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*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities. This announcement does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The securities have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state of the United States or any other jurisdiction, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Bonds (as defined below) are being offered and sold only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act. This announcement and the information contained herein are not for distribution, directly or indirectly, in or into the United States. No public offer of the securities referred to herein is being or will be made in the United States or in any other jurisdiction where such an offering is restricted or prohibited.*

***This announcement and the listing document referred to herein have been published for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and do not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing document referred to herein) forms the basis for any contract or commitment whatsoever.** For the avoidance of doubt, the publication of this announcement and the listing document referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the Issuer (as defined below) for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong.*

***Notice to Hong Kong investors:** The Issuer confirms that the Bonds are intended for purchase by Professional Investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Issuer confirms that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.*

PUBLICATION OF THE OFFERING CIRCULAR

盐城市国能投资有限公司
Yancheng State—Owned Energy Investment Co.,Ltd

Yancheng State-Owned Energy Investment Co., Ltd
（鹽城市國能投資有限公司）
(incorporated with limited liability in the People's Republic of China)
(the "Issuer")

CNY385,000,000 3.85 per cent. Credit Enhanced Bonds due 2026 (the "Bonds") with the benefit of an Irrevocable Standby Letter of Credit issued by Bank of Beijing Co., Ltd., Nanjing Branch

(Stock Code: 84467)

Global Coordinators, Joint Lead Managers and Joint Bookrunners

China International Capital Corporation	**CITIC Securities**	**Shenwan Hongyuan (H.K.)**	**Dingxin (Securities) Limited**

Joint Lead Managers and Joint Bookrunners

CEB International	**China CITIC Bank International**	**China Securities International**	**Industrial Bank Co., Ltd. Hong Kong Branch**
JQ Securities	**Shanghai Pudong Development Bank Hong Kong Branch**	**SPDB International**	

This announcement is issued pursuant to Rule 37.39A of the Listing Rules. Reference is made to the notice of listing of the Bonds on The Stock Exchange of Hong Kong Limited dated 11 December 2023 published by the Issuer.

The offering circular dated 4 December 2023 in relation to the Bonds is appended to this announcement.

Hong Kong, 12 December 2023

As at the date of this announcement, the board of directors of the Issuer comprises Mr. Zhang Linhai, Ms. Cai Yunxia, Mr. Chen Shu, Mr. Wang Chenglin, Mr. Gao Yinggui, Mr. Meng Longcheng, Mr. Wang Bing, Mr. Sun Qi, Mr. Zhong Ming, Mr. Dong Yi, Mr. Liu Yang, Mr. Yao Dingyang and Mr. Gu Ruzhong.

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular (this "**Offering Circular**"). You are therefore advised to read this disclaimer carefully before accessing, reading or making any other use of the attached Offering Circular. In accessing the attached Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from the Issuer (as defined in the attached Offering Circular) or from China International Capital Corporation Hong Kong Securities Limited, CLSA Limited, Shenwan Hongyuan Securities (H.K.) Limited, Dingxin (Securities) Limited, CEB International Capital Corporation Limited, China CITIC Bank International Limited, China Securities (International) Corporate Finance Company Limited, Industrial Bank Co., Ltd. Hong Kong Branch, JQ Securities (Hong Kong) Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch and SPDB International Capital Limited (together, the "**Joint Lead Managers**" or "**Managers**" and each a "**Joint Lead Manager**" or "**Manager**") as a result of such access. In order to review the attached Offering Circular or make an investment decision with respect to the securities, you must be located outside the United States.

Confirmation of Your Representation: The attached Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to represent to the Issuer and the Managers that (1) you are not in the United States and, to the extent you purchase the securities described in the attached Offering Circular, you will be doing so pursuant to Regulation S under the United States Securities Act of 1933, as amended (the "**Securities Act**"); (2) the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions; and (3) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

The attached Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Issuer, the Managers, the Trustee, the Agents, the LC Bank, the Pre-funding Account Bank or the LC Proceeds Account Bank (each as defined in the attached Offering Circular) or any of their respective directors, officers, employees, representatives, agents, affiliates or advisers or any person who controls any of them accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. The Managers will provide a hard copy version to you upon request.

Restrictions: The attached Offering Circular is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

THE SECURITIES DESCRIBED IN THE ATTACHED OFFERING CIRCULAR HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION. THE SECURITIES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO THE SECURITIES ACT.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

Except with respect to eligible investors in jurisdictions where such offer or invitation is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer, the Managers, the Trustee, the Agents, the LC Bank, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective directors, officers, employees, representatives, agents, affiliates or advisers or any person who controls any of them to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Managers or any affiliate of the Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Managers or such affiliate on behalf of the Issuer in such jurisdiction.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct — Important Notice to Prospective Investors: Prospective investors should be aware that certain intermediaries in the context of the offering of the Bonds, including certain Managers, are "capital market intermediaries" (together, the "**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**SFC Code**"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" (together, the "**OCs**") for the offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an association (an "**Association**") with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the Bonds and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to the offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to the offering, such order is hereby deemed not to negatively impact the price discovery process in relation to the offering.

Prospective investors should ensure, and by placing an order, prospective investors are deemed to confirm, that orders placed are *bona fide*, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Manager or its group company has more than 50% interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to the offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". If a prospective investor is otherwise affiliated with any Manager, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should indicate to the relevant Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to the offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to the offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Managers and/or any other third parties as may be required by the SFC Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for the offering. Failure to provide such information may result in that order being rejected.

You are reminded that you have accessed the attached Offering Circular on the basis that you are a person into whose possession the attached Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver or forward this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached Offering Circular.

Actions that You May Not Take: If you receive this document by e-mail, you should not reply by e-mail to this electronic transmission, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

YOU ACKNOWLEDGE THAT THE ATTACHED OFFERING CIRCULAR AND THE INFORMATION CONTAINED THEREIN ARE STRICTLY CONFIDENTIAL AND INTENDED FOR YOU ONLY. YOU ARE NOT AUTHORISED TO AND YOU MAY NOT DELIVER OR FORWARD THE ATTACHED OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING CIRCULAR IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

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YANCHENG STATE-OWNED ENERGY INVESTMENT CO., LTD
(鹽城市國能投資有限公司)

(Incorporated with limited liability in the People's Republic of China)

CNY385,000,000 3.85 per cent. Credit Enhanced Bonds due 2026 with the benefit of an Irrevocable Standby Letter of Credit issued by Bank of Beijing Co., Ltd., Nanjing Branch

Issue Price: 100.0 per cent.

The CNY385,000,000 3.85 per cent. credit enhanced bonds due 2026 (the "**Bonds**") will be issued by Yancheng State-Owned Energy Investment Co., Ltd (鹽城市國能投資有限公司) (the "**Issuer**"), a company incorporated in the People's Republic of China (the "**PRC**") with limited liability. The Bonds will have the benefit of an irrevocable standby letter of credit (the "**Irrevocable Standby Letter of Credit**") denominated in Renminbi and issued by Bank of Beijing Co., Ltd., Nanjing Branch (the "**LC Bank**") in favour of China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (the "**Trustee**") on behalf of itself and the holders of the Bonds. See "*Appendix A — Form of Irrevocable Standby Letter of Credit*" for the form of the Irrevocable Standby Letter of Credit.

The Bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The Bonds will bear interest on their outstanding principal amount from and including 11 December 2023 (the "**Issue Date**") at the rate of 3.85 per cent. per annum, payable semi-annually in arrear in equal instalments of CNY192.5 per Calculation Amount (as defined in the Terms and Conditions of the Bonds (the "**Terms and Conditions**")) on 11 June and 11 December in each year (each an "**Interest Payment Date**"), commencing on 11 June 2024.

Neither the central State-owned Assets Supervision and Administration Commission ("**SASAC**") nor any other PRC governmental entity has any payment or other obligations under the Bonds and will not provide a guarantee of any kind for the Bonds. The Bondholders (as defined in the Terms and Conditions) shall have no recourse to SASAC or any other PRC governmental entity in respect of any obligation arising out of or in connection with the Bonds. The Bonds are solely to be repaid by the Issuer and the obligations of the Issuer under the Bonds shall solely be fulfilled by the Issuer as an independent legal person.

The Issuer has registered the issuance of the Bonds with the National Development and Reform Commission of the PRC (including its local counterparts, the "**NDRC**") and obtained a certificate from the NDRC on 12 July 2023 evidencing such registration and which remains in full force and effect. On 5 January 2023, the NDRC promulgated the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign Debts of Enterprises (《企業中長期外債審核登記管理辦法(國家發展和改革委員會令第56號)》) (the "**NDRC Administrative Measures**"), effective from 10 February 2023. The Issuer undertakers that it will file or cause to be filed with the NDRC the requisite information and documents in respect of the issuance of Bonds within the relevant prescribed timeframes after the Issue Date, in accordance with the NDRC Administrative Measures and any implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time.

The Issuer undertakes that it will (i) within the prescribed time period after the Issue Date register or cause to be registered with the State Administration of Foreign Exchange or its local branches ("**SAFE**") the Bonds pursuant to the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》) and its operating guidelines, effective as at 13 May 2013 and as amended from time to time (the "**Foreign Debt Registration**") and (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration record from SAFE on or before the Registration Deadline (as defined in the Terms and Conditions). For consequences of non-registration with the NDRC or SAFE, see "*Risk Factors — Risks Relating to the Bonds and the Irrevocable Standby Letter of Credit — Any failure to complete the relevant filings under the NDRC Administrative Measures within the prescribed time frames following the completion of the delivery of the Bonds may have adverse consequences for the Issuer and/or the investors of the Bonds*" or "*Risk Factors — Risks Relating to the Bonds and the Irrevocable Standby Letter of Credit — Any failure to complete the relevant registration under SAFE within the prescribed time frame following the completion of the issue of the Bonds may have adverse consequences for the Issuer and/or the investors of the Bonds*".

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 11 December 2026 (the "**Maturity Date**"). At any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders and in writing to the Trustee and the CMU Lodging and Paying Agent (as defined in the Terms and Conditions) (which shall be irrevocable), the Bonds may be redeemed at the option of the Issuer in whole, but not in part, at their principal amount, together with any unpaid interest accrued to, but excluding the date fixed for redemption, if the Issuer satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions) as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 4 December 2023 and such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. See "*Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Taxation Reasons*".

At any time following the occurrence of a Relevant Event (as defined in the Terms and Conditions), the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all but not some only of that holder's Bonds on the Put Settlement Date (as defined in the Terms and Conditions) at their principal amount, together with unpaid interest accrued to, but excluding, such Put Settlement Date. See "*Terms and Conditions — Redemption and Purchase — Redemption for Relevant Events*".

The Bonds shall be redeemed in whole, but not in part, at their principal amount on the Interest Payment Date (as defined in the Terms and Conditions) immediately falling after the Mandatory Redemption Date (as defined in the Terms and Conditions), together with interest accrued to, but excluding, the Mandatory Redemption Date, as further described in Condition 7(d) of the Terms and Conditions. See "*Terms and Conditions of the Bonds — Redemption and Purchase — Mandatory Redemption upon Pre-funding Failure*".

The Bonds will be issued in the specified denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof.

Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Offering Circular.

The Bonds and the Irrevocable Standby Letter of Credit have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of these and certain further restrictions on offers and sales of the Bonds and the Irrevocable Standby Letter of Credit and the distribution of this Offering Circular, see "*Subscription and Sale*".

Application will be made to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") for the listing of, and permission to deal in, the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("**Professional Investors**") only. This document is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer confirms that the Bonds are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer confirms that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the Bonds on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Bonds, the Issuer, the Group (as defined herein) or the LC Bank or the quality of disclosure in this Offering Circular. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

The Bonds will not be rated.

The Bonds will initially be evidenced by a global certificate (the "**Global Certificate**") in registered form, which will be registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator (the "**Operator**") of the Central Moneymarkets Unit Service (the "**CMU**"). Beneficial interests in the Global Certificate will be shown on, and transfer thereof will be effected only through, records maintained by the CMU. Except as described in the Global Certificate, individual certificates for Bonds will not be issued in exchange for interests in the Global Certificate. See "*Summary of Provisions relating to the Bonds in Global Form*".

The appointment of China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as Trustee, CMU Lodging and Paying Agent, Registrar, Transfer Agent, Pre-funding Account Bank and LC Proceeds Account Bank in respect of the Bonds is subject to completion of satisfactory know your client procedures by China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).

Global Coordinators, Joint Lead Managers and Joint Bookrunners

China International Capital Corporation | **CITIC Securities** | **Shenwan Hongyuan (H.K.)** | **Dingxin (Securities) Limited**

Joint Lead Managers and Joint Bookrunners

CEB International | **China CITIC Bank International** | **China Securities International** | **Industrial Bank Co., Ltd. Hong Kong Branch**

JQ Securities | **Shanghai Pudong Development Bank Hong Kong Branch** | **SPDB International**

Offering Circular dated 4 December 2023

NOTICE TO INVESTORS

THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE THE OFFER OR SOLICITATION IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER OR ANY OF ITS SUBSIDIARIES OR THAT THE INFORMATION SET FORTH IN THIS OFFERING CIRCULAR IS CORRECT AS AT ANY DATE SUBSEQUENT TO THE DATE HEREOF.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the Group and the LC Bank. The Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading. Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, investors should consult their advisers.

