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CHINA SUNTIEN GREEN ENERGY CORPORATION LIMITED*
新天綠色能源股份有限公司

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

(Stock Code: 00956)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2021:

- operating revenue was RMB15,985 million, representing an increase of 27.77% as compared with 2020
- profit before tax was RMB3,128 million, representing an increase of 38.17% as compared with 2020
- net profit attributable to shareholders of parent company was RMB2,160 million, representing an increase of 43.00% as compared with 2020
- earnings per share was RMB0.54, representing an increase of 42.11% as compared with 2020

The 2021 profit distribution proposal is as follows: the Company proposes to distribute a cash dividend of RMB1.67 (tax inclusive) for every 10 shares to all shareholders, and based on the total number of issued shares of the Company on the date of the Board meeting at which the 2021 profit distribution proposal was approved, being 4,187,093,073.00 shares, the total cash dividend to be distributed will amount to RMB699,244,543.19. The Company expects to complete the distribution of the cash dividend by 31 August 2022. In case of any change in the above-mentioned expected time schedule and distribution arrangement, the Company will make an announcement in due course in accordance with the relevant regulations of the places where the shares are listed.

RESULTS HIGHLIGHTS

The board of directors (the “**Board**”) of China Suntien Green Energy Corporation Limited (the “**Company**”) is pleased to announce the audited results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2021 prepared in accordance with the China Accounting Standards for Business Enterprises (the “**CASBE**”). This announcement complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) regarding the information required to be annexed to and included in the preliminary announcement of annual results.

As at 31 December 2021, the Group had consolidated assets of RMB71,918 million, consolidated operating revenue of RMB15,985 million, representing an increase of 27.77% as compared with the same period of 2020, and net profit attributable to shareholders of parent company of RMB2,160 million, representing an increase of 43.00% as compared with the same period of 2020. Earnings per share was RMB0.54.

The Board recommends the payment of a final cash dividend of RMB1.67 (tax inclusive) for every 10 shares (RMB699,244,543.19 in total (tax inclusive)) to all shareholders, subject to the approval by the shareholders at the annual general meeting (the “**AGM**”).

Details of the Group’s financial performance are set out in the financial information contained in the appendix to this announcement.

REVIEW OF RESULTS OF 2021

I. BUSINESS DISCUSSION AND ANALYSIS

(I) Operating Environment

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

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

1. Operating environment for the natural gas industry

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

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

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

2. Operating environment for the wind power and photovoltaic industry

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

an increase of 25.1% as compared with the same period of 2020, with 1,163 hours of photovoltaic power utilization for the year, representing an increase of 3 hours as compared with the same period of 2020.

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

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

(II) BUSINESS OVERVIEW

1. *Business review of natural gas business*

(1) *Increase in sales volume of natural gas as compared with the same period of 2020*

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

(2) *Actively promotion of the construction of infrastructural projects*

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

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

For the Tangshan LNG project, the 3# wharf completed box girder installation and bridge deck paving work; phase I receiving station project completed the topping up of 3#, 4#, 7# and 8# storage tanks, completed 75% of the welding of inner tanks, and the installation unit has entered the site for steel structure installation; phase II completed construction of the pile foundations of 1#, 2#, 5# and 6# storage tanks, and completed construction of the bearing platform of 2# storage tank. The welding of the main body

of the Tangshan LNG Terminal Outbound Pipelines Project (Caofeidian-Baodi section and Baodi-Yongqing section) (唐山LNG接收站外輸管線項目(曹妃甸 – 寶坻段)及(寶坻-永清段)) was completed.

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

During the Reporting Period, leveraging on its newly operating pipelines, the Group vigorously developed its end user base of natural gas and resulted in an increase of 50,082 customers. As at 31 December 2021, the Group had an aggregate of 480,936 customers.

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

(4) Further improvement of transmission network

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

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

During the Reporting Period, the Group developed its CNG and LNG businesses in a steady manner with no additional operating CNG secondary filling station. As at 31 December 2021, the Group operated a total of 6 CNG primary filling stations, 3 CNG secondary filling stations, 3 LNG refilling stations and 2 L-CNG joint filling stations.

2. Business review of wind power business

(1) Steady growth of installed capacity

In 2021, the Group's consolidated installed capacity of wind power increased by 350 MW, and projects such as the Chongli Wind Powered Hydrogen Production Project, Guyuan Xiba Wind Power Project and Kangbao Dayingtu Wind Power Project were all connected to the grid for power generation, with accumulative consolidated installed capacity of 5,673.85 MW, accumulative installed capacity under management of 5,869.45 MW, increased attributable installed capacity of wind power of 345.7 MW, and accumulated attributable installed capacity of 5,311.60 MW. The Group's commercial operation project capacity during the year increased by 1,111.00 MW, and its accumulated commercial operation project capacity was 5,363.15 MW. As at 31 December 2021, the total designed capacity of the wind power projects under construction of the Group was 501 MW.

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

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

(3) Steady progress in wind resources reserves

In 2021, the Group's approved capacity increased by 565.8 MW, and the accumulative approved capacity of projects not yet commenced was 1,590.6 MW. New wind power projects with total capacity of 240 MW were included in the governmental development and construction plans. The Group's accumulative capacity included in the local development and construction plans of various regions reached 7,549.1 MW, locating in 16 provinces across China.

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

3. *Other businesses*

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

The Company participated in an equity investment for the construction of Hebei Fengning pumped storage power station project (河北豐寧抽水蓄能電站項目), the designed total installed capacity of which amounted to 3,600 MW, which will be developed in two phases with installed capacity of 1,800 MW each for pumping and water retention functions such as peak load regulation and valley filling. As at 31 December 2021, the upper and lower reservoirs of the Hebei Fengning pumped storage power station project officially began to retain water; Units 1 and 10 were put into operation to generate electricity.

4. *Digital intelligence construction and technological innovation*

During the Reporting Period, the Group increased investment in digital intelligence and actively promoted the application of new technologies, steadily improving the intelligence level of production. First, the Company established the digital intelligence committee to improve the structure of leadership at the top-level and laid the foundation for the development of information technology work. Second, a management "cockpit platform" was established, integrating core data on finance, operation, engineering and production, and establishing a detailed indicator evaluation system. Third, new progress was made in the integration and application of offshore wind power and natural gas data based on big data cloud platform, and the informatization projects such as wind turbine equipment reliability analysis, early warning analysis and data analysis. Fourth, adopting a series of advanced production management systems such as intelligent inspection system, intelligent analysis system of measurement data, efficient GIS field collection system, urban underground gas pipeline leakage monitoring project, three-dimensional visualization of special locations, new technology of DR inspection, and robots for emergency investigation, which help a comprehensive intelligent improvement of the production and operation standard of the Company. Fifth, Hebei Natural Gas completed the renovation of unmanned stations and the construction of automatic distribution control system and

has become the first provincial grid company realizing unmanned station and automatic distribution in China; the research and development of blade partial lengthening technology of wind turbine achieved a breakthrough that the power generation by a turbine prototype increased significantly. Sixth, attaching importance to intellectual property protection and obtained 75 licensed intellectual property rights. Seventh, the “Wind Power Cluster Smart Regulation and Efficient Consumption Technology based on Big Data and Cloud Platform and the Application Thereof” (《基於大數據雲平台的風電集群智慧調控與高效消納技術及應用》) project received the Second Prize of Science and Technology Progress in Hebei Province.

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

(III) OPERATING PERFORMANCE DISCUSSION AND ANALYSIS

1. Overview

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

2. Revenue

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

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

3. Net profit

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

4. Net Profit attributable to shareholders of the listed company

During the Reporting Period, the net profit attributable to shareholders of the listed company was RMB2.160 billion, representing an increase of RMB649 million as compared with the RMB1.511 billion in the same period of the last year, which was mainly due to the increase in the Group's net profit over the same period of last year.

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

5. Gain or loss attributable to minority interests

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

6. External equity investments

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

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

7. *Contingent liabilities*

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

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

8. *Cash flows*

As at 31 December 2021, the Group's net current liabilities were RMB1.056 billion, and the net increase in cash and cash equivalents was RMB5.67 billion. The Group has obtained credit facilities of a total amount of RMB73.497 billion from various domestic banks, of which an amount of RMB27.155 billion was utilized.

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

9. *Capital expenditure*

During the Reporting Period, capital expenditures mainly included project construction costs for new wind power projects, natural gas pipelines and acquisition of additional properties, plants and equipment and prepayment for leased lands. Capital resources mainly included self-owned capital, bank borrowings and cash flows from the Group's operating activities. During the Reporting Period, the Group's capital expenditure was RMB7.946 billion, representing a decrease of 30.28% as compared with RMB11.398 billion in the same period of last year. A breakdown of capital expenditure is as follows:

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

10. Borrowings

As at 31 December 2021, the Group's long-term and short-term borrowings totaled to RMB33.588 billion, representing an increase of RMB6.247 billion as compared with the end of 2020. Among all borrowings, the short-term borrowings (including long-term borrowings due within one year) aggregated RMB4.882 billion, the long-term borrowings amounted to RMB28.706 billion.

During the Reporting Period, the Group actively expanded its financing channels and strengthened its capital management to guarantee the smooth operation of capital chain and to reduce finance 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.

11. Debt-to-asset ratio

As at 31 December 2021, the Group's debt-to-asset ratio (the ratio of total liabilities divided by total assets) was 66.96%, representing a decrease of 3.88 percentage points from 70.84% as at 31 December 2020, mainly attributable to the proceeds from the non-public issuance of A shares in 2021 of RMB4.596 billion and the increase in shareholders' equity.

12. Substantial mortgage

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

13. Substantial acquisitions and disposals

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

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

(I) New energy business

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

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

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

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

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

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

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

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

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

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

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

(II) Natural gas business

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

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

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

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

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

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

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

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

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

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

The Company is a leader in the development and utilization of clean energy in northern China. The Company's principal business focuses on two segments: sale of natural gas and wind power generation. The other businesses in the principal business are ancillary or extended businesses that the Company develops by making use of its resources and technical advantages in the natural gas and wind power sectors. The photovoltaic power generation business is also one of the Company's important strategic investment and business development directions.

1. Natural gas business

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

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

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

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

(2) Sale of natural gas

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

2. Wind power and photovoltaic business

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

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

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

(2) Sale of electricity

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

IV. ANALYSIS ON THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD

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

1. The Company is a leading clean energy company in northern China, with its major businesses within Hebei Province.
2. The Company's management team has been engaged in the clean energy industry for many years and has extensive management experience in the wind power, photovoltaic, and natural gas fields. The Company has established a team consisting of several hundreds of production and technical service personnel with high-level professional knowledge and relevant technical qualifications, and strong professional operation and maintenance capabilities.
3. The Company's wind power and photovoltaic business and the natural gas business are complementary to each other in a benign way, which can effectively reduce the volatility of the Company's profits, prevent adverse changes for a single business and diversify operational risks.

V. MAJOR OPERATIONS DURING THE REPORTING PERIOD

Major operations during the Reporting Period are as follows:

(I) ANALYSIS OF PRINCIPAL BUSINESS

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

Unit: Yuan Currency: RMB

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

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

Explanation on reasons for changes in operating costs: During the Reporting Period, the Group's operating costs increased by 23.44% as compared with the same period of 2020, mainly due to the increase in the operating costs as a result of the commencement of operation of new wind farms and the increase in sales volume of gas.

