Applicable  Not applicable

Construction in Progress

(1). Construction in progress

Unit: Yuan Currency: RMB

Items	Closing balance			Opening balance		
	Carrying balance	Impairment provisions	Carrying value	Carrying balance	Impairment provisions	Carrying value
Construction in progress	<b>6,453,156,018.42</b>	<b>16,863,375.32</b>	<b>6,436,292,643.10</b>	19,095,177,564.20	16,563,679.16	19,078,613,885.04
Total	<b>6,453,156,018.42</b>	<b>16,863,375.32</b>	<b>6,436,292,643.10</b>	19,095,177,564.20	16,563,679.16	19,078,613,885.04

## FINANCIAL REPORT

### 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 (before tax)	Opening Balance	Addition during the period	Business combinations involving enterprises not under common control	Amount transferred into to fixed assets during the period	Transferred to intangible assets during the year	Other decreased amount during the current period	Closing Balance	Percentage of accumulated investment in project to budget (%)	Project progress	Accumulated amount of interest capitalised	Including amount of interest capitalised during the period	Interest capitalisation rate for the period (%)	Source of the fund
Tangshan LNG Receiving Station Construction Project	25,390,000,000.00	6,959,563,942.01	786,084,694.31		6,272,794,916.11			<b>1,472,853,673.21</b>	30.51	30.51%	274,405,145.14	92,597,435.25	3.18	Self-raising and borrowing
Tangshan LNG Export Pipeline Project (Cao-Bao Section)	4,516,572,275.14	3,527,049,547.57	280,205,884.16		3,807,255,431.73				84.30	100.00%	175,664,476.00	59,403,640.30	3.42	Self-raising and borrowing
Tangshan LNG Export Pipeline Project (Bao-Yong Section)	2,659,825,516.81	2,329,379,530.15	227,659,587.38		2,557,039,117.73				89.41	100.00%	126,142,022.67	41,984,949.28	3.36	Self-raising and borrowing
"Jingshihan" Dual Track Gas Pipeline Construction Project	1,942,280,000.00	1,248,005,534.09	442,516,821.08		1,638,934,993.70	51,640,371.47			86.15	100.00%	77,131,490.15	31,957,759.29	3.39	Self-raising and borrowing
Zhuzhou-Yongxing Gas Pipeline Construction Project	1,719,510,000.00	1,221,725,235.79	130,692,192.82		1,311,253,096.34			<b>41,164,332.27</b>	78.65	78.65%	88,705,098.64	28,013,512.71	3.52	Self-raising and borrowing
Qinhuangdao-Fengnan Coastal Gas Pipeline Project	1,794,610,000.00	1,173,363,538.77	759,943,154.71					<b>877,406,693.48</b>	48.89	48.89%	8,371,092.80	7,776,895.49	3.25	Self-raising and borrowing
Zhangbei Zhanhai 200MW Wind Farm Project	1,370,368,200.00	695,711,794.88	265,288,145.81		441,306,418.26			<b>519,693,522.43</b>	70.13	70.13%	62,442,528.41	13,177,731.41	3.76	Self-raising and borrowing
Shuangsheng Phase II 100MW Wind Power Project	534,031,393.03	271,647,359.76	174,788,440.00					<b>444,435,819.76</b>	83.60	83.60%	17,180,549.12	6,590,274.56	3.10	Self-raising and borrowing
Chengde Weichang Daiguou 100MW Wind Power Hydrogen Generation Project	723,894,500.00	4,040,595.22	331,023,802.78					<b>335,064,398.00</b>	46.29	46.29%	1,772,324.37	1,772,324.37	2.90	Self-raising and borrowing
HEIOC Kangbao "closing down smaller generation units and replacing with bigger ones" Wind Power Parity Demonstration Project	1,200,000,000.00		129,600,653.94					<b>129,600,653.94</b>	10.80	10.80%	555,278.84	555,278.84	2.83	Self-raising and borrowing
Other wind power and photovoltaic construction in progress		1,613,269,580.74	912,508,570.78		1,067,595,320.11			<b>1,458,182,830.41</b>			73,240,954.19	30,937,576.72	3.32	Self-raising and borrowing
Other natural gas pipeline construction projects		1,107,220,935.02	585,808,618.03	2,673,079.05	500,452,706.17	21,946,001.01		<b>1,172,753,894.92</b>			27,959,827.13	6,207,927.43	3.22	Self-raising and borrowing
<b>Total</b>	<b>42,071,092,174.98</b>	<b>19,095,177,564.20</b>	<b>5,026,073,765.80</b>	<b>2,673,079.05</b>	<b>17,597,132,038.15</b>	<b>73,636,372.48</b>		<b>6,453,156,018.42</b>	<b>/</b>	<b>/</b>	<b>933,590,787.46</b>	<b>322,976,325.65</b>	<b>/</b>	<b>/</b>

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

Items	Opening balance	Increase during the period	Decrease during the period	Closing balance	Reason for provision
Natural gas pipeline construction projects					
Handan Langtuo	6,988,135.40			<b>6,988,135.40</b>	Recoverable amount is lower than its carrying amount
Hebei Natural Gas		299,696.16		<b>299,696.16</b>	Recoverable amount is lower than its carrying amount
Wind power and photovoltaic construction in progress					
Zhangjiakou Wind Energy	276,502.09			<b>276,502.09</b>	Recoverable amount is lower than its carrying amount
Chengde Yujing	2,258,549.29			<b>2,258,549.29</b>	Recoverable amount is lower than its carrying amount
Xingyang Suntien	7,040,492.38			<b>7,040,492.38</b>	Recoverable amount is lower than its carrying amount
Total	<u>16,563,679.16</u>	<u>299,696.16</u>		<b><u>16,863,375.32</u></b>	/

As at 31 December 2023, the Group made a provision for impairment for construction in progress of RMB299,696.16, which was mainly due to the fact that the Changlimen Station Project of Hebei Natural Gas was proposed to change the construction site during the current period as the land granted by the government did not meet the construction conditions and the government compensated for the loss of the investment already made due to the change of the construction site, and Hebei Natural Gas had made a provision for impairment for the portion of the compensation which had not been obtained.

(4). Impairment testing on construction in progress

Applicable  Not applicable

## FINANCIAL REPORT

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

#### 22. Construction in Progress (continued)

Other explanations

Applicable  Not applicable

#### Construction materials

##### (1). Construction materials

Unit: Yuan Currency: RMB

Items	Closing balance			Opening balance		
	Carrying balance	Impairment provisions	Carrying value	Carrying balance	Impairment provisions	Carrying value
Specialised materials	<b>74,093,847.01</b>		<b>74,093,847.01</b>	91,411,729.98	7,113,810.31	84,297,919.67
Total	<b>74,093,847.01</b>		<b>74,093,847.01</b>	91,411,729.98	7,113,810.31	84,297,919.67

Other explanations:

Nil

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

23. Bearer biological assets

(1). Bearer biological assets under cost measurement model

Applicable  Not applicable

(2). Impairment test on bearer biological assets under cost measurement model

Applicable  Not applicable

(3). Bearer biological assets under fair value measurement model

Applicable  Not applicable

Other explanations

Applicable  Not applicable

24. Oil and gas assets

(1) Particulars of oil and gas assets

Applicable  Not applicable

(2) Impairment testing on oil and gas assets

Applicable  Not applicable

Other explanations:

Nil

## FINANCIAL REPORT

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

#### 25. Right-of-use assets

##### (1) Particulars of right-of-use assets

Unit: Yuan Currency: RMB

Items	Leased land	Houses and buildings	Machinery equipment	Transportation equipment	Total
I. Original carrying amount					
1. Opening balance	83,156,233.07	84,388,275.07	2,332,385,591.62	23,549,410.99	2,523,479,510.75
2. Addition during the period	6,072,930.21	12,482,305.39	127,512,656.32	21,295,236.91	167,363,128.83
(1) Acquisition	6,072,930.21	12,482,305.39	127,512,656.32	21,295,236.91	167,363,128.83
3. Decrease during the period	2,460,379.07	11,116,923.49	482,564,234.17	15,955,427.86	512,096,964.59
(1) Disposal	2,460,379.07	11,116,923.49		15,955,427.86	29,532,730.42
(2) Transfer to fixed assets			482,564,234.17		482,564,234.17
4. Closing balance	86,768,784.21	85,753,656.97	1,977,334,013.77	28,889,220.04	2,178,745,674.99
II. Accumulated depreciation					
1. Opening balance	14,932,450.94	27,455,206.39	622,280,139.96	19,532,558.67	684,200,355.96
2. Addition during the period	6,021,967.40	21,383,135.97	111,940,055.94	11,068,011.34	150,413,170.65
(1) Provision	6,021,967.40	21,383,135.97	111,940,055.94	11,068,011.34	150,413,170.65
3. Decrease during the period	1,230,189.55	8,953,691.50	91,359,303.08	15,955,427.86	117,498,611.99
(1) Disposal	1,230,189.55	8,953,691.50		15,955,427.86	26,139,308.91
(2) Transfer to fixed assets			91,359,303.08		91,359,303.08
4. Closing balance	19,724,228.79	39,884,650.86	642,860,892.82	14,645,142.15	717,114,914.62
III. Impairment provisions					
1. Opening balance					
2. Addition during the period					
(1) Provision					
3. Decrease during the period					
(1) Disposal					
4. Closing balance					
IV. Carrying value					
1. Closing carrying value	67,044,555.42	45,869,006.11	1,334,473,120.95	14,244,077.89	1,461,630,760.37
2. Opening carrying value	68,223,782.13	56,933,068.68	1,710,105,451.66	4,016,852.32	1,839,279,154.79

##### (2) Impairment testing on right-of-use assets

Applicable  Not applicable

Other explanations:

Nil

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

26. Intangible assets

(1). Particulars of intangible assets

Unit: Yuan Currency: RMB

Items	Land use rights	Concession rights	Proprietary technologies	Software	Total
I. original carrying amount					
1. Opening balance	799,973,737.03	2,644,654,893.82	8,585,846.22	96,354,859.62	3,549,569,336.69
2. Addition during the period	1,014,940,206.01	3,250,100.00	37,858,390.62	35,261,499.49	1,091,310,196.12
(1) Acquisition	940,102,397.91		3,027,988.14	35,159,499.49	978,289,885.54
(2) Internal R&D			34,830,402.48		34,830,402.48
(3) Increase in business combinations	1,201,435.62	3,250,100.00		102,000.00	4,553,535.62
(4) Transfer from construction in progress	73,636,372.48				73,636,372.48
3. Decrease during the period				6,260,552.36	6,260,552.36
(1) Disposal				6,260,552.36	6,260,552.36
4. Closing balance	1,814,913,943.04	2,647,904,993.82	46,444,236.84	125,355,806.75	4,634,618,980.45
II. Accumulated amortisation					
1. Opening balance	138,082,649.81	1,238,895,741.96	749,835.20	50,628,571.14	1,428,356,798.11
2. Addition during the period	44,819,183.47	113,059,915.84	1,592,405.81	15,095,241.11	174,566,746.23
(1) Provision	44,819,183.47	113,059,915.84	1,592,405.81	15,095,241.11	174,566,746.23
3. Decrease during the period	18,027.36			2,613,616.52	2,631,643.88
(1) Disposal	18,027.36			2,613,616.52	2,631,643.88
4. Closing balance	182,883,805.92	1,351,955,657.80	2,342,241.01	63,110,195.73	1,600,291,900.46
III. Impairment provisions					
1. Opening balance					
2. Addition during the period					
(1) Provision					
3. Decrease during the period					
(1) Disposal					
4. Closing balance					
IV. Carrying value					
1. Closing carrying value	1,632,030,137.12	1,295,949,336.02	44,101,995.83	62,245,611.02	3,034,327,079.99
2. Opening carrying value	661,891,087.22	1,405,759,151.86	7,836,011.02	45,726,288.48	2,121,212,538.58

At the end of the period, intangible assets formed through internal research and development of the Company account for 1.24% of the balance of intangible assets.

## FINANCIAL REPORT

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

#### 26. Intangible assets (continued)

##### (2). The situation of land use rights without title certificates

Unit: Yuan Currency: RMB

Items	Carrying value	Reasons for fixed assets with pending title certificates
Harbin Shuangcheng Land	16,074,920.15	Pending title certificate
Land in Fuping County	11,407,366.67	Pending title certificate
Korla Tianhui Land	5,664,193.44	Pending title certificate
Weihui Dongshuanma Wind Power Land	5,508,913.31	Pending title certificate
Tongdao Phase II Land	4,465,000.00	Pending title certificate
Suntien Ruoqiang County Luobuzhuang Land	2,451,490.24	Pending title certificate
Total	45,571,883.81	

The 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 2023.

##### (3) Impairment testing on intangible assets

Applicable  Not applicable

Other explanations:

Applicable  Not applicable

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

27. Goodwill

(1). Original carrying amount – goodwill

Unit: Yuan Currency: RMB

Name of the investee or item resulting in goodwill	Opening balance	Increase during the period	Decrease during the period	Closing balance
		Formed through business combinations	Disposal	
Shijiazhuang Jiecheng Natural Gas Trading Co., Ltd. (石家莊市捷誠天然氣貿易有限公司) ("Jiecheng Natural Gas")	38,560,035.89			<b>38,560,035.89</b>
Xingtai Tianjuxiang Gas Co., Ltd. (邢臺天宏祥燃氣有限公司) ("Tianhongxiang")	18,411,275.29			<b>18,411,275.29</b>
Anguo Huagang Gas Co., Ltd. (安國市華港燃氣有限公司) ("Anguo Huagang")	14,882,681.29			<b>14,882,681.29</b>
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			<b>9,468,410.69</b>
Pingshan County Huajian Gas Co., Ltd. (平山縣華建燃氣有限公司) ("Pingshan Huajian")	5,846,078.90			<b>5,846,078.90</b>
Jinzhou CIC Gas Co., Ltd. (晉州市建投燃氣有限公司) ("Jinzhou Gas")	4,857,585.19			<b>4,857,585.19</b>
Shijiazhuang Xin'ao Urban Gas Development Co., Ltd. (石家莊新奧城市燃氣發展有限公司) ("Xin'ao Urban Gas")	2,910,972.51			<b>2,910,972.51</b>
Xinji CIC Gas Co., Ltd. (辛集市建投燃氣有限公司) ("Xinji Gas")	1,964,386.00			<b>1,964,386.00</b>
Shenzhou CIC Gas Co., Ltd. (深州市建投燃氣有限公司) ("Shenzhou Gas")	20,461.18			<b>20,461.18</b>
Xinjiang Yusheng New Energy Development Co., Ltd. (新疆宇晟新能源開發有限公司) ("Xinjiang Yushen")	396.80			<b>396.80</b>
Gaoyi Fengcheng Natural Gas Co., Ltd. (高邑縣鳳城天然氣有限責任公司) ("Gaoyi Fengcheng") (Note)		69,111,200.33		<b>69,111,200.33</b>
Less: provision for impairment				
<b>Total</b>	<b>96,922,283.74</b>	<b>69,111,200.33</b>		<b>166,033,484.07</b>

The Group acquired Gaoyi Fengcheng in 29 May 2023, which resulted in a goodwill of RMB69,111,200.33. Please refer to Note IX. 1 for its calculation.

(2). Impairment provision for goodwill

Applicable  Not applicable

## FINANCIAL REPORT

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

#### 27. Goodwill (continued)

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

Name	Composition of and basis for the asset group or the portfolio of asset groups to which it belongs	Operating segments and basis	Consistency with prior years or not
Jiecheng Natural Gas asset group	It consists mainly of various long-term assets of Jiecheng Natural Gas, from which the cash inflows generated are largely independent of those generated from other assets or groups of assets.	For internal management purposes, this portfolio of asset groups is categorized under the Natural Gas segment.	Yes
Tianhongxiang asset group	It consists mainly of various long-term assets of Tiangongxiang, from which cash inflows generate are largely independent of those generated by other assets or groups of assets.	For internal management purposes, this portfolio of asset groups is categorized under the Natural Gas segment.	Yes
Anguo Huagang asset group	It consists mainly of various long-term assets of Anguo Huagang, from which cash inflows generate are largely independent of those generated by other assets or groups of assets.	For internal management purposes, this portfolio of asset groups is categorized under the Natural Gas segment.	Yes
Linxi Xinneng asset group	It consists mainly of various long-term assets of Linxi Xinneng, from which cash inflows generate are largely independent of those generated by other assets or groups of assets.	For internal management purposes, this portfolio of asset groups is categorized under the Natural Gas segment.	Yes
Pingshan Huajian asset group	It consists mainly of various long-term assets of Pingshan Huajian, from which cash inflows generate are largely independent of those generated by other assets or groups of assets.	For internal management purposes, this portfolio of asset groups is categorized under the Natural Gas segment.	Yes
Jinzhou Gas asset group	It consists mainly of various long-term assets of Jinzhou Gas, from which the cash inflows generated are largely independent of those generated from other assets or groups of assets.	For internal management purposes, this portfolio of asset groups is categorized under the Natural Gas segment.	Yes
Xin'ao Gas asset group	It consists mainly of various long-term assets of Xin'ao Gas, from which the cash inflows generated are largely independent of those generated from other assets or groups of assets.	For internal management purposes, this portfolio of asset groups is categorized under the Natural Gas segment.	Yes
Xinji Gas asset group	It consists mainly of various long-term assets of Xinji Gas, from which the cash inflows generated are largely independent of those generated from other assets or groups of assets.	For internal management purposes, this portfolio of asset groups is categorized under the Natural Gas segment.	Yes
Shenzhou Gas asset group	It consists mainly of various long-term assets of Shenzhou Gas, from which the cash inflows generated are largely independent of those generated from other assets or groups of assets.	For internal management purposes, this portfolio of asset groups is categorized under the Natural Gas segment.	Yes
Gaoyi Fengcheng asset group	It consists mainly of various long-term assets of Gaoyi Fengcheng, from which cash inflows generate are largely independent of those generated by other assets or groups of assets.	For internal management purposes, this portfolio of asset groups is categorized under the Natural Gas segment.	N/A
Xinjiang Yusheng asset group	It consists mainly of various long-term assets of Xinjiang Yusheng, from which the cash inflows generated are largely independent of those generated from other assets or groups of assets.	For internal management purposes, this portfolio of asset groups is categorized under the Wind Power and Photovoltaic segments.	Yes

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

27. Goodwill (continued)

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

Changes in asset group or portfolio of asset groups

Applicable  Not applicable

Other explanations

Applicable  Not applicable

(4). Specific methods for determining the recoverable amount

Recoverable amount is determined based on the net amount after deducting disposal costs from fair value.

Applicable  Not applicable

## FINANCIAL REPORT

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

#### 27. Goodwill (continued)

##### (4). Specific methods for determining the recoverable amount (continued)

The recoverable amount was determined based on the present value of the estimated future cash flow

Unit: Yuan Currency: RMB

Items	Carrying value	Recoverable amount	Impairment amount	Years in the forecast period	Pre-tax discount rate	Revenue growth rate for the forecast period	Profit margin for the forecast period	Revenue growth rate for the stabilisation period	Profit margin for the stabilisation period
Jiecheng Natural Gas asset group	107,875,413.97	122,276,222.29		5	10.97%	13.82%-22.81%	-0.50%-8.45%		8.45%
Gaoyi Fengcheng asset group	244,205,071.06	244,597,417.06		5	11.47%	0.42%-3.88%	3.90%-4.41%		4.42%

In 2023, in addition to the above asset groups, the Group also performed impairment tests on each of the remaining goodwill asset groups. In performing the impairment test, the present value of the estimated future cash flows of the asset group is determined on a consolidated basis taking into account the comparability of the forecast parameters of the asset group in the industry, based on the operating results of the previous years and the information on the projected results of the future years. Key parameters used for each of the goodwill asset groups include pre-tax discount rates, revenue growth rates and profit margins. The forecast period of the impairment test is five years, followed by a stable period after the five years. In addition, the Group determines the pre-tax discount rate based on the weighted average cost of capital (WACC), which is calculated to range from 6.64% to 13.01% for the asset group.

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

27. Goodwill (continued)

(4). Specific methods for determining the recoverable amount (continued)

The key assumptions made by the management when determining the cash flow forecasts for goodwill impairment tests are explained as follows:

Revenue growth rate for the forecast period – it is determined by increasing the growth rate appropriately in light of anticipated market developments on the basis of the revenue realized in the year prior to the forecast period;

Profit margin for the forecast period – it is determined by increasing the profit margin appropriately in light of anticipated efficiency gains and anticipated market developments on the basis of the average profit margin realized in the year prior to the forecast period;

Discount rate for the forecast period – The discount rate used is a before-tax discount rate that reflects the risks specific to the underlying asset group or portfolio of asset groups.

The information 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.

Reasons for the significant discrepancy between the foregoing information and information used in impairment testing for prior years or external information

Applicable  Not applicable

Reasons for the significant discrepancy between the information used by the Company in impairment tests in prior years and the actual situations in the current year

Applicable  Not applicable

(5). Performance Pledges and Corresponding Goodwill Impairment

Goodwill forms when a performance pledge exists and the reporting period or the previous period falls within the performance pledge period.

Applicable  Not applicable

Other explanations

Applicable  Not applicable

28. Long-term deferred expenses

Unit: Yuan Currency: RMB

Items	Opening balance	Addition during the period	Amortization during the period	Other decreased amount	Closing balance
Prepaid lease payments	11,495,148.81		766,446.12		10,728,702.69
Reform of operating leased fixed assets	14,057,216.21	9,886,615.03	5,345,250.00		18,598,581.24
Project road reconstruction cost	8,707,427.07		661,323.60		8,046,103.47
Booster station access fee		36,075,809.61			36,075,809.61
Others	7,666,493.97	3,901,086.85	1,457,547.31		10,110,033.51
<b>Total</b>	<b>41,926,286.06</b>	<b>49,863,511.49</b>	<b>8,230,567.03</b>		<b>83,559,230.52</b>

Other explanations:

Nil

## FINANCIAL REPORT

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

#### 29. 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 (Restated)	Deferred income tax Assets (Restated)
Provision for impairment of assets/Loss on credit impairment	<b>554,749,301.47</b>	<b>137,256,835.07</b>	540,290,940.61	129,270,071.90
Unrealised profit from internal transactions				
Deductible loss				
Offsetting of internal capitalised interest	<b>32,507,273.16</b>	<b>8,126,818.29</b>	37,498,041.16	9,374,510.29
Differences in tax basis of fixed assets	<b>141,359,968.65</b>	<b>30,610,552.57</b>	150,864,701.16	32,748,018.24
Deferred income	<b>103,025,601.44</b>	<b>25,756,400.36</b>	77,668,668.28	19,417,167.07
Differences in the tax basis of lease liabilities	<b>96,595,236.25</b>	<b>23,578,806.44</b>	125,375,153.92	31,343,788.48
Differences in the tax basis of accrued liabilities	<b>52,733,021.72</b>	<b>13,183,255.43</b>	52,733,021.72	13,183,255.43
Total	<b>980,970,402.69</b>	<b>238,512,668.16</b>	984,430,526.85	235,336,811.41

##### (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 (restated)	Deferred income tax Liabilities (restated)
Gains on valuation of assets under business combinations involving enterprises not under common control	<b>28,538,336.69</b>	<b>7,134,584.17</b>	19,001,189.76	4,750,297.44
Changes in fair value of other debt investments				
Changes in fair value of other equity instruments				
One-off pre-tax deduction of fixed assets	<b>233,408,083.84</b>	<b>58,352,020.98</b>	214,463,792.40	53,615,948.10
Differences in tax basis of right-of-use assets	<b>121,178,463.84</b>	<b>29,052,796.12</b>	152,032,599.52	38,008,149.88
Differences in the tax basis of concessions	<b>38,124,060.26</b>	<b>9,531,015.06</b>	42,004,581.24	10,501,145.31
Total	<b>421,248,944.63</b>	<b>104,070,416.33</b>	427,502,162.92	106,875,540.73

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

29. Deferred tax assets/deferred tax liabilities (continued)

(3). Deferred income tax assets or liabilities presented on a net basis after offsetting

Unit: Yuan Currency: RMB

Items	Amount of deferred income tax assets and liabilities offset each other at the end of the period	Closing balance of deferred income tax assets or liabilities after offsetting	Amount of deferred income tax assets and liabilities offset each other at beginning of the period (Restated)	Opening balance of deferred income tax assets or liabilities after offsetting (Restated)
Deferred income tax assets	32,582,556.47	205,930,111.69	40,644,717.32	194,692,094.09
Deferred income tax liabilities	32,582,556.47	71,487,859.86	40,644,717.32	66,230,823.41

(4). Details of unrecognized deferred income tax assets

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Deductible temporary difference	226,361,407.61	111,694,468.32
Deductible loss	1,175,340,830.04	1,192,777,428.74
Total	1,401,702,237.65	1,304,471,897.06

(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
2023		172,173,974.32	
2024	211,016,957.62	220,162,655.54	
2025	265,840,608.33	268,252,211.38	
2026	302,560,907.23	305,167,955.89	
2027	205,613,067.93	227,020,631.61	
2028	190,309,288.93		
Total	1,175,340,830.04	1,192,777,428.74	/

## FINANCIAL REPORT

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

#### 29. Deferred tax assets/deferred tax liabilities (continued)

##### (5). Deductible loss of the unrecognized deferred income tax assets will be due in the following years (continued)

The management of the Group 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.