The Issuer, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer and its subsidiaries taken as a whole (the "**Group**"), the LC Bank, the Irrevocable Standby Letter of Credit and to the Bonds which is material in the context of the issue and offering of the Bonds (including the information which is required by applicable laws and the relevant rules and regulations imposed by the Hong Kong Stock Exchange and the information which, according to the particular nature of the Issuer, the Group, the Irrevocable Standby Letter of Credit and the Bonds, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer, the Group and the LC Bank and the rights attaching to the Irrevocable Standby Letter of Credit and the Bonds); (ii) the statements contained in this Offering Circular are relating to the Issuer, the Group, the Irrevocable Standby Letter of Credit and the Bonds in every material particular true and accurate and not misleading; (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer and the Group are, honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) the Offering Circulars do not include an untrue statement of a material fact; there are no other material facts in relation to the Issuer, the Group, the LC Bank, the Irrevocable Standby Letter of Credit or the Bonds, the omission of a material fact necessary would, in the context of the issue and offering of the Bonds, make any statement in this Offering Circular misleading; (v) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements in this Offering Circular; (vi) the information relating to the LC Bank included in this Offering Circular has been derived from or extracted from, among other sources, publicly available information which the Issuer believes to be accurate and reliable in all material respects and the Issuer has exercised reasonable care in compiling and reproducing such information relating to the LC Bank; and (vii) the statistical, industry and market-related data and forward looking statements included in this Offering Circular (if any), are based on or derived or extracted from sources which the Issuer believes to be accurate and reliable in all material respects.

Notwithstanding the foregoing, the information included in this Offering Circular regarding the LC Bank and Bank of Beijing Co., Ltd. (the "**Bank of Beijing**") is for information purposes only and is based on, or derived or extracted from, among other sources, publicly available information. Any information available from public source that is referenced in this Offering Circular but is not separately included in this Offering Circular shall not be deemed to be incorporated by reference to this Offering Circular. None of the Issuer, the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them has independently verified such information. Save for the representation given by the Issuer in the paragraph above, no representation or warranty, expressed or implied, is to be made or given by the Issuer, the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them as to the accuracy, completeness or sufficiency of such information. Accordingly, such information should not be unduly relied upon.

The Issuer has prepared this Offering Circular solely for use in connection with the proposed offering of the Bonds and giving of the Irrevocable Standby Letter of Credit described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Managers or the Issuer to subscribe for or purchase any of the Bonds. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, Hong Kong, the PRC and Singapore and to persons connected therewith. For a description of further restrictions on offers and sales of the Bonds, and distribution of this Offering Circular, see "*Subscription and Sale*". By purchasing the Bonds, investors are deemed to have represented and agreed to all of those provisions contained in that section of this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the Bonds. Distribution of this Offering Circular to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, is deemed to have agreed to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Group, the LC Bank, the Irrevocable Standby Letter of Credit or the Bonds other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Group, the LC Bank or any of them since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them to subscribe for or purchase the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

This Offering Circular is being furnished by the Issuer, the Group and the LC Bank in connection with the offering of the Bonds and the giving of the Irrevocable Standby Letter of Credit and is exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider purchasing the Bonds. Investors must not use this Offering Circular for any other purpose, make copies of any part of this Offering Circular or give a copy of it to any other person, or disclose any information in this Offering Circular to any other person. The information contained in this Offering Circular has been provided by the Issuer, the Group and the LC Bank and other sources identified in this Offering Circular. Any reproduction or distribution of this Offering Circular, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than the consideration of an investment in the Bonds offered by this Offering Circular is prohibited. By accepting delivery of this Offering Circular each investor is deemed to have agreed to these restrictions.

None of the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them has independently verified the information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made or given and no responsibility or liability is accepted, by the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or any other information supplied in connection with the Bonds. Nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Group, the Managers, the LC Bank, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them that any recipient of this Offering Circular should purchase the Bonds.

Each person receiving this Offering Circular acknowledges that such person has not relied on the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision, and such person must rely on its own examination of the Issuer and the merits and risks involved in investing in the Bonds. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Bonds.

To the fullest extent permitted by law, none of the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them accepts any responsibility for the contents of this Offering Circular and assume no responsibility for the contents, accuracy, completeness or sufficiency of any such information or for any other statement, made or purported to be made by the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them in connection with the Issuer or the issue and offering of the Bonds. Each of the Managers, the Trustee, the Agents, the Pre-funding Account Bank and the LC Proceeds Account Bank and each of their respective affiliates, directors, employees, agents, representatives, officers and advisers or each person who controls any of them accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them undertakes to review the results of operations, financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or prospective investor in the Bonds of any information coming to the attention of the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them.

IN CONNECTION WITH THIS OFFERING, ANY OF THE MANAGERS APPOINTED AND ACTING IN ITS CAPACITY AS STABILISING MANAGER (THE "STABILISING MANAGER") PROVIDED THAT CHINA CITIC BANK INTERNATIONAL LIMITED SHALL NOT BE APPOINTED OR ACTING AS STABILISATION MANAGER OR ANY PERSON(S) ACTING ON BEHALF OF THE STABILISING MANAGER MAY OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE(S) OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR ANY PERSON(S) ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISING MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

In connection with the offering of the Bonds, the Managers and/or their respective affiliates, or affiliates of the Issuer, the Group or the LC Bank may act as investors and place orders, receive allocations and trade the Bonds for their own account and such orders, allocations or trading of the Bonds may be material. These entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer, the Group or the LC Bank and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering of the Bonds. Accordingly, references herein to the offering of the Bonds should be read as including any offering of the Bonds to the Managers and/or their respective affiliates, or affiliates of the Issuer, the Group or the LC Bank as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Bonds may be impacted.

Prospective investors should not construe anything in this Offering Circular as legal, business or tax advice. Each prospective investor should determine for itself the relevance of the information contained in this Offering Circular and consult its own legal, business and tax advisers as needed to make its investment decision and determine whether it is legally able to purchase the Bonds under applicable laws or regulations.

***Singapore SFA Product Classification** — In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are "prescribed capital markets products" (as defined in the CMP Regulations 2018 and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct — Important Notice to Prospective Investors: Prospective investors should be aware that certain intermediaries in the context of the offering of the Bonds, including certain Managers, are "capital market intermediaries" (together, the "**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**SFC Code**"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" (together, the "**OCs**") for the offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an association (an "**Association**") with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the Bonds and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to the offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to the offering, such order is hereby deemed not to negatively impact the price discovery process in relation to the offering.

Prospective investors should ensure, and by placing an order, prospective investors are deemed to confirm, that orders placed are *bona fide*, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Manager or its group company has more than 50% interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to the offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". If a prospective investor is otherwise affiliated with any Manager, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should indicate to the relevant Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to the offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to the offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Managers and/or any other third parties as may be required by the SFC Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for the offering. Failure to provide such information may result in that order being rejected.

Industry and Market Data

Market data and certain information and statistics included in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although each of the Issuer, the Group and the LC Bank believes the information to be reliable, it has not been independently verified by the Issuer, the Group, the LC Bank, the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or their respective affiliates, directors, officers, employees, agents, advisers or representatives or any person who controls any of them and none of the Issuer, the Group, the LC Bank, the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or their respective affiliates, directors, officers, employees, agents, advisers or representatives or any person who controls any of them makes any representation as to the accuracy or completeness of such information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. In making an investment decision, each investor must rely on its own examination of the Issuer, the Group, the LC Bank, the Managers, the Trustee, the Agents, the

Pre-funding Account Bank and the LC Proceeds Account Bank and the terms of the offering and the Bonds, including the merits and risks involved. Where information has been sourced from a third party, the Issuer, the Group and the LC Bank are aware and are able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information to be inaccurate or misleading.

Presentation of Financial Information of the Group

This Offering Circular contains consolidated financial information of the Issuer as at and for the years ended 31 December 2020, 2021 and 2022 which has been extracted from the audited consolidated financial statements of the Issuer for the three years ended 31 December 2022 (the "**Audited Consolidated Financial Statements**"). The Audited Consolidated Financial Statements have been audited by SuyaJincheng CPA LLP (蘇亞金誠會計師事務所(特殊普通合夥)) ("**SuyaJincheng**"), the independent auditor of the Issuer.

The Audited Consolidated Financial Statements were prepared and presented in accordance with the Enterprise Accounting Standards in the PRC ("**PRC GAAP**") as promulgated by the MOF from time to time. None of the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them has independently verified or checked the accuracy of the Audited Consolidated Financial Statements and there can be no assurance that the information contained therein is accurate, truthful or complete. PRC GAAP differs in certain material respect from International Financial Reporting Standards ("**IFRS**"). See "*Summary of Certain Differences between PRC GAAP and IFRS*".

Starting from 1 January 2021, the Group has adopted a number of new accounting standards issued by MOF, including "Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments (Revised in 2017)" (Cai Kuai [2017] No. 7), "Accounting Standards for Business Enterprises No. 23 — Transfer of Financial Assets (Revised in 2017)" (Cai Kuai [2017] No. 8), "Accounting Standards for Business Enterprises No. 24 — Hedging Accounting (Revised in 2017)" (Cai Kuai [2017] No. 9) and "Accounting Standards for Business Enterprises No. 37 — Presentation of Financial Instruments (Revised in 2017)" (Cai Kuai [2017] No. 14) (together, the "**New Financial Instruments Standards**"), each with effect from 1 January 2021. With the adoption of the New Financial Instruments Standards, certain accounting items in the balance sheet as at 1 January 2021 were adjusted from the balance sheet of the Group as at 31 December 2020. For more information, please refer to Note 30.4 (a) — "*III. Significant Accounting Policies and Accounting Estimates — Changes in significant accounting policies in 2021*" to the Audited Consolidated Financial Statements. Starting from 1 January 2022, the Group has adopted new accounting standards issued by MOF, namely "Interpretation No. 15 of the Accounting Standards for Business Enterprises" (Cai Kuai [2021] No. 35) (the "**Notice 15**"), effective from 1 January 2022, and "Interpretation No. 16 of the Accounting Standards for Business Enterprises" (Cai Kuai [2022] No. 31) (the "**Notice 16**"), effective from 30 November 2022. For more information, please refer to Note 30.1 — "*III. Significant Accounting Policies and Accounting Estimates — Changes in significant accounting policies*" to the Audited Consolidated Financial Statements.

Presentation of Financial Information of LC Bank

Copies of the published audited consolidated financial statements and unaudited but reviewed consolidated financial statements of Bank of Beijing, as well as its public filings, can be downloaded free of charge from the website of Bank of Beijing and the Shanghai Stock Exchange at http://www.bankofbeijing.com.cn and http://www.sse.com.cn, respectively. The financial statements of Bank of Beijing are not included in and do not form part of this Offering Circular. The information contained on the websites of Bank of Beijing and the Shanghai Stock Exchange is subject to change from time to time. No representation is made by the Issuer, the Group, the Managers, the Trustee, the Pre-funding Account Bank, the LC Proceeds Account Bank, any Agent or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them and none of the Issuer, the Group, the Managers, the Trustee, the Pre-funding Account Bank, the LC Proceeds Account Bank, any Agent or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them takes any responsibility for any information contained on the websites of Bank of Beijing and the Shanghai Stock Exchange.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the "**PRC**" and "**China**" are to the People's Republic of China (excluding Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan); all references to the "**United States**" and "**U.S.**" are to the United States of America; all references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People's Republic of China; all references to "**Renminbi**", "**RMB**" and "**CNY**" are to the lawful currency of the PRC; and all references to "**U.S.$**" are to the lawful currency of the United States of America.

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of a thousand million units.

The English names of the PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations of their Chinese names and are included for identification purposes only. In the event of any inconsistency, the Chinese names prevail.

Unless the context otherwise requires, references to "**2020**", "**2021**" and "**2022**" in this Offering Circular are to the years ended 31 December 2020, 2021 and 2022, respectively.

In this Offering Circular, unless otherwise indicated or the context otherwise requires, to the following terms shall have the meanings set out below:

- "**CBIRC**" refers to the China Banking and Insurance Regulatory Commission of the PRC and its local counterparts, which was subsequently replaced by the National Administration of Financial Regulation (國家金融監督管理總局) on 18 May 2023;

- "**GDP**" refers to gross domestic product;

- "**Jiangsu Provincial Government**" refers to Jiangsu Provincial People's Government (江蘇省人民政府);

- "**MOF**" refers to the Ministry of Finance of the PRC and its local counterparts;

- "**MOFCOM**" refers to the Ministry of Commerce of the PRC and its local counterparts;

- "**NAFR**" refers to the National Administration of Financial Regulation and its local counterparts;

- "**PBOC**" refers to the People's Bank of China, the central bank of the PRC;

- "**PRC government**" refers to the central government of the People's Republic of China and its political subdivisions, including provincial, municipal and other regional or local government entities, and instrumentalities thereof, or where the context requires, any of them;

- "**SASAC**" refers to the State-owned Assets Supervision and Administration Commission of the State Council of the PRC or its successor;

- "**SAT**" refers to the State Administration of Taxation of the PRC;

- "**State Council**" refers to the State Council of the People's Republic of China;

- "**VAT**" refers to value-added tax; and

- "**Yancheng Municipal Government**" refers to the People's Government of Yancheng City (鹽城市人民政府).