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

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

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

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

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

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

Explanation on reasons for changes in net cash flows from financing activities: In 2021 and 2020, the net cash flows generated from the Company's financing activities were RMB8,649 million and RMB5,438 million, respectively. The large net cash inflows from financing activities were mainly attributable to the increase in borrowings from financial institutions as well as the proceeds from the issuance of shares, perpetual bonds and medium-term notes during the current period as compared with the same period of 2020. The cash inflows from the Company's financing activities were mainly cash received from loans, accounting for 70.39% and 92.85% of the cash inflows from financing activities in 2021 and 2020, respectively; the cash outflows from the Company's financing activities were mainly debt repayment and dividend distribution, accounting for 74.73% and 18.72%, and 76.89% and 19.97% of the cash outflows from financing activities in 2021 and 2020, respectively.

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

Applicable Not Applicable

2. Analysis of revenue and costs

Analysis of revenue and costs is as follows:

(1). Analysis of Principal Business by Industry, Product, Region and Distribution Model

Unit: Yuan Currency: RMB

Product	Principal business by product			Increase/ (decrease) of operating revenue as compared with last year (%)	Increase/ (decrease) of operating costs as compared with last year (%)	Increase/ (decrease) of gross profit margin as compared with last year (%)
	Operating revenue	Operating costs	Gross profit (%)			
Business of sale of natural gas	9,519,273,994.93	8,671,689,650.85	8.90	21.62	19.40	Increase of 1.69 percentage points
Business of wind/photovoltaic power generation	6,147,651,024.55	2,380,141,782.43	61.28	38.29	37.23	Increase of 0.29 percentage point
Business of connection and construction of gas pipeline network	211,211,261.38	150,027,430.96	28.97	35.79	60.63	Decrease of 10.98 percentage points
Other principal business	72,952,453.29	17,014,647.63	76.68	35.04	430.01	Decrease of 17.38 percentage points

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

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

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

(2). Table of production and sales analysis

Applicable Not Applicable

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

Applicable Not Applicable

(4). Cost analysis table

Unit: Yuan

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

Cost analysis and explanation

During the Reporting Period, the operating costs of the Group's wind power and photovoltaic business were RMB2.401 billion, representing an increase of 38.43% as compared with the same period of 2020. This was mainly due to an increase in operating costs resulting from the wind power projects gradually being put into operation.

During the Reporting Period, the costs of the Group's natural gas business amounted to RMB8.831 billion, representing an increase of 19.91% from RMB7.365 billion in 2020. This was mainly due to an increase in corresponding operating costs as a result of the increase in purchase volume of gas as compared with 2020.

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

Applicable Not Applicable

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

Applicable Not Applicable

(7). Information on major customers and major suppliers

A. Major customers of the Company

Sales to the top five customers were RMB7,522.7906 million, accounting for 47.06% of total sales for the year, of which sales to the largest customer accounted for 35.77% of the Group's total sales for the year, and sales to related parties were zero among the sales to the top five customers, accounting for 0% of the total sales for the year.

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

Applicable Not Applicable

B. Major suppliers of the Company

Purchases from the top five suppliers were RMB10,271.6966 million, accounting for 63.54% of the total purchases for the year, of which purchases from the largest supplier accounted for 37.96% of the Group's total purchases for the year, and purchases from related parties were zero among the purchases from the top five suppliers, accounting for 0% of the total purchases for the year.

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

Applicable Not Applicable

Other explanation

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

3. Expenses

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

4. R&D investment

(1). Table of R&D investment

Unit: Yuan

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

(2). Research and Development Personnel

Number of research and development personnel in the Company	60
Percentage of research and development personnel in the total number of persons in the Company (%)	2.41%

Qualification of research and development personnel

Qualification types	Number
PhD	0
Postgraduate	45
Undergraduate	15
Diploma	0
High school or below	0

Age group of research and development personnel

Age groups	Number
30 or below (excluding 30)	14
30-40 (including 30 while excluding 40)	32
40-50 (including 40 while excluding 50)	8
50-60 (including 50 while excluding 60)	6
60 or above	0

(3). Explanation

Applicable Not Applicable

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

Applicable Not Applicable

5. Cash flows

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

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

Applicable Not Applicable

(III) Analysis of assets and liabilities

1. Assets and liabilities

Unit: Yuan

Item	Balance as at the end of the Reporting Period	Balance as at the end of the Reporting Period as a percentage of total assets (%)	Balance as at the end of the same period of last year	Balance as at the end of the same period of last year as a percentage of total asset (%)	Change in balance as at the end of the Reporting Period as compared with balance as at the end of the same period of last year (%)	Explanation
Cash	7,648,396,983.55	10.63	1,898,492,786.13	3.32	302.87	Mainly due to the Company's issuance of additional shares to specific subscribers, insurance of perpetual bonds, receipt of bank borrowings and the increase in sales proceeds
Accounts receivable	6,657,415,202.23	9.26	4,866,274,731.98	8.50	36.81	Increase in renewable energy subsidies
Advances to suppliers	161,631,341.92	0.22	380,771,646.27	0.67	-57.55	Due to the decrease in prepayments for purchase of natural gas.
Other receivables	135,599,831.17	0.19	94,391,151.51	0.16	43.66	Due to the increase in dividends receivable from associates for the current period
Inventories	214,186,265.69	0.30	58,109,933.28	0.10	268.59	Mainly due to the balance of international purchase of LNG for the current period
Development costs	27,227,806.35	0.04	12,425,222.01	0.02	119.13	Due to the increase in R&D investment
Goodwill	55,450,878.54	0.08	39,411,613.25	0.07	40.70	Mainly attributable to the goodwill arising from the acquisition of additional units through business combination involving enterprises not under common control during the current period
Short-term borrowings	1,978,114,966.89	2.75	1,220,742,600.37	2.13	62.04	Mainly due to the increase in borrowings from financial institutions
Bills payable	14,738,449.62	0.02	4,516,529.53	0.01	226.32	Mainly due to the increase in the settlement of bank acceptance bills
Accounts payable	458,031,776.88	0.64	176,947,893.06	0.31	158.85	Mainly due to the increase in payables as a result of the increase in purchases
Advances from customers	778,761,061.94	1.08	0.00	0.00	0.00	Advances received for the costs of entrusted construction of storage tanks for the current period
Other current liabilities	704,107,945.21	0.98	500,000,000.00	0.87	40.82	Due to the issuance of new super short-term commercial papers during the current period

Item	Balance as at the end of the Reporting Period	Balance as at the end of the Reporting Period as a percentage of total assets (%)	Balance as at the end of the same period of last year	Balance as at the end of the same period of last year as a percentage of total asset (%)	Change in balance as at the end of the Reporting Period as compared with balance as at the end of the same period of last year (%)	Explanation
Debentures payable	1,000,000,000.00	1.39	2,085,000,000.00	3.64	-52.04	Mainly due to the two tranches of medium-term notes due for repayment during the current period
Long-term payables	361,236,137.17	0.50	204,163,944.97	0.36	76.93	Increase in borrowings from financial leasing companies during the current period
Accrued liabilities	77,531,149.68	0.11	52,760,727.00	0.09	46.95	Increase in the accrued liabilities recognized based on the arbitration result of the construction costs of subsidiaries
Deferred income	106,249,255.16	0.15	59,142,565.63	0.10	79.65	Mainly due to the additional government grants for the current year

Other explanation

Nil

2. Overseas assets

(1) Asset scale

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

(2) Explanation of the high proportion of overseas assets

Applicable Not Applicable

3. RESTRICTIONS ON MAIN ASSETS AS AT THE END OF THE REPORTING PERIOD

Unit: Yuan

Item	Carrying amount as at the end of the period	Reasons for such restriction
Cash	115,312,267.99	Land reclamation deposit, guarantee deposit and others
Receivable financing	590,000.00	Financing pledges
Accounts receivable	5,297,705,008.26	Financing pledges
Fixed assets	282,529,150.15	Financing collaterals
Intangible assets	3,310,438.09	Financing collaterals
Total	<u>5,699,446,864.49</u>	

4. Other explanation

Applicable Not Applicable

(IV) Analysis on operational information in the industry

Applicable Not Applicable

(V) Analysis of investment status

General analysis of external equity investments

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

Unit: RMB'0,000

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

1. Material equity investments

Applicable Not Applicable

2. Material non-equity investments

Applicable Not Applicable

3. Financial assets measured at fair value

Unit: Yuan

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

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

Applicable Not Applicable

(VI) Material disposal of assets and equity interest

Applicable Not Applicable

(VII) Analysis of major subsidiaries and investee companies

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

Unit: RMB'0,000

Company name	Proportion of share holding	Main business	Registered			Operating revenue	Operating profit	Net profit
			capital	Total assets	Net assets			
HECIC New-energy Co., Ltd. (河北建投新能源有限公司)	100%	Wind power generation, wind farm investment and service consulting	509,730.00	2,514,163.69	793,820.38	352,957.06	117,752.51	100,319.63
Hebei Natural Gas Company Limited (河北省天然氣有限責任公司)	55%	Sale of natural gas and gas appliances, as well as the connection and construction of natural gas pipelines	190,000.00	1,112,094.50	373,088.44	978,471.16	90,802.58	72,946.21
Hebei Fengning CIC New Energy Co., Ltd. (河北豐寧建投新能源有限公司)	100%	Wind power generation	86,783.00	490,591.14	159,201.60	101,178.96	63,353.36	59,768.34

(VIII) STRUCTURED ENTITIES CONTROLLED BY THE COMPANY

Applicable Not Applicable

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

(I) Industry landscape and Trend

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

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

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

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

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

(II) Development strategies of the Company

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

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

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

(III) Business plan

1. New energy business

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

2. *Natural gas business*

- (1) Ensure the successful completion and commissioning of key natural gas projects of the Company, with the terminal and receiving station projects of the Tangshan LNG Project phase I putting into operation as scheduled, the outbound pipelines project meeting production conditions in the first half of the year, and the Jingshihan Dual Track Gas Pipeline Project (京石邯輸氣管道複線工程) meeting production conditions.
- (2) In 2021, the Company signed its first long-term LNG sale and purchase agreement, with a contract amount of 1 million tons per year and a supplying period of 15 years, signifying its successful opening of long-term upstream natural gas purchase channel. In the future, the Company will continue to actively develop LNG international trade and strive to obtain overseas prime upstream gas sources.
- (3) Stick to its market-oriented development strategy by leveraging its advantages of existing provincial natural gas trunk pipelines to actively expand urban natural gas projects and take various measures such as acquisitions and mergers to continuously explore new downstream markets in order to steadily expand the scale of its end-user market.

3. *Leveraging the advantage of industrial synergy*

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

4. *Constantly diversifying financing methods*

In 2022, the Group will continue to explore channels for financing and innovative financing means and to obtain capital at low cost for project construction in order to ensure the stability and security of the Group's capital chain.

- (1) The Group will timely review its existing loans for reasonable replacement of original high-cost loans to further optimize financing structure and reduce financing cost. It will closely monitor the adjustment of relevant fiscal, taxation and financial policies of the state and local governments, communicate with major financial institutions on a regular basis, and actively draw facilities.

- (2) The Group will timely study and make full use of national and industry financial preferential policies, analyze the company's financing costs taking into account of market changes, coordinate the overall arrangement of funds, reasonably plan the undertaking of matured debts, seriously carry out various risk control work for bank loans, and issue debt financing products such as corporate bonds, medium term notes and super short-term commercial papers in a timely manner to meet the Group's future capital needs.