Other explanations:

Applicable  Not applicable

#### 30. Other non-current assets

Unit: Yuan Currency: RMB

Items	Closing balance			Opening balance		
	Carrying balance	Impairment provisions	Carrying value	Carrying balance	Impairment provisions	Carrying value
Contract obtainment cost						
Contract performance cost						
Right of return assets						
Contract assets						
VAT to be deducted	1,438,143,273.92		1,438,143,273.92	1,404,672,905.28		1,404,672,905.28
Prepayment for equipment	208,090,901.49		208,090,901.49	299,055,589.29		299,055,589.29
Prepayment for construction cost	131,070,696.78		131,070,696.78	284,822,522.49		284,822,522.49
Prepayment for others	160,261,931.36		160,261,931.36	440,757,455.42		440,757,455.42
Total	1,937,566,803.55		1,937,566,803.55	2,429,308,472.48		2,429,308,472.48

Other explanations:

Nil

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

31. Assets with restricted ownership or right-of-use

Unit: Yuan Currency: RMB

Items	Closing				Opening			
	Carrying balance	Carrying value	Restriction Type	Restriction	Carrying balance	Carrying value	Restriction Type	Restriction
Cash	140,693,852.08	140,693,852.08	Deposits	Note 1	160,370,310.33	160,370,310.33	Deposits	Note 1
Bills receivable	29,500,000.00	29,500,000.00	Discounted/ endorsed	Note 2	70,598,746.96	70,598,746.96	Discounted/ endorsed	Note 2
Accounts receivable	5,377,335,685.87	5,323,562,329.01	Pledge	Note 3	4,459,760,109.54	4,415,162,508.44	Pledge	Note 3
Fixed assets	378,097,272.30	244,626,597.36	Secured	Note 4	378,097,272.30	261,713,427.79	Secured	Note 4
Intangible assets	3,769,000.00	3,159,678.01	Secured	Note 5	3,769,000.00	3,228,776.38	Secured	Note 5
Inventory	606,836,122.24	606,836,122.24	Under supervision	Note 6				
Total	6,536,231,932.49	6,348,378,578.70	/	/	5,072,595,439.13	4,911,073,769.90	/	/

Other explanations:

The amount of depreciation for fixed assets used as collateral in 2023 amounted to RMB17,086,830.43 (31 December 2022: RMB17,086,830.43)

The amount of amortisation for intangible assets used as collateral in 2023 is RMB69,098.37 (31 December 2022: RMB69,098.37).

Note 1: Bank deposits with a carrying value of RMB140,693,852.08 (31 December 2022: RMB160,370,310.33) were subject to liquidity restrictions for the purpose of land reclamation deposits.

Note 2: Cash from bank acceptance bills with a carrying value of RMB29,500,000.00 (31 December 2022: RMB70,598,746.96) were used to obtain bank loans pledged or endorsed to suppliers for payment of accounts payable, and the pledge period is up to the maturity date of the bills.

Note 3: As at 31 December 2023, the carrying value of corresponding accounts receivable in relation to the long-term borrowings secured by part of the right of collection of future electricity fees amounted to RMB5,323,562,329.01 (31 December 2022: RMB4,415,162,508.44).

Note 4: As at 31 December 2023, long-term bank borrowings were secured against fixed assets with carrying values of RMB244,626,597.36 (31 December 2022: RMB261,713,427.79).

Note 5: As at 31 December 2023, long-term bank borrowings were secured against intangible assets with carrying values of RMB3,159,678.01 (31 December 2022: RMB3,228,776.38).

Note 6: As at 31 December 2023, the Group's inventories with a carrying value of RMB606,836,122.24 (31 December 2022: Nil) were restricted due to the execution of contracts.

## FINANCIAL REPORT

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

#### 32. Short-term Borrowings

##### (1). Classification of short-term borrowings

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Pledged borrowings (Note 1)	<b>5,000,000.00</b>	42,280,000.00
Secured borrowings		
Guaranteed borrowings		
Credit borrowings	<b>2,405,513,290.75</b>	2,656,086,568.48
Total	<b>2,410,513,290.75</b>	2,698,366,568.48

Explanation on classification of short-term borrowings:

Note 1: As at 31 December 2023, the Group discounted bank acceptance bills amounted to RMB5,000,000.00 (31 December 2022: RMB42,280,000.00). These bills were not derecognised by the Group since they were subject to recourse, accordingly, a pledged borrowing of RMB5,000,000.00 (31 December 2022: RMB42,280,000.00) was recognised.

As at 31 December 2023 and 31 December 2022, the Group had no overdue short-term borrowings.

##### (2). Short-term borrowings that are due but unpaid

Applicable  Not applicable

The overdue short-term borrowings are as follows:

Applicable  Not applicable

Other explanations

Applicable  Not applicable

#### 33. Financial liabilities for trading

Applicable  Not applicable

Other explanations:

Applicable  Not applicable

#### 34. Derivative financial liabilities

Applicable  Not applicable

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

35. Bills payable

(1). Bills payable presented

Unit: Yuan Currency: RMB

Category	Closing balance	Opening balance
Commercial acceptance bills		
Bank acceptance bills	<b>3,404,155.80</b>	13,649,747.04
Total	<b>3,404,155.80</b>	13,649,747.04

At the end of the period, the total bills payable that are due but unpaid amounted to RMB0.00. Reason for default: Nil

36. Accounts payable

(1). Presentation of accounts payable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Within 6 months	<b>372,746,270.31</b>	327,976,682.79
6 months to 1 year	<b>41,923,989.10</b>	25,254,025.99
1 to 2 years	<b>60,054,648.78</b>	47,826,185.58
2 to 3 years	<b>8,339,067.51</b>	1,011,027.94
Over 3 years	<b>765,458.49</b>	747,339.48
Total	<b>483,829,434.19</b>	402,815,261.78

(2). Significant accounts payable aged over 1 year or overdue

Applicable  Not applicable

Other explanations

As at 31 December 2023, the Group had no significant accounts payable aged over 1 year or overdue.

## FINANCIAL REPORT

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

#### 37. Advances from customers

##### (1). Advances from customers presented

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Advances received for the costs of entrusted construction of storage tanks	<b>1,161,061,946.88</b>	1,161,061,946.88
Other advances received	<b>161,127.05</b>	
Total	<b>1,161,223,073.93</b>	1,161,061,946.88

##### (2). Significant advances from customers with the aging over 1 year

Unit: Yuan Currency: RMB

Items	Closing balance	Reasons for outstanding or carry-forward
Advances received for the costs of entrusted construction of storage tanks	<b>1,161,061,946.88</b>	Performance obligations under contracts not yet fulfilled
Total	<b>1,161,061,946.88</b>	/

##### (3). 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

#### 38. Contract Liabilities

##### (1). Contract liabilities

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Advances received for natural gas sales	<b>1,100,319,537.17</b>	832,070,761.03
Advances receipts for services during the window period	<b>396,460,176.98</b>	396,460,176.98
Advances received for construction of pipeline projects	<b>308,603,126.92</b>	250,942,673.55
Advances received for pipeline transmission fees	<b>2,665,572.62</b>	7,431,567.96
Other advances received	<b>70,222,381.29</b>	52,845,813.37
Total	<b>1,878,270,794.98</b>	1,539,750,992.89

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

38. Contract Liabilities (continued)

(2). Significant contract liabilities with the aging over 1 year

Unit: Yuan Currency: RMB

Items	Closing balance	Reasons for outstanding or carry-forward
Advances receipts for services during the window period	<b>396,460,176.98</b>	Performance obligations under contracts not yet fulfilled
Total	<b>396,460,176.98</b>	/

(3). 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

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	68,080,796.91	743,132,967.34	743,892,238.72	<b>67,321,525.53</b>
II. Post-employment benefits – Defined contribution plan	19,980.18	109,264,246.00	109,175,823.78	<b>108,402.40</b>
III. Termination benefits				
IV. Other benefits due within one year				
Total	<b>68,100,777.09</b>	<b>852,397,213.34</b>	<b>853,068,062.50</b>	<b>67,429,927.93</b>

## FINANCIAL REPORT

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

#### 39. Employee benefits payable (continued)

##### (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	43,917,382.28	530,662,878.90	532,537,471.35	<b>42,042,789.83</b>
II. Employee welfare		70,581,457.93	70,552,851.96	<b>28,605.97</b>
III. Social insurance premiums	1,702,461.48	61,234,674.93	61,506,282.32	<b>1,430,854.09</b>
Including: Medical insurance premiums	1,702,461.48	57,018,058.24	57,291,037.55	<b>1,429,482.17</b>
Work injury compensation insurance premiums		3,732,689.65	3,731,317.73	<b>1,371.92</b>
Maternity insurance premiums		483,927.04	483,927.04	
IV. Housing fund	4,310.70	51,992,076.77	51,954,567.77	<b>41,819.70</b>
V. Union expenses and employees education expenses	22,376,642.45	23,354,290.95	21,953,477.46	<b>23,777,455.94</b>
VI. Short-term paid leave				
VII. Short-term profit sharing plan				
VIII. Others	80,000.00	5,307,587.86	5,387,587.86	
Total	<u>68,080,796.91</u>	<u>743,132,967.34</u>	<u>743,892,238.72</u>	<u><b>67,321,525.53</b></u>

##### (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	2,333.13	67,213,308.88	67,127,566.16	<b>88,075.85</b>
2. Unemployment insurance premiums	43.40	2,638,786.07	2,636,106.57	<b>2,722.90</b>
3. Enterprise annuity payment	17,603.65	39,412,151.05	39,412,151.05	<b>17,603.65</b>
Total	<u>19,980.18</u>	<u>109,264,246.00</u>	<u>109,175,823.78</u>	<u><b>108,402.40</b></u>

Other explanations:

Employees of the Group are covered by various government-sponsored pension plans. These government agencies are responsible for the pension liability to these employees upon retirement. The Group contributes on a monthly basis to these pension plans. The contribution rate of basic pension insurance is 16% 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, unemployment insurance and individual contribution to enterprise annuity are capped at three times the average social wage in the social security area, and there is no upper limit on the contribution rate of enterprise annuity for the employer. 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.

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

40. Taxes payable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Value-added tax	<b>44,047,322.40</b>	52,399,856.76
Consumption tax		
Business tax		
Enterprise income tax	<b>276,499,521.90</b>	132,935,383.17
Individual income tax	<b>10,341,437.84</b>	11,870,626.22
City maintenance and construction tax	<b>2,297,083.77</b>	2,681,093.01
Stamp duty	<b>1,091,021.22</b>	794,805.98
Others	<b>2,375,139.83</b>	2,710,583.42
Total	<b>336,651,526.96</b>	203,392,348.56

Other explanations:

Nil

41. Other payables

(1). Items presented

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Interest payable		
Dividend payable	<b>125,621,743.60</b>	142,109,925.35
Other payables	<b>6,553,336,733.30</b>	7,577,859,571.29
Total	<b>6,678,958,476.90</b>	7,719,969,496.64

Other explanations:

Applicable  Not applicable

## FINANCIAL REPORT

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

#### 41. Other payables (continued)

##### (2). Interest payable

Categories presented

Applicable  Not applicable

Significant interests payable overdue:

Applicable  Not applicable

Other explanations:

Applicable  Not applicable

##### (3). Dividend payable

Categories presented

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Ordinary share dividends		
Preferred share/perpetual bond dividends classified as equity instruments	53,560,000.00	53,560,000.00
Preferred share/perpetual bond dividends – Dividends payable to other equity holders	53,560,000.00	53,560,000.00
Dividends payable-minority shareholder dividends	72,061,743.60	88,549,925.35
Total	125,621,743.60	142,109,925.35

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

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

41. Other payables (continued)

(4). Other payables

*Other payables presented by nature of amount*

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Payables for equipment	<b>1,446,734,917.83</b>	1,644,889,680.13
Payables for construction and materials	<b>4,626,253,684.18</b>	5,610,586,027.49
Others	<b>480,348,131.29</b>	322,383,863.67
Total	<b>6,553,336,733.30</b>	7,577,859,571.29

*Significant other payables aged over 1 year or overdue*

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)	<b>169,431,944.14</b>	Contractually not due for settlement
Goldwind Science & Technology Co., Ltd. (金風科技股份有限公司)	<b>98,073,434.62</b>	Contractually not due for settlement
中國電建集團西北勘測設計研究院有限公司	<b>96,555,420.35</b>	Contractually not due for settlement
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)	<b>86,193,522.05</b>	Contractually not due for settlement
Huadian Heavy Industries Co., Ltd. (華電重工股份有限公司)	<b>56,913,318.90</b>	Contractually not due for settlement
Total	<b>507,167,640.06</b>	/

Other explanations:

Applicable  Not applicable

## FINANCIAL REPORT

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

#### 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	<b>4,808,723,631.82</b>	4,074,938,038.05
Debentures payable due within 1 year	<b>544,242,317.75</b>	26,321,780.79
Long-term payable due within one year	<b>76,785,530.43</b>	69,284,426.02
Lease liabilities due within one year	<b>129,686,891.76</b>	136,496,865.23
Others	<b>1,200,000.00</b>	1,200,000.00
Total	<b>5,560,638,371.76</b>	4,308,241,110.09

Other explanations:

Nil

#### 44. Other current liabilities

##### Other current liabilities

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Short-term debentures payable		1,010,192,910.93
Payable return payment		
Pending transfer to input VAT	<b>100,887,037.58</b>	76,734,166.20
Others	<b>11,359,525.60</b>	
Total	<b>112,246,563.18</b>	1,086,927,077.13

Note: 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.

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

44. Other current liabilities (continued)

Other current liabilities (continued)

HECIC New Energy issued super short-term commercial papers of RMB700 million in July 2022, with a term of 270 days and a coupon rate of 2.45%, and the ultra-short term facility was repaid in April 2023; issued super short-term commercial papers of RMB300 million in August 2022, with a term of 180 days and a coupon rate of 2.1%, and the ultra-short term facility was repaid in February 2023.

China Suntien Green Energy Corporation Limited registered super short-term commercial papers of RMB2.0 billion with the National Association of Financial Market Institutional Investors in October 2022. Such facilities were approved for revolving use before October 2024. As at 31 December 2023, the unutilised facilities amounted to RMB2.0 billion.

Change in short-term debentures payable:

Applicable  Not applicable

Other explanations:

As at 31 December 2023, the balance of super short-term commercial papers is presented as follows:

Name of debenture	Par value	Issuance date	Term of debenture	Issuance amount	Opening balance	Issued during the current year	Accrued interest for the current year	Repaid during the year	Closing balance
22 HECIC New Energy SCP001	100.00	2022-7-15	270 days	700,000,000.00	707,135,037.65		3,920,167.82	711,055,205.47	
22 HECIC New-energy SCP002	100.00	2022-8-29	180 days	300,000,000.00	303,057,873.28		1,680,071.93	304,737,945.21	
Total	/	/	/	1,000,000,000.00	1,010,192,910.93		5,600,239.75	1,015,793,150.68	

45. Long-term borrowings

(1). Classification of long-term borrowings

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Pledged borrowings (Note 1)	<b>9,779,038,447.04</b>	9,593,284,803.63
Secured borrowings (Note 2)	<b>71,044,560.66</b>	78,830,000.00
Guaranteed borrowings (Note 3)	<b>197,073,651.99</b>	332,133,053.95
Pledged and secured borrowings (Note 1, Note 2)	<b>100,722,265.81</b>	112,723,185.24
Credit borrowings	<b>25,354,193,374.49</b>	24,387,319,606.44
Less: Long-term borrowings due within one year	<b>-4,808,723,631.82</b>	-4,074,938,038.05
Total	<b>30,693,348,668.17</b>	30,429,352,611.21

## FINANCIAL REPORT

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

#### 45. Long-term borrowings (continued)

##### (1). Classification of long-term borrowings (continued)

Description of classification of long-term borrowings:

Classified according to the nature of the borrowings.

Other explanations:

Note 1: As at 31 December 2023 and 31 December 2022, the Group pledged its subsidiary's right to electricity tariff for a long-term bank borrowing. Please refer to note 3 to Note VII. 31.

Note 2: As at 31 December 2023, the Group secured fixed assets with carrying values of RMB244,626,597.36 (31 December 2022: 261,713,427.79) and intangible assets with carrying values of RMB3,159,678.01 (31 December 2022: 3,228,776.38) for long-term bank borrowings. Please refer to notes 4 and 5 to Note VII. 31.

Note 3: As at 31 December 2023, the long-term borrowing of part of the Group's subsidiaries with a carrying value of RMB70,118,708.42 (31 December 2022: RMB112,500,000.00) was secured by an irrevocable joint and several guarantee provided by HCIG New-energy, another subsidiary of the Group.

As at 31 December 2023, long-term borrowings with a carrying value of RMB126,954,943.57 (31 December 2022: RMB219,633,053.95) of certain subsidiaries of the Group were fully and irrevocably guaranteed jointly and severally by the Company.

As at 31 December 2023, the annual interest rates of the above-mentioned borrowings was 1.20% to 4.90% (31 December 2022: 1.20% to 5.88%).

As at 31 December 2023 and 31 December 2022, the Group had no overdue long-term borrowings.

#### 46. Debentures payable

##### (1). Debentures payable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Medium-term notes	<b>2,384,242,317.75</b>	1,526,321,780.79
Less: Debentures payable due within one year	<b>-544,242,317.75</b>	-26,321,780.79
Total	<b>1,840,000,000.00</b>	1,500,000,000.00

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

46. Debentures payable (continued)

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

Unit: Yuan Currency: RMB

Bonds name	Par value	Coupon rate (%)	Issue date	Bonds term	Issue amount	Opening balance	Current period issue	Accrued interest at par value	Amortisation of premium or discount	Repaid during the current period	Closing balance	Default or not
20 Suntien Green MTN001	100.00	3.86	2020/5/15	5 years	1,000,000,000.00	1,024,429,041.06		38,599,999.97		38,600,000.00	1,024,429,041.03	No
22 HDCIG New-energy MTN001	100.00	3.37	2022/11/18	2 years	500,000,000.00	501,892,739.73		16,850,000.01		16,850,000.00	501,892,739.74	No
23 HDCIG New-energy MTN001	100.00	3.23	2023/4/6	2 years	700,000,000.00		700,000,000.00	16,725,205.47			716,725,205.47	No
23 HDCIG New-energy MTN002 (carbon neutrality bond)	100.00	3.18	2023/9/25	2 years	140,000,000.00		140,000,000.00	1,195,331.51			141,195,331.51	No
Total	/	/	/	/	2,340,000,000.00	1,526,321,780.79	840,000,000.00	73,370,536.96		55,450,000.00	2,384,242,317.75	/

(3). Description of convertible corporate bonds

Applicable  Not applicable

Accounting for Conversion Rights and Basis of Judgment

Applicable  Not applicable

(4). Explanation on the other financial instrument classified as financial liabilities

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

Applicable  Not applicable

Table of changes in financial instruments such as preferred shares and perpetual bonds outstanding as at the end of the period

Applicable  Not applicable

Description on basis of dividing other financial instruments into financial liabilities:

Applicable  Not applicable

Other explanations:

Applicable  Not applicable

## FINANCIAL REPORT

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

#### 47. Lease liabilities

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Lease liabilities	<b>747,974,636.18</b>	781,100,323.41
Less: Lease liabilities due within one year	<b>-129,686,891.76</b>	-136,496,865.23
Total	<b>618,287,744.42</b>	644,603,458.18

Other explanations:

Nil

#### 48. Long-term payables

##### Items presented

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Long-term payables	<b>144,031,289.43</b>	186,079,230.66
Special payables		
Total	<b>144,031,289.43</b>	186,079,230.66

Other explanations:

Applicable  Not applicable

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

48. Long-term payables (continued)

Long-term payables

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

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Compensation for woodlands	86,207,981.67	86,207,981.67
Compensation for woodlands Sale-leaseback borrowings	129,454,324.92	169,155,675.01
Others	5,154,513.27	
Less: Long-term payables due within one year	-76,785,530.43	-69,284,426.02
Total	144,031,289.43	186,079,230.66

Other explanations:

Note: For details of the terms of Sale and Lease Back, please refer to Note VII. 82 in this section.

Special payables

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

Applicable  Not applicable

49. Long-term employee benefits payable

Applicable  Not applicable

50. Accrued Liabilities

Unit: Yuan Currency: RMB

Items	Opening balance	Closing balance	Formation reasons
Pending litigation or arbitration	24,798,127.94	24,798,127.94	Amounts payable for construction costs
Disposal obligations	52,733,021.74	52,733,021.74	
Total	77,531,149.68	77,531,149.68	/

## FINANCIAL REPORT

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

#### 50. Accrued Liabilities (continued)

Other explanations, including the relevant significant assumptions and estimates related to significant accrued liabilities:

A supplier of Jianshui Suntien Wind Energy Co., Ltd. (hereinafter referred to as "Jianshui Suntien"), a subsidiary of the Company, filed an arbitration application with Shijiazhuang Arbitration Commission in relation to the amount of a construction cost in November 2020. The Shijiazhuang Arbitration Commission made 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 cancellation of the first arbitration award to the Shijiazhuang Intermediate People's Court, and the application was accepted. On 28 December 2022, the Shijiazhuang Intermediate People's Court made a ruling that the case could be re-arbitrated by the arbitral tribunal. As at 31 December 2022, the Shijiazhuang Arbitration Commission had not formally made a decision on re-arbitration, and the Group had provisionally provided accrued liabilities of RMB24,798,127.94 based on the first arbitration result. The Shijiazhuang Arbitration Commission formally issued its decision to reopen the arbitration on 10 February 2023, and reopened the arbitration on 2 June 2023 for a second session. As of 31 December 2023, the second arbitration result has not yet been issued.

#### 51. Deferred income

##### Deferred income

Unit: Yuan Currency: RMB

Items	Opening balance	Increase during the period	Decrease during the period	Closing balance	Formation reasons
Government grants	118,408,005.13	78,598,877.90	59,035,682.46	<b>137,971,200.57</b>	Government grants
Total	118,408,005.13	78,598,877.90	59,035,682.46	<b>137,971,200.57</b>	/

Other explanations:

Applicable  Not applicable

#### 52. Other non-current liabilities

Applicable  Not applicable

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

53. Share capital

Unit: Yuan Currency: RMB

	Opening balance	Increase or decrease (+, -)					Closing balance
		Issuance of new shares	Bonus shares	Transfer of capital reserve to ordinary shares	Others	Sub-total	
HECIC	2,058,841,253.00						2,058,841,253.00
Foreign shareholders of overseas H shares	1,839,004,396.00						1,839,004,396.00
Shareholders of domestic A shares	289,247,424.00						289,247,424.00
Total shares	4,187,093,073.00						4,187,093,073.00

Other explanations:

Nil

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 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.

- (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	Opening		Increase during the period		Decrease during the period		Closing	
	Quantity	Carrying value	Quantity	Carrying value	Quantity	Carrying value	Quantity	Carrying value
2021 Renewable Green Corporate Bonds (First Tranche)	10,400,000.00	1,039,376,000.00					10,400,000.00	1,039,376,000.00
Total	10,400,000.00	1,039,376,000.00					10,400,000.00	1,039,376,000.00

## FINANCIAL REPORT

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

#### 54. Other equity instruments (continued)

##### (2). Table of changes in financial instruments such as preferred shares and perpetual bonds outstanding as at the end of the period (continued)

Change in other equity instrument in the period, reason for change and basis for relevant accounting treatment:

The maturity date of the notes is 9 March 2024, and the initial coupon interest rate of the perpetual notes is 5.15%. The Group has the option to defer the payment of interest, but the Company shall not distribute dividends to its common shareholders until all of the deferred interest and its fruits are fully settled. Upon maturity, the Group has the option to renew the notes for three years without any limitation on the number of times of renewal. The coupon interest rate during the renewed period is determined according to the current benchmark interest rate + the initial credit spread + 300BP. The Company classifies them as other equity instruments.

Other explanations:

Applicable  Not applicable

#### 55. Capital reserve

Unit: Yuan Currency: RMB

Items	Opening balance	Increase during the period	Decrease during the period	Closing balance
Capital premium (share premium) (Note 1)	6,574,521,677.12	25,303,829.85		<b>6,599,825,506.97</b>
Other capital reserve (Note 2)	6,804,651.63	4,777,621.93		<b>11,582,273.56</b>
Total	<u>6,581,326,328.75</u>	<u>30,081,451.78</u>		<u><b>6,611,407,780.53</b></u>

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

Note 1: In May 2023, the Company acquired a 30% equity interest in a minority shareholder of HECICI Zhongxing Wind Energy Co., Ltd. ("Zhongxing Wind Energy"), its subsidiary, which resulted in an increase in capital reserve of RMB25,303,829.85, as described in Note X.2 to this section.

Note 2: In 2023, the Group's joint venture made a special reserve to increase capital reserve by RMB4,777,621.93.