FORWARD-LOOKING STATEMENTS

This Offering Circular includes "forward-looking statements". All statements other than statements of historical facts contained in this Offering Circular constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms, such as "anticipate", "target", "believe", "can", "would", "could", "estimate", "expect", "aim", "intend", "may", "plan", "will" "would" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding expected financial condition, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include, but are not limited to, statements as to the business strategy, revenue, profitability, planned projects and other matters as they relate to the Issuer and/or the Group discussed in this Offering Circular regarding matters that are not historical facts.

The factors that could cause the actual results, performances and achievements of the Issuer or the Group or any member of the Group to be materially different include, among others:

- general economic, political and business conditions and competitive environment, including those related to the PRC and globally;
- ability to successfully implement business plans and strategies;
- capital expenditure plans and ability to carry out those plans;
- ability of the Group to control its costs;
- the continued availability of capital and financing;
- interest rates and foreign exchange rates, taxes and duties;
- the actions and developments of the Group's competitors;
- financial condition and performance;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions in which the Group operates and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of the Group's business;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which the Group operates;
- various business opportunities that the Group may pursue;
- macroeconomic measures taken by the PRC government to manage economic growth;
- natural disasters, industrial action, terrorist attacks and other events beyond the Group's control;
- other risks associated with industries in which the Group operates; and
- other factors, including those discussed in "*Risk Factors*" below.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "*Risk Factors*" below and elsewhere in this Offering Circular. The Issuer cautions investors not to place undue reliance on these forward-looking statements which reflect their managements' view only as at the date of this Offering Circular. The Issuer does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur.

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SUMMARY

This summary does not contain all the information that may be important to prospective investors in deciding whether or not to invest in the Bonds. Prospective investors should read the entire Offering Circular, including the section entitled "Risk Factors" and the financial statements and related notes thereto, before making an investment decision.

OVERVIEW

The Group is a large state-owned energy infrastructure financing and construction investment enterprise in Yancheng City. Since its establishment, the Group has undertaken the task of developing and managing the construction of new energy power generation projects in Yancheng City. The Group has actively responded to government policies and played a key role in the investment of new energy power generation and the consolidation of new energy resources.

Established in 2015, the Group is headquartered in Jiangsu Province, an advantageous geographical location with one of the longest coast lines in China. The Jiangsu Provincial Government is dedicated to promoting growth in the province's renewable energy and clean energy development sector through investment in infrastructure, talent recruitment and policy implementation and has been committed to allocating resources to achieve this objective. Against this backdrop, the Group has been quick to capitalise on the opportunities presented and successfully built a strong and profitable businesses portfolio.

The Group's business portfolio consists of four business lines, namely: (i) resources development, (ii) property leasing, (iii) construction business and (iv) other businesses. Set forth below is an overview of each business line of the Group:

- **Resources Development**. The Group's resources development business mainly comprises power generation business and natural gas business. The Group's power generation business engages in the construction, management and investment of electricity generation projects in Yancheng City. The Group's portfolio of power projects primarily includes photovoltaic power, wind power and other renewable power generation. The Group also engages in natural gas business mainly through participating the midstream transportation of natural gas. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's resources development businesses amounted to RMB134.1 million, RMB182.5 million and RMB609.0 million, respectively, representing 56.8 per cent., 55.8 per cent. and 79.2 per cent. of the Group's operating income for the same periods.

- **Property Leasing**. The Group engages in development of industrial buildings and ancillary development and the leases of properties constructed. The property leased by the Group include industrial plants, plant buildings and office buildings. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's property leasing business amounted to RMB79.8 million, RMB108.4 million and RMB143.4 million, respectively, representing 33.8 per cent., 33.2 per cent. and 18.6 per cent. of the Group's operating income for the same periods.

- **Construction Business**. The Group was engaged in construction business through its then wholly-owned subsidiary Yancheng City Kangtai Engineering Company Limited (鹽城市康泰工程安裝有限公司) ("**Yancheng City Kangtai**"). The construction business mainly consists of pipeline installation, renovation and maintenance, equipment dismantling, daily maintenance of heating projects. Following the transfer of the entire equity of Yancheng City Kangtai in 2021, Yancheng City Kangtai is no longer a subsidiary of the Issuer. The Group has ceased to operate its construction business and the business registration of the transfer was completed in August 2021. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's construction business amounted to RMB10.3 million, RMB11.9 million and RMB nil, respectively, representing 4.4 per cent., 3.6 per cent. and nil per cent. of the Group's operating income for the same periods.

- **Other Businesses**. The Group is also engaged in other businesses, mainly consists of aquaculture projects business and collection of property utility fees. For the years ended 31 December 2020, 2021 and 2022, the operating income generated from the Group's other businesses amounted to RMB11.8 million, RMB24.2 million and RMB16.8 million, respectively, representing 5.0 per cent., 7.4 per cent. and 2.2 per cent. of the Group's operating income for the same periods.

For the years ended 31 December 2020, 2021 and 2022, the Group's operating income was RMB236.1 million, RMB327.1 million and RMB769.2 million, respectively, and its net profit was RMB263.1 million, RMB669.4 million and RMB971.6 million, respectively. As at 31 December 2022, the Group's total assets were valued at RMB19,417.8 million.

In the future, the Group will continue to consolidate its leading position as a key entity in energy infrastructure financing and construction investment in Yancheng City and to further develop its business into industries which it identifies as having long-term growth potential. The Group also aims to continue to grow its asset base, optimise its capital structure and enhance operational efficiency.

COMPETITIVE STRENGTHS

The Group believes that its competitive strengths outlined below distinguish it from competitors and are important to its success and future development:

- Experienced player with distinct geographic advantages
- Benefits from strong policy support of the Yancheng Municipal Government
- Sound and effective corporate governance and internal control
- Access to diversified financing channels
- Dedicated senior management with extensive experience in government and state-owned enterprises

BUSINESS STRATEGIES

The Group's objective is to strengthen its leading position in Yancheng City and continue with its efforts to optimise its capital structure, expand its business portfolio and increase its core competitiveness. The Group plans to implement the following development strategies to maintain its stable growth and success in the future:

- Continue to fulfil its role as the crucial energy infrastructure financing and construction platform
- Enhance the Group's technical competitiveness through innovative research and development initiatives
- Continue to build a professional management team
- Adhere to prudent financial policy with stringent risk control and enhanced financial management

RECENT DEVELOPMENT

Unaudited Financial Results as at and for the Nine Months Ended 30 September 2023

The Group has prepared its consolidated financial statements as at and for the nine months ended 30 September 2023 (the "**September 2023 Financial Statements**"), and such September 2023 Financial Statements are not published and were not subject to an audit or review by an independent auditor and may be subject to further adjustments if subject to an audit or review.

For the nine months ended 30 September 2023, the Group's net profit decreased as compared with the corresponding period in 2022, mainly due to decrease of profit generated from Yancheng Clean Energy Development Co., Ltd. (江蘇鹽城市清潔能源發展有限公司) and non-controlling interest companies. As at 30 September 2023, the Group's total assets increased as compared to the balance as at 31 December 2022, mainly attributed to increases in accounts receivables, other receivables and long-term equity instrument investments. The Group's total liabilities also increased as compared to the balance as at 31 December 2022, mainly attributed to increases in short-term borrowings, long-term borrowings and bonds payable.

The September 2023 Financial Statements are not audited or reviewed by any independent auditor. Therefore, they do not provide the same quality of information as the information that has been subject to an audit or review. Potential investors should be cautious if they use or rely upon the information in the September 2023 Financial Statements. The September 2023 Financial Statements should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ending 31 December 2023. None of the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank, or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them makes any representation, warranty or undertaking, express or implied, regarding the accuracy, completeness and sufficiency of the September 2023 Financial Statements. The September 2023 Financial Statements have not been included in, and do not constitute part of, this Offering Circular.

THE OFFERING

The following is a brief summary of the offering and is qualified in its entirety by the remainder of this Offering Circular. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in "Terms and Conditions of the Bonds" and "Summary of Provisions Relating to the Bonds in Global Form" shall have the same meanings in this summary. For a more complete description of the terms and conditions of the Bonds, see "Terms and Conditions of the Bonds" in this Offering Circular.

Issuer	Yancheng State-Owned Energy Investment Co., Ltd (鹽城市國能投資有限公司).
LEI Code	836800ITHYWPT4CVNK34.
LC Bank	Bank of Beijing Co., Ltd., Nanjing Branch.
The Bonds	CNY385,000,000 3.85 per cent. credit enhanced bonds due 2026.
Issue Price	The Bonds will be issued at 100.0 per cent. of their principal amount.
Form and Denomination	The Bonds will be issued in registered form in the specified denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof.
Issue Date	11 December 2023.
Interest	The Bonds will bear interest on their outstanding principal amount from and including the Issue Date, at the rate of 3.85 per cent. per annum, payable semi-annually in arrear in equal instalments of CNY192.5 per Calculation Amount on 11 June and 11 December in each year, commencing on 11 June 2024.
Maturity Date	11 December 2026.

Irrevocable Standby Letter of Credit	The Bonds will have the benefit of the Irrevocable Standby Letter of Credit issued in favour of the Trustee, on behalf of itself and the holders of the Bonds, by the LC Bank. The Irrevocable Standby Letter of Credit shall be drawable by the Trustee as beneficiary under the Irrevocable Standby Letter of Credit on behalf of itself and the holders of the Bonds upon the presentation of a demand by authenticated SWIFT (or by such method of communication otherwise as permitted under the Irrevocable Standby Letter of Credit) sent by or on behalf of the Trustee to the LC Bank in accordance with the Irrevocable Standby Letter of Credit (the "**Demand**") stating that (i) the Issuer has failed to comply with Condition 4(b) (*Pre-funding*) of the Terms and Conditions in relation to pre-funding the amount that is required to be pre-funded under the Terms and Conditions and/or has failed to provide the Required Confirmations (as defined in the Terms and Conditions) in accordance with Condition 4(b) (*Pre-funding*) of the Terms and Conditions; or (ii) an Event of Default (as defined in Condition 10 (*Events of Default*) of the Terms and Conditions) has occurred and the Trustee has given notice to the Issuer that the Bonds are immediately due and payable in accordance with Condition 10 (*Events of Default*) the Terms and Conditions. Only one drawing is permitted under the Irrevocable Standby Letter of Credit. Such drawing on the Irrevocable Standby Letter of Credit will be payable in Renminbi in immediately available and cleared funds to or to the order of the Trustee at the time and to the account specified in the Demand presented to the LC Bank. Payment received by the Trustee in respect of the Demand will be deposited into the LC Proceeds Account (as defined in the Terms and Conditions). The payment made under the Irrevocable Standby Letter of Credit in respect of any amount payable under the Terms and Conditions or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds shall, to the extent of the drawing paid to or to the order of the Trustee, satisfy the obligations of the Issuer in respect of such amount payable under the Terms and Conditions or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds.

	The LC Bank's aggregate liability under the Irrevocable Standby Letter of Credit shall be expressed and payable in Renminbi and shall not exceed CNY399,611,250 (the "**Maximum Limit**") being an amount representing (i) the aggregate principal amount of the Bonds plus interest payable for one Interest Period in accordance with the Terms and Conditions and (ii) CNY7,200,000 being the maximum amount payable under the Irrevocable Standby Letter of Credit for any fees, costs, expenses, indemnity payments and all other amounts payable by the Issuer under or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds. The Irrevocable Standby Letter of Credit will take effect from the Issue Date and expires at 5:00 p.m. (Beijing time) on 11 January 2027 (the "**Expiry Date**"). See "*Terms and Conditions of the Bonds — Irrevocable Standby Letter of Credit and Pre-funding*" and "*Appendix A — Form of Irrevocable Standby Letter of Credit*".
Pre-funding	In order to provide for the payment of any amount in respect of the Bonds (other than the amounts payable under Condition 7(d) (*Mandatory Redemption upon Pre-funding Failure*) of the Terms and Conditions) (the "**Relevant Amount**") as the same shall become due, the Issuer shall, in accordance with the Agency Agreement, by no later than the Business Day (as defined in Condition 4 (*Irrevocable Standby Letter of Credit and Pre-funding*) of the Terms and Conditions) falling ten Business Days (the "**Pre-funding Date**") prior to the due date for such payment under the Terms and Conditions: (i) unconditionally pay or procure to be paid the Relevant Amount in immediately available and cleared funds into the Pre-funding Account (as defined in the Terms and Conditions); and (ii) deliver to the Trustee and the CMU Lodging and Paying Agent by facsimile or a scanned copy by email (x) a Payment and Solvency Certificate (as defined in the Terms and Conditions) signed by any Authorised Signatory (as defined in the Trust Deed), and (y) a copy of the irrevocable payment instruction from the Issuer to the Pre-funding Account Bank requesting the Pre-funding Account Bank to pay the Relevant Amount which was paid into the Pre-funding Account on the Pre-funding Date in full to the CMU Lodging and Paying Agent by no later than 10:00 a.m. (Hong Kong time) on the Business Day immediately preceding the due date for such payment (together, the "**Required Confirmations**").