5. Consolidate production safety

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

(IV) Potential risks

1. Wind power/photovoltaic business

(1) Uncertain wind resources

The major climatic risk faced by the wind power industry is the fluctuation of wind resources between years, as the power generation is at a higher level in years of greater wind resources and at a lower level in years of less wind resources, as compared to normal years. Due to the randomness and uncontrollability of wind resources, there might be a risk of decreasing wind speed in 2022 as compared to 2021. During the project planning phase and before the construction of wind farms, the Group will conduct a comprehensive wind resources test to evaluate the potential installed capacity of such locations in order to reduce the climatic risks.

(2) Remaining concern of power constraints

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

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

(3) Increase in management difficulty of construction

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

(4) Risk of market-based electricity trading

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

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

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

2. Natural gas business

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

In recent years, the state has continued to promote natural gas price reforms in accordance with the general idea of “enhancing control in the middle and deregulating on both ends”. In the future, if the structural reforms on the supply side continues to deepen and the energy prices continue to decrease to support the real economy, there will be a risk that the profit margin of the Company’s natural gas business may decline given the Group’s implementation document in relation to pipeline transmission fees has been effective for three years and shall be subject to review and approval for the pipeline transmission fees in accordance with relevant regulations.

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

(2) Risk of further increased difficulty for market expansion

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

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

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

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

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

(4) Risk of natural gas price rise

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

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

3. Interest rate risk

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

4. Risk of safety

- (1) As for the new energy sector, the operating condition of equipment such as wind turbines in old wind farms that have been in operation for a long time is a major factor that directly affects the sustainable and stable operation of the Company's safety production, and good operations and maintenance work is required in advance for reducing the risk of safety in the new energy sector.
- (2) As for the gas sector, the existing pipeline network has been in operation for a long period of time, and the equipment and facilities of gas stations and gas pipelines are aging to varying degrees, coupled with the impact of possible damage caused by third parties, the risk of safety in the gas sector has been increased from an objective perspective, which has brought greater pressure and difficulty to the safety management of the Company.

(V) Others

Applicable Not Applicable

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

Applicable Not Applicable

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

For the significant events after the end of the Reporting Period of the Group, please refer to Note V “Events after the Balance Sheet Date” to the financial statements in the Appendix to this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

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

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

On 6 January 2022, the Company completed the Issuance and the registration procedures for the new Shares with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited. Upon the completion of the Issuance, the total number of Shares increased from 3,849,910,396 to 4,187,093,073, and the total number of A Shares increased from 2,010,906,000 to 2,348,088,677.

During the Reporting Period, save as the non-public issuance of A shares, the Company did not redeem any of its own securities, nor did it or any of its subsidiaries sell or purchase any of the Company’s securities listed on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company focuses on high standards of corporate governance, so as to enhance value for shareholders and protect their interests. The Company has established a modern corporate governance structure and set up shareholders meeting, the Board, the board of supervisors, Board committees and senior management in accordance with the PRC Company Law, the Mandatory Provisions for the Articles of Association of Companies Listed Overseas and the Corporate Governance Code set out in Appendix 14 to the Listing Rules. During the Reporting Period, the Company has complied with all provisions set out in the Corporate Governance Code, except for code provision F.2.2. In accordance with the requirements of provision F.2.2 of the Corporate Governance Code, the chairman of the Board shall attend the annual general meeting. Mr. Cao Xin, the Chairman of the Company, was not able to attend the 2020 annual general meeting of the Company due to other business engagement. According to relevant requirements, the meeting was chaired by Mr. Mei Chun Xiao, an executive director, as jointly recommended by more than half of all the directors of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct and rules regarding securities transactions of the Company by all directors and supervisors of the Company.

After making specific enquiries to all of the directors and supervisors of the Company, all directors and supervisors confirmed that during the Reporting Period, they had fully complied with the obligations under the Model Code, and no breaches were found by the Company.

2021 Profit Distribution Proposal

As audited, the Company recorded the net profit attributable to shareholders of parent company of RMB2,160,133,969.16 in 2021. The 2021 profit distribution proposal is as follows: the Company proposes to distribute a cash dividend of RMB1.67 (tax inclusive) for every 10 shares to all shareholders, and calculated based on the total number of issued shares of the Company on the date of the Board meeting at which the 2021 profit distribution proposal was approved, being 4,187,093,073 shares, the total cash dividend to be distributed will amount to RMB699,244,543.19. Should there be any change to the total share capital registered on the registration date for the subsequent implementation of the interest distribution, the Company intends to keep the total distribution amount unchanged and make corresponding adjustment to the distribution ratio for each share. The above profit distribution proposal is subject to consideration and approval at the 2021 annual general meeting of the Company.

Subject to the approval of the 2021 profit distribution proposal at the annual general meeting, the Company shall distribute cash dividends within two months upon conclusion of the annual general meeting in accordance with the Articles of Association. As per current work plan, the Company expects to complete the distribution of cash dividends by 31 August 2022. In case of any change in the above-mentioned expected time schedule and distribution arrangement, the Company will make an announcement in due course in accordance with the relevant regulations of the places where the shares are listed.

REVIEW OF ACCOUNTS

The Audit Committee of the Board of the Company has reviewed the 2021 annual results of the Group and the financial statements for the year ended 31 December 2021 prepared in accordance with the CASBE.

PUBLICATION OF ANNUAL REPORT

The Company will despatch to its shareholders the 2021 annual report in due course in compliance with the Listing Rules, the full text of which will be published on the Company's website (<http://www.suntien.com>) and the HKExnews website of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>).

By order of the Board
China Suntien Green Energy Corporation Limited
Mei Chun Xiao
Executive Director and President

Shijiazhuang City, Hebei Province, the PRC, 23 March 2022

As at the date of this announcement, the non-executive directors of the Company are Dr. Cao Xin, Dr. Li Lian Ping, Mr. Qin Gang and Mr. Wu Hui Jiang; the executive directors of the Company are Mr. Mei Chun Xiao and Mr. Wang Hong Jun; and the independent non-executive directors of the Company are Mr. Guo Ying Jun, Mr. Wan Yim Keung, Daniel and Dr. Lin Tao.

* *For identification purpose only*

APPENDIX – FINANCIAL INFORMATION

CONSOLIDATED BALANCE SHEET

31 December 2021

RMB

Assets	31 December 2021	31 December 2020
Current assets		
Cash	7,648,396,983.55	1,898,492,786.13
Including: deposits with finance companies	3,115,853,047.06	1,649,456,969.69
Receivable financing	494,976,373.69	420,392,697.68
Accounts receivable	6,657,415,202.23	4,866,274,731.98
Advances to suppliers	161,631,341.92	380,771,646.27
Other receivables	135,599,831.17	94,391,151.51
Inventories	214,186,265.69	58,109,933.28
Assets held for sale	12,373,484.60	–
Other current assets	681,347,576.94	915,759,257.54
	16,005,927,059.79	8,634,192,204.39
Non-current assets		
Long-term receivables	41,133,817.83	–
Long-term equity investment	3,058,088,144.23	2,476,150,375.02
Investment in other equity instruments	218,605,700.00	218,605,700.00
Investment properties	26,032,201.48	27,137,369.92
Fixed assets	32,220,077,891.90	25,617,692,590.53
Construction in progress	13,714,572,817.36	13,983,364,988.28
Right-of-use assets	2,017,852,925.66	1,981,077,101.98
Intangible assets	2,151,290,713.14	2,197,732,480.00
Development costs	27,227,806.35	12,425,222.01
Goodwill	55,450,878.54	39,411,613.25
Long-term deferred expenses	37,147,692.06	41,078,690.75
Deferred income tax assets	186,877,995.35	175,129,816.42
Other non-current assets	2,157,471,147.28	1,853,716,395.86
	55,911,829,731.18	48,623,522,344.02
Total non-current assets	55,911,829,731.18	48,623,522,344.02
Total assets	71,917,756,790.97	57,257,714,548.41

Liabilities and shareholders' equity	31 December 2021	31 December 2020
Current liabilities		
Short-term borrowings	1,978,114,966.89	1,220,742,600.37
Bills payable	14,738,449.62	4,516,529.53
Accounts payable	458,031,776.88	176,947,893.06
Contract liabilities	1,654,191,386.15	1,580,107,357.02
Advances from customers	778,761,061.94	–
Salaries payable	79,033,920.95	92,086,286.31
Tax payable	159,169,763.37	136,079,970.92
Other payables	7,016,558,174.65	6,133,744,755.20
Liabilities held for sale	7,859,895.72	–
Non-current liabilities due within one year	4,211,344,922.30	3,691,634,649.12
Other current liabilities	704,107,945.21	500,000,000.00
Total current liabilities	<u>17,061,912,263.68</u>	<u>13,535,860,041.53</u>
Non-current liabilities		
Long-term borrowings	28,705,566,379.15	23,837,385,993.66
Debentures payable	1,000,000,000.00	2,085,000,000.00
Lease liability	784,769,810.01	738,279,841.86
Long-term payables	361,236,137.17	204,163,944.97
Accrued liabilities	77,531,149.68	52,760,727.00
Deferred income	106,249,255.16	59,142,565.63
Deferred income tax liabilities	56,187,755.68	49,632,336.35
Total non-current liabilities	<u>31,091,540,486.85</u>	<u>27,026,365,409.47</u>
Total liabilities	<u>48,153,452,750.53</u>	<u>40,562,225,451.00</u>
Shareholders' equity		
Share capital	4,187,093,073.00	3,849,910,396.00
Other equity instruments	1,945,736,000.00	1,494,000,000.00
Including: Perpetual bonds	1,945,736,000.00	1,494,000,000.00
Capital surplus	6,590,287,168.26	2,400,024,673.73
Other comprehensive income	6,493,135.00	6,493,135.00
Surplus reserves	638,241,006.48	486,035,679.01
Undistributed profit	6,316,513,894.20	4,928,503,066.37
Total equity attributable to shareholders of parent company	<u>19,684,364,276.94</u>	<u>13,164,966,950.11</u>
Minority interests	<u>4,079,939,763.50</u>	<u>3,530,522,147.30</u>
Total shareholders' equity	<u>23,764,304,040.44</u>	<u>16,695,489,097.41</u>
Total liabilities and shareholders' equity	<u>71,917,756,790.97</u>	<u>57,257,714,548.41</u>

CONSOLIDATED INCOME STATEMENT

31 December 2021

RMB

	2021	2020
Operating revenue	15,985,268,252.01	12,510,885,312.89
Less: Operating costs	11,233,945,477.61	9,100,644,582.09
Taxes and surcharges	53,779,961.58	33,861,898.47
Selling expenses	3,108,585.99	1,985,327.57
Administration expenses	675,455,283.69	528,112,484.93
R&D costs	72,022,183.84	36,417,584.20
Finance costs	1,215,605,465.95	912,722,221.39
Including: Interest expenses	1,228,640,406.46	925,256,193.42
Interest income	24,269,705.78	17,976,867.30
Add: Other gains	119,637,593.45	74,524,487.85
Investment gains	295,942,038.83	266,424,598.45
Including: Gains from investment in associates and joint ventures	281,785,663.87	254,015,712.80
Credit Impairment losses	(22,297,770.78)	69,900,742.39
Asset impairment losses	(7,040,492.38)	(55,773,051.65)
Asset disposal gains	236,353.08	260,932.94
Operating profit	3,117,829,015.55	2,252,478,924.22
Add: Non-operating income	25,991,330.46	13,099,850.88
Less: Non-operating expenses	15,580,472.94	1,562,460.91
Gross profit	3,128,239,873.07	2,264,016,314.19
Less: Income tax expense	416,611,131.47	331,284,660.61
Net profit	<u>2,711,628,741.60</u>	<u>1,932,731,653.58</u>
By continuity as a going concern		
Net profit from continuing operations	2,711,628,741.60	1,932,731,653.58
By ownership		
Net profit attributable to shareholders of parent company	2,160,133,969.16	1,510,555,357.16
Gain or loss attributable to minority interests	551,494,772.44	422,176,296.42
Total comprehensive income	<u>2,711,628,741.60</u>	<u>1,932,731,653.58</u>
Including: Total comprehensive income attributable to shareholders of parent company	2,160,133,969.16	1,510,555,357.16
Total comprehensive income attributable to minority interests	551,494,772.44	422,176,296.42
Earnings per share		
Basic earnings per share	<u>0.54</u>	<u>0.38</u>
Diluted earnings per share	<u>0.54</u>	<u>0.38</u>