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

56. Treasury stocks

Applicable  Not applicable

57. Other comprehensive income

Unit: Yuan Currency: RMB

Items	Opening Balance	Amount for the period					Closing Balance	
		Amount before income tax in the period	Less: amount included in other comprehensive income in previous periods and transferred to the current profit or loss	Less: amount included in other comprehensive income in previous periods and transferred to retained earnings	Less: income tax expenses	Attributable to the Parent Company after tax		Attributable to minority shareholders after tax
I. Other comprehensive income that may not be reclassified to profit or loss	6,493,135.00	-5,592,000.00				-3,075,600.00	-2,516,400.00	<b>3,417,535.00</b>
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	-5,592,000.00				-3,075,600.00	-2,516,400.00	<b>3,417,535.00</b>
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								
<b>Total other comprehensive income</b>	<b>6,493,135.00</b>	<b>-5,592,000.00</b>				<b>-3,075,600.00</b>	<b>-2,516,400.00</b>	<b>3,417,535.00</b>

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

## FINANCIAL REPORT

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

#### 58. Special reserve

Unit: Yuan Currency: RMB

Items	Opening balance	Increase during the period	Decrease during the period	Closing balance
Safety production fee	4,380,136.92	148,554,190.07	106,063,430.76	<b>46,870,896.23</b>
Total	4,380,136.92	148,554,190.07	106,063,430.76	<b>46,870,896.23</b>

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

Nil.

#### 59. Surplus reserve

Unit: Yuan Currency: RMB

Items	Opening balance	Increase during the period	Decrease during the period	Closing balance
Statutory surplus reserve	822,928,444.78	205,086,722.45		<b>1,028,015,167.23</b>
Discretionary surplus reserve				
Reserve funds				
Enterprise expansion fund				
Others				
Total	822,928,444.78	205,086,722.45		<b>1,028,015,167.23</b>

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.

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

60. Undistributed profits

Unit: Yuan Currency: RMB

Items	Current period	Previous period (Restated)
Undistributed profits at the end of the previous period before adjustment	<b>7,823,373,780.42</b>	6,466,749,439.53
Total increase or decrease in undistributed profits at the beginning of the period (increase represented by "+", and decrease represented by "-")	<b>-3,538,439.14</b>	-2,052,876.42
Undistributed profits at the beginning of the period after adjustment	<b>7,819,835,341.28</b>	6,464,696,563.11
Add: Net profit attributable to owners of the Parent Company in the period	<b>2,207,473,530.19</b>	2,292,630,759.66
Less: Extract for statutory surplus reserve	<b>205,086,722.45</b>	184,687,438.30
Extract for discretionary surplus reserve		
Extract for general risk reserve		
Ordinary shares dividend payable	<b>808,108,963.09</b>	699,244,543.19
Dividend of ordinary shares converted to share capital		
Dividends payable to holders of other equity instruments	<b>53,560,000.00</b>	53,560,000.00
Undistributed profits at the end of the period	<b>8,960,553,185.93</b>	7,819,835,341.28

Breakdown of the adjustments to the undistributed profits at the beginning of the period:

1. Due to retrospective adjustment under Accounting Standard for Business Enterprises and related new regulations, the undistributed profit at the beginning of the period was affected by RMB0.
2. Due to changes in accounting policies, the undistributed profit at the beginning of the period was affected by RMB-3,538,439.14.
3. Due to the correction of major accounting errors, the undistributed profit at the beginning of the period was affected by RMB0.
4. Due to changes in accounting policies, the undistributed profit at the beginning of the period was affected by RMB0.
5. Due to other adjustments, the undistributed profit at the beginning of the period was affected by RMB0.

According to the resolution passed by the shareholders of the Company on 16 May 2023, it was agreed that the Company declared a cash dividend of RMB1.93 per 10 share including tax for the year 2022, totaling RMB808,108,963.09.

According to the resolution passed by the shareholders of the Company on 14 June 2022, it was agreed that the Company declared a cash dividend of RMB0.167 per share including tax for the year 2021, totaling RMB699,244,543.19.

According to the prospectus of 2021 Renewable Green Corporate Bonds (First Tranche) of the Company, the Company declared a dividend to ordinary shareholders on 14 March 2023, which triggered a mandatory interest payment and no current interest shall be deferred. The principal of 2021 Renewable Green Corporate Bonds (First Tranche) was RMB1,040,000,000.00 with an initial interest rate of 5.15% per annum and accrued interest of RMB53,560,000.00 for the current interest payment period.

According to the prospectus of 2021 Renewable Green Corporate Bonds (First Tranche) of the Company, the Company declared a dividend to ordinary shareholders on 14 June 2022, which triggered a mandatory interest payment and no current interest shall be deferred. The principal of 2021 Renewable Green Corporate Bonds (First Tranche) was RMB1,040,000,000.00 with an initial interest rate of 5.15% per annum and accrued interest of RMB53,560,000.00 for the current interest payment period.

## FINANCIAL REPORT

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

#### 61. Operating revenue and operating costs

##### (1). Operating revenue and operating costs

Unit: Yuan Currency: RMB

Items	Amount for the current period		Amount for the previous period	
	Revenue	Cost	Revenue	Cost
Principal operations	20,231,194,514.52	15,182,244,275.75	18,466,584,291.67	13,246,979,652.74
Other operations	50,594,369.01	24,154,256.69	93,938,440.14	71,582,685.32
Total	20,281,788,883.53	15,206,398,532.44	18,560,522,731.81	13,318,562,338.06

##### (2). Breakdown of Operating Revenues and Operating Costs

Unit: Yuan Currency: RMB

Reportable segments	Wind and photovoltaic generation		Natural gas		Others		Total	
	Operating revenue	Operating costs	Operating revenue	Operating costs	Operating revenue	Operating costs	Operating revenue	Operating costs
Time of transfer of goods								
Transferred at a point in time	6,197,391,293.87	2,515,172,767.40	13,902,084,393.17	12,557,591,237.05	7,996,175.84	4,261,146.45	20,107,471,862.88	15,077,025,150.90
Transfer within a certain period of time	46,111,178.54	47,336,915.54	125,226,710.14	79,359,222.17	2,979,131.97	2,677,243.83	174,317,020.65	129,373,381.54
Total	6,243,502,472.41	2,562,509,682.94	14,027,311,103.31	12,636,950,459.22	10,975,307.81	6,938,390.28	20,281,788,883.53	15,206,398,532.44

Other explanations

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

61. Operating revenue and operating costs (continued)

(2). Breakdown of Operating Revenues and Operating Costs (continued)

*The breakdown of operating revenue in 2023*

Reportable segments	Wind and photovoltaic generation	Natural gas	Others	Total
Revenue from natural gas sales		13,785,961,609.42		13,785,961,609.42
Revenue from wind/photovoltaic power generation	6,181,320,498.70			6,181,320,498.70
Revenue from connection and construction of gas pipeline network		119,774,082.05		119,774,082.05
Rental income	16,149,763.61	2,757,515.33	1,370,430.49	20,277,709.43
Others	46,032,210.10	118,817,896.51	9,604,877.32	174,454,983.93
Total	6,243,502,472.41	14,027,311,103.31	10,975,307.81	20,281,788,883.53
Area				
Mainland China	6,243,502,472.41	14,027,311,103.31	10,975,307.81	20,281,788,883.53

*The breakdown of operating revenue in 2022*

Reportable segments	Wind and photovoltaic generation	Natural gas	Others	Total
Revenue from natural gas sales		11,850,603,245.84		11,850,603,245.84
Revenue from wind/photovoltaic power generation	6,294,904,687.69			6,294,904,687.69
Revenue from connection and construction of gas pipeline network		191,427,130.36		191,427,130.36
Rental income	18,388,472.13	2,769,740.91	702,240.01	21,860,453.05
Others	32,228,781.69	156,726,674.76	12,771,758.42	201,727,214.87
Total	6,345,521,941.51	12,201,526,791.87	13,473,998.43	18,560,522,731.81
Area				
Mainland China	6,345,521,941.51	12,201,526,791.87	13,473,998.43	18,560,522,731.81

## FINANCIAL REPORT

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

#### 61. Operating revenue and operating costs (continued)

##### (3). Explanation for performance of obligations under contracts

Unit: Yuan Currency: RMB

Items	Date of Fulfilment	Key payment terms	The Company's commitment to transfer goods	Act as a primary responsible party or not	Refunds payable to customers	Types of quality assurance offered by the Company and related obligations
Wind/photovoltaic power generation business	Electricity is supplied to provincial grid companies where each farm is operated	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	/	Yes	0.00	Nil
Natural gas sales business	Gas enters the customers' gas pipelines through grounding points	Prepayments	/	Yes	0.00	Nil
Natural gas pipeline connection and construction services	The performance obligations are fulfilled over time and as services are rendered.	Prepayments	/	Yes	0.00	guarantee-based quality assurance
Total	/	/	/	/	0.00	/

##### *Wind/photovoltaic power generation business*

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. The Group fulfills its obligations as the primary responsible party. There are no sales returns or variable consideration in contracts. No agreements regarding amounts expected to be returned to customers have been signed in the contract. There are no quality assurance and performance obligations provided to customers in the contract.

##### *Natural gas sales business*

The natural gas sales contract usually requires the receipt of advances from a customer, and performance obligations are fulfilled when the natural gas enters the customer's natural gas pipeline through the grounding point. The Group fulfills its obligations as the primary responsible party. For contracts with sales discounts and variable consideration, the Group reasonably estimates the discount rates based on historical sales information, current sales conditions, and after taking into account all relevant information, such as changes in customers and changes in the market. The estimated discount rate may not be equal to the actual discount rate in the future. The Group reassesses the discount rate at least at each balance sheet date and determines the accounting treatment based on the reassessed discount rate.

##### *Natural gas pipeline connection and construction services*

The Group, as the primary responsible party, fulfills its performance obligations over time and as services are provided. Service contracts have a term of one year (or shorter) or are billed as occurred, and customers are usually required to pay in advance before services are provided. There are no sales returns or variable consideration in contracts. No agreements regarding amounts expected to be returned to customers have been signed. There are no quality assurance and performance obligations provided to customers.

##### (4). Explanation for allocation to residual performance of obligations under contracts

Applicable  Not applicable

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

61. Operating revenue and operating costs (continued)

(5). Material contract changes or significant transaction price adjustments

Applicable  Not applicable

Other explanations:

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

Items	2023	2022
Advances received for natural gas sales	831,809,081.51	974,854,970.07
Advances received for construction of pipeline projects	108,022,663.17	159,700,588.98
Advances received for pipeline transmission fees	7,431,567.96	7,075,036.96
Other advances received	11,686,408.38	13,467,426.39
Total	958,949,721.02	1,155,098,022.40

As at 31 December 2023, performance obligations that have been contracted for but not yet performed or not yet completed were expected to be recognised as revenue as follows:

	2023	2022
Within 1 year	89,450,657.72	99,379,922.33
Over 1 years	113,503,087.15	161,008,492.45

Gains and losses on trial sales attributable to ordinary activities were as follows:

Items	Amount for the current period	Amount for the previous period
Operating revenue	40,071,444.72	45,466,021.22
Operating costs	2,383,218.27	2,558,961.18

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	21,114,436.77	16,869,874.57
Education surcharges	20,561,264.99	16,737,862.81
Resources tax		
Property tax	4,777,811.34	5,241,920.63
Land use tax	6,878,318.38	9,059,669.40
Vehicle and vessel use tax		
Stamp duty	22,722,311.65	12,460,848.61
Others	6,369,647.72	2,541,013.89
Total	82,423,790.85	62,911,189.91

## FINANCIAL REPORT

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

#### 62. Taxes and surcharges (continued)

Other explanations:

Nil

#### 63. Selling expenses

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Employee benefits	2,622,335.22	2,593,084.11
Advertising and promotion fees	696,682.01	313,213.67
Others	552,996.72	380,901.10
Total	<b>3,872,013.95</b>	<b>3,287,198.88</b>

Other explanations:

Nil

#### 64. Administration expenses

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Employee benefits	332,817,475.12	337,729,056.80
Depreciation and amortisation	73,528,264.28	66,677,302.39
Consulting and audit evaluation expenses	52,348,269.95	45,625,069.46
Office expenses	44,322,916.54	37,323,171.34
Vehicle, transportation and travelling expenses	24,908,402.92	15,483,544.94
Rental fees	20,220,169.86	17,412,258.63
Business entertainment fees	17,065,345.52	12,314,517.83
Others	144,439,770.30	127,235,685.37
Total	<b>709,650,614.49</b>	<b>659,800,606.76</b>

Other explanations:

Note: in 2023, the above administration expenses include audit fees of RMB8,274,846.83 (2022: RMB8,744,629.45).

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

65. R&D Expenses

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Depreciation and amortisation	219,100,182.37	156,775,970.31
Labor costs	89,873,229.26	88,388,060.47
Outsourcing development fees	35,747,790.83	62,542,072.40
Others	26,865,261.00	119,451,649.51
Total	371,586,463.46	427,157,752.69

Other explanations:

Nil

66. Finance costs

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Interest expense	1,410,866,766.86	1,519,285,268.09
Less: Interest income	-39,563,708.85	-61,989,622.06
Less: Capitalized interest	-322,975,325.65	-284,024,075.32
Exchange gain or loss	11,887,240.89	6,488,598.20
Bank charges	4,190,493.97	1,810,419.38
Others	1,944,475.62	3,553,099.03
Total	1,066,349,942.84	1,185,123,687.32

Other explanations:

Capitalised amount of borrowing costs was included in construction in progress.

## FINANCIAL REPORT

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

#### 67. Other Gains

Unit: Yuan Currency: RMB

Classification by nature	Amount for the current period	Amount for the previous period
Government grants relating to daily activities	281,726,057.81	162,474,145.70
Provision of additional credit for input tax	7,222,594.19	5,544,778.32
Refund of personal income tax handling fee	877,835.25	1,285,665.78
Total	289,826,487.25	169,304,589.80

Other explanations:

Nil

#### 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	338,601,167.19	224,635,114.20
Investment gain on disposal of long-term equity investment		
Investment gain of held-for-trading financial assets during the period of holding	8,601,062.69	17,139,186.28
Dividend income from investment in other equity instruments during the period of holding	15,700,106.37	14,744,642.19
Interest income from debt investments in the period of holding		
Interest income from other debt investments 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 investments		
Investment gain on disposal of other debt investments		
Gain on debt restructuring		
Investment gain from disposal of subsidiaries	1,982,149.00	1,886,586.26
Others	743,717.42	
Total	365,628,202.67	258,405,528.93

Other explanations:

Nil

#### 69. Gain on net exposure hedging

Applicable  Not applicable

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

70. Gain on change in fair value

Applicable  Not applicable

71. Credit impairment losses

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Loss on bad debts of bills receivable		
Loss on bad debts of accounts receivable	11,713,672.08	-9,969,717.10
Loss on bad debts of other receivables	4,100,238.19	13,952,308.07
Impairment losses on debt investments		
Impairment losses on other debt investments		
Bad debt loss on long-term receivables		
Impairment losses related to financial guarantees		
Total	15,813,910.27	3,982,590.97

Other explanations:

Nil

72. Asset impairment losses

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
I. Impairment losses on contract assets		
II. Inventory depreciation loss and impairment loss on contract performance cost	1,555,104.24	
III. Impairment loss on long-term equity investment		3,164,390.70
IV. Impairment losses on investment property		
V. Impairment loss on fixed assets	113,843,688.46	38,669,748.88
VI. Impairment loss on construction material		
VII. Impairment loss on construction in progress	299,696.16	
VIII. Impairment loss on bearer biological assets		
IX. Impairment loss on oil and gas assets		
X. Impairment losses on intangible assets		
XI. Impairment loss on goodwill		
XII. Others		
Total	115,698,488.86	41,834,139.58

Other explanations:

Nil

## FINANCIAL REPORT

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

#### 73. Gains on disposal of assets

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
(Loss)/gain on disposal of fixed assets	<b>-3,548,424.87</b>	241,788.61
Gain on disposal of intangible assets	<b>209,958.82</b>	
Others		49,531.71
Total	<b>-3,338,466.05</b>	291,320.32

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
Total gains on disposal of non-current assets	<b>309,257.98</b>	117,433.90	309,257.98
Including: Gain on disposal of fixed assets	<b>309,257.98</b>	117,433.90	309,257.98
Gain on disposal of intangible assets			
Exchange gain on non-monetary assets			
Income from donations			
Government grants	<b>689,591.72</b>	5,039,096.35	689,591.72
Resale income of carbon emission allowances	<b>2,169,612.19</b>	9,628,082.77	2,169,612.19
Unpayable amounts	<b>417,428.70</b>	784,524.84	417,428.70
Net gain from penalties	<b>10,000.00</b>	24,400.00	10,000.00
Income from litigation claims	<b>4,189,052.36</b>		4,189,052.36
Income from insurance claims	<b>2,809,216.02</b>		2,809,216.02
Others	<b>2,642,833.95</b>	991,521.19	2,642,833.95
Total	<b>13,236,992.92</b>	16,585,059.05	13,236,992.92

Other explanations:

Nil

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	<b>3,873,128.56</b>	2,977,734.16	3,873,128.56
Including: Loss on disposal of fixed assets	<b>3,873,128.56</b>	2,977,734.16	3,873,128.56
Loss on disposal of intangible assets			
Exchange loss on non-monetary assets			
Donations			
Compensation, liquidated damages, fines, etc.	<b>2,739,257.00</b>	3,869,670.20	2,739,257.00
Other expenses	<b>377,265.19</b>	533,178.42	377,265.19
Total	<b>6,989,650.75</b>	7,380,582.78	6,989,650.75

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 (Restated)
Current income tax expense	<b>641,767,363.39</b>	476,693,304.70
Deferred income tax expense	<b>-7,690,734.49</b>	675,383.18
Total	<b>634,076,628.90</b>	477,368,687.88

## FINANCIAL REPORT

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

#### 76. Income tax expenses (continued)

##### (2). Reconciliation of accounting profits and income tax

Unit: Yuan Currency: RMB

Items	Amount for the current period
Total profits	3,368,358,692.41
Income tax expense calculated at statutory/applicable tax rate (note)	842,089,673.10
Impact of different tax rates applied to subsidiaries	-177,098,860.64
Impact of adjustment of income tax of previous periods	3,419,536.99
Impact of non-taxable income	-88,575,318.39
Impact of non-deductible costs, expenses and losses	6,879,824.89
Impact of utilising deductible loss of deferred tax assets unrecognized in previous periods	-11,355,574.49
Impact of deductible temporary difference or deductible loss of deferred tax assets unrecognised in current period	59,534,910.12
Effect of recognition of unrecognized deductible temporary difference in prior years	-146,020.80
Income tax effect of additional deduction for research and development expenditure and additional amortisation of intangible assets	-671,541.88
Income tax expenses	634,076,628.90

Other explanations:

Note: The PRC income tax of the Group is calculated based on the estimated taxable income gained in the PRC and applicable tax rate. Tax arising from the taxable income in other regions is calculated at applicable tax rate according to existing laws, interpretations and practices of the jurisdiction in which the Group operates.

#### 77. Other comprehensive income

For details, please refer to Note VII.57 "Other Comprehensive Income" in this section.

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

78. Items in the cash flow statement

(1). Cash relating to operating activities

*Cash received from other operating activities*

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Interest income	39,563,708.85	60,964,249.89
Resale income of carbon emission allowances	2,169,612.19	9,628,082.77
Government grants	141,879,714.07	31,523,687.30
Others	10,068,481.93	7,891,933.79
Total	193,681,517.04	110,007,953.75

Explanation on the cash received from other operating activities:

Nil

*Cash paid for other operating activities*

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Fees paid for outsourced research	37,892,658.28	93,691,344.10
Deposits	52,060,087.35	72,430,000.00
Consulting, audit and evaluation fees	55,489,166.15	48,362,573.63
Office expenses	45,507,332.50	39,562,561.62
Vehicle, transportation and travelling expenses	27,150,159.18	16,877,063.98
Rental fees	22,039,985.15	18,979,361.91
Business entertainment fees	17,065,345.52	13,053,388.90
Others	43,838,312.31	25,218,624.74
Total	301,043,046.44	328,174,918.88

## FINANCIAL REPORT

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

#### 78. Items in the cash flow statement (continued)

##### (1). Cash relating to operating activities (continued)

###### *Cash paid for other operating activities (continued)*

Explanation on cash paid for other operating activities:

Nil

##### (2). Cash relating to investing activities

###### *Cash received from significant investing activities*

Applicable  Not applicable

###### *Cash paid in connection with significant investing activities*

Applicable  Not applicable

###### *Cash received from other investing activities*

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Advances received for the costs of entrusted construction of storage tanks		382,300,884.94
Monetary funds with restricted use rights	<b>45,897,731.27</b>	
Total	<b>45,897,731.27</b>	382,300,884.94

Explanation on the cash received from other investing activities:

Nil

###### *Cash paid for other investing activities*

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Decrease in cash balance due to the changes in the scope of consolidation	<b>649,254.90</b>	
Monetary funds with restricted use rights	<b>26,221,273.02</b>	45,058,042.34
Total	<b>26,870,527.92</b>	45,058,042.34

Explanation on the cash paid for other investing activities:

Nil

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

78. Items in the cash flow statement (continued)

(3). Cash relating to financing activities

*Cash received from other financing activities*

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Discounted bills receivable		42,280,000.00
Total		42,280,000.00

Explanation on the cash received from other financing activities:

Nil

*Cash paid for other financing activities*

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Cash outflows related to leasing	247,765,125.84	365,687,715.03
Others	24,336,552.25	55,760,100.00
Total	272,101,678.09	421,447,815.03

Explanation on the cash paid for other financing activities:

Nil

## FINANCIAL REPORT

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

#### 78. Items in the cash flow statement (continued)

##### (3). Cash relating to financing activities (continued)

###### *Changes in various liabilities arising from financing activities*

Unit: Yuan Currency: RMB

Items	Opening balance	Increase during the period		Decrease during the period		Closing balance
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Dividend payable	142,109,925.35		1,332,483,890.49	1,348,972,072.24		125,621,743.60
Other current liabilities	1,010,192,910.93		5,600,239.75	1,015,793,150.68		
Short-term borrowings	2,698,366,568.48	4,711,725,078.48	61,562,075.20	5,018,860,431.41	42,280,000.00	2,410,513,290.75
Long-term borrowings (including long-term borrowings due within one year)	34,504,290,649.26	7,441,099,376.86	1,210,659,508.60	7,653,977,234.73		35,502,072,299.99
Long-term payables	169,155,675.01		8,946,391.65	43,493,228.47		134,608,838.19
Bonds payables (including bonds payables due within one year)	1,526,321,780.79	840,000,000.00	73,370,536.96	55,450,000.00		2,384,242,317.75
Lease liabilities (including lease liabilities due within one year)	781,100,323.41		214,639,438.61	247,765,125.84		747,974,636.18

##### (4). Explanation of cash flows presented on a net basis

Applicable  Not applicable

##### (5). Significant activities and financial effects that do not involve cash flows for the current period but may affect the Company's financial position or future cash flows

See supplementary information to the statement of cash flows, "Significant investing and financing activities that do not involve cash receipts and payment".

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

## 79. Supplementary information of the cash flow statement

## (1). Supplementary information of the cash flow statement

Unit: Yuan Currency: RMB

SUPPLEMENTARY INFORMATION	Amount for the period	Amount for the previous period
<b>1. Net profit adjusted to cash flows of operating activities:</b>		
Net profit	2,734,282,063.51	2,817,700,455.08
Add: Provision for impairment of assets	115,698,488.86	41,834,139.58
Credit impairment losses	15,813,910.27	3,982,590.97
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of bearer biological assets	2,056,029,111.46	2,005,929,266.56
Amortization of right-of-use assets	150,413,170.65	147,954,421.00
Amortization of intangible assets	164,716,144.22	166,172,921.65
Amortization of long-term deferred expenses	8,230,567.03	8,953,823.23
Losses from disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	3,338,466.05	-291,320.32
Loss on scrapping of fixed assets ("-" for gains)	3,563,870.58	2,860,300.26
Loss from changes in fair value ("-" for gains)		
Finance costs ("-" for gains)	1,099,778,682.10	1,241,749,790.97
Investment losses ("-" for gains)	-365,628,202.67	-258,405,528.93
Decrease in deferred income tax assets ("-" for increase)	-10,302,921.74	-4,019,493.80
Increase in deferred income tax liabilities ("-" for decrease)	2,612,187.25	4,694,876.98
Decrease in inventories ("-" for increase)	-861,785,302.45	109,655,093.92
Decrease in operating receivables ("-" for increase)	-903,389,217.20	902,797,155.96
Increase in operating payables ("-" for decrease)	588,396,121.76	266,971,527.66
Others	49,916,440.27	4,820,137.61
Net cash flows from operating activities	4,851,683,579.95	7,463,360,158.38
<b>2. Significant investing and financing activities that do not involve cash receipts and payment</b>		
Transfer of bankers' acceptance bills by endorsement received for the sale of goods and services	465,421,018.21	501,635,277.44
Right-of-use assets acquired by committing lease liabilities	167,029,477.00	28,543,507.61
Conversion of debts into capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases		
<b>3. Net changes in cash and cash equivalents:</b>		
Closing balance of cash	3,279,359,226.83	7,165,689,017.44
Less: Opening balance of cash	7,165,689,017.44	7,533,084,715.56
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-3,886,329,790.61	-367,395,698.12

## FINANCIAL REPORT

### 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	62,700,000.00
Less: Cash and cash equivalents held by subsidiaries on the date of acquisition	17,873,759.53
Add: Cash or cash equivalents paid during the current period for the business combination occurred during previous periods	
Net cash paid for acquisition of subsidiaries	<b>44,826,240.47</b>

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	
Less: Cash and cash equivalents held by subsidiaries on the date of loss of control	649,254.90
Add: Cash or cash equivalents received during the current period from disposal of subsidiaries during previous periods	
Net cash received from disposal of subsidiaries	<b>-649,254.90</b>

Other explanations:

Note: Net cash paid for disposal of subsidiaries is presented in "Other cash paid for investing activities".