If the Relevant Amount has not been paid into the Pre-funding Account in full and the Pre-funding Account Bank has notified the Trustee of such failure (and the Trustee may rely conclusively on any such notification), or the Trustee does not receive the Required Confirmations, in each case by 10:00 a.m. (Hong Kong time) on the Business Day immediately following the Pre-funding Date (a "**Pre-funding Failure**"), the Trustee shall:

(i) send the Pre-funding Failure Notice (as defined in the Terms and Conditions) to the Bondholders on the second Business Day immediately following the Pre-funding Date of (a) the Pre-funding Failure and (b) the redemption of the Bonds in accordance with Condition 7(d) (*Mandatory Redemption upon Pre-funding Failure*) of the Terms and Conditions to occur as a result of the Pre-funding Failure; and

(ii) by no later than 6:00 p.m. (Hong Kong time) on the second Business Day immediately following the Pre-funding Date, issue a Demand to the LC Bank for the aggregate principal amount in respect of all of the Bonds then outstanding, together with interest accrued to, but excluding, the Mandatory Redemption Date (as defined in Condition 7(d) (*Mandatory Redemption upon Pre-funding Failure*) of the Terms and Conditions) and all fees, costs, expenses, indemnity payments and all other amounts which may be payable by the Issuer under or in connection with the Bonds, the Trust Deed, the Irrevocable Standby Letter of Credit, the Agency Agreement and/or any other transaction document in relation to the Bonds, provided that, subject to and in accordance with the Irrevocable Standby Letter of Credit, the Trustee need not physically present an original of the Demand under the Irrevocable Standby Letter of Credit to the LC Bank and shall be entitled to draw on Irrevocable Standby Letter of Credit by way of the Demand by authenticated SWIFT to the LC Bank (provided that in the event that the SWIFT system is not available for any reason, the Trustee may instead present a Demand by such method of communication otherwise as permitted under the Irrevocable Standby Letter of Credit).

Following receipt by the LC Bank of such Demand by 5:00 p.m. (Beijing time) on a Business Day on or after the Issue Date and on or before the Expiry Date, the LC Bank shall by 11:00 a.m. (Beijing time) on the fourth Business Day after the Business Day on which the LC Bank receives such Demand (or, if such Demand is received by the LC Bank after 5:00 p.m. (Beijing time) on a Business Day, then by 11:00 a.m. (Beijing time) on the fifth Business Day after the Business Day on which the LC Bank receives such Demand), pay to the Trustee or to the order of the Trustee the amount in Renminbi in immediately available and cleared funds specified in the Demand to the account specified in the Demand.

	The Pre-funding Account Bank shall notify the Trustee and the CMU Lodging and Paying Agent as soon as reasonably practicable upon the failure by the Issuer to pay the Relevant Amount into the Pre-funding Account in accordance with the Terms and Conditions. See "*Terms and Conditions of the Bonds — Irrevocable Standby Letter of Credit and Pre-funding*" and "*Appendix A — Form of Irrevocable Standby Letter of Credit*".
Status of the Bonds	The Bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Events of Default	The Bonds will contain certain events of default in respect of the Issuer or the LC Bank, as further described in Condition 10 (*Events of Default*) of the Terms and Conditions.
Taxation	All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without set-off or counterclaim, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the PRC or any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law. Where such withholding or deduction is made by the Issuer by or within the PRC at a rate up to and including the aggregate rate applicable on 4 December 2023 (the "**Applicable Rate**"), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been received by them had no such withholding or deduction been required. If the Issuer is required to make a deduction or withholding in respect of PRC at a rate in excess of the Applicable Rate, the Issuer shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Tax Amounts shall be payable in respect of any Bond, as further described in Condition 9 (*Taxation*) of the Terms and Conditions.

Final Redemption	Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.
Redemption for Relevant Events	At any time following the occurrence of a Relevant Event, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of that holder's Bonds on the Put Settlement Date (as defined in the Terms and Conditions) at their principal amount, together with unpaid interest accrued to, but excluding, such Put Settlement Date, as further described in Condition 7(c) (*Redemption for Relevant Events*) of the Terms and Conditions.
Redemption for Taxation Reasons	The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders and in writing to the Trustee and the CMU Lodging and Paying Agent (which shall be irrevocable), at their principal amount (together with any unpaid interest accrued to, but excluding, the date fixed for redemption), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that: (i) the Issuer has or will become obliged to pay Additional Tax Amounts as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 4 December 2023; and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no Tax Redemption Notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due, as further described in Condition 7(b) (*Redemption for Taxation Reasons*) of the Terms and Conditions.
Mandatory Redemption upon Pre-funding Failure	The Bonds shall be redeemed in whole, but not in part, at their principal amount on the Mandatory Redemption Date (as defined in the Terms and Conditions), together with interest accrued to, but excluding, the Mandatory Redemption Date, as further described in Condition 7(d) (*Mandatory Redemption upon Pre-funding Failure*) of the Terms and Conditions.

Further Issues	The Issuer is at liberty from time to time without the consent of the Bondholders to create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects save for the issue date, the issue price, the first payment of interest on them and the timing for completing the NDRC Post-issue Filing (as defined in the Terms and Conditions) and the Foreign Debt Registration (as defined in the Terms and Conditions), and the corresponding notification to the Trustee and the Bondholders thereof) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds, as further described in Condition 16 (*Further Issues*) of the Terms and Conditions.
Clearing Systems	The Bonds will initially be evidenced by the Global Certificate in registered form, which will be registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator of the CMU. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by the CMU. Except as described in the Global Certificate, individual certificates for the Bonds will not be issued in exchange for interests in the Global Certificate.
Clearance and Settlement	The Bonds have been accepted for clearance through CMU under CMU Instrument Number BOAKFB23034 and an ISIN HK0000971488 and a Common Code 272847541.
Trustee	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
CMU Lodging and Paying Agent, Registrar and Transfer Agent ..	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
Pre-funding Account Bank and LC Proceeds Account Bank ...	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
Governing Law	English law.
Jurisdiction	Exclusive jurisdiction of the Hong Kong courts.
Listing	Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only.
Rating	The Bonds will not be rated.
Selling Restrictions	The Bonds have not been and will not be registered under the Securities Act or under any state securities laws of the United States, and are being offered only outside the United States in reliance of Regulation S of the Securities Act and will be subject to customary restrictions on transfer and resale. See "*Subscription and Sale*".

SUMMARY OF PAYMENT ARRANGEMENTS ON EACH SCHEDULED DUE DATE UNDER THE BONDS

The following diagram sets forth a summary of the pre-funding arrangements under the Bonds and the drawing arrangements in respect of the Irrevocable Standby Letter of Credit on each scheduled due date under the Bonds. The following diagram is not intended to be comprehensive. This diagram should be read in conjunction with "Terms and Conditions of the Bonds", the Trust Deed and the Agency Agreement referred to therein and "Appendix A — Form of Irrevocable Standby Letter of Credit". Words and expressions defined in the "Terms and Conditions of the Bonds" shall have the same meaning in this summary.

T-10 Business Days
Pre-funding Date

- Issuer to unconditionally pay or procure to be paid the Relevant Amount in immediately available and cleared funds into the Pre-funding Account; and
- Issuer to deliver to the Trustee and the CMU Lodging and Paying a scanned copy by email the Required Confirmations.[1]

T-9 Business Days

By 10:00 a.m. (Hong Kong time):

- The Relevant Amount to be paid into the Pre-finding Account in full, and the Pre-funding Account Bank to confirm receipt of the Relevant Amount to each of the Trustee and the CMU Lodging and Paying Agent;

OR

- A Pre-funding Failure has occurred if:

  (a) the Relevant Amount has not been paid into the Pre-funding Account in full and the Pre-funding Account Bank has notified the Trustee of such failure, or

  (b) the Trustee does not receive the Required Confirmations.

T-8 Business Days
Initial Demand Date

If the Relevant Amount has not been paid into the Pre-funding Account in full and the Pre-funding Account Bank has notified the Trustee of such failure (and the Trustee may rely conclusively on any such notification), or the Trustee does not receive the Required Confirmations, in each case by 10:00 a.m. (Hong Kong time) on the Business Day immediately following the Pre-funding Date, the Trustee shall:

(i) send the notice substantially in the form set out in the Trust Deed to the Bondholders on the second Business Day following the Pre-funding Date of (a) the Pre-funding Failure and (b) the redemption of the Bonds to occur as a result of the Pre-funding Failure; and

(ii) by no later than 6:00 p.m. (Hong Kong time) on the second Business Day immediately following the Pre-funding Date issue a Demand to the LC Bank for the aggregate principal amount in respect of all of the Bonds then outstanding, together with interest accrued to, but excluding, the Mandatory Redemption Date and all fees, costs, expenses, indemnity payments and all other amounts which may be payable by the Issuer under or in connection with the Bonds, the Trust Deed, the Irrevocable Standby Letter of Credit, the Agency Agreement and/or any other transaction document in relation to the Bonds.[2]

T-4 Business Days
SBLC Transfer Date

By 11:00 a.m. (Beijing time), the LC Bank pays to the Trustee or to the order of the Trustee the amount in Renminbi specified in the Demand in immediately available and cleared funds to the account specified in the Demand, if the LC Bank has received the Demand by 5:00 p.m. (Beijing time) on T-8 Business Days.[3]

T-1 Business Day
Payment to CMU Lodging and Paying Agent

By 10:00 a.m. (Hong Kong time):

- In the event the Relevant Amount has been paid into the Pre-funding Account in full and the Trustee receives the Required Confirmations, the Pre-funding Account Bank to pay the Relevant Amount deposited into the Pre-funding Account on the Pre-funding Date in full to the CMU Lodging and Paying Agent;

OR

- In the case where the LC Bank pays to or to the order of the Trustee the amount of the Demand, the LC Proceeds Account Bank to pay to the CMU Lodging and Paying Agent the proceeds of the Demand in full.

T
Bond Payment Date

- CMU Lodging and Paying Agent to pay funds for same day value on T for the benefit of the Bondholders; OR
- The Bonds shall be redeemed in whole, but not in part, at their principal amount on the Interest Payment Date immediately falling after the date the Pre-funding Failure Notice is given to the Bondholders, together with interest accrued to, but excluding, the Mandatory Redemption Date.

Notes:

(1) The Required Confirmations consist of: (a) a Payment and Solvency Certificate signed by any Authorised Signatory, and (b) a copy of the irrevocable payment instruction from the Issuer to the Pre-funding Account Bank requesting the Pre-funding Account Bank to pay the Relevant Amount which was paid into the Pre-funding Account on the Pre-funding Date in full to the CMU Lodging and Paying Agent by no later than 10:00 a.m. (Hong Kong time) on the Business Day immediately preceding the due date for such payment.

(2) The Trustee need not physically present an original of the Demand under the Irrevocable Standby Letter of Credit to the LC Bank and shall be entitled to draw on the Irrevocable Standby Letter of Credit by way of the Demand by authenticated SWIFT to the LC Bank (provided that in the event that the SWIFT system is not available for any reason, the Trustee may instead present a Demand by such method of communication otherwise as permitted under the Irrevocable Standby Letter of Credit).

(3) If such Demand is received after 5:00 p.m. (Beijing time) on a Business Day, the payment is to be made by 11:00 a.m. (Beijing time) on the fifth Business Day after the Business Day on which the LC Bank receives such Demand.

SUMMARY FINANCIAL INFORMATION OF THE GROUP

The following tables set forth the summary consolidated financial information of the Group as at and for the years indicated.

The consolidated financial information of the Issuer as at and for the years ended 31 December 2020, 2021 and 2022 has been derived from the Audited Consolidated Financial Statements. The Audited Consolidated Financial Statements have been audited by SuyaJincheng, the independent auditor of the Issuer.

In preparing its consolidated financial statements as at and for the year ended 31 December 2021, the Group has adopted the New Financial Instruments Standards and certain accounting items in the balance sheet as at 1 January 2021 were adjusted from the audited consolidated balance sheet of the Group as at 31 December 2020. In preparing its consolidated financial statements as at and for the year ended 31 December 2022, the Group has adopted the Notice 15 and the Notice 16. For more information, see "Presentation of Financial Information of the Group".