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

31 December 2021

RMB

2021

	Equity attributable to shareholders of parent company								Minority interests	Total shareholders' equity
	Share capital	Other equity instruments - Perpetual bonds	Capital surplus	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profit	Subtotal		
I. Balance at the beginning of the current year	3,849,910,396.00	1,494,000,000.00	2,400,024,673.73	6,493,135.00	-	486,035,679.01	4,928,503,066.37	13,164,966,950.11	3,530,522,147.30	16,695,489,097.41
II. Changes for the current year	337,182,677.00	451,736,000.00	4,190,262,494.53			152,205,327.47	1,388,010,827.83	6,519,397,326.83	549,417,616.20	7,068,814,943.03
(I) Total comprehensive income	-	-	-	-	-	-	2,160,133,969.16	2,160,133,969.16	551,494,772.44	2,711,628,741.60
(II) Share capital contributed or reduced by shareholders										
1. Ordinary shares contributed by shareholders	337,182,677.00	-	4,207,872,506.47	-	-	-	-	4,545,055,183.47	381,200,000.00	4,926,255,183.47
2. Capital contributed by holders of other equity instruments	-	1,039,376,000.00	-	-	-	-	1,039,376,000.00	-	-	1,039,376,000.00
3. Capital reduced by holders of other equity instruments	-	(587,640,000.00)	(2,360,000.00)	-	-	-	-	(590,000,000.00)	-	(590,000,000.00)
4. Business combination involving enterprises not under common control	-	-	-	-	-	-	-	-	683,998.74	683,998.74
5. Disposal of subsidiaries	-	-	-	-	-	-	-	-	(164,783,336.15)	(164,783,336.15)
6. Other reasons for changes in the scope of consolidation	-	-	-	-	-	-	-	-	(2,951,695.00)	(2,951,695.00)
7. Changes in proportion of ownership of subsidiaries	-	-	(15,977,088.42)	-	-	-	-	(15,977,088.42)	15,762,439.11	(214,649.31)
8. Others	-	-	727,076.48	-	-	-	-	727,076.48	189,658.25	916,734.73
(III) Profit distribution										
1. Withdrawn from surplus reserves	-	-	-	-	-	152,205,327.47	(152,205,327.47)	-	-	-
2. Distribution to shareholders	-	-	-	-	-	-	(523,587,813.86)	(523,587,813.86)	(232,178, 221.19)	(755,766,035.05)
3. Distribution to holders of other equity instruments	-	-	-	-	-	-	(96,330,000.00)	(96,330,000.00)	-	(96,330,000.00)
(IV) Special reserves										
1. Withdrawn within the current year	-	-	-	-	65,018,027.74	-	-	65,018,027.74	-	65,018,027.74
2. Utilized within the current year	-	-	-	-	(65,018,027.74)	-	-	(65,018,027.74)	-	(65,018,027.74)
III. Balance at the end of the current year	<u>4,187,093,073.00</u>	<u>1,945,736,000.00</u>	<u>6,590,287,168.26</u>	<u>6,493,135.00</u>	<u>-</u>	<u>638,241,006.48</u>	<u>6,316,513,894.20</u>	<u>19,684,364,276.94</u>	<u>4,079,939,763.50</u>	<u>23,764,304,040.44</u>

Equity attributable to shareholders of parent company

	Equity attributable to shareholders of parent company								Minority interests	Total shareholders' equity
	Share capital	Other equity instruments – Perpetual bonds	Capital surplus	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profit	Subtotal		
I. Balance at the end of the prior year	3,715,160,396.00	1,494,000,000.00	2,135,848,057.21	6,493,135.00	–	361,971,365.19	4,102,915,107.78	11,816,388,061.18	2,933,267,312.93	14,749,655,374.11
Business combination involving enterprises under common control	–	–	39,741,783.47	–	–	–	(1,730,285.25)	38,011,498.22	3,059,238.30	41,070,736.52
II. Balance at the beginning of the current year	3,715,160,396.00	1,494,000,000.00	2,175,589,840.68	6,493,135.00	–	361,971,365.19	4,101,184,822.53	11,854,399,559.40	2,936,326,551.23	14,790,726,110.63
III. Changes for the current year	134,750,000.00	–	224,434,833.05	–	–	124,064,313.82	827,318,243.84	1,310,567,390.71	594,195,596.07	1,904,762,986.78
(I) Total comprehensive income	–	–	–	–	–	–	1,510,555,357.16	1,510,555,357.16	422,176,296.42	1,932,731,653.58
(II) Share capital contributed or reduced by shareholders										
1. Ordinary shares contributed by shareholders	134,750,000.00	–	255,079,265.47	–	–	–	–	389,829,265.47	481,032,731.00	870,861,996.47
2. Capital reduced by shareholders	–	–	–	–	–	–	–	–	(5,123,755.50)	(5,123,755.50)
3. Business combination involving enterprises under common control	–	–	(38,673,853.79)	–	–	–	–	(38,673,853.79)	–	(38,673,853.79)
4. Changes in proportion of ownership of subsidiaries	–	–	7,235,100.00	–	–	–	–	7,235,100.00	47,775,000.00	55,010,100.00
5. Others	–	–	794,321.37	–	–	–	–	794,321.37	372,744.52	1,167,065.89
(III) Profit distribution										
1. Withdrawn from surplus reserves	–	–	–	–	–	124,064,313.82	(124,064,313.82)	–	–	–
2. Distribution to shareholders	–	–	–	–	–	–	(481,238,799.50)	(481,238,799.50)	(352,037,420.37)	(833,276,219.87)
3. Distribution to holders of other equity instruments	–	–	–	–	–	–	(77,934,000.00)	(77,934,000.00)	–	(77,934,000.00)
(IV) Special reserves										
1. Withdrawn within the current year	–	–	–	–	62,858,933.83	–	–	62,858,933.83	–	62,858,933.83
2. Utilized within the current year	–	–	–	–	–	(62,858,933.83)	–	(62,858,933.83)	–	(62,858,933.83)
IV. Balance at the end of the current year	<u>3,849,910,396.00</u>	<u>1,494,000,000.00</u>	<u>2,400,024,673.73</u>	<u>6,493,135.00</u>	<u>–</u>	<u>486,035,679.01</u>	<u>4,928,503,066.37</u>	<u>13,164,966,950.11</u>	<u>3,530,522,147.30</u>	<u>16,695,489,097.41</u>

CONSOLIDATED CASH FLOW STATEMENT

31 December 2021

RMB

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

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

BALANCE SHEET

31 December 2021

RMB

Assets	31 December 2021	31 December 2020
Current assets		
Cash	4,955,847,636.66	140,173,830.24
Including: deposits with finance companies	894,798,008.36	130,752,272.11
Advances to suppliers	1,635,332.15	1,807,879.04
Other receivables	1,350,583,043.68	839,074,927.28
Assets classified as held for sale	2,174,706.49	–
Non-current assets due within one year	19,834,399.46	–
Other current assets	5,422,603.07	915,151.96
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Total current assets	6,335,497,721.51	981,971,788.52
	<hr/>	<hr/>
Non-current assets		
Long-term equity investment	11,911,865,694.69	10,868,214,909.92
Investment in other equity instruments	200,000,000.00	200,000,000.00
Fixed assets	6,154,825.70	4,711,962.92
Construction in progress	12,258,459.14	17,077,506.31
Right-of-use assets	–	1,921,656.15
Intangible assets	3,898,427.16	4,973,363.74
Long-term deferred expenses	139,723.22	45,123.82
Other non-current assets	2,827,369,600.00	3,050,710,600.00
	<hr/>	<hr/>
Total non-current assets	14,961,686,729.91	14,147,655,122.86
	<hr/>	<hr/>
Total assets	21,297,184,451.42	15,129,626,911.38
	<hr/> <hr/>	<hr/> <hr/>

Liabilities and shareholders' equity	31 December 2021	31 December 2020
Current liabilities		
Short-term borrowings	700,724,166.66	–
Salaries payable	2,575,017.87	2,565,703.98
Tax payable	3,025,635.06	1,666,861.82
Other payables	140,550,247.75	147,822,366.13
Non-current liabilities due within one year	485,834,490.35	234,119,001.88
Other current liabilities	–	500,000,000.00
Total current liabilities	<u>1,332,709,557.69</u>	<u>886,173,933.81</u>
Non-current liabilities		
Long-term borrowings	2,841,770,600.00	3,018,710,600.00
Debentures payable	1,000,000,000.00	1,000,000,000.00
Deferred income	2,400,000.00	1,500,000.00
Total non-current liabilities	<u>3,844,170,600.00</u>	<u>4,020,210,600.00</u>
Total liabilities	<u>5,176,880,157.69</u>	<u>4,906,384,533.81</u>
Shareholders' equity		
Share capital	4,187,093,073.00	3,849,910,396.00
Other equity instruments	1,945,736,000.00	1,494,000,000.00
Including: Perpetual bonds	1,945,736,000.00	1,494,000,000.00
Capital surplus	6,673,646,098.38	2,467,638,320.02
Surplus reserves	638,241,006.48	486,035,679.01
Undistributed profit	2,675,588,115.87	1,925,657,982.54
Total shareholders' equity	<u>16,120,304,293.73</u>	<u>10,223,242,377.57</u>
Total liabilities and shareholders' equity	<u><u>21,297,184,451.42</u></u>	<u><u>15,129,626,911.38</u></u>

INCOME STATEMENT*31 December 2021**RMB*

	2021	2020
Operating revenue	3,952,144.33	1,903,318.83
Less: Operating costs	508,803.36	556,559.36
Taxes and surcharges	73,268.00	24,130.45
Administration expenses	92,415,524.01	70,636,514.51
R&D costs	17,460,836.55	18,555,337.59
Finance costs	44,447,061.12	21,601,693.05
Including: Interest expenses	45,586,739.63	28,256,308.17
Interest income	4,179,090.18	4,226,706.61
Add: Other gains	205,551.60	49,306.80
Investment gains	1,702,325,421.02	1,360,801,382.36
Including: Gains from investment in associates and joint ventures	23,410,639.53	8,191,682.14
Credit Impairment losses	1,130,060.12	(948,278.36)
Asset impairment losses	(35,396,668.65)	(9,539,404.52)
Operating profit	1,517,311,015.38	1,240,892,090.15
Add: Non-operating income	5,029,392.60	–
Less: Non-operating expenses	287,133.32	248,952.00
Gross profit	1,522,053,274.66	1,240,643,138.15
Less: Income tax expense	–	–
Net Profit	<u>1,522,053,274.66</u>	<u>1,240,643,138.15</u>
Including: Net profit from continuing operations	<u>1,522,053,274.66</u>	<u>1,240,643,138.15</u>