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	<b>3,279,359,226.83</b>	7,165,689,017.44
Including: Cash on hand		
Bank deposit that can be used for payment at any time	<b>3,279,359,226.83</b>	7,165,689,017.44
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 months		
III. Balance of cash and cash equivalents at the end of the period	<b>3,279,359,226.83</b>	7,165,689,017.44
Including: restricted cash and cash equivalents used by the parent company and the subsidiaries of the Group		

(5). Items with restricted use but still presented as cash and cash equivalents

Applicable  Not applicable

(6). Monetary funds not classified as cash and cash equivalents

Unit: Yuan Currency: RMB

Items	Amount for the period	Amount for the previous period	Rationale
Reclamation deposit	<b>140,693,852.08</b>	131,314,981.20	Liquidity was limited due to the purpose of land reclamation deposit
Frozen bank deposit		29,055,329.13	The amount was frozen due to litigation, and as its liquidity was limited, it was not ready for payment at any time
Total	<b>140,693,852.08</b>	160,370,310.33	/

Other explanations:

Applicable  Not applicable

## FINANCIAL REPORT

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

#### 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

#### 81. 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 Balance
Cash	-	-	-
Including: USD	4,172,424.12	7.0827	29,552,028.31
HKD	37,843,166.52	0.9062	34,294,234.36
Other receivables	-	-	-
Including: HKD	1,772,107.58	0.9062	1,605,919.33
Accounts payable	-	-	-
Including: USD	274,536.97	0.9062	248,790.89
Other payables	-	-	-
Including: HKD	93,038.40	0.9062	84,313.26
Short-term borrowings	-	-	-
Including: HKD	34,613,804.84	0.9062	31,367,722.22

Other explanations:

Nil

- (2). Explanation on foreign business entity (including those that are considered important) should include disclosure of: the overseas principal place of business of the foreign business entity; the reporting currency and the basis for using that currency; the reason(s) for the change of reporting currency

Applicable  Not applicable

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

82. Leases

(1) As lessee

*Variable lease payments not included in the measurement of lease liabilities*

Applicable  Not applicable

*Lease charges for short-term leases and leases of low-value assets with simplified approach*

For details of simplified treatment of short-term leases and leases of low-value assets, please refer to Note V. 38 in this section.

Expenses on short-term leases and leases of low-value assets included in profit or loss accounted for under the simplified approach: 2023: RMB20,220,169.86; 2022: RMB17,412,258.63.

*Basis of judgment for leaseback transactions*

	2023	2022
Relevant profit or loss arisen from leaseback transactions	3,565,781.45	7,509,136.49
Cash outflows from leaseback transactions	43,493,228.47	188,553,619.45

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 are usually leased for a term of 2-25 years, machinery and equipment are usually leased for a term of 5-20 years, while the transportation equipment and other equipment are usually leased for a term of 2-5 years. A few leases contracts contain renewal option clauses. Lease contracts usually stipulate that the Group cannot sublease the lease assets.

In order to meet its capital requirements, the Group obtains loans for some of its wind turbine equipment on a sale-and-leaseback basis. The lease terms are usually 5-8 years, with contractual interest rates ranging from 2% to 5.3%, and some of the lease contracts stipulate that the interest rates will be adjusted once a year. The Group will purchase the relevant equipment at a nominal price of RMB1 upon expiration of the lease period. The Group does not transfer control of the leased assets in sale and leaseback transactions with the transfer of assets, and therefore, the transfer of assets is not a sale and the transferred assets are not derecognised and the cash received should be accounted for as a financial liability.

For details on basis of judgment for leaseback transactions, please see Note V. 38 in this section. For details on right-of-use assets, please see Note VII. 25 in this section. For details on lease liabilities, please refer to Note VII. 47 in this section.

Total lease-related cash outflows 269,805,110.99 (Unit: Yuan; Currency: RMB)

## FINANCIAL REPORT

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

#### 82. Leases (continued)

##### (2) As lessor

##### *Operating leases – as lessor*

Unit: Yuan Currency: RMB

Items	Rental income	Of which: Income related to variable lease payments not included in lease receivable
Rental income	1,370,430.49	
Total	1,370,430.49	

The Group leases out certain of its houses and buildings for a lease term of 1 to 4 years, which constitute operating leases. Some of the leases contracts contain renewal option clauses. In 2023, the income generated from houses and buildings lease amounted to RMB1,370,430.49 (2022: RMB702,240.00).

Pursuant to the lease contracts entered into with the lessees, the undiscounted minimum lease receivables are as follows:

	2023	2022
Within 1 year (inclusive)	1,766,628.00	742,428.00
1 to 2 years (inclusive)	350,400.00	1,761,120.00
2 to 3 years (inclusive)		350,400.00
Total	2,117,028.00	2,853,948.00

Operating leasehold buildings and structures are presented as investment properties. For details, please refer to Note VII.20 of this section.

##### *Finance lease – as lessor*

Applicable  Not applicable

##### *Reconciliation of undiscounted lease receivable and net investment in leases*

Applicable  Not applicable

##### *Undiscounted lease receivable for the next five years*

Applicable  Not applicable

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

82. Leases (continued)

(3) Recognition of gain or loss on sale of finance lease as a producer or distributor

Applicable  Not applicable

Other explanations

As lessee

	2023	2022
Interest expense on lease liabilities	47,609,961.61	30,917,496.70
Expenses on short-term leases and leases of low-value assets included in profit or loss accounted for under the simplified approach	20,220,169.86	17,412,258.63
Total cash outflows relating to leases	269,805,110.99	196,113,457.49
Relevant profit or loss arisen from leaseback transactions	3,565,781.45	7,509,136.49
Cash outflows from leaseback transactions	43,493,228.47	188,553,619.45

83. Others

Applicable  Not applicable

8. R&D COSTS

(1). By nature of cost

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Labor costs	92,117,264.18	89,200,080.71
Outsourcing development fees	42,356,006.93	67,336,762.62
Depreciation and amortisation	219,100,632.24	156,775,970.31
Others	27,014,832.66	119,575,450.48
Total	380,588,736.01	432,888,264.12
Of which: R&D costs as expense	371,586,463.46	427,157,752.69
R&D costs as capital	9,002,272.55	5,730,511.43

Other explanations:

Nil

## FINANCIAL REPORT

### 8. R&D COSTS (continued)

#### (2). R&D costs eligible for capitalization

Unit: Yuan Currency: RMB

Items	Opening Balance	Addition during the period		Decrease during the period		Closing Balance
		Internal development expenditure	Recognized as intangible assets	Recognized as intangible assets	Transfer to current profit	
Chongli Wind Powered Hydrogen Production 100MW Project (Hydrogen Production Portion)	28,425,706.04	6,404,696.44	34,830,402.48			
Development of Blade Replacement Equipment for Onshore Large MW Wind Turbine Unit without Crane.		839,641.61				839,641.61
Development of Large Part Replacement Equipment for Onshore Wind Turbine Towers		1,757,934.50				1,757,934.50
<b>Total</b>	<b>28,425,706.04</b>	<b>9,002,272.55</b>	<b>34,830,402.48</b>			<b>2,597,576.11</b>

Significant capitalized R&D costs

Applicable  Not applicable

Provision for impairment on R&D costs

Applicable  Not applicable

Other explanations

#### (3). Significant Outsourced Projects Under Research

Applicable  Not applicable

IX. 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	Cash flows of the acquiree from the date of acquisition to the end of the period
Gaoyi Fengcheng Natural Gas Co., Ltd.	29 May 2023	114,000,000.00	60.00	Acquisition in cash by way of an equity acquisition	29 May 2023	Industrial and commercial registration date	237,155,538.42	7,515,350.77	-16,442,867.97

Other explanations:

Nil

(2). Cost of combination and goodwill

Unit: Yuan Currency: RMB

Cost of combination	Gaoyi Fengcheng Natural Gas Co., Ltd.
- Cash	114,000,000.00
- 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	114,000,000.00
Less: share of fair value of identifiable net assets acquired	44,888,799.67
Goodwill/cost of combination fell short from share of fair value of identifiable net assets acquired	69,111,200.33

Determination of fair value of cost of combination:

Applicable  Not applicable

Fulfillment of performance undertakings:

Applicable  Not applicable

## FINANCIAL REPORT

### IX. CHANGES IN SCOPE OF CONSOLIDATION (continued)

#### 1. Business combinations involving enterprises not under common control (continued)

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

Major reason for a huge amount of goodwill:

The acquisition price was higher than the share of fair value of the net assets of the acquired enterprise, considering that the above companies have greater potential for future development.

Other explanations:

Nil

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

Unit: Yuan Currency: RMB

	Gaoyi Fengcheng	
	Fair value at the date of acquisition	Carrying amount at the date of acquisition
Assets:	177,076,148.53	166,496,751.77
Cash	17,873,759.53	17,873,759.53
Receivables	16,875,154.56	16,875,154.56
Prepayments	10,358,781.62	10,358,781.62
Inventory	2,954,513.91	2,973,536.15
Other current assets	1,116,415.91	1,116,415.91
Fixed assets	119,735,812.47	113,493,677.09
Construction in progress	2,673,079.05	2,673,079.05
Intangible assets	4,553,535.62	197,252.00
Deferred income tax assets	935,095.86	935,095.86
Liabilities:	102,261,482.41	99,616,633.21
Payables	72,890,418.23	72,890,418.23
Contract liabilities	22,608,658.72	22,608,658.72
Tax payable	2,082,776.98	2,082,776.98
Other current liabilities	2,034,779.28	2,034,779.28
Deferred income tax liabilities	2,644,849.20	
Net assets	74,814,666.12	66,880,118.56
Less: Minority interests	29,925,866.45	
Net assets acquired	44,888,799.67	
Add: Goodwill arising from acquisition	69,111,200.33	
Consolidated costs	114,000,000.00	

IX. 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 method of the fair value of identifiable assets and liabilities:

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 identifiable assets and liabilities was determined by the asset-based approach.

Contingent liabilities of the acquiree assumed in business combination:

Nil

Other explanations:

The amount represents the combination consideration of RMB114,000,000.00 payable by the Group in this business combination, of which RMB62,700,000.00 has been paid by the Group in cash and RMB51,300,000.00 has not been paid.

(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

Applicable  Not applicable

2. Business combinations involving enterprises under common control

Applicable  Not applicable

3. Reverse acquisition

Applicable  Not applicable

## IX. CHANGES IN SCOPE OF CONSOLIDATION (continued)

## 4. Disposal of Subsidiaries

Whether there is a transaction or event that results in the loss of control over subsidiaries during the current period

Unit: Yuan Currency: RMB

Name of subsidiary	Date of loss of control	Consideration for disposal on the date of loss of control	Proportion of disposal on the date of loss of control (%)	Method of disposal on the 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 disposal investments presented	Percentage of remaining equity interests on the date of loss of control (%)	Carrying amount of remaining equity interests at the level of consolidated financial statements on the date of loss of control	Fair value of remaining equity interests at the level of consolidated financial statements 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 at the level of consolidated financial statements on the date of loss of control	Amount transferred into investment gain or loss or retained earnings from other comprehensive income relating to the equity investment in the former subsidiary
Huachu Leobe Oil Field Gas Co., Ltd.	31 January 2023	3,971,600.00	10.00	Agreement to transfer	Effective date of the articles of association	1,982,149.00	40.00	1,853,266.22	1,109,546.80	743,717.42	Asset-based approach, open market assumptions, trading assumptions and going concern assumptions	

Whether there is a transaction or event that results in the loss of control over subsidiaries during the current period (continued)

Other explanations:

Applicable  Not applicable

Whether there is a step-by-step disposal of investment in a subsidiary through multiple transactions that results in the loss of control during the current period

Applicable  Not applicable

Other explanations:

Applicable  Not applicable

IX. CHANGES IN SCOPE OF CONSOLIDATION (continued)

5. Changes in The Scope of Consolidation Due to Other Reasons

Explanation on the changes in the scope of consolidation due to other reasons (e.g. establishment of new subsidiaries and liquidation of subsidiaries, etc.) and the related conditions:

New subsidiaries

2023	Operating place	Registered place	Business nature	Registered capital (RMB'0,000)	Shareholding percentage (%)	
					Direct	Indirect
Zhangbei Xinze New Energy Co., Ltd.	PRC	Zhangbei County	Wind power generation	700.00		51.00
Shenzhou HCIG Wind Power Co., Ltd.	PRC	Shenzhou City	Power generation, heat generation and supply	700.00		51.00
Shanghai Geluoli Technology Co., Ltd. (上海戈洛立科技有限公司)	PRC	Shanghai	R&D of systems related to wind farms	3,000.00	51.00	5.00
Suntien Green Energy Qinhuangdao Beidaihe New District Co., Ltd.	PRC	Qinhuangdao City	Wind power generation and gas power generation	2,000.00	70.00	30.00
Handan City Suntien Green Energy Wind Power Co., Ltd. (邯鄲市新天線能風力發電有限公司)	PRC	Handan City	Wind power generation	500.00	51.00	49.00
Handan Suntien New Energy Co., Ltd.	PRC	Handan City	Wind power generation	500.00	70.00	30.00
Changli Construction & Investment Wind Power Co., Ltd.	PRC	Qinhuangdao City	Wind power generation	500.00	51.00	49.00
Suntien Green Energy Zhuolu Co., Ltd.	PRC	Zhangjiakou City	Wind power generation	450.00	100.00	
Zanhuang County Suntien Green Energy Wind Power Co., Ltd. (贊皇縣新天線能風力發電有限公司)	PRC	Zanhuang County	Wind power generation	60,900.00	100.00	
Shanghai Genhuyuan Technology Center (Limited Partnership)	PRC	Shanghai	Research and development of new energy technologies and corporate governance	450.00		33.33
Tangshan Shunhuan Energy Development Co., Ltd.	PRC	Tangshan City	Wind Power generation	1,000.00		70.00
Tangshan Pinghuan Energy Development Co., Ltd.	PRC	Tangshan City	Wind power generation	1,000.00		51.00
Tangshan Hehuan Energy Development Co., Ltd.	PRC	Tangshan City	Wind power generation	1,000.00		51.00
Kangbao Jiantou Funong New Energy Co., Ltd. (康保建投扶農新能源有限責任公司)	PRC	Zhangjiakou City	Wind power generation	500.00		51.00
Suntien Green Energy (Nanzhang) Co., Ltd.	PRC	Xianyang City	Wind power generation	1,000.00	70.00	30.00
Hainan Xintaien Green Energy Co., Ltd.	PRC	Hainan	Wind power generation	1,000.00	51.00	
Suntien Smart Energy (Qinhuangdao Funing) Co., Ltd.	PRC	Qinhuangdao City	Wind power generation	2,000.00	70.00	30.00
Suntien Green Energy (Luanping) Co., Ltd.	PRC	Luanping County	Wind power generation	1,000.00	66.00	
Suntien Green Energy Wuji Co., Ltd.	PRC	Wuji County	Wind power generation	500.00	100.00	
Suntien Green Energy Gaoyi Co., Ltd.	PRC	Gaoyi County	Wind power generation	500.00	61.00	
Weichang Manchu and Mongolian Autonomous County Huineng Huahong New Energy Co., Ltd.	PRC	Chengde City	Wind power generation	100.00	61.00	
Daming County Suntien Chuangfu Wind Power Co., Ltd.	PRC	Handan City	Wind power generation	100.00		65.00
HCIG Tangshan Wind Power Co., Ltd.	PRC	Tangshan City	Wind power generation	60,432.00		100.00
Hexigten Banner HCIG Green Energy Co., Ltd.	PRC	Chifeng City	Wind power generation	50.00		100.00
Yu County New-energy Wind Power Co., Ltd.	PRC	Zhangjiakou City	Wind power generation	100.00		51.00

Note: All of these 25 companies were newly established in 2023. As at 31 December 2023, the Group had not yet paid their capital contributions to Zhanhuang County Suntien Green Energy Wind Power Co. Ltd., Suntien Green Energy Zhuolu Co., Ltd., Suntien Green Energy (Nanzhang) Co., Ltd., Hainan Xintaien Green Energy Co., Ltd., Suntien Smart Energy (Qinhuangdao Funing) Co. Ltd., Suntien Green Energy (Luanping) Co., Ltd., Suntien Green Energy Wuji Co., Ltd., Suntien Green Energy Gaoyi Co., Ltd., Weichang Manchu and Mongolian Autonomous County Huineng Huahong New Energy Co., Ltd., Daming County Suntien Chuangfu Wind Power Co., Ltd., HCIG Tangshan Wind Power Co., Ltd., Hexigten Banner HCIG Green Energy Co., Ltd., and Yu County New-energy Wind Power Co., Ltd..

## FINANCIAL REPORT

### IX. CHANGES IN SCOPE OF CONSOLIDATION (continued)

#### 5. Changes in The Scope of Consolidation Due to Other Reasons (continued)

##### Rederegistration of subsidiaries

2023	Operating place	Registered place	Business nature	Registered capital (RMB'0,000)	Shareholding percentage (%)	
					Direct	Indirect
Datong Yunzhou District Suntien Wind Energy Co., Ltd. (大同市雲州區新天風能有限公司)	PRC	Datong City	Wind power generation	400.00		100.00

#### 6. Others

Applicable  Not applicable

### X. INTERESTS IN OTHER ENTITIES

#### 1. Interests in subsidiaries

##### (1). Composition of the Group

Unit: RMB'0,000 Currency: RMB

Subsidiaries Name	Operating place	Registered capital	Registered place	Business nature	Shareholding percentage (%)		Method of acquisition
					Direct	Indirect	
HECIC New Energy	PRC	534,730.00	Shijiazhuang City	Wind power generation, wind farm investment and service consulting	100.00		Combination under common control
Hebei Natural Gas	PRC	190,000.00	Shijiazhuang City	Sale of natural gas and appliances, as well as connection and construction of natural gas pipelines	55.00		Combination under common control
Suntien Green Energy (Fengning) Co., Ltd. (新天綠色能源(豐寧)有限公司)	PRC	18,869.57	Chengde City	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	33,300.00	Honghe Hani and Yi autonomous prefecture	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	26,660.00	Harbin City	Wind power generation	99.08		Establishment by investment
Suntien Green Hong Kong	PRC	USD8,290.71	Hong Kong, PRC	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	6,000.00	Beijing City	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	20,930.00	Ruoqiang County	Wind power generation	100.00		Establishment by investment
Xinyang Suntien Wind Energy Co., Ltd. (樂陽新天風能有限公司)	PRC	9,000.00	Xinyang City	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	8,400.00	Weihui City	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	10,300.00	Junan County	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	27,000.00	Shenzhen City	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	100,083.00	Fengning County	Wind power generation	100.00		Establishment by investment

X. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1). Composition of the Group (continued)

Subsidiaries Name	Operating place	Registered capital	Registered place	Business nature	Shareholding percentage (%)		Method of acquisition
					Direct	Indirect	
Suntien Liquefied Natural Gas Shahe Co., Ltd. (新天液化天然氣沙河有限公司)	PRC	5,000.00	Xingtai City	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	10,000.00	Shijiazhuang City	Photovoltaic power generation	69.00		Establishment by investment
Guangxi Suntien Green Energy Co., Ltd. (廣西新天綠色能源有限公司)	PRC	14,950.00	Nanning City	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	15,887.00	Tongdao County	Wind power generation	100.00		Establishment by investment
Chaoyang Suntien New Energy Co., Ltd. (朝陽新天新能源有限公司)	PRC	3,200.00	Chaoyang City	Photovoltaic power generation	100.00		Establishment by investment
HECIC New Energy (Tangshan) Co., Ltd. (建設新能源(唐山)有限公司)	PRC	8,600.00	Tangshan City	Wind power generation	100.00		Establishment by investment
Fuliang Zhongling Suntien Green Energy Co., Ltd. (浮梁中嶺新天綠色能源有限公司)	PRC	17,430.00	Jingdezhen City	Wind power generation	100.00		Establishment by investment
Suntien Hebei Electricity Sales Co., Ltd. (新天河北電力銷售有限公司)	PRC	21,000.00	Shijiazhuang City	Electricity sales and electric power transmission and distribution engineering construction	100.00		Establishment by investment
Suntien Green Energy Xuyi Co., Ltd. (新天綠色能源盱眙有限公司)	PRC	23,400.00	Huai'an City	Wind power generation		100.00	Establishment by investment
Tangshan Suntien New Energy Co., Ltd. (唐山新天新能源有限公司)	PRC	1,500.00	Tangshan City	Wind power generation		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	9,330.00	Fangchenggang City	Wind power generation	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	16,580.00	Weinan City	Wind power generation	100.00		Establishment by investment
HCIG Zhangjiakou Wind Energy Co., Ltd. (河北建設張家口風能有限公司)	PRC	69,275.00	Kangbao County	Wind power generation		100.00	Establishment by investment
HECIC Zhongxing Wind Energy Co., Ltd. (河北建設中興風能有限公司)	PRC	16,300.00	Haixing County	Wind power generation		100.00	Establishment by investment
HECIC Weizhou Wind Energy Co., Ltd. (河北建設蔚州風能有限公司)	PRC	36,400.00	Yu County	Wind power generation		55.92	Establishment by investment
Longyuan Chongli	PRC	9,500.00	Chongli District	Wind power generation		50.00	Establishment by investment
Lingqiu HCIG Hengguan Wind Energy Co., Ltd. (靈丘建設衡冠風能有限公司)	PRC	33,850.00	Lingqiu County	Wind power generation		55.00	Establishment by investment
Zhangbei Huashi	PRC	8,000.00	Zhangbei County	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	10,880.00	Xuanhua District	Provision of maintenance and operation for wind farms		100.00	Establishment by investment
HCIG Yanshan (Guyuan) Wind Power Co., Ltd. (建設燕山(涇源)風能有限公司)	PRC	83,977.55	Guyuan County	Wind power generation		94.43	Establishment by investment
Chengde Yuyuan Wind Energy Co., Ltd. (承德樂源風能有限公司)	PRC	17,000.00	Chengde City	Wind power generation		60.00	Establishment by investment
Keyoujiangqi Suntien Wind Energy Co., Ltd. (科右前旗新天風能有限公司)	PRC	21,300.00	Kerchin Right Wing Forward Banner	Wind power generation		100.00	Establishment by investment
Laiyuan Suntien Wind Energy Co., Ltd. (涇源新天風能有限公司)	PRC	20,460.00	Laiyuan County	Wind and photovoltaic power generation		100.00	Establishment by investment

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### X. INTERESTS IN OTHER ENTITIES (continued)

#### 1. Interests in subsidiaries (continued)

##### (1). Composition of the Group (continued)

Subsidiaries Name	Operating place	Registered capital	Registered place	Business nature	Shareholding percentage (%)		Method of acquisition
					Direct	Indirect	
Wei County Suntien Wind Energy Co., Ltd. (蔚縣新天風能有限公司)	PRC	76,400.00	Yu County	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	15,000.00	Wuchuan County	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	23,213.00	Shangyi County	Wind power generation		100.00	Establishment by investment
Zhangbei Suntien	PRC	22,000.00	Zhangbei County	Wind power generation		100.00	Establishment by investment
Changli Suntien Wind Energy Co., Ltd. (昌黎新天風能有限公司)	PRC	29,800.00	Changli County	Wind power generation		100.00	Establishment by investment
Suntien Green Energy Weichang Co., Ltd. (新天綠色能源圍場有限公司)	PRC	73,600.00	Weichang Manchu and Mongolian Autonomous County	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	39,800.00	Chongli County	Wind power generation		100.00	Establishment by investment
Chengde Yujing New Energy Co., Ltd. (承德聚景新能源有限公司)	PRC	41,000.00	Weichang Manchu and Mongolian Autonomous County	Wind power generation		60.00	Establishment by investment
Chengde Yufeng Wind Energy Co., Ltd. (承德聚楓風能有限公司)	PRC	8,300.00	Weichang Manchu and Mongolian Autonomous County	Wind power generation		60.00	Establishment by investment
Gu County HCIG Wind Energy Co., Ltd. (古縣建設風能有限公司)	PRC	560.00	Gu County	Wind power generation		100.00	Establishment by investment
HECIC Offshore Wind Power Co., Ltd. ("Offshore Wind")	PRC	111,111.00	Leting County	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	6,000.00	Tailai County	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	3,200.00	Hejing County	Photovoltaic power generation		100.00	Establishment by investment
Lulong County Liuyin Photovoltaic Power Co., Ltd. (盧龍縣六音光伏電力有限公司)	PRC	3,000.00	Qinhuangdao City	Photovoltaic power generation		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	100.00	Zhangjiakou City	Photovoltaic power generation and supporting services		100.00	Establishment by investment
Shijiazhuang HCIG Natural Gas Co., Ltd. (石家莊建設天然氣有限公司)	PRC	5,710.00	Shijiazhuang City	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	500.00	Zhao County	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	2,000.00	Handan City	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	400.00	Handan City	Sale of natural gas appliances		100.00	Establishment by investment
Chengde HCIG Natural Gas Co., Ltd. (承德市建設天然氣有限責任公司)	PRC	21,000.00	Chengde City	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines		90.00	Establishment by investment
Ningjin HCIG Natural Gas Co., Ltd. (寧晉縣建設天然氣有限責任公司)	PRC	3,000.00	Ningjin County	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	4,500.00	Shijiazhuang City	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines		55.00	Establishment by investment

X. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1). Composition of the Group (continued)

Subsidiaries Name	Operating place	Registered capital	Registered place	Business nature	Shareholding percentage (%)		Method of acquisition
					Direct	Indirect	
Shijiazhuang Jiran Pipeline Engineering Co., Ltd. (石家莊冀然管道工程有限公司)	PRC	6,375.00	Shijiazhuang City	Connection and construction of natural gas pipelines		60.00	Establishment by investment
Xingtai Jiran Natural Gas Co., Ltd. (邢臺冀然天然氣有限公司)	PRC	2,000.00	Xingtai City	Sale of natural gas and gas appliances, connection and construction of natural gas pipelines		55.00	Establishment by investment
Baoding HCIG Natural Gas Co., Ltd. (保定建投天然氣有限公司)	PRC	2,000.00	Baoding City	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines		100.00	Establishment by investment
Li County HCIG Natural Gas Co., Ltd. (靈縣建投天然氣有限公司)	PRC	1,000.00	Li County	Connection and construction of gas pipelines		60.00	Establishment by investment
Qinghe HCIG Natural Gas Co., Ltd. (清河縣建投天然氣有限公司)	PRC	2,387.25	Qinghe County	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines		80.00	Establishment by investment
Julu County HCIG Wind Energy Co., Ltd. (巨鹿縣建投風能有限公司)	PRC	7,500.00	Julu County	Wind power generation		100.00	Establishment by investment
Caofeidian Suntien Liquefied Natural Gas Co., Ltd. ("Caofeidian Company")	PRC	260,000.00	Cao Feidian	Construction of LNG receiving station and pipeline supply projects	51.00		Establishment by investment
Suntien Green Energy Lianyungang Co., Ltd. (新天綠色能源連雲港有限公司)	PRC	19,730.09	Lianyungang City	Wind power generation	75.00	25.00	Establishment by investment
HCIG Offshore Wind Power Sheyang Co., Ltd. (河北建投海上風電射陽有限公司)	PRC	2,000.00	Sheyang County	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	25,080.00	Shuangcheng City	Wind power generation		80.00	Establishment by investment
Hebei Gas Co., Ltd. (河北燃氣有限公司) ("Hebei Gas")	PRC	15,500.00	Shijiazhuang City	Sale of natural gas	55.00		Establishment by investment
Suntien Green Energy (Shanglin) Co., Ltd. (新天綠色能源(上林)有限公司)	PRC	900.00	Shanglin County	Wind power generation	100.00		Establishment by investment
HECIC New-energy Supply Chain Management Co., Ltd.	PRC	10,000.00	Tangshan City	Sale of natural gas	100.00		Establishment by investment
Baoding HCIG Huisheng New Energy Co., Ltd. (保定建投匯晟新能源有限公司)	PRC	462.00	Baoding City, Hebei province	Photovoltaic power generation		90.00	Establishment by investment
S&T International Natural Gas Trading Company Limited	PRC	HKD2,100.00	Hong Kong, PRC	LNG purchase, import, re-export, agency purchase & sale	51.00		Establishment by investment
Suntien Green Energy (Tianjin) Co., Ltd. (新天綠色能源(天津)有限公司)	PRC	1,000.00	Tianjin City	Wind power generation	100.00		Establishment by investment
Cangzhou Suntien Green Energy Co., Ltd. (滄州新天綠色能源有限公司)	PRC	5,000.00	Cangzhou City	Wind power generation and related project development	100.00		Establishment by investment

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### X. INTERESTS IN OTHER ENTITIES (continued)

#### 1. Interests in subsidiaries (continued)

##### (1). Composition of the Group (continued)

Subsidiaries Name	Operating place	Registered capital	Registered place	Business nature	Shareholding percentage (%)		Method of acquisition
					Direct	Indirect	
Liquan Jisheng Green Energy Co., Ltd. (禮泉冀盛綠色能源有限公司)	PRC	1,000.00	Xianyang City	Wind power generation	100.00		Establishment by investment
Cangzhou Suntien Botou Energy Co., Ltd. (滄州新天渤投能源有限公司)	PRC	1,000.00	Cangzhou City	Wind power generation and related project development	66.00		Establishment by investment
Suntien Offshore Wind Power (Qinhuangdao) Co., Ltd. (新天海上風電(秦皇島)有限公司)	PRC	2,000.00	Qinhuangdao City	Wind power generation	70.00	30.00	Establishment by investment
HCIG Huineng New Energy Co., Ltd. (河北建投匯能新能源有限責任公司)	PRC	28,000.00	Shijiazhuang City	Wind power generation	100.00		Establishment by investment
Julu County HCIG New-energy Wind Power Co., Ltd.	PRC	9,500.00	Xingtai City	Wind power generation	55.00	25.00	Establishment by investment
Ningjin County HCIG Xinze Wind Power Co., Ltd.	PRC	700.00	Xingtai City	Wind power generation	51.00		Establishment by investment
Jinzhou HCIG Wind Power Co., Ltd.	PRC	700.00	Shijiazhuang City	Wind power generation	51.00		Establishment by investment
Zhangbei Xinze New Energy Co., Ltd.	PRC	700.00	Zhangbei County	Wind power generation		51.00	New subsidiaries
Shenzhou HCIG Wind Power Co., Ltd.	PRC	700.00	Shenzhou City	Power generation, heat generation and supply industry		51.00	New subsidiaries
Shanghai Geluoli Technology Co., Ltd. (上海戈洛立科技有限公司)	PRC	3,000.00	Shanghai	R&D of systems related to wind farms	51.00	5.00	New subsidiaries
Suntien Green Energy Qinhuangdao Beidaihe New District Co., Ltd.	PRC	2,000.00	Qinhuangdao City	Wind power generation and gas power generation	70.00	30.00	New subsidiaries
Handan City Suntien Green Energy Wind Power Co., Ltd. (邯鄲市新天綠能風力發電有限公司)	PRC	500.00	Handan City	Wind power generation business and transmission business	51.00	49.00	New subsidiaries
Handan Suntien New Energy Co., Ltd.	PRC	500.00	Handan City	Wind power generation	70.00	30.00	New subsidiaries
Changli Construction & Investment Wind Power Co., Ltd.	PRC	500.00	Qinhuangdao City	Wind power generation	51.00	49.00	New subsidiaries
Suntien Green Energy Zhuolu Co., Ltd.	PRC	450.00	Zhangjiakou City	Wind power generation	100.00		New subsidiaries
Zanhuang County Suntien Green Energy Wind Power Co., Ltd. (贊皇縣新天綠能風力發電有限公司)	PRC	60,900.00	Zanhuang County	Wind power generation	100.00		New subsidiaries
Shanghai Genheyan Technology Center (Limited Partnership)	PRC	450.00	Shanghai	Research and development of new energy technologies and corporate governance		33.33	New subsidiaries
Tangshan Shunhuan Energy Development Co., Ltd.	PRC	1,000.00	Tangshan City	Wind power generation		70.00	New subsidiaries
Tangshan Pinghuan Energy Development Co., Ltd.	PRC	1,000.00	Tangshan City	Wind power generation		51.00	New subsidiaries
Tangshan Hehuan Energy Development Co., Ltd.	PRC	1,000.00	Tangshan City	Wind power generation		51.00	New subsidiaries
Kangbao Jiantou Funong New Energy Co., Ltd. (康保建投扶農新能源有限責任公司)	PRC	500.00	Zhangjiakou City	Wind power generation		51.00	New subsidiaries
Suntien Green Energy (Nanzhang) Co., Ltd.	PRC	1,000.00	Xianyang City	Wind power generation	70.00	30.00	New subsidiaries

X. INTERESTS IN OTHER ENTITIES (continued)  
 1. Interests in subsidiaries (continued)  
 (1). Composition of the Group (continued)

Subsidiaries Name	Operating place	Registered capital	Registered place	Business nature	Shareholding percentage (%)		Method of acquisition
					Direct	Indirect	
Hainan Xintaien Green Energy Co., Ltd.	PRC	1,000.00	Hainan	Wind power generation	51.00		New subsidiaries
Suntien Smart Energy (Qinhuangdao Funing) Co., Ltd.	PRC	2,000.00	Qinhuangdao City	Wind power generation	70.00	30.00	New subsidiaries
Suntien Green Energy (Luanning) Co., Ltd.	PRC	1,000.00	Luanning County	Wind power generation	66.00		New subsidiaries
Suntien Green Energy Wuji Co., Ltd.	PRC	500.00	Unlimited	Wind power generation	100.00		New subsidiaries
Suntien Green Energy Gaoyi Co., Ltd.	PRC	500.00	Gaoyi County	Wind power generation	61.00		New subsidiaries
Weichang Manchu and Mongolian Autonomous County Huineng Huahong New Energy Co., Ltd.	PRC	100.00	Chengde City	Wind power generation	61.00		New subsidiaries
Daming County Suntien Chuangfu Wind Power Co., Ltd.	PRC	100.00	Handan City	Wind power generation		65.00	New subsidiaries
HClG Tangshan Wind Power Co., Ltd.	PRC	60,432.00	Tangshan City	Wind power generation		100.00	New subsidiaries
Hexigten Banner HClG Green Energy Co., Ltd.	PRC	50.00	Chifeng City	Wind power generation		100.00	New subsidiaries
Yu County New-energy Wind Power Co., Ltd.	PRC	100.00	Zhangjiakou City	Wind power generation		51.00	New subsidiaries
Raoyang County CIC Natural Gas Co., Ltd. (錦陽縣建投天然氣有限公司)	PRC	1,000.00	Raoyang County	Sale of natural gas and gas appliances		60.00	Business combination involving enterprises not under common control
Linxi County Xinneng Natural Gas Engineering Co., Ltd.	PRC	4,000.00	Linxi County	Sale of natural gas and gas appliances		60.00	Business combination involving enterprises not under common control
Anguo Huagang Gas Co., Ltd.	PRC	2,000.00	Anguo City	Sale of natural gas to gas vehicles and appliances		51.00	Business combination involving enterprises not under common control
Pingshan County Huajian Gas Co., Ltd.	PRC	615.00	Pingshan County	Sale of natural gas to gas vehicles		100.00	Business combination involving enterprises not under common control
Jinzhou CIC Gas Co., Ltd.	PRC	1,815.99	Jinzhou City	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines		100.00	Business combination involving enterprises not under common control
Shenzhou CIC Gas Co., Ltd.	PRC	1,175.81	Shenzhou City	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines		100.00	Business combination involving enterprises not under common control
Xingtai Tianhongxiang Gas Co., Ltd. (邢台天宏祥燃氣有限公司)	PRC	1,000.00	Xingtai City	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines		67.00	Business combination involving enterprises not under common control
Xinji CIC Gas Co., Ltd.	PRC	1,500.00	Xinji City	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines		100.00	Business combination involving enterprises not under common control
Hengshui CIC Natural Gas Co., Ltd. (衡水建投天然氣有限公司)	PRC	2,000.00	Hengshui City	Sale of natural gas and gas appliances		51.00	Business combination involving enterprises not under common control

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### X. INTERESTS IN OTHER ENTITIES (continued)

#### 1. Interests in subsidiaries (continued)

##### (1). Composition of the Group (continued)

Subsidiaries Name	Operating place	Registered capital	Registered place	Business nature	Shareholding percentage (%)		Method of acquisition
					Direct	Indirect	
International Wind Farm Development V Limited	PRC	HKD100,000	Hong Kong, PRC	Wind power generation		100.00	Business 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	12,644.00	Tai'an County	Wind power generation		100.00	Business combination involving enterprises not under common control
Shijiazhuang Jiecheng Natural Gas Trading Co. Ltd. (石家莊市捷誠天然氣貿易有限公司)	PRC	4,000.00	Shijiazhuang City	Sale of natural gas and gas appliances		80.00	Business combination involving enterprises not under common control
Shijiazhuang Xin'ao Urban Gas Development Co., Ltd. (石家莊新奧城市燃氣發展有限公司)	PRC	10,000.00	Shijiazhuang City	Sale of natural gas and gas appliances		51.00	Business combination involving enterprises not under common control
Xinjiang Yusheng New Energy Development Co., Ltd. (新疆宇晟新能源開發有限公司)	PRC	3,194.00	Urumqi City	Wind power wiring and construction equipment engineering	51.00		Business combination involving enterprises not under common control
Kullu Tianhui Dongshan Wind Power Co., Ltd. (庫爾勒天匯東山風力發電有限公司)	PRC	3,192.00	Urumqi City	Wind power generation		100.00	Business combination involving enterprises not under common control
Gaoyi Fengcheng Natural Gas Co., Ltd.	PRC	10,000.00	Gaoyi County	Natural gas supply and sale of gas appliances		60.00	Business 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	5,000.00	Xingtai City	Photovoltaic power generation	90.00		Subsidiary acquired through a business combination involving enterprises under common control

Explanation of the difference between the proportion of shareholding in subsidiaries and the percentage of voting rights:

Nil

Judgement base of having 50% voting right but controlling the invested unit as well as having more than 50% voting right but not controlling the invested unit:

The Company holds half or less of the voting rights but still controls the investee:

HECIC New Energy Co., Ltd. ("HECIC New Energy"), a subsidiary of the Company and Beijing Tenglong Xinda Technology Co., Ltd. ("Beijing Tenglong Xinda") (48% shareholding) and Langfang Longxin Power Automation Control Technology Co., Ltd. ("Langfang Longxin Power") (3% shareholding), two other shareholders of its subsidiary, Zhangbei Huashi CIC Wind Energy Co., Ltd. ("Zhangbei Huashi"), have entered into an agreement on the exercise of shareholders' voting rights, pursuant to which Beijing Tenglong Xinda and Langfang Longxin Power have agreed to align themselves with CITIC New Energy when exercising their proposal rights and voting rights with regard to the operational and financial policy matters of Zhangbei Huashi, and so that CITIC New Energy can control Zhangbei Huashi.

HECIC New Energy, a subsidiary of the Company and China Longyuan Power Group Corporation Limited (龍源電力集團股份有限公司) ("Longyuan Power"), another shareholder of its subsidiary, HECIC Longyuan Chongli Wind Energy Co., Ltd. ("Longyuan Chongli"), who holds 50% equity of Longyuan Chongli, have entered into an agreement on the exercise of shareholders' voting rights, pursuant to which Longyuan Power has agreed to align itself with CITIC New Energy when exercising its proposal rights and voting rights with regard to the operational and financial policy matters of Longyuan Chongli, and so that CITIC New Energy can control Longyuan Chongli.

HECIC New Energy, a subsidiary of the Company, entered into an agreement on the exercise of shareholders' voting rights with Hebei Huiya Energy Investment Management Co., Ltd. ("Hebei Huiya") (holding 37.5% stake) and Chengde State-Controlled Investment Group Co., Ltd. ("Chengde State-Controlled") (holding 2.5% stake), two shareholders of Chengde Yuyuan Wind Energy Co., Ltd. ("Chengde Yuyuan"), pursuant to which Hebei Huiya and Chengde State-Controlled will act in concert with HCIG New-energy in exercising their rights to propose and vote on the operation and financial policy matters of Chengde Yuyuan. Accordingly, HCIG New-energy can control Chengde Yuyuan.

The Company entered into an agreement on the exercise of shareholders' voting rights with Yao Junjue (holding 36.5% stake) and Yao Yongpeng (holding 12.5% stake), natural person shareholders of Xinjiang Yusheng of New Energy Development Co., Ltd. ("Xinjiang Yusheng"), a subsidiary of the Company, pursuant to which Yao Junjue and Yao Yongpeng will act in concert with the Company in exercising their rights to propose and vote on the operation and financial policy matters of Xinjiang Yusheng. Accordingly, the Company can control Xinjiang Yusheng.

X. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1). Composition of the Group (continued)

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:

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 subsidiary	Minority shareholders' shareholding Percentage	Profits and loss attributable to the minority shareholders in the current period	The dividends declared to distribute to the minority shareholders in the current period	Ending book value of minority interests
Hebei Natural Gas	45.00%	289,526,276.82	290,688,950.75	1,845,261,456.02
Offshore Wind	48.60%	54,422,691.21	68,192,733.46	557,740,446.20

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

## FINANCIAL REPORT

### X. 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 subsidiary	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	173,817.38	1,240,175.88	1,413,993.26	396,174.55	607,760.61	1,003,935.16	154,081.90	1,047,430.03	1,201,461.93	361,935.95	432,276.18	794,212.13
Offshore Wind	77,964.84	377,538.36	455,503.20	75,609.62	265,836.23	341,445.85	70,804.28	398,818.67	469,622.95	79,034.47	276,347.75	355,382.22

Name of subsidiary	Amount for the current period				Amount for the previous period			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Hebei Natural Gas	1,254,595.92	64,339.17	64,339.17	55,190.49	1,220,152.68	80,767.87	80,767.87	37,249.33
Offshore Wind	53,505.98	11,129.38	11,129.38	33,667.33	56,470.63	15,494.83	15,494.83	62,799.92

Other explanations:

Nil

#### (4). Significant restrictions for using the Company's assets and settling the Company's liabilities:

Applicable  Not applicable

#### (5). Financial support or other support provided to structuring subject in the range of consolidated financial statements

Applicable  Not applicable

Other explanations:

Applicable  Not applicable

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

#### (1). Explanation on change in the share of owners' equity in subsidiary

In May 2023, the Company acquired a 30% equity interest in a minority shareholder of Zhongxing Wind Energy, its subsidiary, making Zhongxing Wind Energy a wholly-owned subsidiary of the Company. The consideration paid for the acquisition of the equity interest was RMB24,336,552.25. The transaction resulted in a decrease of RMB49,640,382.10 in minority interests and an increase of RMB25,303,829.85 in capital reserve in the consolidated financial statements.

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

Applicable  Not applicable

X. INTERESTS IN OTHER ENTITIES (continued)  
 3. Equity in joint ventures or associates  
 (1). Significant joint ventures or associates

Name of the joint venture or associate	Operating place	Registered place	Business nature	Registered capital (RMB'0,000)	Shareholding percentage (%)		Accounting treatment for investments in joint venture or associates
					Direct	Indirect	
Suntien Guohua	Handan City	Handan City	Natural gas pipeline construction	12,000.00	50.00		Equity method
Chengde Dayuan	Chengde City	Chengde City	Solar, wind power generation	30,050.51	49.00		Equity method
Chongli CIC	Chongli County	Chongli County	Wind power generation	17,860.00		51.00	Equity method
Zhangbei CIC	Zhangbei County	Zhangbei County	Wind power generation	90,000.00		51.00	Equity method
Harbin Qingfeng	Harbin City	Harbin City	Wind power generation and transmission business	20,000.00	50.00		Equity method
Xinying Energy	Tianjin City	Tianjin City	Gas operation	10,000.00	50.00		Equity method
Dongning Xinfeng	Mudanjiang City	Mudanjiang City	Power generation, heat generation and supply	3,000.00		50.00	Equity method
Chengde Shuangluan	Chengde City	Chengde City	Natural gas pipeline construction	800.00		41.00	Equity method
Jingtang LNG	Tangshan City	Tangshan City	Natural gas storage and production	315,000.00		20.00	Equity method
Hebei Weichang	Chengde City	Chengde City	Wind power generation	20,930.00		50.00	Equity method
Chengde Wind Energy	Chengde City	Chengde City	Wind power generation	44,617.00		45.00	Equity method
Jinjianjia	Cangzhou City	Cangzhou City	Storage and gasification of clean energy	9,000.00	35.00		Equity method
Fengning Pumped Storage	Chengde City	Chengde City	Pumped storage power generation	320,000.00	20.00		Equity method
Huihai Leasing	Shenzhen City	Shenzhen City	Lease, purchase, and maintain leased property	65,000.00		30.00	Equity method
North China Natural Gas Pipeline	Tianjin City	Tianjin City	Natural gas pipeline construction, operation and transportation	231,721.00		34.00	Equity method
Hengshui Honghua	Hengshui City	Hengshui City	Construction and development management of natural gas pipelines and natural gas operation and transportation	4,000.00		30.00	Equity method
CIC Rongtan	Shijiazhuang City	Shijiazhuang City	Asset Management Services	2,448.10	23.66		Equity method
Zhonghang Sehan	Chengde City	Chengde City	Research and development of new energy technologies	10,000.00	25.00		Equity method
Suntien Shuifa	Shijiazhuang City	Shijiazhuang City	Investment and consultancy	36,000.00		49.72	Equity method
Huludao Gas (Note 1)	Huludao City	Huludao City	Gas transportation	2,040.82	41.00		Equity method

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

Note 1: The Group transferred a 10% equity interest in Huludao Gas to Longkou Hongkong and China Gas Company Limited on 31 January 2023. Its remaining stake in Huludao Liaohe is 41%. After the amendment of the articles of association and the change of the representation of directors, the Group lost control of the Company but still exerted significant influence over it. The Company has been accounted for as an associate since then.

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

## FINANCIAL REPORT

- X. INTERESTS IN OTHER ENTITIES (continued)
3. Equity in joint ventures or associates (continued)
- (2). Main financial information of significant joint ventures  
 Applicable  Not applicable
- (3). Main financial information for significant associates

Unit: Yuan Currency: RMB

	Balance at the end of the period/Amount for the current period	Balance at the beginning of the period/Amount for the previous period
	Jingtang LNG	Jingtang LNG
Current assets	533,669,016.65	546,496,615.78
Non-current assets	6,492,727,981.25	5,481,020,816.97
Total assets	7,026,396,997.90	6,027,517,432.75
Current liabilities	855,368,294.08	308,052,037.37
Non-current liabilities	381,009.45	1,709,016.93
Total liabilities	855,749,303.53	309,761,054.30
Minority interests		
Equity attributable to shareholders of the parent company	6,170,647,694.37	5,717,756,378.45
Share of net assets calculated by proportion of shareholding	1,234,129,538.87	1,143,551,275.69
Adjusting items		
- Goodwill		
- Unrealised profit from internal transactions		
- Others		
Book value of equity investment in associates	1,234,129,538.87	1,143,551,275.69
Fair value of equity investments in associates with public offer		
Operating revenue	2,193,462,569.61	1,732,511,361.90
Income tax expenses	351,380,831.86	231,371,964.89
Net profit	1,057,942,558.31	708,141,646.27
Net profit of discontinued operations		
Other comprehensive income		
Total comprehensive income	1,057,942,558.31	708,141,646.27
Dividends received from associates in the current year		160,000,000.00

Other explanations

The Group's significant associate PetroChina Jingtang LNG Co., Ltd., a strategic partner of the Group which engages in natural gas storage and production business, is accounted for using the equity method. Such investment is strategic to the Group's business activities.

X. 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	448,488,736.55	440,449,177.61
Total amount calculated by the following proportion of shareholding		
– Net profit	34,894,472.54	68,782,042.10
– Other comprehensive income		
– Total comprehensive income	34,894,472.54	68,782,042.10
Associates:		
Total of investment book value	1,913,954,451.61	1,809,718,827.22
Total amount calculated by the following proportion of shareholding		
– Net profit	92,118,182.99	14,224,742.85
– Other comprehensive income		
– Total comprehensive income	92,118,182.99	14,224,742.85

Other explanations

Nil

(5). Explanation on the significant restrictions for joint ventures or associates to transfer funds to the Company

Applicable  Not applicable

(6). Excess loss generated in joint ventures or associates

Applicable  Not applicable

(7). Unrecognized commitments related to investment in joint ventures

Nature of commitment		2023	2022
Xinying Energy	Contribution commitment	45,000,000.00	
Harbin Qingfeng	Contribution commitment	68,000,000.00	
Total		113,000,000.00	

There were no contingent liabilities related to investments in joint ventures and associates in 2023 (2022: nil).

(8). Contingent liabilities related to investment in joint ventures or associates

Applicable  Not applicable

4. Significant joint operation

Applicable  Not applicable

## FINANCIAL REPORT

### X. INTERESTS IN OTHER ENTITIES (continued)

#### 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

### XI. GOVERNMENT GRANTS

#### 1. Government grants recognised as the amount receivable at the end of the reporting period

As at 31 December 2023, included in other receivables was the balance of government grants receivable of 48,889,664.38 (Unit: Yuan Currency: RMB).