The Audited Consolidated Financial Statements were prepared and presented in accordance with PRC GAAP. See "Presentation of Financial Information of the Group". PRC GAAP differs in certain material respects from IFRS. The Group has not prepared any reconciliation of such consolidated financial information between PRC GAAP and IFRS. For a discussion of certain differences between PRC GAAP and IFRS, see "Summary of Certain Differences between PRC GAAP and IFRS".

The information set out below should be read in conjunction with, and is qualified in its entirety by reference to, the Audited Consolidated Financial Statements including the notes thereto, which are included elsewhere in this Offering Circular.

SUMMARY CONSOLIDATED INCOME STATEMENT DATA

	For the year ended 31 December		
	2020	2021	2022
	(RMB'000) (audited)	(RMB'000) (audited)	(RMB'000) (audited)
Operating income	**236,055**	**327,068**	**769,198**
Less: Operating cost	108,913	155,273	280,446
Taxes and surcharges	18,732	18,397	26,632
Selling expenses	1,820	1,998	2,753
Management cost	40,566	72,550	91,162
Financial expenses	307,321	250,879	475,671
Including: Interest cost	352,118	324,108	492,246
Interest income	45,021	73,368	50,319
Add: Other income	23,112	17,855	9,501
Investment gains (or Less: Losses)	208,749	558,891	676,543
Investments in associates and joint ventures (or Less: Losses)	–	447,547	669,654
Gains/(loss) on changes of fair value (or Less: Losses)	364,025	358,375	581,637
Credit impairment losses	–	155	(22,193)
Assets impairment losses	(2,584)	–	–
Gains/(loss) from disposal of assets (or Less: Losses)	–	(318)	4,266
Operating profit	**352,005**	**762,929**	**1,142,287**
Add: Non-operating income	339	124	1,345
Less: Non-operating expenses	1,128	847	5,122
Total profit	**351,217**	**762,206**	**1,138,510**
Less: Income tax expenses	88,138	92,802	166,947
Net profit (or Net loss)	**263,079**	**669,404**	**971,563**
Categorised by operation continuity			
Net Profits by going-concern	263,079	669,404	971,563
Categorised by ownership			
Net profit attributable to owners of the parent	254,237	693,249	858,354
Net profit attributable to non-controlling interests	8,842	(23,845)	113,209
Total comprehensive income	**263,079**	**1,616,913**	**369,441**
Total comprehensive income attributable to owners of the parent	254,237	1,640,759	256,232
Total comprehensive income attributable to non-controlling interest	8,842	(23,845)	113,209

SUMMARY CONSOLIDATED BALANCE SHEET DATA

	As at 31 December		
	2020	**2021**	**2022**
	(RMB'000) **(audited)**	**(RMB'000)** **(audited)**	**(RMB'000)** **(audited)**
Current assets:			
Cash at bank and on hand	1,170,638	1,238,171	1,867,238
Notes receivable	282	–	–
Accounts receivable	211,825	352,911	651,732
Advance payment	46,869	17,258	21,145
Other receivables	1,034,322	1,335,681	643,074
Inventories	38,872	20,077	31,091
Other current assets	123,919	467,018	89,056
Total current assets	**2,626,727**	**3,431,117**	**3,303,338**
Non-current assets:			
Debt investments	21,260	13,260	–
Long-term equity instrument investments	2,950,688	3,260,335	4,682,264
Other equity instrument investments	–	1,960,801	1,157,972
Other non-current financial assets	136,000	–	–
Investment properties	2,783,122	3,349,470	5,283,378
Fixed assets	1,146,672	1,109,168	4,580,372
Construction in progress	1,039,981	4,247,516	44,103
Right-of-use asset	–	91,800	93,781
Intangible assets	52,448	124,720	170,754
Long-term prepaid expenses	4,101	6,270	13,511
Deferred tax assets	27,876	29,471	27,590
Other non-current assets	373,750	39,802	60,765
Total non-current assets	**8,535,897**	**14,232,613**	**16,114,492**
Total assets	**11,162,624**	**17,663,730**	**19,417,829**

	As at 31 December		
	2020	2021	2022
	(RMB'000) (audited)	(RMB'000) (audited)	(RMB'000) (audited)
Current liabilities:			
Short-term borrowings	325,000	492,805	250,243
Accounts payable	283,375	885,469	770,940
Advances receipts	12,944	1,502	7,022
Contract liabilities	731	1,519	7,416
Payroll payables	3,411	7,968	10,669
Taxes payable	34,784	44,545	54,877
Other payables	71,366	416,230	283,699
Non-current liabilities due within one year	938,920	1.875,879	2,389,125
Other current liabilities	–	–	737
Total current liabilities	**1,670,531**	**3,725,918**	**3,774,729**
Non-current liabilities:			
Long-term borrowings	3,510,650	4,971,163	4,923,342
Bonds payable	–	–	649,726
Lease liabilities	–	85,934	86,759
Long-term payables	532,500	1,458,744	1,859,890
Deferred income	29,331	31,783	48,892
Deferred income tax liabilities	246,404	651,834	596,536
Total non-current liabilities	**4,318,885**	**7,199,458**	**8,165,145**
Total liabilities	**5,989,416**	**10,925,375**	**11,939,873**
Owner's equity (or shareholder's equity):			
Paid-in capital (or share capital)	4,000,000	4,000,000	4,000,000
Capital reserve	87,959	87,778	87,778
Other comprehensive income	186,687	1,134,196	532,075
Surplus reserve	52,495	52,495	88,850
Undistributed profit	630,857	1,024,107	1,846,105
Total owner's equity attributable to the parent company	**4,957,998**	**6,298,576**	**6,554,808**
Non-controlling interests	215,209	439,779	923,148
Total owner's equity	**5,173,208**	**6,738,355**	**7,477,956**
Total liabilities and owner's equity	**11,162,624**	**17,663,730**	**19,417,829**

SUMMARY CONSOLIDATED CASH FLOW STATEMENT DATA

	For the year ended 31 December		
	2020	2021	2022
	(RMB'000) (audited)	(RMB'000) (audited)	(RMB'000) (audited)
Net cash flows from operating activities	643,993	747,029	1,364,888
Net cash flows from/(used in) investment activities	(2,596,757)	(3,825,518)	(1,755,864)
Net cash flows from/(used in) financing activities	2,596,394	3,414,373	1,051,719
Net increase in cash and cash equivalents	643,629	335,883	660,743
Add: Opening balance of cash and cash equivalents	223,951	867,580	1,203,463
Cash and cash equivalents at the end of the period	867,580	1,203,463	1,864,206

RISK FACTORS

An investment in the Bonds is subject to a number of risks. Investors should carefully consider all of the information in this Offering Circular and, in particular, the risks described below, before deciding to invest in the Bonds. The following describes some of the significant risks relating to the Issuer, the Group, the Group's business, the market in which the Group operates and the value of Bonds. PRC laws and regulations may differ from the laws and regulations in other countries. Some risks may be unknown to the Issuer or the Group and other risks, currently believed to be immaterial, could in fact be material. Any of these could materially and adversely affect the business, financial condition, results of operations or prospects of the Issuer and the Group or the value of the Bonds. The Issuer believes that the risk factors described below represent the principal risks inherent in investing in the Bonds, but the ability of the Issuer to pay interest, principal or other amounts on or in connection with any Bonds may be affected by some factors that may not be considered as significant risks by the Issuer on information currently available to them or which they are currently unable to anticipate. All of these factors are contingencies which may or may not occur and the Issuer or the Group is not in a position to express a view on the likelihood of any such contingency occurring. This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The actual results of the Group could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Offering Circular.

The Issuer or the Group does not represent that the statements below regarding the risk factors of the Issuer, the Group and the Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

RISKS RELATING TO THE GROUP IN GENERAL

Any adverse change in the economic, political and social conditions in the PRC or in the level of economic activity in Jiangsu Province or Yancheng City could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group operates its business mainly in Jiangsu Province in the PRC, particularly in Yancheng City where its assets are concentrated. Therefore, the Group's business, financial condition, results of operations and prospects have been and will continue to be heavily dependent on the level of economic development in Yancheng City and the PRC. While the PRC economy has seen continuous growth in the past decades, its growth rate has fluctuated in recent years. According to the National Statistics Bureau of the PRC, the annual growth rate of China's GDP in 2020, 2021 and 2022 were 2.2 per cent., 8.1 per cent. and 3.0 per cent. respectively. The national economic conditions of the PRC materially affect regional economic conditions including those of Jiangsu Province.

The future prospects of the economy of the PRC, Jiangsu Province and Yancheng City depend on many different factors, most of which are beyond the Group's control. It is uncertain how the economic condition and future development in Jiangsu Province and Yancheng City will be affected by the slowdown in the growth of the PRC economy. If economic growth slows, adverse changes in the social conditions or local government policies arise or any severe natural disasters or catastrophic events occur in Jiangsu Province, the Group's business, financial condition and results of operations could be materially and adversely affected.

PRC regulations on the administration of the financing platforms and debts of local governments may have a material impact on the Group's business and sources of financing.

Various PRC government entities maintain and enforce regulations related to local government financing vehicles ("**LGFV**"). Although the Issuer is currently not on the list of LGFV maintained by CBIRC, the

Issuer may still be treated as an LGFV by other government entities. These government entities, including MOF, may from time to time interpret relevant laws and regulations differently based on their own interpretation of the specific activities engaged in by enterprises such as the Issuer. The Issuer therefore cannot be certain that certain regulations intended to apply to LGFV do not or will not apply to it or that such regulations will not be retroactively applied to it.

In September 2014, the State Council of the PRC released the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (關於加強地方政府性債務管理的意見) ("**Circular 43**") with an aim to control a significant increase in local government debts and associated risks in the PRC's banking system. Circular 43 generally prohibits local governments to incur "off-balance" indebtedness to finance the development of government projects and other public interest projects with the proceeds of the borrowings incurred by financing platforms the relevant local governments own or control.

In April 2017, the MOF, together with the NDRC, the PBOC, China Securities Regulatory Commission (the "**CSRC**"), the CBIRC and the Ministry of Justice, released the Notice concerning Further Regulation of Local Government Borrowing and Financing Conduct (關於進一步規範地方政府舉債融資行為的通知) to emphasise the principles and policies set out in Circular 43. In the event the Issuer is deemed a financing platform of the relevant local government, the Group's results of operations and financial condition may be heavily affected by such changes in applicable regulations, including Circular 43. Consequently, the Group should rely upon the cash flow generated from its operations and external borrowings to satisfy its cash needs for servicing its outstanding indebtedness and for financing its operating activities.

In addition, the PRC government issued Regulation on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (Cai Jin [2018] No. 23) (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知，財金[2018]23號) (the "**Circular 23**"), effective on 28 March 2018, which aims to increase the responsibility of the PRC state-owned financial institutions to investigate the financial independence and liquidity level of local government financing vehicles that they assist in fundraising. On 11 May 2018, the Circular of the National Development and Reform Commission and the Ministry of Finance on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks (國家發展改革委、財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知) (the "**Circular 706**") was released which reiterates the PRC government's position to isolate the debt of local government financing vehicles from the relevant local government and to control the increase of local governments' debt. The Circular 706 requires companies that plan to borrow medium and long-term foreign debt to establish a sound and standardised corporate governance structure, management decision-making mechanism and financial management system. It further requires assets owned by such companies be of good quality with clear ownership and public interest assets are prohibited from being included in corporate assets. Pursuant to the Circular on Relevant Requirements of the Registration of the Application for the Issuance of Foreign Debts by Local State-owned Enterprises (國家發展改革委辦公廳關於對地方國有企業發行外債申請備案登記有關要求的通知) promulgated by the NDRC and came into effect on 6 June 2019 ("**Circular 666**"), foreign debts issued by local state-owned enterprises that undertake local government's financing functions will only be used to repay medium and long-term foreign debts due within one year. See "*PRC Regulations*". The PRC government may continue to release new policies or amend existing regulations to control the increase in local government debts in China, and there is no assurance that the Group's financing model and business model will not be materially affected as a result.

The Group may not be able to execute successfully or fully its business strategy with respect to assets, projects or subsidiaries in which the Issuer has minority interests.

The Group may not be able to execute successfully or fully its business strategy with respect to assets, projects or subsidiaries in which the Issuer has minority interests. The Group may also fail to manage such assets, projects or subsidiaries successfully. The Group's involvement with such assets, projects and subsidiaries is generally subject to the terms of applicable agreements and arrangements. The Group may not have any board representation, veto power or power to exercise control over the management, policies, business and affairs of certain of its subsidiaries in which the Issuer does not have majority interests.

Furthermore, the Group conducts some of its business activities through one or more joint venture companies with local partners. In general, local partners may be involved in sourcing new projects and carrying out various activities during the development phase. The Group generally enters into such joint ventures where it believes it is able to benefit from the strong local insight and experience of local partners.

Under the current contractual arrangements, if any of the other equity owners or the Group's local partners fail to perform their respective obligations or otherwise breach the terms and conditions of the Group's shareholding arrangements or joint venture agreements, or if the Group has different views or strategies with its local partners, it could have a material adverse effect on the Group's business, financial condition or results of operations.