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

2021

RMB

	Share capital	Other equity instruments – Perpetual bonds	Capital surplus	Surplus reserves	Undistributed profit	Total shareholders' equity
I. Balance at the beginning of the current year	3,849,910,396.00	1,494,000,000.00	2,467,638,320.02	486,035,679.01	1,925,657,982.54	10,223,242,377.57
II. Changes for the current year	337,182,677.00	451,736,000.00	4,206,007,778.36	152,205,327.47	749,930,133.33	5,897,061,916.16
(I) Total comprehensive income	-	-	-	-	1,522,053,274.66	1,522,053,274.66
(II) Share capital contributed or reduced by shareholders						
1. Ordinary shares contributed by shareholders	337,182,677.00	-	4,207,872,506.47	-	-	4,545,055,183.47
2. Capital contributed by holders of other equity instruments	-	1,039,376,000.00	-	-	-	1,039,376,000.00
3. Capital reduced by holders of other equity instruments	-	(587,640,000.00)	(2,360,000.00)	-	-	(590,000,000.00)
4. Others	-	-	495,271.89	-	-	495,271.89
(III) Profit distribution						
1. Withdrawn from surplus reserves	-	-	-	152,205,327.47	(152,205,327.47)	-
2. Distribution to shareholders	-	-	-	-	(523,587,813.86)	(523,587,813.86)
3. Distribution to holders of other equity instruments	-	-	-	-	(96,330,000.00)	(96,330,000.00)
III. Balance at the end of the current year	<u>4,187,093,073.00</u>	<u>1,945,736,000.00</u>	<u>6,673,646,098.38</u>	<u>638,241,006.48</u>	<u>2,675,588,115.87</u>	<u>16,120,304,293.73</u>

	Share capital	Other equity instruments – Perpetual bonds	Capital surplus	Surplus reserves	Undistributed profit	Total shareholders' equity
I. Balance at the beginning of the current year	3,715,160,396.00	1,494,000,000.00	2,212,623,248.78	361,971,365.19	1,368,251,957.71	9,152,006,967.68
II. Changes for the current year	134,750,000.00	–	255,015,071.24	124,064,313.82	557,406,024.83	1,071,235,409.89
(I) Total comprehensive income	–	–	–	–	1,240,643,138.15	1,240,643,138.15
(II) Share capital contributed or reduced by shareholders	134,750,000.00	–	255,015,071.24	–	–	389,765,071.24
1. Ordinary shares contributed by shareholders	134,750,000.00	–	255,079,265.47	–	–	389,829,265.47
2. Business combination involving enterprises under common control	–	–	(402,938.96)	–	–	(402,938.96)
3. Others	–	–	338,744.73	–	–	338,744.73
(III) Profit distribution	–	–	–	124,064,313.82	(683,237,113.32)	(559,172,799.50)
1. Withdrawn from surplus reserves	–	–	–	124,064,313.82	(124,064,313.82)	–
2. Distribution to shareholders	–	–	–	–	(481,238,799.50)	(481,238,799.50)
3. Distribution to holders of other equity instruments	–	–	–	–	(77,934,000.00)	(77,934,000.00)
III. Balance at the end of the current year	<u>3,849,910,396.00</u>	<u>1,494,000,000.00</u>	<u>2,467,638,320.02</u>	<u>486,035,679.01</u>	<u>1,925,657,982.54</u>	<u>10,223,242,377.57</u>

CASH FLOW STATEMENT

RMB

	2021	2020
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	5,707,438.57	—
Cash received from other operating activities	<u>1,159,288,603.19</u>	<u>808,549,883.03</u>
Subtotal cash inflows from operating activities	<u>1,164,996,041.76</u>	<u>808,549,883.03</u>
Cash paid to and on behalf of employees	(64,552,760.33)	(51,702,231.82)
Payments for taxes and surcharges	(421,294.95)	(85,075.75)
Cash paid for other operating activities	<u>(887,212,465.60)</u>	<u>(992,390,204.55)</u>
Subtotal cash outflows from operating activities	<u>(952,186,520.88)</u>	<u>(1,044,177,512.12)</u>
Net cash flows from operating activities	<u>212,809,520.88</u>	<u>(235,627,629.09)</u>
II. Cash flows from investing activities:		
Cash received from disposal of subsidiaries	<u>3,921,600.00</u>	—
Cash received from investment gains	<u>1,124,241,823.06</u>	<u>1,236,828,753.03</u>
Subtotal cash inflows from investing activities	<u>1,128,163,423.06</u>	<u>1,236,828,753.03</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	<u>(3,817,955.54)</u>	<u>(7,228,970.00)</u>
Cash paid for investment	<u>(949,218,700.00)</u>	<u>(1,611,421,331.25)</u>
Subtotal cash outflows from investing activities	<u>(953,036,655.54)</u>	<u>(1,618,650,301.25)</u>
Net cash flows from investing activities	<u>175,126,767.52</u>	<u>(381,821,548.22)</u>

	2021	2020
III. Cash flows from financing activities:		
Proceeds from share issuance	<u>4,545,055,183.47</u>	<u>400,203,113.21</u>
Cash received from issuance of other equity instruments	<u>1,039,376,000.00</u>	<u>—</u>
Cash received from borrowings	<u>2,236,070,000.00</u>	<u>3,607,427,777.78</u>
Cash received from other financing activities	<u>4,149,225.23</u>	<u>—</u>
Subtotal cash inflows from financing activities	<u>7,824,650,408.70</u>	<u>4,007,630,890.99</u>
Cash paid for debt repayments	<u>(1,987,750,000.00)</u>	<u>(2,847,540,000.00)</u>
Cash paid for distribution of dividends and profits or interest payments	<u>(816,895,943.40)</u>	<u>(723,653,628.15)</u>
Cash paid for other financing activities	<u>(592,237,899.68)</u>	<u>(10,373,847.74)</u>
Subtotal cash outflows from financing activities	<u>(3,396,883,843.08)</u>	<u>(3,581,567,475.89)</u>
Net cash flows from financing activities	<u>4,427,766,565.62</u>	<u>426,063,415.10</u>
IV. Effect of changes in foreign exchange rate on cash and cash equivalents	<u>(29,047.60)</u>	<u>5,545,299.77</u>
V. Net increase in cash and cash equivalents	<u>4,815,673,806.42</u>	<u>(185,840,462.44)</u>
Add: Balance of cash and cash equivalents at the beginning of the year	<u>140,173,830.24</u>	<u>326,014,292.68</u>
VI. Balance of cash and cash equivalents at the end of the year	<u>4,955,847,636.66</u>	<u>140,173,830.24</u>

NOTES TO THE FINANCIAL STATEMENTS

2021

I. GENERAL INFORMATION

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

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

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

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

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

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

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

As at 31 December 2021, the total accumulated issued share capital of the Company amounted to RMB4,187,093,073.00, of which 49.17% was held by HECIC, 43.92% was held by H shareholders and 6.91% was held by A shareholders.

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

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

The financial statements have been approved and authorized for issue by the Company’s Board of Directors on 23 March 2022.

II. BASIS OF PREPARATION

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

The financial statements are prepared on a going concern basis.

As at 31 December 2021, the Group’s current liabilities exceeded its current assets by approximately RMB1,056 million. Management has considered the following sources of funding available for the next 12 months:

- (1) expected net cash inflows from operating activities;
- (2) unutilised banking facilities as at 31 December 2021 of approximately RMB46.342 billion;
- (3) The Company registered super short-term commercial papers of RMB2.0 billion with the National Association of Financial Market Institutional Investors in April 2020. Such facilities were approved for revolving use before April 2022. As at 31 December 2021, the unutilised facilities amounted to RMB2.0 billion. 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. As at 31 December 2021, the unutilised facilities amounted to RMB1.3 billion.

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

These financial statements have been prepared under the historical cost convention, except for certain financial instruments. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant rules.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group has developed specific accounting policies and accounting estimates based on the characteristics of its actual production and operation, details of which are described below:

1. Declaration following Accounting Standards for Business Enterprises (ASBE)

The financial statements have been prepared in accordance with ASBE, and presented the Company’s and the Group’s financial position as at 31 December 2021, and the operating results and cash flows for 2021 truly and completely.

2. Accounting period

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

3. Functional currency

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

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

4. Changes in Accounting Policies and Accounting Estimates

Changes in accounting policies

Accounting for COVID-19-related rent concessions

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

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

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

Changes in accounting estimates

There were no significant changes in accounting estimates during the year.

IV. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash

	2021	2020
Bank deposits		
RMB	7,528,169,164.04	1,864,387,479.04
HKD	4,915,551.52	8,358,541.68
	<u>7,533,084,715.56</u>	<u>1,872,746,020.72</u>
Other cash		
RMB	115,312,267.99	25,746,765.41
	<u>7,648,396,983.55</u>	<u>1,898,492,786.13</u>
Including: Restricted amount due to mortgages, pledges or freezes	<u>115,312,267.99</u>	<u>35,051,339.40</u>

2. Accounts receivable

The Group's accounts receivable are mainly accounts receivable from wind power generation and natural gas sales, and the aging is calculated from the date of recognition of the accounts receivable. The credit period for accounts receivable is usually one month. The accounts receivable are not interest-bearing.

The aging analysis of accounts receivable is as follows:

	2021	2020
Within 6 months	1,925,119,390.33	1,479,535,654.74
6 months to 1 year	1,394,547,868.83	1,009,473,976.08
1 year to 2 years	1,682,479,051.62	1,723,733,661.01
2 to 3 years	1,190,622,812.03	612,578,604.11
Over 3 years	945,438,196.81	506,973,226.67
	7,138,207,319.62	5,332,295,122.61
Less: Provision for bad debts of accounts receivable	480,792,117.39	466,020,390.63
	<u>6,657,415,202.23</u>	<u>4,866,274,731.98</u>

	31 December 2021				
	Carrying balance		Provision for bad debts		Carrying value
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made on individual basis	399,037,330.81	5.59	(399,037,330.81)	100.00	
Provision for bad debts made on credit risk characteristics grouping basis	<u>6,739,169,988.81</u>	<u>94.41</u>	<u>(81,754,786.58)</u>	<u>1.21</u>	<u>6,657,415,202.23</u>
	<u>7,138,207,319.62</u>	<u>100.00</u>	<u>(480,792,117.39)</u>		<u>6,657,415,202.23</u>

	31 December 2020				
	Carrying balance		Provision for bad debts		Carrying value
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made on individual basis	399,155,147.05	7.49	(399,155,147.05)	100.00	
Provision for bad debts made on credit risk characteristics grouping basis	<u>4,933,139,975.56</u>	<u>92.51</u>	<u>(66,865,243.58)</u>	<u>1.36</u>	<u>4,866,274,731.98</u>
	<u>5,332,295,122.61</u>	<u>100.00</u>	<u>(466,020,390.63)</u>		<u>4,866,274,731.98</u>

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

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

	31 December 2021			
	Carrying balance		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage of provision (%)
Renewable energy subsidies and benchmark electricity prices	<u>6,676,028,535.50</u>	<u>100.00</u>	<u>66,760,285.36</u>	<u>1.00</u>

	31 December 2020			
	Carrying balance		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage of provision (%)
Renewable energy subsidies and benchmark electricity prices	<u>4,886,231,835.71</u>	<u>100.00</u>	<u>48,862,318.36</u>	<u>1.00</u>

the accounts receivable with provision for bad debts made on credit risk characteristics grouping basis are as follows:

	31 December 2021		
	Carrying amount estimated to be in default	Expected credit loss rate (%)	Lifetime expected credit loss
Within 6 months	37,844,190.32	5.00	1,892,209.52
6 months to 1 year	11,323,545.71	10.00	1,132,354.57
1 year to 2 years	2,476,415.04	30.00	742,924.51
2 to 3 years	540,579.25	50.00	270,289.63
Over 3 years	<u>10,956,722.99</u>	100.00	<u>10,956,722.99</u>
	<u>63,141,453.31</u>		<u>14,994,501.22</u>

	31 December 2020		
	Carrying amount estimated to be in default	Expected credit loss rate (%)	Lifetime expected credit loss
Within 6 months	24,939,199.87	5.00	1,246,959.98
6 months to 1 year	2,407,440.19	10.00	240,744.02
1 year to 2 years	1,490,355.39	30.00	447,106.62
2 to 3 years	4,006,059.60	50.00	2,003,029.80
Over 3 years	14,065,084.80	100.00	14,065,084.80
	<u>46,908,139.85</u>		<u>18,002,925.22</u>

The changes in provision for bad debts of accounts receivable are as follows:

	Balance at the beginning of the year	Business combination involving enterprises not under common control	Provision for the current year	Recovery or reversal for the current year	Disposal of subsidiaries	Transfer to held for sale	Balance at the end of the year
2021	466,020,390.63	620,149.70	29,121,552.27	(7,198,594.47)	(1,443,417.50)	(6,327,963.24)	480,792,117.39
2020	536,128,081.88	–	27,945,607.60	(98,053,298.85)	–	–	466,020,390.63

3. Receivable financing

	2021	2020
Bank acceptance bills	<u>494,976,373.69</u>	<u>420,392,697.68</u>

As at 31 December 2021 and 31 December 2020, the Company had no bank acceptance bills which were transferred to accounts receivable due to non-performance of the issuers.

4. Advances to suppliers

	2021		2020	
	Carrying balance	Percentage (%)	Carrying balance	Percentage (%)
Within 6 months	150,813,437.04	93.30	362,590,948.85	95.23
6 to 12 months	7,511,699.12	4.65	8,516,768.38	2.24
1 year to 2 years	735,783.99	0.46	4,775,692.85	1.25
2 to 3 years	1,118,271.64	0.69	1,176,287.79	0.31
3 to 4 years	195,467.05	0.12	380,112.50	0.10
4 to 5 years	98,648.08	0.06	281,635.89	0.07
Over 5 years	1,158,035.00	0.72	3,050,200.01	0.80
	161,631,341.92	100.00	380,771,646.27	100.00

As at 31 December 2021 and 31 December 2020, the Group had no significant advances to suppliers aged over 1 year.

5. Other receivables

Other receivables by nature are as follows:

	2021	2020
Dividends receivable	94,765,961.18	44,158,212.59
Other receivables	40,833,869.99	50,232,938.92
	135,599,831.17	94,391,151.51

The ageing of other receivables is analyzed as follows:

	31 December 2021	31 December 2020
Within 6 months	22,414,334.85	37,883,723.81
6 months to 1 year	13,022,285.34	2,483,128.21
1 year to 2 years	6,290,109.98	7,146,431.68
2 to 3 years	6,834,236.19	14,012,167.47
Over 3 years	51,658,375.47	50,691,525.61
	100,219,341.83	112,216,976.78
Less: Provision for bad debts of other receivables	59,385,471.84	61,984,037.86
	40,833,869.99	50,232,938.92

Other receivables by nature are as follows:

	31 December 2021	31 December 2020
Deposits	60,165,311.14	58,358,684.12
Advances	23,806,856.40	25,331,000.21
Reserves	1,191,594.17	1,012,148.33
Others	15,055,580.12	27,515,144.12
	100,219,341.83	112,216,976.78
Less: provision for bad debts	59,385,471.84	61,984,037.86
Other receivables	40,833,869.99	50,232,938.92

6. Inventories

	2021			2020		
	Carrying	Allowance	Carrying	Carrying	Allowance	Carrying
	balance	for decline	value	balance	for decline	value
		in value/ allowance for	value		in value/ allowance for	value
		impairment			impairment	
Raw materials	35,036,428.32	–	35,036,428.32	29,530,462.34	–	29,530,462.34
Goods in stock	178,930,669.22	–	178,930,669.22	28,360,302.79	–	28,360,302.79
Circulating materials	219,168.15	–	219,168.15	219,168.15	–	219,168.15
	214,186,265.69	–	214,186,265.69	58,109,933.28	–	58,109,933.28

7. Classified as held for sale

On 10 August 2021, the Group entered into the Equity Transfer Agreement with Longkou Hongkong and China Gas Company Limited and agreed to transfer 10% of equity interests held by the Group in Huludao Liaohe Oil Field Gas Co., Ltd. (葫蘆島遼河油田燃氣有限公司) (“**Huludao Gas**”). Upon the close of the equity transfer, the Group will lose its control over Huludao Gas. On 31 December 2021, the Group signed a legally binding transfer agreement and it is expected that such transfer will be closed within twelve months. Therefore, Huludao Gas is classified as held for sale.

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

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

8. Bills payable

	2021	2020
Bank acceptance bills	<u>14,738,449.62</u>	<u>4,516,529.53</u>

9. Accounts payable

Accounts payable are not interest-bearing and their aging is calculated from the date of recognition of the accounts payable and are usually settled within the agreed period.

	2021	2020
Within 6 months	374,483,668.83	137,429,669.75
6 months to 1 year	40,796,953.58	22,470,249.95
1 year to 2 years	39,729,252.33	15,499,638.91
2 to 3 years	1,734,575.69	1,318,762.02
Over 3 years	<u>1,287,326.45</u>	<u>229,572.43</u>
	<u>458,031,776.88</u>	<u>176,947,893.06</u>

10. Contract liabilities

	2021	2020
Advances received for natural gas sales	974,854,970.07	916,108,116.60
Advances received for services during the window period	389,380,530.96	389,380,530.96
Advances received for construction of pipeline projects	261,769,841.77	266,479,390.01
Advances received for pipeline transmission fees	7,075,036.96	3,399,050.24
Other advances received	21,111,006.39	4,740,269.21
	<u>1,654,191,386.15</u>	<u>1,580,107,357.02</u>

11. Other payables

	2021	2020
Dividends payable	169,836,057.78	172,358,689.75
Other payables	6,846,722,116.87	5,961,386,065.45
	<u>7,016,558,174.65</u>	<u>6,133,744,755.20</u>

Dividends payable

	2021	2020
Dividends payable to other equity holders	96,330,000.00	77,934,000.00
Dividends payable to other minority shareholders	73,506,057.78	94,424,689.75
	<u>169,836,057.78</u>	<u>172,358,689.75</u>

Other payables

	2021	2020
Payables for equipment	2,142,254,198.17	3,278,152,501.21
Payables for engineering and materials	4,454,660,496.90	2,417,068,530.57
Payables for investment	–	1,060,000.00
Others	249,807,421.80	265,105,033.67
	<u>6,846,722,116.87</u>	<u>5,961,386,065.45</u>

12. Debentures payable

	2021	2020
Medium-term notes	1,832,210,160.56	3,000,000,000.00
Ping An-HECIC New-energy No. 1 Asset-backed Special Program	285,000,000.00	285,000,000.00
	<u>2,117,210,160.56</u>	<u>3,285,000,000.00</u>
Less: Debentures payable due within one year	<u>1,117,210,160.56</u>	<u>1,200,000,000.00</u>
	<u>1,000,000,000.00</u>	<u>2,085,000,000.00</u>

13. Long-term payables

	2021	2020
Compensation for woodlands	86,207,981.67	86,207,981.67
Sale-leaseback borrowings	350,223,718.91	231,774,144.00
	<u>436,431,700.58</u>	<u>317,982,125.67</u>
Less: Long-term payables due within one year	<u>75,195,563.41</u>	<u>113,818,180.70</u>
	<u>361,236,137.17</u>	<u>204,163,944.97</u>

14. Share capital

	31 December 2020	Changes for the current year Issuance of new shares	31 December 2021
Hebei Construction & Investment Group Co., Ltd.	1,876,156,000.00	182,685,253.00	2,058,841,253.00
Overseas listed foreign H shareholders	1,839,004,396.00	–	1,839,004,396.00
Domestic A shareholders	134,750,000.00	154,497,424.00	289,247,424.00
	<u>3,849,910,396.00</u>	<u>337,182,677.00</u>	<u>4,187,093,073.00</u>

15. Other equity instruments

2021

	Balance at the beginning of the year	Increase for the current year	Decrease for the current year	Balance at the end of the year
Perpetual bonds	<u>1,494,000,000.00</u>	<u>1,039,376,000.00</u>	<u>(587,640,000.00)</u>	<u>1,945,736,000.00</u>

2020

	Balance at the beginning of the year	Increase for the current year	Decrease for the current year	Balance at the end of the year
Perpetual bonds	<u>1,494,000,000.00</u>	<u>–</u>	<u>–</u>	<u>1,494,000,000.00</u>

On 13 March 2018, the Company issued 2018 Renewable Green Corporate Bonds (First Tranche) with an initial interest rate of 5.96% in the aggregate offering amount of RMB590 million, and after deducting the underwriting expense and other related trading fees, the Company actually received cash of RMB587,640,000.00;

On 15 March 2021, the Company redeemed 2018 Renewable Green Corporate Bonds (First Tranche). The difference between the redemption price of RMB590 million and the carrying value of the investment in equity instruments of RMB587,640,000.00, being RMB2,360,000.00, was offset against capital surplus;

On 5 March 2019, the Company issued 2019 Renewable Green Corporate Bonds (First Tranche) with an initial interest rate of 4.70% per annum in the aggregate offering amount of RMB910 million, and after deducting the underwriting expense and other related trading fees, the Company actually received cash of RMB906,360,000.00;

On 10 March 2021, the Company issued 2021 Renewable Green Corporate Bonds (First Tranche) with an initial interest rate of 5.15% in the aggregate offering amount of RMB1,040 million, and after deducting the underwriting expense and other related trading fees, the Company actually received cash of RMB1,039,376,000.

According to the terms of issuance of the above two tranches of renewable green corporate bonds, the issuer has the option to renew the bonds, and the Company has the right to choose to extend the maturity of the bonds by three years at the end of every three years or to redeem the bonds in full at the end of that period; the annual interest rate is reset every three years, and the coupon rate of the subsequent cycle is the current benchmark interest rate plus the initial spread plus 300 basis points, and the initial spread is the coupon rate of the first cycle minus the initial benchmark interest rate. There is an option available to defer the payment of interests. Save for the occurrence of any mandatory interest payment events, on every interest payment date of the bonds, the Company may, at its sole discretion, defer the interest payment for the current period, and all the interests and yields deferred to the next interest payment date, and there is no limit on the number of times of deferring interest payment. There is a redemption option of the issuer. The issuer has the right to exercise the redemption option on the first interest payment date or at the end of the year due to changes in tax policies or changes in accounting standards. Except for these two cases, the Company has no right and no obligation to redeem the bonds. The Company has no contractual obligation to repay the principal or pay interest on schedule. The Company considers that the bill does not meet the definition of financial liabilities and recognizes the actual amount received after deducting the related transaction fees from the total amount issued as equity, and the declaration of interest payments is treated as profit distribution.