Reasons for not receiving the estimated amount of government grants at the estimated time points

Applicable  Not applicable

#### 2. Liabilities related to government grants

Unit: Yuan Currency: RMB

Financial statement items	Opening balance	Additional grants during the period	Current amount recognised in non-operating income	Transfer to other income for the period	Other changes for the period	Closing balance	Relating to assets/income
Deferred income	118,008,005.13	23,694,253.47		4,390,280.85		<b>137,311,977.75</b>	Relating to assets
Deferred income	400,000.00	54,904,624.43		54,645,401.61		<b>659,222.82</b>	Relating to assets
Total	<u>118,408,005.13</u>	<u>78,598,877.90</u>		<u>59,035,682.46</u>		<u><b>137,971,200.57</b></u>	/

No government grants were refunded during the year.

#### 3. Government grants included in the current profit or loss

Unit: Yuan Currency: RMB

Type	Amount for the current period	Amount for the previous period
Government grants relating to assets Included in other income	<b>4,390,280.85</b>	6,602,650.03
Government grants relating to income Included in other income	<b>277,335,776.96</b>	155,871,495.67
Included in non-operating income	<b>689,591.72</b>	5,039,096.35
Total	<u><b>282,415,649.53</b></u>	<u>167,513,242.05</u>

Other explanations:

Nil

## XII. RISKS RELATED TO FINANCIAL INSTRUMENTS

### 1. Financial instrument risks

#### (1) Classification of Financial Instruments

As at 31 December 2023, financial assets measured at fair value with changes recognised in profit or loss totaled RMB380,000,000.00 (31 December 2022: RMB520,000,000.00), which were mainly presented in financial assets for trading. Financial assets measured at fair value with changes recognised in other comprehensive income totaled RMB396,677,268.90 (31 December 2022: RMB387,896,465.51), which were mainly presented in receivables financing and investments in other equity instruments. Financial assets measured at amortised cost totaled RMB9,983,912,751.03 (31 December 2022: RMB13,115,747,317.75), which were mainly presented in monetary funds, bills receivable, accounts receivable, other receivables and long-term receivables. Financial liabilities measured at amortised cost totaled RMB47,691,241,807.57 (31 December 2022: RMB48,132,170,071.60), which were mainly presented in short-term borrowings, accounts payable, bills payable, other payables, other current liabilities, financial liabilities due within one year, long-term borrowings, bonds payable and long-term payables.

#### (2) Financial Instrument Risks

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, and market risk. The Group's risk management policies in this regard are summarised 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 Risk Management Committee in accordance with the policy approved by the Board. The Risk Management 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 amount of these instruments.

The Group is also exposed to credit risk as a result of the provision of financial guarantees, as disclosed in Note XVI. 2 in this Section.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed according to customers/counter-parties, geographic areas and industries. The major customers of the Group are companies with reliable and good reputation; therefore, the Group believes that these customers do not have significant credit risks. As at 31 December 2023, the Group had certain concentrations of credit risk. 74.49% (31 December 2022: 72.70%) and 92.26% (31 December 2022: 91.32%) of the Group's trade receivables were due from the Group's largest customer and the top 3 customers, respectively. The Group is committed to expanding its customer base by continuously expanding its business network in other cities in China, attracting new customers, and diversifying the customer base, and it is expected to reduce its dependence on existing customers in the future.

#### Criteria for judging significant increases in credit risk

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each balance sheet date. The Group's primary criteria for identifying a significant increase in credit risk include the number of overdue days exceeding 30 days, or significant changes in one or more of the following indicators: significant adverse changes in the debtor's operating environment, internal or external credit ratings, and actual or expected operating results.

## FINANCIAL REPORT

### XII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

#### 1. Financial instrument risks (continued)

##### Credit risk (continued)

###### Definition of credit-impaired financial assets

The Group's main criterion for recognising a credit impairment is when the number of days past due exceeds 90 days. However, under certain circumstances, the Group may also recognise a credit impairment if internal or external information suggests that full recovery of the contractual amount may not be possible without taking into account any credit enhancements held.

Credit impairment of financial assets might be caused by the combined action of multiple events, and not necessarily by separately identifiable events.

###### Credit risk exposure

As at 31 December 2023 and 31 December 2022, the credit risk exposure of accounts receivable, receivables financing, bills receivable, other receivables and long-term receivables based on the internal credit risk assessment is as follows:

##### 2023

Items	Book balance (unsecured)	
	Expected credit losses over the next 12 months	Lifetime expected credit losses
Accounts receivable		6,699,504,018.79
Receivables financing		181,663,568.90
Bills receivable		53,600,000.00
Other receivables	365,873,491.38	
Long-term receivables		1,736,578.83
Total	365,873,491.38	6,936,504,166.52

##### 2022

Items	Book balance (unsecured)	
	Expected credit losses over the next 12 months	Lifetime expected credit losses
Accounts receivable		5,815,255,589.18
Receivables financing		169,290,765.51
Bills receivable		235,764,112.96
Other receivables	280,431,706.72	
Long-term receivables		1,664,186.71
Total	280,431,706.72	6,221,974,654.36

XII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

1. Financial instrument risks (continued)

Liquidity risk

The Group aims to achieve a balance between the continuity of funding and flexibility by utilising a range of financing instruments.

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

2023	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	2,460,957,256.75				2,460,957,256.75
Bills payable	3,404,155.80				3,404,155.80
Accounts payable	483,829,434.19				483,829,434.19
Other payables	6,678,958,476.90				6,678,958,476.90
Other current liabilities	11,359,525.60				11,359,525.60
Non-current liabilities					
due within one year	6,803,197,247.94				6,803,197,247.94
Long-term borrowings		5,573,065,700.65	12,744,383,626.91	22,197,838,814.88	40,515,288,142.44
Debtentures payable		1,863,781,500.00			1,863,781,500.00
Lease liabilities		129,307,303.67	447,441,834.79	300,524,102.54	877,273,241.00
Long-term payable		101,732,312.13	46,119,830.69		147,852,142.82
<b>Total</b>	<b>16,441,706,097.18</b>	<b>7,667,886,816.45</b>	<b>13,237,945,292.39</b>	<b>22,498,362,917.42</b>	<b>59,845,901,123.44</b>

2022	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	2,965,348,410.56				2,965,348,410.56
Bills payable	13,649,747.04				13,649,747.04
Accounts payable	402,815,261.78				402,815,261.78
Other payables	7,719,969,496.64				7,719,969,496.64
Other current liabilities	1,010,192,910.93				1,010,192,910.93
Non-current liabilities					
due within one year	5,536,195,162.49				5,536,195,162.49
Long-term borrowings		2,869,589,786.90	7,218,602,089.35	34,863,006,864.96	44,951,198,741.21
Debtentures payable		553,577,777.78	1,014,475,000.00		1,568,052,777.78
Lease liabilities		180,202,712.64	287,539,175.63	410,463,115.00	878,205,003.27
Long-term payable		58,128,663.22	167,144,742.80	12,017,347.20	237,290,753.22
<b>Total</b>	<b>17,648,170,989.44</b>	<b>3,661,498,940.54</b>	<b>8,687,761,007.78</b>	<b>35,285,487,327.16</b>	<b>65,282,918,264.92</b>

## FINANCIAL REPORT

### XII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

#### 1. 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 liabilities with floating interest rates. The Group manages interest rate risk by closely monitoring interest rate fluctuations and regularly reviewing its 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.

2023	Increase/(decrease) in basis point	Increase/(decrease) in net profit or loss	Increase/ (decrease) in total shareholders' equity
RMB	100.00	265,903,667.25	265,903,667.25

2022	Increase/(decrease) in basis point	Increase/(decrease) in net profit or loss	Increase/ (decrease) in total shareholders' equity
RMB	100.00	256,117,804.87	256,117,804.87

##### Foreign currency risk

The Group is exposed to transactional exchange rate risk. This type of risk arises from sales or purchases made by an operating unit in a currency other than its reporting currency.

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 USD and HKD exchange rates, under the presumption that all other variables remain unchanged.

2023	Increase/(decrease) in exchange rates (%)	Increase/(decrease) in net profit or loss	Increase/ (decrease) in total shareholders' equity
Depreciation of RMB against USD	5.00	1,108,201.06	1,108,201.06
Appreciation of RMB against USD	-5.00	-1,108,201.06	-1,108,201.06
Depreciation of RMB against HKD	5.00	157,474.77	157,474.77
Appreciation of RMB against HKD	-5.00	-157,474.77	-157,474.77

2022	Increase/(decrease) in exchange rates (%)	Increase/(decrease) in net profit or loss	Increase/ (decrease) in total shareholders' equity
Depreciation of RMB against USD	5.00	5,124.87	5,124.87
Appreciation of RMB against USD	-5.00	-5,124.87	-5,124.87
Depreciation of RMB against HKD	5.00	-2,191,695.19	-2,191,695.19
Appreciation of RMB against HKD	-5.00	2,191,695.19	2,191,695.19

XII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

1. Financial instrument risks (continued)

**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. The Group is not subject to external mandatory capital requirements. In 2023 and 2022, 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 payables, other payables, non-current liabilities due within one year, other current liabilities, long-term borrowings, lease liabilities and bonds payable, net of monetary funds. The gearing ratio of the Group as at the balance sheet date is as follows:

Items	2023	2022 (Restated)
Short-term borrowings	2,410,513,290.75	2,698,366,568.48
Bills payable	3,404,155.80	13,649,747.04
Accounts payable	483,829,434.19	402,815,261.78
Other payables	6,678,958,476.90	7,719,969,496.64
Non-current liabilities due within one year	5,560,638,371.76	4,308,241,110.09
Other current liabilities	11,359,525.60	1,010,192,910.93
Long-term borrowings	30,693,348,668.17	30,429,352,611.21
Lease liabilities	618,287,744.42	644,603,458.18
Debentures payable	1,840,000,000.00	1,500,000,000.00
Less: cash	3,420,053,078.91	7,326,059,327.77
Net liabilities	44,880,286,588.68	41,401,131,836.58
Shareholders' equity	26,740,769,568.24	25,181,257,060.18
Capital and net liabilities	71,621,056,156.92	66,582,388,896.76
Leverage ratio	62.66%	62.18%

## FINANCIAL REPORT

### XII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

#### 2. Hedging

##### (1) The Company conducts hedging business for risk management

Applicable  Not applicable

Other explanations

Applicable  Not applicable

##### (2) The Company conducts permissible hedging business and applies hedge accounting

Applicable  Not applicable

Other explanations

Applicable  Not applicable

##### (3) The Company conducts hedging business for risk management, is expected to achieve its risk management objectives, but does not apply hedge accounting

Applicable  Not applicable

Other explanations

Applicable  Not applicable

#### 3. Transfer of financial assets

##### (1) Classification of transfer methods

Unit: Yuan Currency: RMB

Transfer method	Nature of financial assets transferred	Amount of financial assets transferred	Derecognition	Basis for determining derecognition
Endorsed/Discounted bills	Bills receivable	29,500,000.00	Not yet derecognised	Substantially all of the risks and rewards, including related default risks, have been retained
Endorsed/Discounted bills	Bills receivable	435,921,018.21	Derecognised	
Total	/	<u>465,421,018.21</u>	/	/

XII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

3. Transfer of financial assets (continued)

(2) Financial assets derecognised due to a transfer

Unit: Yuan Currency: RMB

Items	Methods for transferring financial assets	Amount of financial assets derecognised	Gain or loss relating to derecognition
Bills receivable	Endorsed/Discounted bills	435,921,018.21	4,672,276.32
Total	/	435,921,018.21	4,672,276.32

(3) Financial assets transferred with continuing involvement

Applicable  Not applicable

## FINANCIAL REPORT

### XII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

#### 3. Transfer of financial assets (continued)

##### (3) Financial assets transferred with continuing involvement (continued)

Other explanations

###### *Transferred financial assets that are not derecognised in their entirety*

As at 31 December 2023, the carrying amount of banker's acceptances that the Group has endorsed to suppliers for settlement of accounts payable/discounted was RMB29,500,000.00 (31 December 2022: RMB70,598,746.96). 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/and recognise bank borrowings in full. Subsequent to the endorsement/discount, 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 2023, the aggregate carrying amount of bank borrowings recognised by the Group against accounts payable which it has settled and which suppliers or banks have recourse was RMB29,500,000.00 (31 December 2022: RMB70,598,746.96).

###### *Transferred financial assets that have been derecognised in their entirety with continuing involvement*

As at 31 December 2023, the carrying amount of banker's acceptances that the Group has endorsed to suppliers for settlement of accounts payable/the discount charges was RMB435,921,018.21 (31 December 2022: RMB494,313,731.87). As at 31 December 2023, the maturity date was 1 to 12 months. According to the Law on Negotiable Instruments, where the accepting bank refuses to pay the acceptances, the holder may exercise the right of recourse against any or several or all of the debtors liable for the acceptances, including the Group, in disregard of the order of precedence ("Continuing Involvement"). The Group considered that it has transferred substantially all of the risks and rewards. Accordingly, it derecognised the bills and the associated settled accounts payable in full and recognised discount charges. The maximum exposure to loss and undiscounted cash flows from the Continuing Involvement and repurchases are equal to the carrying amount. The Group considered that the Continuing Involvement with fair value is not material.

In 2023, the Group recognised the discount charges of RMB4,672,276.32 (2022: RMB3,043,225.34) at the date of transfer. The Group had no gain or expense recognised during the year and cumulatively recognised from continuing involvement in derecognised financial assets. Endorsements and discounts were made in a roughly balanced manner during the year.

XIII. DISCLOSURE OF FAIR VALUE

1. Fair value of assets and liabilities measured at fair value at the end of the period

Unit: Yuan Currency: RMB

Items	Fair value at the end of the period			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
<b>I. Recurring fair value measurement</b>				
(I) Financial assets for trading		380,000,000.00		380,000,000.00
1. Financial assets at fair value through profit or loss				
(1) Investment in debt instruments		380,000,000.00		380,000,000.00
(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			215,013,700.00	215,013,700.00
(III) Investments in other equity instruments				
(IV) Investment properties				
1. Leased land use rights				
2. Leased buildings				
3. Land use rights held for transfer after appreciation				
(V) Biological assets				
1. Consumable biological assets				
2. Productive biological assets				
(VI) Receivables financing			181,663,568.90	181,663,568.90
<b>Total assets measured at fair value on a recurring basis</b>		<b>380,000,000.00</b>	<b>396,677,268.90</b>	<b>776,677,268.90</b>
(VII) Financial liabilities for trading				
1. Financial liabilities at fair value through profit or loss				
Including: Debentures issued for trading				
Derivative financial liabilities				
Others				
2. Financial liabilities designated at fair value through profit or loss				
<b>Total liabilities measured at fair value on a recurring basis</b>				
<b>II. Non-recurring fair value measurement</b>				
(I) Assets held for sale				
<b>Total assets measured at fair value on a non-recurring basis</b>				
<b>Total liabilities measured at fair value on a non-recurring basis</b>				

## FINANCIAL REPORT

### XIII. 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

The Group's Level 2 fair value measurements relate to the financial assets held by the Group for trading, which are short-term non-principal-protected floating-income wealth management products of banks and whose fair value is determined with calculation of future cash flows by the agreed expected rate of return.

The fair value of financial assets held for trading approximates their book value due to their short remaining maturities.

#### 4. Qualitative and quantitative information of valuation techniques and important parameters used in sustained and non-sustained level 3 fair value measuring items

The Group's finance team is led by the finance manager, and is responsible for formulating policies and procedures for the fair value measurement of financial instruments. The financial manager reports directly to the Chief Accountant. On each balance sheet date, the finance team analyses movements in the fair value of financial instruments and determines the major inputs applicable to the valuation. The valuation must be reviewed and approved by the Chief Accountant.

For investments in unlisted equity instruments, the fair value is estimated with the market approach, using assumptions about unobservable market prices or interest rates. The Group is required to identify comparable listed companies based on the industry, size, leverage and strategy and to calculate appropriate market multipliers, such as price-to-book ratios and liquidity discounts, etc., for each comparable listed company identified. Adjustments are made based on company-specific facts and circumstances, taking into account factors such as liquidity and size differences with comparable listed companies. 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. For the fair value of investments in unlisted equity instruments, the Group estimates the potential impact of using alternative reasonable and possible assumptions as inputs to the valuation model.

The fair value of receivables financing 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.

Below is a summary of the significant unobservable inputs to the level 3 fair value measurement:

#### 2023

	Fair value at the end of the year	Valuation technique	Unobservable inputs	Range
Investments in other equity instruments	215,013,700.00	Discounted cash flow method	P/B ratio Liquidity discount	0.78-2.07 17%-29.6%
Receivables financing	181,663,568.90	Discounted cash flow method	Risk management	/

#### 2022

	Fair value at the end of the year	Valuation technique	Unobservable inputs	Range
Investments in other equity instruments	218,605,700.00	Discounted cash flow method	P/B ratio Liquidity discount	0.97-1.89 17%-23.01%
Receivables financing	169,290,765.51	Discounted cash flow method	Risk management	/

XIII. DISCLOSURE OF FAIR VALUE (continued)

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

The following is the comparison on the book value and fair value of various types of financial instruments other than lease liabilities and financial instruments with small differences between book value and fair value:

2023

	Book value	Fair value	Inputs used in the fair value measurements		
			Quoted price in an active market (Level 1)	Important observable inputs (Level 2)	Important unobservable inputs (Level 3)
Recurring fair value measurement					
Long-term borrowings	35,502,072,299.99	35,496,608,581.83		35,496,608,581.83	
Debentures payable	2,384,242,317.75	2,333,227,828.43		2,333,227,828.43	
Long-term payables	220,816,819.86	214,125,026.35		214,125,026.35	
Total	38,107,131,437.60	38,043,961,436.61		38,043,961,436.61	

2022

	Book value	Fair value	Inputs used in the fair value measurements		
			Quoted price in an active market (Level 1)	Important observable inputs (Level 2)	Important unobservable inputs (Level 3)
Recurring fair value measurement					
Long-term borrowings	34,504,290,649.26	34,494,131,099.31		34,494,131,099.31	
Debentures payable	1,526,321,780.79	1,491,432,960.06		1,491,432,960.06	
Long-term payables	255,363,656.68	245,736,843.95		245,736,843.95	
Total	36,285,976,086.73	36,231,300,903.32		36,231,300,903.32	

Note: Long-term borrowings, bonds payable and long-term payables all include the portion due within one year.

The fair value of long-term borrowings, bonds payable and long-term payables is determined by the present value of cash flows, 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 2023 and 31 December 2022, the risk of own non-performance against long-term borrowings, bonds payable and long-term payables is assessed as insignificant.

## FINANCIAL REPORT

### XIII. DISCLOSURE OF FAIR VALUE (continued)

#### 9. Others

Applicable  Not applicable

### XIV. 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 (%)
HECIC	Hebei province	Investment in and development of projects in the foundation, infrastructures and provincial pillar industries, such as energy, transportation, water supply, tourism and commercial real estates	1,500,000.00	49.17	49.17

#### Parent introduction

The parent and ultimate parent of the Company is a Chinese state-owned enterprise – Hebei Construction & Investment Group Co., Ltd.

The ultimate controlling party of the Company is HECIC.

#### 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 X. 1 in this Section.

#### 3. Information on the Company's joint ventures and associates

For details of the Company's significant joint ventures or associates, please refer to the notes

For details of joint ventures and associates, please refer to Note X. 3 in this Section.

Information on other joint ventures or associates, which have made a related party transaction with the Company in the period, or previously with balances being formed, are as follows

Applicable  Not applicable

#### Other explanations

Applicable  Not applicable

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Information on other related parties

Name of other related party	Relationship between the other related party with the Company
HECIC Finance*	Company controlled by the parent company
Hong Kong & China Gas (Hebei) Limited	Investors who exercise significant influence over subsidiaries
HECIC Mingjia Property Management Service Co., Ltd. ("Mingjia Property")	Company controlled by the parent company
Hebei Construction & Investment Smart Financial Services Co., Ltd. ("Smart Financial")	Company controlled by the parent company
HCIG Shahe Water Supply Co., Ltd. ("Shahe Water Supply")	Company controlled by the parent company
HCIG Digital Industry Co., Ltd. ("Digital Industry")	Company controlled by the parent company
HCIG Energy Investment Company ("HEI")	Company controlled by the parent company
Yan Zhao Property Insurance Co., Ltd. ("Yan Zhao Property Insurance")	Companies in which the Company's non-executive directors serve as directors
Towngas Natural Gas (Tangshan) Co., Ltd.# ("Towngas Natural Gas")	Wholly-owned subsidiary of a minority shareholder of a significant subsidiary of the Group

Other explanations

Nil

5. Information on related party transactions

(1). Related party transactions on purchase or sale of goods and provision or acceptance of services

Table on purchase of goods/receipt of services

Unit: Yuan Currency: RMB

Related party	Content of related party transactions	Amount for the current period	Approved transaction limit (if applicable)	Whether the transaction limit is exceeded (if applicable)	Amount for the previous period
Yanzhao Property Insurance	Receipt of labour/services*	20,975,522.87			22,289,181.85
Mingjia Property	Receipt of labour/services*	3,900,689.66	20,000,000.00	No	2,405,053.93
Smart Financial	Receipt of labour/services*	12,389,380.53			13,200,154.56
Hengshui Honghua	Receipt of labour/services*	4,649,635.98			17,007,856.90
Digital industry	Receipt of labour/services*	1,014,150.93			178,776.08
Jingtang LNG	Receipt of labour/services*				73,584.91
CIC Rongtan	Receipt of labour/services*	440,186.10			2,303,003.56
North China Natural Gas Pipeline	Receipt of labour/services*				1,503,750.99

## FINANCIAL REPORT

### XIV. 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 acceptance of services (continued)

Table on sale of goods/provision of services

Unit: Yuan Currency: RMB

Related party	Content of related party transactions	Amount for the current period	Amount for the previous period
Suntien Guohua	Provision of labour/services*	<b>1,439,135.96</b>	1,330,832.87
Zhangbei CIC	Provision of labour/services*	<b>14,885,668.22</b>	9,297,939.91
Chongli CIC	Provision of labour/services*	<b>15,404,328.00</b>	14,885,668.22
Baoding Kuntun	Provision of labour/services*	<b>5,718,849.70</b>	
Hengshui Honghua	Provision of labour/services*	<b>4,649,635.98</b>	
Chengde Dayuan	Provision of labour/services*	<b>4,144,328.19</b>	2,754,045.90
Fengning Pumped Storage	Provision of labour/services	<b>748,322.50</b>	750,934.98

Explanations on related party transactions on purchase or sale of goods and provision or acceptance of services

Applicable  Not applicable

##### (2). Related entrusted management/contracting and entrusting management/outsourcing business

Table on the entrusted management/contracting business of the Company:

Applicable  Not applicable

Explanation on affiliated hosting/contracting situation

Applicable  Not applicable

Table on the entrusting management/outsourcing business of the Company:

Applicable  Not applicable

Explanations on related management/outsourcing business

Applicable  Not applicable

##### (3). Leases with related parties

The Company acts as a lessor:

Unit: Yuan Currency: RMB

Name of lessee	Type of leased assets	Rental income recognised in the period	Rental income recognised in last period
CIC Rongtan	Houses	<b>20,982.85</b>	20,982.85

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on related party transactions (continued)

(3). Leases with related parties (continued)

The Company acts as a lessee:

Unit: Yuan Currency: RMB

Name of lessor	Type of leased assets	Rental charges for short-term leases and leases of low-value assets with simplified approach (as applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Rentals paid		Interest expense on lease liabilities assumed		Increased right-of-use assets	
		Amount for the current period	Amount for the previous period	Amount for the current period	Amount for the previous period	Amount for the current period	Amount for the previous period	Amount for the current period	Amount for the previous period	Amount for the current period	Amount for the previous period
HECIG	Houses and buildings	382,102.86	382,102.86			5,135,466.05	5,135,466.05	326,808.95	332,224.13	259,393.14	27,474,930.08
Huihai Leasing*	Machinery equipment					162,641,939.34	251,678,902.83	23,496,652.07	30,136,003.36	126,080,521.23	

Explanations on leases with related parties

*a Operating leases*

In 2023 and 2022, the Group entered into property tenancy contracts with HCIG for office use. The monthly rent was RMB427,955.50 for a term from 1 – 3 years. In 2023 and 2022, the Group paid aggregate rents of RMB5,135,466.05.

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.

*b Finance leases*

In 2023, the Group entered into a new lease agreement mainly on wind turbines and pipeline-related equipment with Huihai Leasing (2022: Nil). In 2023, the Group paid rents of RMB135,020,287.27 (2022: RMB107,478,902.83) and interest expenses of RMB21,779,231.24 (2022: RMB23,703,617.71) to Huihai Leasing under the direct leasing transaction arrangement.