The Group may not make decisions, take action or invest or operate in businesses or projects that are always in the Group's best interests or that aim to maximise the Group's profits as the Yancheng Municipal Government can exert significant influence on the Group.

Given the Group's state-owned background and its strategic role in the resources development of Yancheng City, the Group may not always make decisions, take action or invest in businesses or projects that are in the Group's best interests. As at the date of this Offering Circular, the Group is majority owned by the Yancheng Municipal Government. As such, the Yancheng Municipal Government is in a position to exert significant influence on the Group's major business decisions and growth strategies. There can be no assurance that the Yancheng Municipal Government would always take action that is in the Group's best interests or that aims to maximise the Group's profits. The Yancheng Municipal Government may use its ability to influence the Group's businesses and growth strategies in a manner which is beneficial to Yancheng City as a whole but which may not necessarily be in the Group's best interests. The Yancheng Municipal Government may also change their policies, intentions, preferences, views, expectations, projections, forecasts and opinions, as a result of changes in the economic, political and social environment as well as their projections of population and employment growth in Yancheng City and any such change may have a material effect on the Group's businesses and prospects. Any amendment, modification or repeal of existing policies of the Yancheng Municipal Government could result in a modification of the existing regulatory regime which in turn could have a material adverse effect on the Group's financial conditions and results of operations.

The Group's business and future prospects benefit, to an extent, from relevant policies of the Yancheng Municipal Government, but the controlling relationship between it and the Group does not necessarily correlate to, or provide any assurance as to the Group's financial condition.

The Group is majority owned by the Yancheng Municipal Government. As such, the Group's business, results of operations and future prospects have been and may continue to be significantly affected by relevant policies of the Yancheng Municipal Government, such as those relating to fiscal and business support. However, there is no assurance that the Group will continue to benefit from such controlling relationship with the Yancheng Municipal Government, nor that such relationship is necessarily any guarantee of the Group's future prospects and financial condition. For instance, if any favourable incentive or government support which is currently available to the Group is reduced or discontinued in the future, the Group's business, financial condition, results of operations and prospects could be materially and adversely affected. See "— *The Group may cease to enjoy government support, the cessation of which, or a reduction in which, could substantially reduce the Group's profits*".

Substantial indebtedness may restrict the Group's business activities and increase the Group's exposure to various operational risks.

The Group relies on proceeds of bank and other borrowings and issuance of corporate bonds and medium-term notes to satisfy a portion of its capital requirements and the Group has had a significant amount of outstanding indebtedness. As at 31 December 2022, the Group's total indebtedness (comprising short-term borrowings, non-current liabilities due within one year, long-term borrowings, bonds payable, lease liabilities and long-term payables) was RMB10,159.1 million, of which RMB2,639.4 million would become due within 12 months. See "*Capitalisation and Indebtedness*". In addition, the Group from time to time guarantees the indebtedness of certain related parties and it provides financial guarantees to independent third parties.

Substantial indebtedness could impact on the Group's business in a number of ways, including:

- requiring the Group to divert its operating cash flows to service its indebtedness;
- increasing the Group's finance expenses, thus affecting the overall profits of the Group;
- decreasing the Group's financial flexibility in carrying on its business or responding to unexpected market changes;
- limiting the Group's ability to borrow additional funds; and
- increasing the Group's vulnerability to adverse general economic and industry conditions.

As the Group's business scale grows, its capital requirements and its reliance on external financing may increase. The Group's financial performance and operating results may be materially and adversely affected if its cash flows and capital resources are insufficient to fund its debt service obligations. Failure to service the Group's debt could result in the imposition of penalties, including increases in rates of interest that the Group pays on its debts, legal actions against the Group by its creditors, or bankruptcy of relevant members of the Group.

The Group recorded negative net cash flow from investment activities and may not be able to obtain sufficient funding for the Group's investment activities on commercially reasonable terms, or at all.

The Group recorded negative net cash flow from investment activities of approximately RMB2,596.8 million, RMB3,825.5 million and RMB1,755.9 million for the years ended 31 December 2020, 2021 and 2022, respectively, primarily due to cash outflows associated with payment for investment activities during such periods and such investment activities included but not limited to investments in resources projects due the expansion of business. Such cash outflows may not always be completely offset by various investing cash inflow sources. As a result, there could be a period during which the Group experiences net cash flow from investment activities. Although the Group seeks to effectively manage its working capital and capital commitment, there can be no assurance that the Group will be able to match the timing and amount of its cash inflows with the timing and amounts of its payment obligations and other cash outflows.

The Group may fail to obtain sufficient capital resources for its continued growth and other operation needs.

Some of the Group's businesses, such as its resources development business and property leasing business, are capital intensive and require substantial capital expenditure for, among other things, the construction, purchase and maintenance of plant and equipment used in its operations as well as compliance with environmental laws. For the years ended 31 December 2020, 2021 and 2022, the Group recorded negative cash flow from investment activities. See "*The Group recorded negative net cash flow from investment activities and may not be able to obtain sufficient funding for the Group's investment activities on commercially reasonable terms, or at all*". The Group intends to use cash on hand, funds from operations and additional debt and equity financing to finance its capital expenditure going forward.

However, there can be no assurance that such funding sources will provide the Group with sufficient amounts of capital in a timely manner. Also, there can be no assurance that additional financing will be available to the Group or, if available, that it can be obtained on terms acceptable to the Group and within the covenants and limitations imposed by the Group's existing or any future financings and the applicable regulations which the Group may be subject to.

Significant other receivables and accounts receivable may affect the Group's liquidity and restrict the Group's business activities.

As at 31 December 2020, 2021 and 2022, the Group's other receivables amounted to RMB1,034.3 million, RMB1,335.7 million and RMB643.1 million, respectively, representing 9.2 per cent., 7.3 per cent. and 3.3 per cent. of the Group's total assets. The Group's other receivables mainly comprises the amounts due from the government agencies and contractors. As at 31 December 2020, 2021 and 2022, the Group's accounts receivable amounted to approximately RMB211.8 million, RMB352.9 million and RMB651.7 million respectively, representing approximately 1.9 per cent., 2.0 per cent. and 3.4 per cent. of the Group's total assets. The Group's accounts receivable include amounts due for its resources development business and property leasing business. There are inherent risks associated with the government and the Group's other customers' ability to make timely payments and their failure to make timely payments could materially and adversely affect the Group's liquidity and in turn affect its business, financial condition or results of operations.

The Group may cease to enjoy government support, the cessation of which, or a reduction in which, could substantially reduce the Group's profits.

The Group enjoys certain support and preferential treatments from the Jiangsu Provincial Government and the Yancheng Municipal Government in various forms, such as government subsidies and grants, capital injections, favourable government policies and preferential tax treatments. Continuous financial support to the Group and timely payment of the promised subsidies and grants depends on the future fiscal revenue and fiscal policies of the local and central government. There can be no assurance that the Group will continue to receive the same government subsidies and grants or enjoy the same preferential treatments, since the relevant government policies may change over time. Furthermore, in the event the Group fails to repay any of its outstanding indebtedness as it matures, each of the Jiangsu Provincial Government and the Yancheng Municipal Government has no obligations to provide any subsidy, grant, capital injection, preferential treatment or any other forms of government support to the Group. Any cessation or reduction in government subsidies and grants or other forms of government support could have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

Any failure of the Group's key contractors may have an adverse effect on the Group's business.

The Group has arrangements with contractors that are essential to its operations, such as its power generation business. If any of these key counterparties fails to perform its obligations or if the creditworthiness of any of these counterparties deteriorates, the Group's operations, business and financial condition may be materially and adversely affected.

Furthermore, there is a risk that the Group may not be able to find suitable alternative contractors at commercially reasonable contract terms or at all, if the contracts with its current counterparties terminate or its current counterparties do not renew their expired contracts. This may result in delays in the completion of the Group's projects or incurrence of additional costs, which could materially and adversely affect the Group's business, financial condition and results of operations.

The Group is subject to extensive regulatory requirements and environmental regulations and the non-compliance of which would materially and adversely affect the Group's financial condition and results of operations.

The Group is subject to extensive laws, policy and regulatory requirements issued by the relevant governmental authorities in the PRC and other jurisdictions. For example, the Group's power generation business is subject to extensive laws and regulations of the PRC government, and provincial and local authorities and agencies, which regulate many aspects of its operations, including the connection and dispatch of power generation, setting of on-grid and retail tariffs, compliance with power grid control and dispatch directives and environmental, safety and health standards. The Group is also subject to the supervision of a number of government ministries and departments, including the NDRC and the State Administration of Work Safety. Central governmental authorities, such as the NDRC, the MOF, the Ministry of Natural Resources, MOFCOM and the SAT, as well as the local pricing bureaus, exercise extensive control over various aspects of the natural gas industry in the PRC. A breach of the laws or regulations to which the Group is subject may result in the imposition of fines and penalties or the suspension or closure of its relevant operations.

The legal framework in the PRC and other jurisdictions for environmental protection and operational health and safety is becoming more comprehensive and complex and the PRC legal system continues to rapidly evolve. Although the Group is obliged to comply with all applicable environmental laws and regulations, given the changing nature and increased complexity of the environmental regulations in the PRC and other jurisdictions, there can be no assurance that the Group will be in compliance at all times. Any failure to comply with applicable environmental laws and regulations could subject the Group to, among other things, civil liabilities and penalty fees. In addition, there can be no assurance that environmental liabilities will not increase. Any increase in environmental liabilities could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

The Group requires various approvals, permits and licences to operate its businesses.

The Group is required to obtain or renew approvals, permits and licences with respect to its relevant operations. There can be no assurance that the Group will be able to obtain or renew all necessary approvals, permits and licences on a timely basis or at all. In particular, some members of the Group may apply for real property ownership certificate for land and building for its operations. However, the Group may not be able to obtain certificates for all of these properties due to title defects or for other reasons, which may adversely affect the Group's ownership rights in respect of these properties. There may be defects in the land use rights or building ownership of some members of the Group in respect of their leased properties and certain of the Group's leases are not registered with the relevant PRC governmental authorities. Non-compliance with the relevant laws and regulations or the failure to obtain the relevant approvals could expose the Group to sanctions, fines, penalties, revocation of licence or other punitive actions, including suspension of the Group's business operations or restriction or prohibition on certain business activities. Furthermore, the relevant government authorities may adopt new laws and regulations, or amend the interpretation of or enforcement of existing laws and regulations, or promulgate stricter laws and regulations, all of which may materially and adversely affect the Group's financial condition and results of operations.

The Group may not be able to fully detect money laundering and other illegal or improper activities in its business operations on a timely basis.

The Group is required to comply with applicable anti-money laundering, anti-terrorism laws and other regulations in the PRC and other relevant jurisdictions. The PRC's anti-money laundering law requires financial institutions to establish sound internal control policies and procedures with respect to anti-money laundering monitoring and reporting activities. Such policies and procedures require the Group, in particular, the portfolio companies in its financial services segment to, among other things, establish a customer identification system in accordance with the relevant rules, record the details of customer activities and report suspicious transactions to the relevant authorities.

While the Group has adopted policies and procedures aimed at detecting and preventing the use of its business platforms to facilitate money laundering activities and terrorist acts, such policies and procedures in some cases have only been recently adopted and may not completely eliminate instances in which it may be used by other parties to engage in money laundering and other illegal activities. In the event that the Group fails to detect money laundering or other illegal or improper activities or fails to fully comply with applicable laws and regulations, the relevant government agencies may freeze its assets or impose fines or other penalties on it. Any such consequence may materially and adversely affect its business reputation, financial condition and results of operations.

The Group may be subject to legal, litigation and regulatory proceedings.

The Group is involved, from time to time, in legal proceedings arising in the ordinary course of its operations. Litigation arising from any failures, injury or damage from the Group's operations may result in the relevant member of the Group being named as defendant in lawsuits asserting large claims against such member of Group or subject such member of the Group to significant regulatory penalties. These risks often may be difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time. Actions brought against the Group may result in settlements, injunctions, fines, penalties or other results adverse to the Group's reputation, financial condition, and results of operations. Even if the Group is successful in defending against these actions, the costs of such defence may be significant. In market downturns, the number of legal claims and amount of damages sought in litigations and regulatory proceedings may increase. A significant judgement, arbitration award or regulatory action against the Group, or a disruption in the Group's business arising from adverse adjudications in proceedings against the Group's directors, senior management or key employees, would materially and adversely affect the Group's liquidity, business, financial condition, results of operations and prospects. In addition, in the event that the Group makes any other investments or acquisitions in the future, there can be no assurance that the Group would not have any exposure to any litigation or arbitration proceedings or other liabilities relating to the acquired businesses or entities.

The Group engages in related party transactions with its subsidiaries and joint ventures from time to time which may create potential conflicts of interest.

The Group is a large group consisting of a number of subsidiaries, and the Issuer and its subsidiaries have engaged in and will continue to engage in a variety of transactions in the ordinary course of business. There can be no assurance that the Group's related party transactions would be deemed as at arm's length or the Group's related parties will not take actions that favour their interests over the Group's. There can be no assurance that corporate opportunities and resources will not be allocated within the companies under the Group's control based on considerations other than those in the best interests of the Group's operation.