16. Other comprehensive income

The accumulated balance of other comprehensive income attributable to shareholders of parent company stated in the consolidated statement of financial position:

2021

	1 January 2021	Changes	31 December 2021
Changes in fair value of investment in other equity instruments	<u>6,493,135.00</u>	<u>–</u>	<u>6,493,135.00</u>

2020

	1 January 2021	Changes	31 December 2020
Changes in fair value of investment in other equity instruments	<u>6,493,135.00</u>	<u>–</u>	<u>6,493,135.00</u>

17. Undistributed profit

	2021	2020
Undistributed profit at the end of the prior year before adjustment	4,928,503,066.37	4,102,915,107.78
Business combination involving enterprises under common control	–	(1,730,285.25)
Undistributed profit at the beginning of the year after adjustment	4,928,503,066.37	4,101,184,822.53
Net profit attributable to shareholders of parent company	2,160,133,969.16	1,510,555,357.16
Less: Withdrawn from statutory surplus reserves	152,205,327.47	124,064,313.82
Cash dividends payable for ordinary shares	523,587,813.86	481,238,799.50
Dividends payable to holders of other equity instruments	96,330,000.00	77,934,000.00
Undistributed profit at the end of the year	<u>6,316,513,894.20</u>	<u>4,928,503,066.37</u>

According to the resolution passed by the shareholders of the Company on 14 May 2021, it was agreed that the Company declared a cash dividend of RMB0.136 per share (tax inclusive) for the year 2020, totaling RMB523,587,813.86.

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

According to the prospectus of 2019 Renewable Green Corporate Bonds (First Tranche) and 2021 Renewable Green Corporate Bonds (First Tranche) of the Company, the Company declared a dividend to ordinary shareholders on 14 May 2021, which triggered a mandatory interest payment and no current interest shall be deferred. The principal of 2019 Renewable Green Corporate Bonds (First Tranche) was RMB910,000,000.00 with an initial interest rate of 4.70% per annum and accrued interest of RMB42,770,000.00 for the current interest payment period (6 March 2020 to 5 March 2021); the principal of 2021 Renewable Green Corporate Bonds (First Tranche) was RMB1,040,000,000.00 with an initial interest rate of 5.15% per annum and accrued interest of RMB53,560,000.00 for the current interest payment period (10 March 2021 to 9 March 2022).

According to the prospectus of 2018 Renewable Green Corporate Bonds (First Tranche) and 2019 Renewable Green Corporate Bonds (First Tranche) of the Company, the Company declared a dividend to ordinary shareholders on 11 June 2019, which triggered a mandatory interest payment and no current interest shall be deferred. The principal of 2018 Renewable Green Corporate Bonds (First Tranche) was RMB590,000,000.00 with an initial interest rate of 5.96% per annum and accrued interest of RMB35,164,000.00 for the current interest payment period (13 March 2019 to 12 March 2020); the principal of 2019 Renewable Green Corporate Bonds (First Tranche) was RMB910,000,000.00 with an initial interest rate of 4.70% per annum and accrued interest of RMB42,770,000.00 for the current interest payment period (6 March 2019 to 5 March 2020).

18. Operating income and costs

Operating income is presented as follows:

	2021	2020
Principal business	15,951,088,734.15	12,482,272,445.21
Other business	<u>34,179,517.86</u>	<u>28,612,867.68</u>
	<u><u>15,985,268,252.01</u></u>	<u><u>12,510,885,312.89</u></u>

Operating costs are presented as follows:

	2021	2020
Principal business	11,218,873,511.87	9,093,941,097.57
Other business	<u>15,071,965.74</u>	<u>6,703,484.52</u>
	<u><u>11,233,945,477.61</u></u>	<u><u>9,100,644,582.09</u></u>

Operating income by segments is presented as follows:

	2021	2020
Revenue from natural gas sales	9,519,273,994.93	7,827,098,737.36
Revenue from wind/photovoltaic power generation	6,147,651,024.55	4,445,613,164.39
Revenue from connection and construction of gas pipeline network	211,211,261.38	155,538,880.76
Other main operating income	72,952,453.29	54,021,662.70
Other operating income	<u>34,179,517.86</u>	<u>28,612,867.68</u>
	<u><u>15,985,268,252.01</u></u>	<u><u>12,510,885,312.89</u></u>

2021

Revenue recognition time	Wind power	Natural gas	Total
Operating income from contracts with customers			
Transferred at a point in time	6,147,651,024.55	9,526,630,590.59	15,674,281,615.14
Rendered over time	<u>26,724,205.80</u>	<u>267,026,239.61</u>	<u>293,750,445.41</u>
	6,174,375,230.35	9,793,656,830.20	15,968,032,060.55
Rental income	<u>14,856,113.29</u>	<u>2,380,078.17</u>	<u>17,236,191.46</u>
	<u><u>6,189,231,343.64</u></u>	<u><u>9,796,036,908.37</u></u>	<u><u>15,985,268,252.01</u></u>

2020

Revenue recognition time	Wind power	Natural gas	Total
Operating income from contracts with customers			
Transferred at a point in time	4,445,613,164.39	7,833,928,324.70	12,279,541,489.09
Rendered over time	<u>7,177,024.05</u>	<u>206,209,619.84</u>	<u>213,386,643.89</u>
	4,452,790,188.44	8,040,137,944.54	12,492,928,132.98
Rental income	<u>15,426,407.49</u>	<u>2,530,772.42</u>	<u>17,957,179.91</u>
	<u><u>4,468,216,595.93</u></u>	<u><u>8,042,668,716.96</u></u>	<u><u>12,510,885,312.89</u></u>

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

The natural gas sales contract usually requires the receipt of advances, and performance obligations are fulfilled when the natural gas enters the customer's natural gas pipeline through the grounding point. There are no sales returns and variable consideration.

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

19. Taxes and surcharges

	2021	2020
Urban maintenance construction tax	17,800,261.87	8,888,655.93
Educational surcharge	7,798,753.35	5,825,016.83
Local educational surcharge	5,199,168.94	3,864,466.90
Stamp duty	9,201,918.89	7,160,980.29
Property tax	3,683,709.51	3,106,964.77
Land use tax	8,908,646.95	4,038,114.80
Others	1,187,502.07	977,698.95
	<u><u>53,779,961.58</u></u>	<u><u>33,861,898.47</u></u>

20. Selling expenses

	2021	2020
Salaries	1,876,866.68	1,291,541.01
Advertising and promotion fees	810,845.12	517,031.80
Others	420,874.19	176,754.76
	<u>3,108,585.99</u>	<u>1,985,327.57</u>

21. Administration expenses

	2021	2020
Salaries	373,052,527.06	281,627,343.95
Audit and evaluation consulting fees	33,882,731.86	29,067,331.24
Office expenses	26,524,499.43	17,157,426.81
Amortization of intangible assets	25,052,823.84	22,676,342.84
Vehicle, transportation and travelling expenses	18,477,271.35	13,618,805.86
Rental expenses	17,343,934.82	13,981,079.96
Depreciation of fixed assets	17,266,295.34	17,836,291.82
Depreciation of right-of-use assets	12,396,360.90	6,456,746.18
Business entertainment expenses	11,611,343.98	7,590,687.05
Amortization of long-term deferred expenses	8,513,368.66	5,858,376.88
Others	131,334,126.45	112,242,052.34
	<u>675,455,283.69</u>	<u>528,112,484.93</u>

22. R&D costs

	2021	2020
Labor costs	25,396,312.53	19,562,607.19
Outsourced development costs	39,162,668.95	13,054,707.58
Others	7,463,202.36	3,800,269.43
	<u>72,022,183.84</u>	<u>36,417,584.20</u>

23. Finance costs

	2021	2020
Interest expenses	1,436,915,673.29	1,279,257,192.99
Less: Interest income	24,269,705.78	17,976,867.30
Less: capitalized interests	208,275,266.83	354,000,999.57
Exchange gain/loss	(465,709.14)	(6,297,742.52)
Bank charges	2,713,885.92	2,013,835.07
Others	8,986,588.49	9,726,802.72
	<u>1,215,605,465.95</u>	<u>912,722,221.39</u>

24. Other income

	2021	2020
Government grants relating to daily activities		
VAT refund	114,324,263.77	69,529,438.26
Fiscal appropriation	4,124,891.92	3,786,274.58
Subsidies for operation	952,380.95	952,380.95
Others	236,056.81	256,394.06
	<u>119,637,593.45</u>	<u>74,524,487.85</u>

25. Investment income

	2021	2020
Gains on long-term equity investment accounted for under the equity method	281,785,663.87	254,015,712.80
Investment gains obtained during the holding period of entrusted loan investment	-	274,873.47
Dividend income from investment in other equity instruments held	11,943,006.92	12,196,612.18
Gains on derecognition of financial assets measured at amortized cost	-	(62,600.00)
Gains on fair value remeasurement of remaining equity after loss of control	2,213,368.04	-
	<u>295,942,038.83</u>	<u>266,424,598.45</u>

26. Credit impairment losses

	2021	2020
(Losses on)/reversal of bad debts of accounts receivable	(21,922,957.80)	70,107,691.25
Losses on bad debts of other receivables	(374,812.98)	(206,948.86)
	<u>(22,297,770.78)</u>	<u>69,900,742.39</u>

27. Asset impairment losses

	2021	2020
Impairment losses of fixed assets	–	(35,000,000.00)
Impairment losses of construction in progress	<u>(7,040,492.38)</u>	<u>(20,773,051.65)</u>
	<u>(7,040,492.38)</u>	<u>(55,773,051.65)</u>

28. Gains on disposal of assets

	2021	2020
Gains on disposal of fixed assets	<u>236,353.08</u>	<u>260,932.94</u>

29. Non-operating income

	2021	2020
Gains from penalties on projects	18,000,000.00	–
Government grants not relating to daily activities	5,709,370.06	7,087,202.36
Income from resale of carbon emission entitlements	1,256,546.14	2,672,171.14
Gains on scrapping of fixed assets	310,231.40	120,358.47
Unpayable amounts	102,096.24	349,365.18
Net gain from penalties	101,662.28	376,500.00
Others	<u>520,424.34</u>	<u>2,494,253.73</u>
	<u>25,991,330.46</u>	<u>13,099,850.88</u>

30. Non-operating expenses

	2021	2020
Losses on scrapping of fixed assets	12,289,772.27	743,573.55
Expenses on compensation, penalties and others	533,015.03	152,614.50
Expenses on donation	9,000.00	257,952.00
Other expenses	<u>2,748,685.64</u>	<u>408,320.86</u>
	<u>15,580,472.94</u>	<u>1,562,460.91</u>

31. Income tax expense

	2021	2020
Current income tax expense	426,709,988.07	308,175,174.96
Deferred income tax expense	<u>(10,098,856.60)</u>	<u>23,109,485.65</u>
	<u>416,611,131.47</u>	<u>331,284,660.61</u>

The reconciliation between income tax expense and gross profit presented as follows:

	2021	2020
Gross profit	3,128,239,873.07	2,264,016,314.19
Income tax expense calculated at statutory tax rates (<i>Note</i>)	782,059,968.27	566,004,078.55
Effect of different tax rates applicable to certain subsidiaries	(365,762,015.79)	(246,542,016.01)
Adjustment to current income tax for prior periods	2,690,932.46	–
Profit or loss attributable to joint ventures and associates	(70,446,415.97)	(63,503,928.20)
Non-taxable income	(2,985,751.73)	(3,168,187.61)
Expenses not deductible for tax purposes	3,198,861.54	8,059,405.71
Utilization of deductible losses from prior years	(4,687,666.49)	(8,967,295.86)
Unrecognized deductible losses	90,722,068.31	67,168,406.54
Effect of unrecognized deductible temporary difference	<u>(18,178,849.13)</u>	<u>12,234,197.49</u>
Income tax expense calculated at the Group's effective tax rate	<u>416,611,131.47</u>	<u>331,284,660.61</u>

Income tax of the Group is calculated based on the estimated taxable income generated within the PRC and applicable tax rate. Tax arisen from the taxable income generated in other regions is calculated at applicable tax rate according to the prevailing laws, interpretations and practices of the jurisdiction in which the Group operates.