*c Leaseback transactions:*

The Group entered into a sale-and-leaseback agreement with Huihai Leasing, pursuant to which Huihai Leasing agreed to purchase fixed assets mainly including machinery equipment which the Group undertook to own the legal property rights and without any defects and lease the fixed-assets equipment to the Group for use. In the sale and leaseback arrangement between the Group and Huihai Leasing, the control over the relevant assets has not been transferred and the Group has agreed to pay the principal and interest to Huihai Leasing. In 2023, the Group repaid the principal of RMB4,125,000.00 (2022: RMB144,200,000.00) and paid an interest of RMB1,717,420.83 (2022: RMB6,431,385.65) to Huihai Leasing under the arrangement.

## FINANCIAL REPORT

### XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

#### 5. Information on related party transactions (continued)

##### (4). Related party guarantees

The Company acts as a guarantor

Applicable  Not applicable

The Company acts as a guaranteed party

Applicable  Not applicable

Explanations on related party guarantees

Applicable  Not applicable

##### (5). Capital lending/borrowing between related parties

Unit: Yuan Currency: RMB

Related party	Amount of lending/borrowing	Start date	Due date	Description
Borrowing HECIC Finance	2,991,200,000.00	28 September 2022 to 27 December 2023	21 February 2024 to 29 July 2048	

Related party	Amount of lending/borrowing	Start date	Due date	Description
Lending Nil				

##### Capital borrowing in 2022

Related party	Amount of lending/borrowing	Start date	Due date	Description
Borrowing HECIC Finance	3,061,321,972.17	20 January 2021 to 15 December 2022	25 May 2022 to 23 July 2048	

##### Capital lending in 2022

Related party	Amount of lending/borrowing	Start date	Due date	Description
Lending Chongli CIC	18,000,000.00	14 June 2022 to 14 December 2022	24 March 2023	

##### Interest expense on capital borrowed and Handling charges

	2023	2022
HECIC Finance	<b>35,071,155.76</b>	35,853,193.25

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on related party transactions (continued)

(5). Capital lending/borrowing between related parties (continued)

Interest income

Unit: Yuan Currency: RMB

	2023	2022
HECIC Finance	<b>30,307,969.43</b>	23,829,626.63
Chongli CIC	<b>136,277.25</b>	266,188.49

In 2023, the Group borrowed funds amounting to RMB4,951,944.44 from HECIC Finance by way of bill discounting and paid interest and handling fee of RMB48,055.56 (2022: RMB32,343,222.21 and paid interest and handling fee of RMB656,777.79).

(6). Asset transfer and debt restructuring of related parties

Unit: Yuan Currency: RMB

Related party	Content of related party transactions	Amount for the current period	Amount for the previous period
HECIC	Capital increase by related parties	<b>24,750,000.00</b>	53,500,000.00
JEI	Capital increase by related parties	<b>6,420,000.00</b>	

The aforesaid amount is the additional capital of Hebei Gas and Caofeidian Company, subsidiaries of the Company, injected by HECIC, and the additional capital of Offshore Wind, a subsidiary of the Company, injected by JEI.

(7). Emolument of key management

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Compensation for key executives	<b>10,806,653.45</b>	13,567,725.24
Including:		
Fees	<b>316,858.50</b>	303,091.25
Other remuneration:		
Salaries, allowances and benefits in kind	<b>5,153,373.79</b>	6,027,858.31
Performance related incentive payments	<b>4,883,624.08</b>	6,787,827.30
Contribution to pension plans	<b>452,797.08</b>	448,948.38

Key management includes executive Directors, supervisors, independent non-executive Directors and senior management.

## FINANCIAL REPORT

### XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

#### 5. Information on related party transactions (continued)

##### (7). Emolument of key management (continued)

###### (a) Remuneration of Directors and Supervisors

	2023	2022
Remuneration of Directors and Supervisors (Note)	<b>3,467,264.43</b>	5,278,201.06

In 2023, Mr. Mei Chun Xiao, an executive Director and the President of the Group, received take-home pay of RMB919,954.91 (2022: RMB970,207.38) from the Group. In 2023, the Group paid a total amount of RMB1,354,209.71 (2022: RMB1,574,058.29) to Mr. Mei Chun Xiao as remuneration before tax, comprising: 1) an aggregate amount of RMB666,575.93 (2022: RMB649,815.57) in respect of the various salaries, allowances, various insurance policies (including Group and individual contributions, excluding endowment insurance and annuity), and benefits in kind payable to or on behalf of Mr. Mei Chun Xiao; 2) RMB633,970.02 (2022: RMB874,227.92) in performance related-bonus; and 3) RMB53,663.76 (2022: RMB50,014.80) in contribution to pension plans (i.e., endowment insurance paid by the Group and individuals).

In 2023, Mr. Wang Hong Jun (Note), an executive Director of the Group, received take-home pay of RMB685,865.47 (2022: RMB937,182.07) from the Group. In 2023, the Group paid a total amount of RMB996,980.37 (2022: RMB1,699,153.13) to Mr. Wang Hong Jun as remuneration before tax, comprising: 1) an aggregate amount of RMB487,541.77 (2022: RMB766,371.82) in respect of the various salaries, allowances, various insurance policies (including Group and individual contributions, excluding endowment insurance and annuity), and benefits in kind payable to or on behalf of Mr. Wang Hong Jun; 2) RMB492,767.00 (2022: RMB882,766.51) in performance related-bonus; and 3) RMB16,671.60 (2022: RMB50,014.80) in contribution to pension plans (i.e., endowment insurance paid by the Group and individuals).

In 2023 and 2022, 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, Mr. Qin Gang and Mr. Wang Tao (Note), who are non-executive Directors.

In 2023, the Group paid fees before tax of RMB90,531.00 (2022: RMB86,597.50) to Mr. Wan Yim Keung, Daniel, Dr. Lin Tao and Mr. Guo Ying Jun, independent non-executive Directors, respectively.

In 2023, Mr. Cao Zhi Jie, a Supervisor of the Group, received take-home pay of RMB478,702.85 (2022: RMB83,483.85) from the Group. In 2023, the Group paid a total amount of RMB799,215.85 (2022: RMB155,212.41) to Mr. Cao Zhi Jie as remuneration before tax, comprising: 1) an aggregate amount of RMB501,638.72 (2022: RMB137,811.69) in respect of the various salaries, allowances, various insurance policies (including Group and individual contributions, excluding endowment insurance and annuity), and benefits in kind payable to or on behalf of Mr. Cao Zhi Jie; 2) RMB243,913.37 (2022: Nil) in performance related-bonus; and 3) RMB53,663.76 (2022: RMB17,400.72) in contribution to pension plans (i.e., endowment insurance paid by the Group and individuals).

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on related party transactions (continued)

(7). Emolument of key management (continued)

(a) Remuneration of Directors and Supervisors (continued)

In 2023, the fees before tax paid by the Group to Mr. Zhang Dong Sheng, an independent non-executive Supervisor, amounted to RMB45,265.50 (2022: 43,298.75).

In 2023 and 2022, the Group did not pay any salary and emolument in any form to Ms. Gao Jun, a supervisor.

Note: Mr. Wang Hong Jun resigned the specific management position of the Company, with effect from 5 May 2023. With effect from 16 May 2023, Mr. Wu Hui Jiang ceased to be a non-executive Director of the Company. Effective from 16 May 2023, Mr. Wang Tao was appointed as a non-executive Director of the Company.

	2023	2022
Directors and supervisors	1	3
Non-director and non-supervisor employees	4	2
Total	5	5

Details of the remuneration of the above non-director and non-supervisor highest paid employees are as follows:

	2023	2022
Salary	2,937,809.08	3,118,772.91
Performance related incentive payments	2,881,577.54	4,514,977.77
Pension	268,318.80	231,488.46
Total	6,087,705.42	7,865,239.14

The number of non-director and non-supervisor highest paid employees whose salary falls within the following ranges is as follows:

Items	2023	2022
HKD1,000,001 to HKD1,500,000	4	2

During the years ended 31 December 2023 and 31 December 2022, 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.

## FINANCIAL REPORT

### XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

#### 5. Information on related party transactions (continued)

##### (8). Other related party transactions

Payment of guarantee fees to related parties\*

Items	2023	2022
Guarantee fee of HECIC	900,000.00	1,045,187.31
Guarantee fee of HECIC Finance		559,828.17
Total	900,000.00	1,605,015.48

Credit facility provided by related parties and their use\*

As at 31 December 2023 and 31 December 2022, HECIC Finance granted to the Group effective credit facilities of RMB4,001 million and RMB4,265 million, respectively. The Group used RMB1,390 million and RMB3,890 million, respectively, and the remaining facilities were RMB2,611 million and RMB375 million, respectively.

Bills of exchange accepted by HECIC Finance

In 2023, bills of exchange issued by the Group and accepted by HECIC Finance amounted to RMB17,267,792.47 (2022: RMB69,120,147.34). As at 31 December 2023, the balance of the bills of exchange accepted by HECIC Finance was RMB8,404,155.80 (31 December 2022: RMB46,649,747.04). In 2023, the Group paid a handling fee of RMB1,702.08 (2022: RMB34,870.53) to the finance company for the issuance of acceptance bill.

Related party transaction cap

Related party	Type of related transaction	Approved transaction cap (RMB'000)	Whether the transaction cap is exceeded
Huihai Leasing	Direct Leasing	80,000.00	No
Huihai Leasing	Sale and lease back	80,000.00	No
HECIC Finance	Deposit service	357,000.00	No
HECIC Finance	Loan service	400,000.00	No
HECIC Finance	Bill discounting service	50,000.00	No
HECIC Finance	Non-financial guarantee services, acceptance services, entrusted loan services and miscellaneous fee-based financial services	500.00	No
HECIC	Rent, property costs and management and office support services	2,000.00	No

The above related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules.

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on related party transactions (continued)

(8). Other related party transactions (continued)

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 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. As at 31 December 2023, the effective expiration date of the Agreement is 9 February 2026.

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, besides the six trademarks licensed by HECIC, the Company had four valid registered trademarks in total.

Centralised management of funds

	2023	2022
HECIC Finance	<b>2,717,649,958.91</b>	<b>3,510,955,880.39</b>

The Group entered into a financial services framework agreement with HECIC Finance to implement centralised management of funds. All funds were on demand, with the interest rate of 0.35%-1.21% and no fixed term. The drawdown of funds under centralised management was not restricted.

## FINANCIAL REPORT

### XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

#### 6. Unsettled items such as amounts due from and to related parties

##### (1). Accounts receivable

Unit: Yuan Currency: RMB

Name of project	Related party	Closing balance		Opening balance	
		Carrying balance	Provision for bad debts	Carrying balance	Provision for bad debts
Accounts receivable	Zhangbei CIC	11,537,826.07	684,598.28	3,471,154.85	173,557.74
Accounts receivable	Chongli CIC	11,019,504.27	550,975.21	24,638,314.65	3,276,182.34
Accounts receivable	Chengde Dayuan	1,272,120.78	63,606.04	2,228,326.70	111,416.35
Other receivables	Chongli CIC			18,044,687.12	1,302,234.36
Other receivables	HECIC	874,500.35	874,500.35	874,500.35	874,500.35
Other receivables	Suntien Guohua			201,497.08	10,074.85
Other receivables	Chengde Wind Energy			15,090.08	754.50
Dividend receivables	Jingtang LNG	120,000,000.00			
Dividend receivables	Chengde Wind Energy	24,695,576.07		23,171,956.55	
Dividend receivables	Chengde Dayuan	22,600,075.21			
Dividend receivables	Zhangbei CIC	18,240,952.04		22,117,561.12	
Dividend receivables	Hebei Weichang	11,614,463.84		21,576,317.17	
Dividend receivables	Chongli CIC	7,881,943.16		2,578,509.22	
Dividend receivables	Huihai Leasing	3,370,826.62		2,153,672.14	
Prepayments	Huihai Leasing	314,411.50			
Prepayments	Yanzhao Property Insurance	104,995.81		32,949.55	

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Unsettled items such as amounts due from and to related parties (continued)

(2). Accounts payable

Unit: Yuan Currency: RMB

Name of project	Related party	Closing book balance	Opening book balance
Advances from customers	Ganghua Natural gas	<b>1,161,061,946.88</b>	1,161,061,946.88
Advances from customers	HCIG Rongtan	<b>5,508.00</b>	
Contract liabilities	Ganghua Natural gas	<b>396,460,176.98</b>	396,460,176.98
Contract liabilities	Baoding Kunlun	<b>596,381.82</b>	572,112.28
Contract liabilities	Suntien Guohua	<b>111,950.58</b>	77,015.72
Contract liabilities	Hengshui Honghua	<b>231,588.72</b>	
Other current liabilities	Baoding Kunlun	<b>53,674.36</b>	51,490.11
Other current liabilities	Suntien Guohua	<b>14,553.58</b>	10,012.04
Other current liabilities	Hengshui Honghua	<b>20,842.98</b>	
Long-term payable	Huihai Leasing	<b>23,100,000.00</b>	28,875,000.00
Long-term payables due within one year	Huihai Leasing	<b>6,208,606.25</b>	4,644,873.28
Other payables	Chongli CIC	<b>2,400.00</b>	
Other payables	HECIC	<b>232,549.25</b>	32,969.49
Other payables	Mingjia Property	<b>150,000.00</b>	200,600.00
Other payables	HCIG Rongtan	<b>725,392.22</b>	1,448,981.66
Other payables	Yanzhao Property Insurance	<b>352,504.33</b>	59,754.17
Other payables	Digital industry	<b>5,767,284.71</b>	5,926,462.21
Other payables	Digital industry	<b>470,000.00</b>	
Other payables	Chengde Dayuan	<b>1,229,600.02</b>	
Lease liabilities	Huihai Leasing	<b>382,264,523.28</b>	457,453,176.84
Lease liabilities	HECIC		7,922,310.57
Lease liabilities due within one year	HECIC	<b>4,745,232.49</b>	1,111,721.57
Lease liabilities due within one year	Huihai Leasing	<b>108,381,512.40</b>	89,727,492.09
Short-term borrowings	HECIC Finance	<b>1,266,453,222.62</b>	2,306,490,423.91
Long-term borrowings	HECIC Finance	<b>115,440,000.00</b>	82,440,000.00

Except for long-term borrowings (including long-term borrowings due within one year), lease liabilities (including lease liabilities due within one year), long-term payables (including long-term payables due within one year) and short-term borrowings, all other receivables from and payables to related parties are non-interest-bearing and unsecured.

(3). Other items

Applicable  Not applicable

7. Commitments of related parties

Please see Note X.3 "Unrecognized commitments related to investment in joint ventures" of this section for details.

8. Others

Applicable  Not applicable

## FINANCIAL REPORT

### XV. SHARE-BASED PAYMENT

#### 1. Various equity instruments

Applicable  Not applicable

Stock options or other equity instruments outstanding at the end of the period

Applicable  Not applicable

#### 2. Equity-settled share-based payment

Applicable  Not applicable

#### 3. Cash-settled share-based payment

Applicable  Not applicable

#### 4. Share-based payment expenses for the period

Applicable  Not applicable

#### 5. Modifications and termination of share-based payment

Applicable  Not applicable

#### 6. Others

Applicable  Not applicable

### XVI. COMMITMENTS AND CONTINGENCIES

#### 1. Significant commitments

Significant external commitments, nature, and amount as at the balance sheet date:

	2023	2022
Capital commitment	<b>9,748,901,694.05</b>	10,965,887,079.70
Investment commitment	<b>758,364,824.00</b>	359,236,831.40
Total	<b>10,507,266,518.05</b>	11,325,123,911.10

Unrecognised commitments related to investment in joint ventures can be found in Note X. 3 of this Section.

XVI. COMMITMENTS AND CONTINGENCIES (continued)

2. Contingencies

(1). Significant contingencies as at the balance sheet date

Items	2023	2022
Contingent liabilities arising from guarantees given to external parties		136,500,000.00 Note 1
Contingent liabilities arising from pending litigation or arbitration	<b>35,828,849.63</b>	63,656,409.50 Note 2
Total	<b>35,828,849.63</b>	200,156,409.50

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. As of 31 December 2023, Suntien Guohua had repaid related loans.

Note 2: The Group may be involved in disputes, lawsuits or claims with customers, suppliers and other parties in the ordinary course of business. Following the consultation with a legal counsel and reasonable estimation of the outcome of the pending disputes, lawsuits or claims by the management of the Company, the Group made provisions for those disputes, lawsuits or claims that are likely to cause losses to the Group. No provision has been made for these pending disputes, lawsuits and claims for which the final outcome cannot be reasonably estimated at this time or which, in the opinion of the Company's management, will not have a material adverse effect on the Group's results of operations or financial position.

(2). Please explain if no significant contingencies is required to be disclosed by the Company:

Applicable  Not applicable

3. Others

Applicable  Not applicable

XVII. EVENTS AFTER BALANCE SHEET DATE

1. Significant non-adjustment events

Unit: Yuan Currency: RMB

Items	Content	Effect on financial position and results of operations	Effect unable to be estimated Reasons
Share incentive	Employee share incentive scheme	N/A	N/A

The Company held its first 2024 extraordinary general meeting, its first 2024 A share class meeting and its first 2024 H share class meeting on 28 February 2024. At these meetings, the following resolutions were considered and approved: The Resolution on the 2023 Restricted A Share Incentive Scheme (Draft) and its Summary of the Company, the Resolution on Administrative Measures for the 2023 Restricted A Share Incentive Scheme of the Company, the Resolution on Administrative Measures for the Appraisal for Implementation of the 2023 Restricted A Share Incentive Scheme of the Company, and the Resolution on the Authorization to the Board and its Delegated Persons by the General Meeting to Exercise Full Power to Deal with Matters Relating to the Restricted Share Incentive Scheme. Pursuant to the 2023 Restricted A Share Incentive Scheme (Draft) of China Suntien Green Energy Corporation Limited, the Company intends to grant no more than 19.28 million restricted shares to the participants, accounting for 0.46% of the total share capital of the Company at the time of the announcement of the draft scheme. The grant price of the restricted shares granted was RMB4.10 per share. The incentive objects totalled 232, including Directors, senior managers (excluding independent Directors, external Directors and supervisors), technical and business leaders of the Company.

## FINANCIAL REPORT

### XVII. EVENTS AFTER BALANCE SHEET DATE (continued)

#### 2. Profit distribution

Unit: Yuan Currency: RMB

Profit or dividend to be distributed	896,037,917.62
Profit or dividend declared after deliberation and approval	896,037,917.62

Note: In 2023, the Company's net profit attributable to shareholders of parent company was RMB2,207,473,530.19 and undistributed profits were RMB8,960,553,185.93 as presented in the audited consolidated statements. The Company proposes to distribute a cash dividend of RMB2.14 (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 2023 profit distribution proposal was approved, being 4,187,093,073 shares, the total cash dividend will amount to RMB896,037,917.62.

#### 3. Sales return

Applicable  Not applicable

#### 4. Explanation on other events after balance sheet date

Applicable  Not applicable

### XVIII. OTHER SIGNIFICANT EVENTS

#### 1. Correction of previous accounting errors

##### (1). Retrospective restatement

Applicable  Not applicable

##### (2). Prospective application method

Applicable  Not applicable

#### 2. Important 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

Applicable  Not applicable

#### 5. Termination of business

Applicable  Not applicable

XVIII. OTHER SIGNIFICANT EVENTS (continued)

6. Segment information

(1). Determination criteria and accounting policies of the reporting segments

For management purposes, the Group organizes its business units by product and service and has 3 reportable segments as follows:

- (1) The natural gas segment mainly provides the sale of natural gas and natural gas appliances and the provision of services for the construction and connection of natural gas pipelines.
- (2) The wind power and solar energy segment is mainly engaged in the development, management and operation of wind farms, solar power plants and the sale of electricity to external grid companies.
- (3) Other segments are mainly engaged in investment management and property leasing business, etc.

Management monitors the 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.

Pricing of transfers between operating segments is determined by reference to fair prices used in transactions with third parties.

(2). Financial information of the reporting segments

Unit: Yuan Currency: RMB

Items	Natural gas	Wind and photovoltaic generation	Shares and others	Intersegment elimination	Total
Revenue from external customers	14,027,311,103.31	6,243,502,472.41	10,975,307.81		20,281,788,883.53
Intersegment revenue		8,384,557.97	82,147,327.34	-90,531,885.31	
Investment income from joint ventures and associates	208,430,547.05	28,739,159.77	101,431,460.37		338,601,167.19
Credit impairment loss/(reversal)	7,429,119.64	8,327,119.91	57,670.72		15,813,910.27
Asset impairment losses	299,696.16	115,398,792.70			115,698,488.86
Depreciation and amortisation expense	269,990,316.65	2,096,346,260.38	13,052,416.33		2,379,388,993.36
Total profit/(loss)	1,210,149,120.31	2,114,684,893.15	122,107,602.05	-78,582,923.10	3,368,358,692.41
Income tax expenses	282,259,330.39	350,467,972.27	1,349,326.24		634,076,628.90
Net profit	927,889,789.92	1,764,216,920.88	120,758,275.81	-78,582,923.10	2,734,282,063.51
Total assets	31,473,911,384.58	44,593,942,471.24	9,665,128,719.68	-6,716,389,478.75	79,016,593,096.75
Total liabilities	24,542,350,851.23	29,864,810,090.65	4,388,789,611.25	-6,520,127,024.62	52,275,823,528.51
Other disclosures					
Non-cash expenses other than depreciation and amortisation expenses	7,728,815.80	123,725,912.61	57,670.72		131,512,399.13
Long-term equity investments in joint ventures and associates	1,805,903,123.45	547,725,044.39	1,242,944,559.19		3,596,572,727.03
Increase in non-current assets other than long-term equity investments (note)	4,053,415,803.40	2,072,675,763.44	20,801,948.28		6,146,893,515.12

Note: The increase in non-current assets other than long-term equity investments 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.

(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

## FINANCIAL REPORT

### XVIII. OTHER SIGNIFICANT EVENTS (continued)

#### 6. Segment information (continued)

##### (4). Other explanations

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

##### Geographic information

Revenue from external customers

Name	2023	2022
Mainland China	<b>20,281,788,883.53</b>	18,560,522,731.81

Revenue from external customers was attributable to the regions where the customers were located, and all customers were located in Mainland China.

##### Total non-current assets

Name	2023	2022
China (excluding Hong Kong, Macao and Taiwan regions)	<b>65,396,189,003.12</b>	61,720,037,938.94
Other countries or regions	<b>242,831,244.38</b>	192,206,410.41
Total	<b>65,639,020,247.50</b>	61,912,244,349.35

The non-current assets were attributable to the regions where such assets were located, and excluded financial assets and deferred tax assets.