In addition, there can be no assurance that the Group's management of certain related parties will be as effective as that of itself due to the large number, diversified locations and different sizes of its subsidiaries. As a result, the internal control and management of various related party transactions can be challenging and demanding for the Group. Failure to adequately control and manage the Group's related party transaction could have an adverse effect on the Group's business, financial condition or results of operations.

There are risks associated with any material acquisitions by the Group in the future.

The Group may diversify its business portfolio by acquisition of other companies in the future. Although the Group conducts due diligence investigations on the target companies, the due diligence may not reveal all facts that are necessary or material in evaluating the target company and the acquisition. Any failure to do so could increase the Group's exposure to financial and legal risks and liabilities. When determining the price for any acquisition, the Group needs to consider various factors, including the quality of the target business, estimated costs associated with the acquisition and the management of the target business, prevailing market conditions and intensity of competition. The Group needs to address different issues arising from the acquisition after the relevant transaction is completed, such as business, operation and management integration. The Group may not be able to address these issues effectively at all times. In addition, any major acquisition or transaction of similar nature may consume substantial management attention and financial resources of the Group or even cause the Group to incur significant indebtedness. Any material decrease in its financial resources may limit the Group's ordinary operating activities and increase pressure on its liquidity, and in turn could adversely affect its business, financial condition and results of operations.

The Group operates facilities that may cause significant harm to the natural or human environment or for which accidents, natural disasters or external attacks may have serious consequences.

Some of the Group's operations, such as power generation and natural gas, involve significant risks and occupational hazards that are inherent in such operations and may not be completely eliminated through the implementation of preventive measures. Factors such as insufficient attention to safety or maintenance and working conditions associated with production could result in accidents. There can be no assurance that the safety measures currently implemented by the Group are sufficient to prevent potential accidents. An accident at any of the Group's projects could have serious consequences for persons, property and business continuity, and could have a material adverse effect on the Group's business and financial condition, results of operations and corporate image. In addition, even if accidents do not occur at the Group's facilities, accidents or safety hazards occurring at neighbouring facilities could create safety hazards affecting the Group's operations or even result in a suspension of the Group's operations by the relevant authorities. The Group may be required to devote additional financial and other resources to comply with such regulations. The Group maintains insurance to cover certain risks but there can be no assurance that the insurance maintained by the Group will provide adequate coverage in certain circumstances. See "*— The Group may not have adequate insurance to cover all potential liabilities or losses*".

The Group faces risks related to force majeure events, natural disasters, health epidemics and other outbreaks, such as the outbreak of COVID-19, which could significantly disrupt its business operations.

The Group's business could be adversely affected by the effects of force majeure events, natural disasters, catastrophe, epidemics and other outbreaks, such as the coronavirus (COVID-19), avian influenza, severe acute respiratory syndrome (SARS), influenza A (H1N1), Ebola and other acts of God which are beyond the Group's control. Any such occurrences could adversely affect the Group's business operations, cause delays in the estimated completion dates for the Group's construction projects, increase the costs associated with its operations and could in turn, materially and adversely affect its revenue, profit and cash flows and, accordingly, adversely affect its ability to repay any debt.

In early 2020, COVID-19 has spread globally throughout Asia, Europe, North America and other regions. COVID-19 is highly infectious and has resulted in numerous deaths around the world. The World Health Organisation announced in March 2020 that COVID-19 has developed into a pandemic. In an effort to contain the spread of COVID-19, the PRC government took a number of measures, including, among other steps, extending the Chinese New Year holidays, and imposing travel, quarantine and other work-related restrictions. Despite the easing of travel restrictions and containment measures related to COVID-19 globally, including in the PRC since December 2022 and that the World Health Organisation has declared the end to COVID-19 as a global health emergency in May 2023, there are uncertainties as to how COVID-19 and related policies will evolve and there can be no assurance that COVID-19 would not have a material adverse effect on the Group's business.

The occurrence or continuance of any of these or similar events could increase the costs associated with the Group's operations. In addition, some of the Group's contracts may have force majeure provisions that permit such parties to suspend, terminate or otherwise not perform their obligations under the relevant contracts upon the occurrence of certain events, such as strikes and other industrial or labour disturbances, terrorism, restraints of government, civil protests or disturbances, international conflicts and tensions, military and other actions, heightened security measures in response to these threats, or any natural disasters; all of which are beyond the control of the party asserting such force majeure event. If one or more of the Group's counterparties do not fulfil their contractual obligations for any extended period of time due to a force majeure event or otherwise, the Group's results of operations and financial condition could be materially and adversely affected.

The Group may not have adequate insurance to cover all potential liabilities or losses.

The Group maintains insurance policies that provide different types of risk coverage, which the Group believes to be consistent with applicable law and industry and business practice in the PRC. However, the Group faces various risks in connection with its businesses and may lack adequate insurance coverage or may have no relevant insurance coverage. There can be no assurance that the insurance maintained by the Group will provide adequate coverage in all circumstances nor that hazards, accidents or mishaps will not occur in the future. The occurrence of any such incident for which the Group is uninsured or inadequately insured may have a material adverse effect on its business, financial condition and results of operations.

Failure to recruit and retain key managerial personnel, highly skilled employees and the occurrence of labour unrest may materially and adversely affect the Group's operations.

The success of the Group's business depends, to a large extent, on the strategic vision of its board of directors, the continued service of key managerial personnel including directors and key senior executives and the ability to attract and retain highly skilled personnel such as engineers. If the Group is not successful in recruiting or retaining its employees, its operations may be adversely affected. In addition, if any of them fails to observe and perform their obligations under their service agreements, or any labour unrest may cause disruption to the operations of the Group which, coupled with any increase in labour costs resulting from such dispute, may have a material adverse impact on the Group's results of operations and profits. Although the Group has not experienced any major labour disputes, there can be no assurance that the Group will not experience such disputes in the future.

The Group may not be able to detect and prevent fraud or other misconducts committed by its former or current officers (including senior officers), employees, representatives, agents, customers or other third parties.

The Group may be exposed to fraud or other misconducts committed by its former or current officers (including senior officers), employees, representatives, agents, customers or other third parties that could subject it to financial losses and sanctions imposed by governmental authorities, which in turn affects its reputation. In addition, the Group's operations are large in scale, which may render fraudulent transactions or other misconducts difficult to detect. These misconducts could include:

- hiding unauthorised or unsuccessful activities, resulting in unknown and unmanaged risks or losses;
- intentionally concealing material facts, or failing to perform necessary due diligence procedures designed to identify potential risks, which are material to the Group in deciding whether to make investments or dispose of assets;
- improperly using or disclosing confidential information;
- recommending products, services or transactions that are not suitable for the Group's customers;

- misappropriation of funds;
- conducting transactions that exceed authorised limits;
- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities when marketing or selling products;
- engaging in unauthorised or excessive transactions to the detriment of the Group's customers;
- making or accepting the bribery activities;
- conducting any inside dealing; or
- otherwise not complying with applicable laws or the Group's internal policies and procedures.

The Group's internal control procedures are designed to monitor its operations and ensure overall compliance. However, such internal control procedures may be unable to identify all incidents of non-compliance or suspicious transactions in a timely manner if at all. Furthermore, the precautions the Group takes to prevent fraud and other misconducts may not be effective. If such fraud or other misconduct does occur, the Group's reputation may suffer as a result.

The Group relies on information technology systems for its business and any information technology system limitations or failures could adversely affect its business, financial condition and results of operations.

The Group's business depends on the integrity and performance of its business, accounting and other data processing systems. If the Group's systems cannot cope with increased demand or otherwise fail to perform, the Group could experience unanticipated disruptions in business, slower response times and limitations on its ability to monitor and manage data and risk exposures, control financial and operation conditions, and keep accurate records. These consequences could result in operating outages, poor operating performance, financial losses, and intervention of regulatory authorities. Although the Group's systems have not experienced major systems failures and delays in the past, there can be no assurance that the Group's systems would not experience future systems failures and delays, or the measures taken by the Group to reduce the risk of system disruptions are effective or adequate. If internet traffic and communication volume increase unexpectedly or other unanticipated events occur, the Group may need to expand and upgrade the Group's technology, systems and network infrastructure. There can be no assurance that the Group will be able to accurately project the rate, timing or cost of any increases, or expand and upgrade the Group's systems and infrastructure to accommodate any increases in a timely manner.

The Group may not be able to adequately protect its intellectual property, which could adversely affect its business operations.

The Group relies on a combination of copyright, trademarks and patent registrations to protect its intellectual property. There can be no assurance that these measures will be sufficient to prevent any misappropriation of the Group's intellectual property, or that the Group's competitors will not independently develop alternative technology that are equivalent or superior to technology based on the Group's intellectual property. The legal regime governing intellectual property in the PRC is still evolving and the level of protection of intellectual property rights in the PRC differs from those in other jurisdictions. In the event that the steps that the Group has taken and the protection afforded by law do not adequately safeguard its proprietary technology, the Group could suffer losses due to the sales of competing products that exploit its intellectual property.

Material fluctuations in interest rates may adversely affect the Group's financial condition and results of operations.

Most of the Group's bank loans bear interest that accrue at rates linked to the benchmark lending rates published by the PBOC. A material fluctuation in the benchmark lending rates may have a material impact on the Group's interest expenses and payables under its bank loans and in turn negatively affect its financing costs and results of operations. The PBOC from time to time adjusts interest rates as implementation of its economic and monetary policies. Any increase in the benchmark lending rate by the PBOC in the future will increase the Group's financing costs and adversely affect its profitability, financial condition and results of operations.

RISKS RELATING TO THE GROUP'S BUSINESS AND INDUSTRY

The Group's power generation business is subject to operational risks customary to the power generation industry, which may result in lost revenues, increased maintenance costs and the Group being liable for damages for failing to perform under power sales agreements.

Operating power plants and projects involves many operational risks customary to the power generation industry. The breakdown of generation equipment or failure of other key equipment or of a civil engineering structure in one or more of the Group's power plants and projects could disrupt the generation of power and result in revenues being lower than expected. Further, any breakdown or failure of one or more of the Group's transmission systems could disrupt transmission of power to the power grid. In addition, if there is a breakdown or failure of the power grid, the Group's affected power plants or projects will be unable to dispatch power until the grid company carries out the necessary repairs.

Furthermore, older generating equipment may require significant capital expenditure to maintain and upgrade. Breakdown or failure at one of the Group's power plants or projects may also prevent the Group from performing its contractual obligations under the applicable power sales agreement, which in certain situations, could result in termination of the agreements or incurring the liability of liquidated damages.

Operation of the Group's power plants and projects may also be disrupted by a number of other factors including, but not limited to, improper installation or operation of equipment, substandard performance of equipment, natural disasters, labour disturbances, environmental hazards, fuel supply disruptions, disputes with contractors and industrial accidents. The occurrence of any such operational disruptions at the Group's power generation plants could result in lost revenues and increased maintenance costs, which in turn could materially and adversely affect the Group's business, financial condition or results of operations.

The Group's revenue and profit from power sales may be adversely affected by the PRC government's control over tariffs.

Power sales is an important revenue source for the Group and is primarily affected by two factors: on-grid tariffs and the output of each of the Group's power plants. In particular, on-grid tariffs, which are determined by government authorities, at which the Group sells electricity generated by its power projects to local grid companies in the PRC, directly and significantly impact its revenue from such sales, and in turn, its profitability and results of operation. There can be no assurance that such on-grid tariffs will not decrease in the future due to changes in government policies or the Group's project mix. Any material decrease in relevant on-grid tariffs may have an adverse effect on the Group's business, financial condition and results of operations.

Delays in power plant development may adversely affect the expansion plans of the Group.

The Group invests in, develops, and manages large power plants and projects in the PRC. The process of identifying potential opportunities for the development of power plants and projects, obtaining government and other approvals, completing acquisition or construction and commencing commercial operations requires time and effort and incurs costs. The Group's ability to expand and its continued success depend on its ability to secure, in a timely and cost-effective manner, the required approvals, financing, power sales and dispatch agreements, construction contracts, fuel supply and transportation and power transmission arrangements. There can be no assurance that the Group will be able to secure all necessary approvals, permits or agreements for these projects in a timely manner or at all, and any delay or failure to secure such approvals or agreements may increase costs and delay or prevent commercial operation of the affected power plant. If the Group is unsuccessful in resolving or addressing any of these matters in a timely manner or at all, such failure or delay may materially and adversely affect its business, financial condition and results of operations.

The seasonal change in water supply may affect the output and earnings of the hydropower plants of the Group.