32. Dividends

As audited, the Company recorded the net profit attributable to shareholders of parent company of RMB2,160.134 million in 2021. The 2021 profit distribution proposal is as follows: the Company proposes to distribute a cash dividend of RMB1.67 (tax inclusive) for every 10 shares to all shareholders, and calculated based on the total number of issued shares of the Company on the date of the Board meeting at which the 2021 profit distribution proposal was approved, being 4,187,093,073 shares, the total cash dividend to be distributed will amount to RMB699.2445 million. Should there be any change to the total share capital registered on the registration date for the subsequent implementation of the interest distribution, the Company intends to keep the total distribution amount unchanged and make corresponding adjustment to the distribution ratio for each share.

At 2020 annual general meeting held on 14 May 2021, the shareholders of the Company approved an annual dividend of RMB0.136 per share for the year ended 31 December 2020, amounting to RMB523,587,813.86, which was fully settled in November 2021.

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

33. Earnings per share

	2021 <i>RMB/Share</i>	2020 <i>RMB/Share</i>
Basic earnings per share		
Continuing operations	<u>0.54</u>	<u>0.38</u>
Diluted earnings per share		
Continuing operations	<u>0.54</u>	<u>0.38</u>

The basic earnings per share was calculated by dividing the net profit for the current period attributable to ordinary shareholders of the Company by the weighted average number of outstanding ordinary shares. The number of new ordinary shares issued was determined according to the specific terms of the issuance contract and calculated from the date of consideration receivable (normally the stock issuance date).

The calculation of basic earnings per share and diluted earnings per share is detailed as follows:

	2021	2020
Earnings		
Net profit for the current period attributable to ordinary shareholders of the Company		
Continuing operations	<u>2,160,133,969.16</u>	<u>1,510,555,357.16</u>
	<u>2,160,133,969.16</u>	<u>1,510,555,357.16</u>
Less: Distribution related to the first tranche of perpetual bonds in 2018	6,935,122.22	35,164,000.00
Less: Distribution related to the first tranche of perpetual bonds in 2019	42,770,000.00	42,770,000.00
Less: Distribution related to the first tranche of perpetual bonds in 2021	<u>44,187,000.00</u>	—
Adjusted net profit for the current period attributable to ordinary shareholders of the Company	<u>2,066,241,846.94</u>	<u>1,432,621,357.16</u>
Shares		
Weighted average number of outstanding ordinary shares of the Company	<u>3,849,910,396.00</u>	<u>3,782,535,396.00</u>
Adjusted weighted average number of outstanding ordinary shares of the Company	<u>3,849,910,396.00</u>	<u>3,782,535,396.00</u>

The Group had no dilutive potential ordinary shares.

V. EVENTS AFTER THE BALANCE SHEET DATE

The Company completed the issuance of China Suntien Green Energy Corporation Limited 2022 First Tranche of Green and Super Short-Term Commercial Papers on 28 February 2022. This tranche of green and super short-term commercial papers was issued in the amount of RMB0.5 billion, with carrying value of RMB100 each and for a term of 270 days. The interest was calculated from 28 February 2022 at an interest rate of 2.40%. The principal and interest payment shall be settled by a lump-sum repayment of principal and interest at maturity and payable on 25 November 2022 (postponed to the next business day if it falls on a statutory holiday).

On 7 March 2022, the Company paid the principal of 2019 Renewable Green Corporate Bonds (First Tranche) and the interests thereon for the period from 5 March 2021 to 4 March 2022 in a total amount of RMB952,770,000.00. A total amount of RMB910 million was issued for such bonds with a coupon rate of 4.70%.

On 23 March 2022, the Company convened the 12th meeting of the fourth session of the Board, at which, the Resolution on the 2021 Profit Distribution Proposal was approved after the consideration by all directors. The Company proposes to distribute a cash dividend of RMB1.67 (tax inclusive) for every 10 shares to all shareholders. Based on the total number of issued shares of the Company on the date of the Board meeting at which the 2021 profit distribution proposal was approved, being 4,187,093,073 shares, the total cash dividend proposed for distribution will amount to RMB699,244,543.19 (tax inclusive). The profit distribution proposal shall be submitted to the general meeting for consideration.

VI. OTHER SIGNIFICANT EVENTS

1. Leases

(1) As lessor

The Group leases out certain of its buildings for a lease term of 2-4 years, which constitute operating leases. In 2021, the income generated from the leased buildings amounted to RMB1,535,563.19 (2020: RMB1,967,623.63). Leased buildings are presented under investment properties.

Operating leases

Gains or losses related to operating leases are presented as follows:

	2021	2020
Rental income	<u>1,535,563.19</u>	<u>1,967,623.63</u>

Pursuant to the lease contracts entered into with the lessees, the minimum lease receivables under non-cancellable leases are as follows:

	2021	2020
Within 1 year (inclusive)	709,920.00	532,440.00
1 year to 2 years (inclusive)	709,920.00	709,920.00
2 to 3 years (inclusive)	709,920.00	709,920.00
3 to 4 years (inclusive)	—	709,920.00
	<u>2,129,760.00</u>	<u>2,662,200.00</u>

(2) *As lessee*

	2021	2020
Interest expense on lease liabilities	47,026,512.70	47,268,752.11
Expenses on short-term leases and leases of low-value assets included in profit or loss accounted for under the simplified approach	17,233,090.06	13,981,079.96
Total cash outflows relating to leases	172,278,346.80	351,241,225.12
Relevant profit or loss arisen from leaseback transactions	<u>14,484,633.81</u>	<u>7,885,972.43</u>

The Group leases several parcels of land, wind turbines and related equipment, buildings and transportation equipment. Right-of-use assets are depreciated on a straight-line basis.

The lease assets leased by the Group include the buildings, machinery and equipment, transportation equipment and other equipment used during the course of operation. The buildings and machinery and equipment are usually leased for a term of 2-20 years, while the transportation equipment and other equipment are usually leased for a term of 2-5 years. Lease contracts usually stipulate that the Group cannot sublease the lease assets, and some lease contracts require the Group to maintain a certain level of financial indicators. A few lease contracts contain terms for renewal options, termination options, and variable rentals.

Leaseback transactions

	2021	2020
Cash inflows from leaseback transactions	211,000,000.00	153,000,000.00
Cash outflows from leaseback transactions	<u>110,078,082.54</u>	<u>59,384,309.38</u>

2. Segment reporting

Operating segments

For management purposes, the Group organizes its business units by product and service and has 3 reportable segments as follows:

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.

The wind power and solar energy segment is mainly engaged in the development, management and operation of wind farms, solar power plants and the sale of electricity to external power grid companies.

Other segments are mainly engaged in management and property leasing business, etc.

Management monitors the operating results of each of its business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment results are evaluated based on reported segment profit after tax.

The inter-segment transfer price was determined with reference to the price adopted for selling to or providing labor services for third parties.

2021

	Natural gas	Wind/ photovoltaic power generation	Others	Consolidated
Revenue from external customers	<u>9,806,077,445.77</u>	<u>6,171,240,456.47</u>	<u>7,950,349.77</u>	<u>15,985,268,252.01</u>
Investment income from joint ventures and associates	217,692,697.94	54,521,089.73	9,571,876.20	281,785,663.87
Credit impairment losses	4,435,494.79	18,992,267.65	(1,129,991.66)	22,297,770.78
Asset impairment losses	–	7,040,492.38	–	7,040,492.38
Depreciation and amortization expense	201,198,567.81	1,914,875,493.03	7,320,592.50	2,123,394,653.34
Gross profit/(loss)	874,043,710.36	2,386,331,947.27	(132,135,784.56)	3,128,239,873.07
Income tax expense	<u>176,672,597.01</u>	<u>239,575,558.90</u>	<u>362,975.56</u>	<u>416,611,131.47</u>
Total assets	<u>20,514,723,309.84</u>	<u>44,599,379,357.53</u>	<u>6,803,654,123.60</u>	<u>71,917,756,790.97</u>
Total liabilities	<u>14,960,116,286.81</u>	<u>27,921,193,837.71</u>	<u>5,272,142,626.01</u>	<u>48,153,452,750.53</u>
Other disclosures				
Non-cash expenses other than depreciation and amortization expense	<u>4,435,494.79</u>	<u>26,032,760.03</u>	<u>(1,129,991.66)</u>	<u>29,338,263.16</u>
Capital expenditure <i>(Note)</i>	<u>4,864,515,531.86</u>	<u>3,077,598,389.18</u>	<u>3,915,905.54</u>	<u>7,946,029,826.58</u>

2020

	Natural gas	Wind/ photovoltaic power generation	Others	Consolidated
Revenue from external customers	<u>8,042,668,716.96</u>	<u>4,463,439,586.01</u>	<u>4,777,009.92</u>	<u>12,510,885,312.89</u>
Investment income from joint ventures and associates	182,318,009.36	62,356,952.42	9,340,751.02	254,015,712.80
Credit impairment losses	(89,789,554.62)	19,020,745.08	868,067.15	(69,900,742.39)
Asset impairment losses	35,000,000.00	20,626,615.57	146,436.08	55,773,051.65
Depreciation and amortization expense	192,031,868.51	1,390,939,678.80	6,422,276.84	1,589,393,824.15
Gross profit/(loss)	657,286,852.70	1,708,683,887.68	(101,954,426.19)	2,264,016,314.19
Income tax expense	<u>141,681,478.29</u>	<u>189,410,866.42</u>	<u>192,315.90</u>	<u>331,284,660.61</u>
Total assets	<u>11,807,485,241.55</u>	<u>44,025,019,525.11</u>	<u>1,425,209,781.75</u>	<u>57,257,714,548.41</u>
Total liabilities	<u>7,857,244,980.17</u>	<u>27,613,122,906.19</u>	<u>5,091,857,564.64</u>	<u>40,562,225,451.00</u>
Other disclosures				
Non-cash expenses other than depreciation and amortization expense	<u>(54,789,554.62)</u>	<u>39,647,360.65</u>	<u>1,014,503.23</u>	<u>(14,127,690.74)</u>
Capital expenditure (<i>Note</i>)	<u>4,270,009,014.04</u>	<u>7,124,245,191.90</u>	<u>3,601,736.40</u>	<u>11,397,855,942.34</u>

Note: Capital expenditures included the increase in investment property, fixed assets, construction in progress, right-of-use assets, intangible assets, development costs and long-term deferred expenses for the current year.

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

Geographical information

Revenue from external customers

	2021	2020
Mainland China	<u>15,985,268,252.01</u>	<u>12,510,885,312.89</u>

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

	2021	2020
China (excluding Hong Kong, Macao and Taiwan regions)	52,361,207,956.78	45,751,267,619.03
Other countries or regions	<u>87,049,934.82</u>	<u>2,368,833.55</u>
	<u>52,448,257,891.60</u>	<u>45,753,636,452.58</u>

The non-current assets were attributable to the regions where such assets were located, and excluded financial assets, long-term equity investment and deferred tax assets.

Information about major customers

Operating income of RMB3,921,103,139.19 (2020: RMB2,682,191,700.26) was the income generated from a single customer (including all entities known to be under the control of the customer) under the operating segments.