##### Information about major customers

Operating revenue (which generates revenue of 10% or more of the Group's revenue) of RMB5,742,874,837.24 (2022: RMB5,778,883,638.40) is derived 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

XIX. NOTES TO KEY ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. Accounts receivable

(1). Disclosure by aging

Unit: Yuan Currency: RMB

Age	Closing book balance	Opening book balance
Within 1 year		
Including: sub-items within 1 year		
Within 6 months	<b>44,360,343.18</b>	46,659,528.74
6 months to 1 year		
Subtotal within 1 year	<b>44,360,343.18</b>	46,659,528.74
1 year to 2 years		
2 to 3 years		
Over 3 years		
3 to 4 years		
4 to 5 years		
Over 5 years		
Less: Provision for bad debts of accounts receivable		-351,534.68
Total	<b>44,360,343.18</b>	46,307,994.06

(2). Classified disclosure by the method of provision for bad debts

Unit: Yuan Currency: RMB

Category	Closing balance					Opening balance				
	Carrying balance		Provision for bad debts			Carrying balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Provision percentage (%)	Carrying value	Amount	Percentage (%)	Amount	Provision percentage (%)	Carrying value
Bad debt provision on an individual basis										
Of which										
Bad debt provision on a group basis	<b>44,360,343.18</b>	100.00			<b>44,360,343.18</b>	46,659,528.74	100.00	351,534.68	0.75	46,307,994.06
Of which										
No recovery risk	<b>44,360,343.18</b>	100.00			<b>44,360,343.18</b>	39,628,835.16	84.93			39,628,835.16
Aging group						7,030,693.58	15.07	351,534.68	5.00	6,679,158.90
Total	<b>44,360,343.18</b>	/		/	<b>44,360,343.18</b>	46,659,528.74	/		/	46,307,994.06

## FINANCIAL REPORT

### XIX. NOTES TO KEY ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

#### 1. Accounts receivable (continued)

##### (2). Classified disclosure by the method of provision for bad debts (continued)

Provision for bad debts on individual basis:

Applicable  Not applicable

Provision for bad debts on group basis:

Item provision on a group basis: No recovery risk

Unit: Yuan Currency: RMB

Name	Closing balance		
	Accounts receivable	Provision for bad debts	Percentage of provision (%)
Amounts due from subsidiaries	44,360,343.18		
Total	44,360,343.18		

Explanation on bad debt provision on a group basis:

Applicable  Not applicable

Provision for bad debts is made according to the general model of expected credit losses

Applicable  Not applicable

Basis for the division of each stage and the ratio of provision for bad debt

Nil

Explanation for the significant changes in the book balance of receivables for which the loss provisions have changed during the period:

Applicable  Not applicable

XIX. NOTES TO KEY ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

1. Accounts receivable (continued)

(3). Provision for bad debts

Unit: Yuan Currency: RMB

Category	Opening balance	Change for the Period			Closing balance
		Provision	Recovered or reversed	Write-off or cancellation	
Accounts receivable	351,534.68		351,534.68		
Total	351,534.68		351,534.68		

Of which, significant amounts of provision for bad debts recovered or reversed for the period:

Applicable  Not applicable

Other explanations

Nil

(4). Accounts receivable actually written off during the period

Applicable  Not applicable

Important accounts receivable written off

Applicable  Not applicable

Explanation on accounts receivable write-off:

Applicable  Not applicable

(5). Accounts receivable and contract assets with the top five closing balances collected as per the borrowers

Unit: Yuan Currency: RMB

Name of entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of the closing balance of total accounts receivable and contract assets (%)	Closing balance of provision for bad debts
Hebei Fengning CIC New Energy Co., Ltd.	20,704,156.58		20,704,156.58	46.67	
HECIC Offshore Wind Power Co., Ltd.	9,347,090.94		9,347,090.94	21.07	
Wei County Suntien Wind Energy Co., Ltd. (蔚縣新天風能有限公司)	3,527,504.45		3,527,504.45	7.95	
Suntien Green Energy (Fengning) Co., Ltd. (新天綠色能源(豐寧)有限公司)	2,010,890.35		2,010,890.35	4.53	
Caofeidian Suntien Liquefied Natural Gas Co., Ltd.	1,912,523.89		1,912,523.89	4.31	
Total	37,502,166.21		37,502,166.21	84.53	

## FINANCIAL REPORT

### XIX. NOTES TO KEY ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

#### 1. Accounts receivable (continued)

##### (5). Accounts receivable and contract assets with the top five closing balances collected as per the borrowers (continued)

Other explanations

Nil

Other explanations:

Applicable  Not applicable

#### 2. Other receivables

##### Items presented

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Interest receivable		
Dividend receivables	559,792,162.51	424,311,740.40
Other receivables	2,727,687,774.38	1,783,282,538.94
Total	3,287,479,936.89	2,207,594,279.34

Other explanations:

Applicable  Not applicable

##### Interest receivable

###### (1). Classification of interest receivable

Applicable  Not applicable

###### (2). Significant overdue interest

Applicable  Not applicable

###### (3). Classified disclosure by the method of provision for bad debts

Applicable  Not applicable

Provision for bad debts on individual basis:

Applicable  Not applicable

Explanation on provision for bad debts on an individual basis:

Applicable  Not applicable

Provision for bad debts on group basis:

Applicable  Not applicable

XIX. NOTES TO KEY ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

2. Other receivables (continued)

Interest receivable (continued)

(4). *Provision for bad debts is made according to the general model of expected credit losses*

Applicable  Not applicable

Basis for the division of each stage and the ratio of provision for bad debt

Nil

Explanation for the significant changes in the book balance of interest receivable for which the loss provisions have changed during the period:

Applicable  Not applicable

(5). *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

Other explanations:

Nil

(6). *Interest receivable actually written off during the period*

Applicable  Not applicable

Important interest receivable written off

Applicable  Not applicable

Explanation on write-off:

Applicable  Not applicable

Other explanations:

Applicable  Not applicable

## FINANCIAL REPORT

### XIX. NOTES TO KEY ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

#### 2. Other receivables (continued)

##### Dividend receivables

##### (1). Dividend receivables

Unit: Yuan Currency: RMB

Projects (or Invested unit)	Closing balance	Opening balance
Hebei Fengning CIC New Energy Co., Ltd.	<b>262,490,195.07</b>	320,149,960.84
Suntien Green Energy (Fengning) Co., Ltd. (新天綠色能源(豐寧)有限公司)	<b>8,201,080.45</b>	104,161,779.56
HECIC New Energy	<b>252,269,719.36</b>	
Fuping Jixin Suntien Green Energy Co., Ltd.	<b>14,231,092.42</b>	
Chengdedayuan New Energy Co., Ltd.	<b>22,600,075.21</b>	
Total	<b>559,792,162.51</b>	424,311,740.40

##### (2). Significant dividends receivable aging over 1 year

Applicable  Not applicable

##### (3). Classified disclosure by the method of provision for bad debts

Applicable  Not applicable

Provision for bad debts on individual basis:

Applicable  Not applicable

Explanation on provision for bad debts on an individual basis:

Applicable  Not applicable

Provision for bad debts on group basis:

Applicable  Not applicable

XIX. NOTES TO KEY ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

2. Other receivables (continued)

**Dividend receivables (continued)**

- (4). Provision for bad debts is made according to the general model of expected credit losses  
 Applicable  Not applicable

Basis for the division of each stage and the ratio of provision for bad debt

Nil

Explanation for the significant changes in the book balance of interest receivable for which the loss provisions have changed during the period:

- Applicable  Not applicable

(5). *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

Other explanations:

Nil

(6). *Dividends receivable actually written off during the period*

- Applicable  Not applicable

Important dividends receivable written off

- Applicable  Not applicable

Explanation on write-off:

- Applicable  Not applicable

Other explanations:

- Applicable  Not applicable

## FINANCIAL REPORT

### XIX. NOTES TO KEY ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

#### 2. Other receivables (continued)

##### Other receivables

##### (1). Disclosure by aging

Unit: Yuan Currency: RMB

Age	Closing book balance	Opening book balance
Within 1 year		
Including: sub-items within 1 year		
Within 6 months	<b>1,107,068,907.14</b>	1,193,341,988.81
6 months to 1 year	<b>116,500,000.00</b>	83,900,268.19
Subtotal within 1 year	<b>1,223,568,907.14</b>	1,277,242,257.00
1 year to 2 years	<b>1,201,488,251.01</b>	77,447,238.19
2 to 3 years	<b>52,230,400.00</b>	185,879,374.72
3 to 4 years	<b>129,625,221.67</b>	245,074,035.91
4 to 5 years	<b>120,968,678.53</b>	
Over 5 years		
Less: Provision for bad debts of other receivables	<b>-193,683.97</b>	-2,360,366.88
Total	<b>2,727,687,774.38</b>	1,783,282,538.94

##### (2). Classified by the nature

Unit: Yuan Currency: RMB

Nature	Closing book balance	Opening book balance
Internal borrowings (Note 1)	<b>2,714,955,000.00</b>	1,707,615,000.00
Intercompany	<b>12,271,517.37</b>	69,413,122.21
Deposits	<b>340,000.00</b>	5,620,000.00
Others	<b>11,193.30</b>	1,607,885.10
Advances	<b>303,747.68</b>	1,386,898.51
Total	<b>2,727,881,458.35</b>	1,785,642,905.82

Note 1: The interest rates of the Company's internal borrowings with its subsidiaries range from 1.20% to 5.15%, and the terms of the borrowings range from 1 year to 20 years.

XIX. NOTES TO KEY ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

2. Other receivables (continued)

Other receivables (continued)

(3). Provision made for bad debts

Unit: Yuan Currency: RMB

Provision for bad debts	The first stage	The second stage	The third stage	Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses (no credit impairment occurred)	Lifetime expected credit losses (credit impairment occurred)	
Balance as at 1 January 2023	2,360,366.88			2,360,366.88
Balance at 1 January 2023 during the period				
- Transfer into the second stage				
- Transfer into the third stage				
- Reversal to the second stage				
- Reversal to the first stage				
Provision during the period	2,073,835.50			2,073,835.50
Reversal during the period	-1,853,419.43			-1,853,419.43
Transferral during the period	-2,387,098.98			-2,387,098.98
Write-off during the period				
Other changes				
Balance at 31 December 2023	193,683.97			193,683.97

Basis for the division of each stage and the ratio of provision for bad debt

Nil

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

## FINANCIAL REPORT

### XIX. NOTES TO KEY ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT 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
		Provision	Recovered or reversed	Write-off or cancellation	
Other receivables	2,360,366.88	2,073,835.50	1,853,419.43	2,387,098.98	193,683.97
Total	2,360,366.88	2,073,835.50	1,853,419.43	2,387,098.98	193,683.97

Among them, significant amounts of provision for bad debts during the period have been reversed or recovered:

Applicable  Not applicable

Other explanations

2023

	Carrying balance		Provision for bad debts		Carrying value
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Provision for bad debts made on credit risk characteristics grouping basis	2,727,881,458.35	100.00	193,683.97	0.01	2,727,687,774.38

2022

	Carrying balance		Provision for bad debts		Carrying value
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Provision for bad debts made on credit risk characteristics grouping basis	1,785,642,905.82	100.00	2,360,366.88	0.13	1,783,282,538.94

As at 31 December 2023, other receivables with provision made for bad debts on credit risk characteristics grouping basis are as follows:

XIX. NOTES TO KEY ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

2. Other receivables (continued)

Other receivables (continued)

(4). Provision for bad debts (continued)

No recovery risk:

	Carrying balance	Provision for bad debts	Percentage of provision (%)
Amounts due from subsidiaries	2,727,226,517.37		

As at 31 December 2023, other receivables with provision made for bad debts on a group basis are as follows:

	Carrying balance	Impairment provisions	Percentage of provision (%)
Within 6 months	11,193.30	559.67	5.00
6 months to 1 year			
1 to 2 years	643,747.68	193,124.30	30.00
2 to 3 years			
Over 3 years			
Total	654,940.98	193,683.97	29.57

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

Applicable  Not applicable

Of which significant other receivable write-offs:

Applicable  Not applicable

Explanation on other receivables write-off:

Applicable  Not applicable

## FINANCIAL REPORT

### XIX. NOTES TO KEY ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

#### 2. Other receivables (continued)

##### Other receivables (continued)

##### (6). Other receivables from the top five debtors by closing balance

Unit: Yuan Currency: RMB

Name of entity	Closing balance	Percentage of the total closing balance of other receivables (%)	Nature of the amount	Age	Provision for bad debts Closing balance
Caofeidian Suntien Liquefied Natural Gas Co., Ltd.	2,157,440,000.00	79.09	Internal borrowings and current accounts	Within 1 year and 1-2 years	
HECIC New Energy	176,000,000.00	6.45	Internal borrowings and current accounts	Over 3 years	
Ruoqiang Suntien Green Energy Co., Ltd.	102,385,400.00	3.75	Internal borrowings and current accounts	Within 1 year, 1-3 years and over 3 years	
Suntien Green Energy Qinhuangdao Beidaihe New District Co., Ltd.	53,000,000.00	1.94	Internal borrowings and current accounts	Within 1 year	
HECIC New Energy (Tangshan) Co., Ltd	39,000,000.00	1.43	Internal borrowings and current accounts	Within 1 year	
Total	2,527,825,400.00	92.66	/	/	

##### (7). Presented in other receivables due to centralised management of funds

Applicable  Not applicable

Other explanations:

Applicable  Not applicable

#### 3. Long-term equity investments

Unit: Yuan Currency: RMB

Items	Closing balance			Opening balance		
	Carrying balance	Impairment provisions	Carrying value	Carrying balance	Impairment provisions	Carrying value
Investments in subsidiaries	12,627,463,210.73	111,892,192.46	12,515,571,018.27	12,176,553,210.73	20,000,000.00	12,156,553,210.73
Investments in associates and joint ventures	1,021,327,878.59		1,021,327,878.59	877,879,860.50		877,879,860.50
Total	13,648,791,089.32	111,892,192.46	13,536,898,896.86	13,054,433,071.23	20,000,000.00	13,034,433,071.23

## XIX. NOTES TO KEY ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

## 3. Long-term equity investments (continued)

## (1). Investments in subsidiaries

Unit: Yuan Currency: RMB

Investee	Opening balance	Increase during the period	Decrease during the period	Closing balance	Impairment provisions during the period	Closing balance of impairment provisions
HECIC New Energy	5,140,262,260.98	150,000,000.00		5,290,262,260.98		
Hebei Natural Gas	1,268,486,574.46			1,268,486,574.46		
Suntien Green Energy (Fengning) Co., Ltd. (新天綠色能源(豐寧)有限公司)	173,600,000.00			173,600,000.00		
Jianshui Suntien	163,170,000.00			163,170,000.00		
Heilongjiang Suntien Hadian New Energy Investment Co., Ltd.	244,138,300.00	20,000,000.00		264,138,300.00		
Suntien Green Energy Investment (Beijing) Co., Ltd. (新天綠色能源投資(北京)有限公司)	60,000,000.00			60,000,000.00		
Suntien Green Hong Kong	509,203,023.00	100,000,000.00		609,203,023.00		
Ruoqiang Suntien Green Energy Co., Ltd.	178,100,000.00	31,200,000.00		209,300,000.00		
Xinyang Suntien Wind Energy Co., Ltd.	90,000,000.00			90,000,000.00		
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 Hebei Solar Energy Development Co., Ltd.	33,060,900.00			33,060,900.00		
Hebei Fengning CIC New Energy Co., Ltd.	934,830,000.00	66,000,000.00		1,000,830,000.00		
Guangxi Suntien Green Energy Co., Ltd.	114,500,000.00	10,000,000.00		124,500,000.00		
Weihui Suntien Green Energy Co., Ltd.	84,000,000.00			84,000,000.00		
Tongdao Suntien Green Energy Co., Ltd.	158,870,000.00			158,870,000.00		
Chaoyang Suntien New Energy Co., Ltd.	32,000,000.00			32,000,000.00		
Offshore Wind	491,900,000.00	7,340,000.00		499,240,000.00		
HECIC New Energy (Tangshan) Co., Ltd.	86,000,000.00			86,000,000.00		
Fuliang Zhongling Suntien Green Energy Co., Ltd.	168,000,000.00	6,300,000.00		174,300,000.00		
Suntien Hebei Power Sale Co., Ltd.	38,000,000.00			38,000,000.00		
Fangchenggang Suntien Green Energy Co., Ltd.	93,300,000.00			93,300,000.00		
Fuping Jixin Suntien Green Energy Co., Ltd.	165,800,000.00			165,800,000.00	111,892,192.46	111,892,192.46
Caofeidian Suntien Liquefied Natural Gas Co., Ltd.	1,326,031,100.00			1,326,031,100.00		
Suntien Green Energy Lianyungang Co., Ltd.	138,000,000.00			138,000,000.00		
Hebei Gas	68,750,000.00	16,500,000.00		85,250,000.00		
Hebei Jianrong Photovoltaic Technology Co., Ltd.	22,777,752.29			22,777,752.29		
HECIC New-energy Supply Chain Management Co., Ltd.	10,000,000.00	10,000,000.00		20,000,000.00		
Suntien Green Energy (Tianjin) Co., Ltd. (新天綠色能源(天津)有限公司)	10,000,000.00			10,000,000.00		
Xinjiang Yusheng New Energy Development Co., Ltd. (新疆宇晟新能源開發有限公司)	16,289,400.00			16,289,400.00		
Shanghai Geluoli Technology Co., Ltd. (上海戈洛立科技有限公司)		15,300,000.00		15,300,000.00		
Others	39,983,900.00	53,270,000.00	15,000,000.00	78,253,900.00		
Total	12,156,553,210.73	485,910,000.00	15,000,000.00	12,627,463,210.73	111,892,192.46	111,892,192.46

## FINANCIAL REPORT

### XIX. NOTES TO KEY ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

#### 3. Long-term equity investments (continued)

##### (2). Investments in associates and joint ventures

Unit: Yuan Currency: RMB

Investee	Opening balance	Changes in the period							End of the period balance	Closing balance of impairment provisions
		Additional investments	Decrease in investments	Gain or loss of investment recognized using equity approach	Adjustments to other comprehensive income	Changes in other equity	Declaration of payment of cash dividend or profit	Impairment provisions		
I. Joint ventures										
Harbin Qingfeng	2,000,000.00	30,000,000.00								32,000,000.00
Suntien Guohua	47,625,725.52			1,692,739.83		2,927,864.27				52,246,329.62
Chengde Dayuan	202,018,110.91	6,482,700.00		47,730,821.90		1,119,764.46	51,423,603.21			205,927,794.06
Xinying Energy Trading		5,000,000.00		-47,909.36						4,952,090.64
Sub-total	251,643,836.43	41,482,700.00		49,375,652.37		4,047,628.73	51,423,603.21			295,126,214.32
II. Associates										
CIC Rongtan	20,878,192.55			1,552,006.43			4,421,235.70			18,008,963.28
Zhonghang Sehan Green Energy	11,373,759.58			724,091.93						12,097,851.51
Fengning Pumped Storage	578,484,071.94	50,640,000.00		41,410,884.13		1,200,517.20				671,735,473.27
Jinjianjia	15,500,000.00	7,310,633.00								22,810,633.00
Huiludao Gas		1,109,548.80		439,194.41						1,548,743.21
Sub-total	626,236,024.07	59,060,181.80		44,126,176.90		1,200,517.20	4,421,235.70			726,201,664.27
Total	877,879,860.50	100,542,881.80		93,501,829.27		5,248,145.93	55,844,838.91			1,021,327,878.59

XIX. NOTES TO KEY ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

3. Long-term equity investments (continued)

(3). Impairment test for long-term equity investments

As the revenue from the Fuping 100MW Wind Farm did not meet expectations, an impairment test was conducted on the subsidiary Fuping Jixin Green Energy Co., Ltd. in 2023.

The recoverable amount was determined based on the net fair value less costs of disposal

Applicable  Not applicable

The recoverable amount was determined based on the present value of the estimated future cash flow

Unit: Yuan Currency: RMB

Items	Carrying value	Recoverable amount	Impairment amount	Years of the forecast period	Key parameters for the forecast period	Key parameters for the stabilisation period	Basis for determining key parameters for the stabilisation period
Fuping Jixin Suntien Green Energy Co., Ltd.	165,800,000.00	53,907,807.54	111,892,192.46	2024-2028	Average annual electricity sales, average annual unit price of electricity sold, pre-tax discount rate: 6.47%	Growth rate: 0 Gross profit margin: 42.02% Pre-tax discount rate: 6.47%	Historical information
Total	<u>165,800,000.00</u>	<u>53,907,807.54</u>	<u>111,892,192.46</u>	/	/	/	/

*Reasons for the significant discrepancy between the aforementioned information and the information or external information used in impairment tests in previous years*

Applicable  Not applicable

*Reasons for the significant discrepancy between the information used by the Company in impairment tests in previous years and the actual situations in the current year*

Applicable  Not applicable

Other explanations:

Nil

## FINANCIAL REPORT

### XIX. NOTES TO KEY ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

#### 4. Operating revenue and operating costs

##### (1). Operating revenue and operating costs

Unit: Yuan Currency: RMB

Items	Amount for the current period		Amount for the previous period	
	Revenue	Cost	Revenue	Cost
Principal operations				
Other operations	<b>66,385,391.19</b>	48,598,669.64	<b>45,078,414.92</b>	3,991,399.13
Total	<b>66,385,391.19</b>	48,598,669.64	<b>45,078,414.92</b>	3,991,399.13

##### (2). Breakdown of operating revenue and operating costs

Unit: Yuan Currency: RMB

Contract Classification	Total	
	Operating revenue	Operating costs
By product type		
Service fee income	<b>66,385,391.19</b>	48,598,669.64
By region of operation		
Mainland China	<b>66,385,391.19</b>	48,598,669.64
By time of transfer of goods		
Transferred at a point in time	<b>64,776,689.71</b>	47,026,594.25
Transferred over time	<b>1,608,701.48</b>	1,572,075.39
Total	<b>66,385,391.19</b>	48,598,669.64

Other explanations

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

##### (5). Material contract changes or significant transaction price adjustments

Applicable  Not applicable

Other explanations:

Nil

XIX. NOTES TO KEY ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT 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	2,039,182,654.01	1,837,506,469.19
Long-term equity investment income accounted for under the equity method	93,501,829.27	26,741,671.49
Investment gain on disposal of long-term equity investment	3,495,186.96	2,045,442.72
Investment gain of held-for-trading financial assets during the period of holding	8,482,003.81	17,139,186.28
Dividend income from investment in other equity instruments during the period of holding	15,700,106.37	14,744,642.19
Interest income from debt investment in the period of holding		
Interest income from other debt investment in the period of holding		
Investment gain on disposal of held-for-trading financial assets		
Investment gain on disposal of investment in other equity instruments		
Investment gain on disposal of debt investment		
Investment gain on disposal of other debt investment		
Gain on debt restructuring		
Total	2,160,361,780.42	1,898,177,411.87

Other explanations:

Nil

6. Others

Other non-current assets

	2023			2022		
	Carrying balance	Impairment provisions	Carrying value	Carrying balance	Impairment provisions	Carrying value
Capital lending/borrowing	3,100,810,600.00		3,100,810,600.00	3,589,430,600.00		3,589,430,600.00
Others	6,805,022.47		6,805,022.47	134,000.00		134,000.00
Total	3,107,615,622.47		3,107,615,622.47	3,589,564,600.00		3,589,564,600.00

## FINANCIAL REPORT

### XX. 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, including reversal of provision for impairment of assets	-6,902,336.63	
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, received in accordance with specific standards and impacting the Company's gain or loss on a continuous basis	68,086,769.66	
Gain or loss arising from changes in fair value of financial assets and financial liabilities held by non-financial enterprises and gain or loss arising from the disposal of financial assets and financial liabilities, except for effective hedging business related to the Company's normal business operations	8,601,062.69	
Fund possession cost levied on non-financial enterprises and included in the current profit or loss		
Gain or loss on the assets by entrusting others to invest or manage		
Gain or loss from external entrusted loans		
Losses of various assets due to force majeure factors such as natural disasters		
Reversal of impairment provisions for receivables subject to individual impairment test		
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		
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		
Gain or loss on exchange of non-monetary assets		
Gain or loss on debt restructuring		
One-off expenses incurred by the enterprise as a result of the discontinuation of the relevant business activities, such as staff settlement expenses, etc.		
One-off effect on profit or loss due to adjustments in taxation, accounting and other laws and regulations		
One-off share-based payment expenses recognized for cancellation and modification of equity incentive plans		
Gain or loss arising from changes in the fair value of remuneration payable to employees after the exercise date in respect of cash-settled share-based payments		
Gain or loss on changes in fair value of investment properties adopting fair value method for subsequent measurement		
Gain arising from transactions with the unfair transaction price		
Gain or loss on contingency items unrelated to the normal business operations of the Company		
Custody fee income received from custody operation		
Non-operating revenue and expense other than the above-mentioned	9,121,621.03	
Other gain or loss items conforming to definition of the non-recurring gain or loss	10,826,295.86	
Less: Affected amount of income tax	22,364,513.79	
Affected amount of minority interests (after taxation)	29,356,204.72	
Total	38,012,694.10	

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 [2023] No. 65).

XX. SUPPLEMENTARY INFORMATION (continued)

1. Non-recurring gain or loss statement of the period (continued)

Explanation on the reasons for the Company's identification of items unlisted in the Explanatory Announcement No. 1 on Information Disclosure for Companies Issuing Their Securities to the Public – Non-recurring Gain or Loss as non-recurring gain or loss items of significant amount, 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

Items	Amount involved	Reasons
VAT refund	168,199,560.34	Government subsidies included in profit or loss in the current period, but excluding the items that are not recognised as non-recurring gain or loss items as they closely related to normal business operations, in line with national policies and regulations, received in accordance with specific standards and impacting the Company's gain or loss on a continuous basis

Other explanations

2022

Items	Amount involved	Reasons
VAT refund	147,687,261.06	Government subsidies included in profit or loss in the current period, but excluding the items that are not recognised as non-recurring gain or loss items as they closely related to normal business operations, in line with national policies and regulations, received in accordance with specific standards and impacting the Company's gain or loss on a continuous basis

## FINANCIAL REPORT

### XX. SUPPLEMENTARY INFORMATION (continued)

#### 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	10.70	0.51	0.51
Net profit attributable to ordinary shareholders of the Company, net of non-recurring gain or loss	10.51	0.51	0.51

The basic earnings per share was calculated by dividing the net profit for the current period attributable to ordinary shareholders of the Company by the weighted average number of outstanding ordinary shares. The number of newly issued ordinary shares is determined according to the specific terms of the issue contract and calculated from the date of consideration receivable (normally the stock issue date).

The calculation of basic earnings per share and diluted earnings per share is detailed as follows:

	2023	2022 (Restated)
<b>Earnings</b>		
Net profit for the period attributable to ordinary shareholders of the Company Continuing operations	<b>2,207,473,530.19</b>	2,292,630,759.66
Less: Distribution related to the first tranche of perpetual bonds in 2019		7,484,750.00
Less: Distribution related to the first tranche of perpetual bonds in 2021	<b>53,560,000.00</b>	53,560,000.00
Adjusted net profit for the current period attributable to ordinary shareholders of the Company	<b>2,153,913,530.19</b>	2,231,586,009.66
<b>Shares</b>		
Weighted average number of outstanding ordinary shares of the Company	<b>4,187,093,073.00</b>	4,187,093,073.00

The Group has no dilutive potential ordinary shares.

#### 3. Differences in accounting data under domestic and foreign accounting standards

Applicable  Not applicable

#### 4. Others

Applicable  Not applicable

Chairman: Cao Xin  
Date Approved by the Board for Submission: 26 March 2024

#### INFORMATION REVISION

Applicable  Not applicable