The output of the Group's hydropower plants primarily depends on water resources. The output and the earnings of the hydropower plants are affected by the seasonal change in water supply. The more even the water supply for the various seasons, the greater the output revenue of such plants. If water supply for the Group's hydropower plants remains unstable in the future, the output and profitability of the Group and as a result, its business, results of operations and financial condition, may be adversely affected. In addition, in selecting sites for the development of its hydropower or solar power plants, the Group makes its decisions based on the meteorological and topographical data of the proposed area as well as on-site exploration. There can be no assurance that the actual natural conditions will conform to the historical measured data or that the assumptions the Group makes during its assessment are correct. Moreover, even if actual natural conditions are consistent with the Group's assessment, such conditions may be affected by variations in weather patterns which may change over time to the detriment of the Group's projects. As a result, the electricity generated by the Group's hydropower and solar power projects may fall below its expectations, which could in turn materially and adversely affect the Group's business, financial condition and results of operations.

The Group is subject to price controls in certain markets and is susceptible to any change in upstream natural gas supply price and gas connection fees.

As the PRC further increases its imports of natural gas, upstream gas prices may increase as imported natural gas tends to be more expensive. The various regulatory bodies involved in the setting of gas prices will take a variety of considerations into account when fixing prices or setting indicative prices, including social and political impact, the public interest, ability of end-customers to pay and the importance of gas supplies to the relevant customer group. As a result, there can be no assurance that the Group will be able to pass through increases in the upstream gas price in full to downstream-customers and even if the Group is able to pass through all or a portion of such increase, there can be no assurance that the Group will not experience substantial delay in doing so. In addition, a material increase in end-user tariffs may reduce market demand due to loss of existing connected customers or failure to obtain new customers.

In the event that the Group is unable to obtain approval for, or experience delay in, passing through any increased input costs in pipeline connection fees or gas tariffs, or experience loss of market demand due to increased end-user tariffs, the Group's business, financial condition and results of operations may be materially and adversely affected.

Any failure by the Group to maintain relationships with its major customers would have an adverse effect on the Group's business.

The Group relies on some major customers in some of its businesses. For example, the major customer of the resources development business the Group accounting 68.4 per cent. of the Group's operating income generated under the power generation business segment for the year ended 31 December 2022. There can be no assurance that the Group will be able to maintain or improve its relationships with its major customers, or that it will be able to continue to supply products and services to these customers at current pricing and levels or at all. In addition, demand for the Group's products and services is affected by the performance of its customers in the PRC. Therefore, any decline in its major customers' businesses in such markets could lead to a decline in purchase orders from these customers. If any of the Group's major customers were to substantially reduce the size or value of the orders it places with the Group or terminate its business relationship with the Group entirely, the Group may not be able to obtain orders from other customers to replace any such lost sales on comparable terms or at all. If any of these relationships were to be so terminated and the Group were unable to obtain replacement orders, its business, financial condition, results of operations and prospects may be materially and adversely affected.

RISKS RELATING TO THE GROUP'S FINANCIAL STATEMENTS

Historical consolidated financial information of the Group may not be indicative of its current or future results of operations.

The historical financial information of the Group included in this Offering Circular is not indicative of its future financial results. Such financial information is not intended to represent or predict the Group's results of operations of any future periods. The Group's future results of operations may change materially if its future growth deviates from the historical trends for various reasons, including factors beyond its control, such as changes in economic environment, PRC environmental rules and regulations and the domestic and international competitive landscape of the industries in which the Group operates its businesses.

The Audited Consolidated Financial Statements have been prepared and presented in accordance with PRC GAAP, which differs from IFRS in certain respects.

The Audited Consolidated Financial Statements included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP is substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. See "*Summary of Certain Differences between PRC GAAP and IFRS*" for details. Each investor should consult its own professional advisers for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

The Issuer's auditor, SuyaJincheng, has received adverse regulatory decisions and warnings issued by relevant PRC authorities in recent years.

In recent years, as part of an effort to improve effective regulatory oversight, PRC regulators have increased their examinations of PRC public accountants. As a result, auditors in China have been subject to more frequent examinations. SuyaJincheng, the Issuer's independent auditor, is a registered accounting firm in the PRC supervised by relevant PRC regulatory agencies, and may therefore be subject to investigations by such relevant PRC regulatory agencies. SuyaJincheng and certain of its auditors have previously received warning letters issued by the CSRC. The CSRC regulatory warnings focused on issues relating to the performance of SuyaJincheng's audit services for corporate clients that are unrelated to the Group. SuyaJincheng has confirmed that the auditors who participate in the audit of the Audited Consolidated Financial Statements were not the subject of, or involved in, the abovementioned CSRC regulatory matters and are qualified to provide audit services under applicable PRC laws, rules, and guidelines. The CSRC warning letters do not (i) disqualify SuyaJincheng team from participating in this offering as the Issuer's auditor; (ii) have any impact on SuyaJincheng's opinions for the Audited Consolidated Financial Statements; or (iii) have any impact on SuyaJincheng in continuing to provide audit services to the Issuer.

In addition, the Issuer's auditor may be subject to regulatory investigations or penalties from time to time, which may expose the Issuer's auditor or its management, officers or employees to further sanctions imposed by relevant PRC authorities. Such regulatory sanctions may include suspension of audit services performed by such auditor by the MOF and/or CSRC, which in turn may restrict the Issuer's auditor from providing audit work or other services to the Group. Under these circumstances, the Issuer may have to discontinue its engagement with its auditor, which may adversely affect the Issuer's financial reporting.

Public corporate disclosure about the Issuer may be limited.

As the Issuer is not listed on any stock exchange, there may be less information about it publicly available than is regularly made available by listed companies. As a result, the level of information that is available may not correspond to what investors in the Bonds are accustomed to.

Certain facts and statistics in this Offering Circular are derived from publications not independently verified by the Issuer, the Group, the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them.

Facts and statistics in this Offering Circular relating to the PRC's economy and the industries in which the Group operates have been directly or indirectly derived from official government publications and certain other public industry sources. While the Issuer has taken reasonable care to select reputable and reliable information sources and ensure that the facts and statistics relating to the PRC's economy and the industries in which the Group operates presented are accurately extracted from such sources, such facts and statistics have not been independently verified by the Issuer, the Group, the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them and, therefore, none of them makes any representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside the PRC. Due to ineffective calculation and collection methods and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced for other economies and should not be unduly relied upon.

RISKS RELATING TO THE PRC

Changes in the economic, political and social conditions in China and government policies adopted by the PRC government could affect the Group's business and prospects.

The Group primarily engages in businesses in the PRC. The Group relies, to a significant degree, on the development and economic of the PRC, particularly of Yancheng City, to achieve revenue growth. The growth of infrastructure construction demand in China depends heavily on China's economic growth. The future performance of China's economy will be affected not only by the PRC government's economic and monetary policies, but also by any material changes in global economic and political environments, including the economic performance of specific major developed economies, such as the United States and the European Union. There have been concerns over unrest in the Middle East and Africa, the political situation regarding the Korean Peninsula, the withdrawal of the United Kingdom from the European Union and China-U.S. trade friction and the bilateral tariffs on imports imposed by both countries. For example, the United Kingdom's exit from the European Union and the Sino-American trade friction have brought uncertainty to the economic conditions of the world, including but not limited to increased foreign exchange volatility and a possible economic recession involving more countries and areas. In addition, the Russo-Ukrainian and the Israel-Palestinian conflicts have led to significant volatility in the global markets across all asset classes, including stocks, bonds, oil and other commodities and this volatility may persist for some time. If economic conditions in the key markets of the Group remain uncertain and deteriorate further, the Group may experience a material impact on its business, operating results and financial condition.

The continuing effects of reform in the PRC, the changes in global economic and political environments may have an adverse effect on the global and PRC economies resulting in continuing uncertainty for the overall prospects of the global and the PRC economies this year and beyond. Such uncertainty may thus lead to slower growth in the PRC economy. Any slowdown in the PRC economy may create a credit-tightening environment, narrow down the Group's access to financing resources to support its business plans and expansion, increase the Group's financing costs, or reduce government subsidies to the Group, resulting in a material adverse effect on its business, financial condition and results of operations.

Uncertainty with respect to the PRC legal system could affect the Group.

As substantially all of the Group's businesses are conducted, and substantially all of the Group's assets are located, in China, the Group's operations are governed principally by PRC laws and regulations. The PRC legal system is based on written statutes while prior court decisions can only be cited as reference. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. However, China has not developed a fully integrated legal system and recently enacted laws and regulations that may not sufficiently cover all aspects of economic activities in the PRC. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. In addition, the PRC legal system is based, in part, on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, the Group may not be aware of the Group's violation of these policies and rules until sometime after the violation. In addition, any litigation in the PRC may be protracted and result in substantial costs and diversion of resources and management's attention and it may be difficult to obtain a swift and equitable enforcement of laws in the PRC, or the enforcement of judgements by a court of another jurisdiction. These uncertainties relating to the interpretation and implementation of PRC laws and regulations may adversely affect the legal protections and remedies that are available to the Group in its operations and to the holders of the Bonds.

Investors may experience difficulties in effecting service of legal process and enforcing judgments against the Group and the Group's management.

Majority of the Group's members are incorporated in the PRC. A substantial portion of the Group's assets are located in the PRC. In addition, most of directors and executive officers reside within the PRC and the assets of directors and officers may be located within the PRC. As a result, it may not be possible to effect service of process outside the PRC upon most of directors and senior management, including for matters arising under applicable securities law.

A judgment of a court of another jurisdiction may be reciprocally recognised or enforced if the jurisdiction has a treaty with China or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of other requirements. Under the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the "**Arrangement**"), judgments of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of Hong Kong courts. However, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC or meets other circumstances specified by the Arrangement. While it is expected that the PRC courts will recognise and enforce a judgment given by the Hong Kong courts, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the holders of the Bonds will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the holders' ability to initiate a claim outside of Hong Kong will be limited.

In addition, China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with many countries, including Japan, the United States and the United Kingdom. Therefore, it may be difficult for Investors to enforce any judgments obtained from foreign courts against the Issuer or any of its respective directors, supervisors or senior management in the PRC.

Government control of currency conversion and fluctuations in the exchange rate between Renminbi and other currencies may adversely affect the Group's financial condition, operations and the Group's ability to service its obligations under the Bonds.

Renminbi is currently not freely convertible to other foreign currencies, and conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. Under current PRC laws and regulations, payments of current account items, including profit distributions, interest payments and operation-related expenditures, may be made in foreign currencies without prior approval from SAFE, but are subject to procedural requirements including presenting relevant documentary evidence of such transactions and conducting such transactions at designated foreign exchange banks within China that have the licences to carry out foreign exchange business. Strict foreign exchange control continues to apply to capital account transactions. These transactions must be approved by or registered with SAFE, and repayment of loan principal, distribution of return on direct capital investment and investment in negotiable instruments are also subject to restrictions.

Most of the Group's revenue is denominated in Renminbi, which is also the reporting currency of the Group. Renminbi is not a freely convertible currency. A portion of the Group's cash may be required to be converted into other currencies in order to meet the Group's foreign currency needs, including to service the Issuer's payment obligations under the Bonds. However, the PRC government may restrict future access to foreign currencies for current account transactions at its discretion. If this were to occur, the Group might not be able to service its obligations under the Bonds.

The exchange rate of the Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by, among other things, the policies of the PRC government and changes in the PRC's and international political and economic conditions. Any future exchange rate volatility relating to Renminbi may give rise to uncertainties in the value of the Group's net assets, earnings and dividends. Moreover, to the extent that the Group needs to convert the net proceeds from the issuance of the Bonds and future financing into the Renminbi for the Group's operations, appreciation of the Renminbi against the relevant foreign currencies would have an adverse effect on the Renminbi amount the Group would receive from the conversion and any depreciation of Renminbi would have an adverse effect on the Group's financing costs.

There can be no assurance of the accuracy or comparability of facts and statistics contained in this Offering Circular with respect to China, its economy or the relevant industry.

Facts, forecasts and other statistics in this Offering Circular relating to China, its economy or the relevant industry in which the Group operates have been directly or indirectly derived from official government publications and certain other public industry sources and although the Group believes such facts and statistics are accurate and reliable, it cannot guarantee the quality or the reliability of such source materials. They have not been prepared or independently verified by the Issuer, the Group, the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, employees, officers, directors, agents, advisers or representatives or any person who controls any of them, and, therefore, the Issuer, the Group, the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, employees, officers, directors, agents, advisers or representatives or any person who controls any of them makes no representation as to the completeness, accuracy or fairness of such facts or other statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be incomplete, inaccurate or unfair or may not be comparable to statistics produced for other economies or the same or similar industries in other countries and should not be unduly relied upon. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts or other statistics.

RISKS RELATING TO THE BONDS AND THE IRREVOCABLE STANDBY LETTER OF CREDIT

Any failure to complete the relevant filings under the NDRC Administrative Measures within the prescribed timeframes following the completion of the delivery of the Bonds may have adverse consequences for the Issuer and/or the investors of the Bonds.

The NDRC issued the NDRC Administrative Measures on 5 January 2023, which came into effect from 10 February 2023. According to the NDRC Administrative Measures, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities with a maturity of more than one year issued outside the PRC with the NDRC prior to the issue of the securities and file or cause to be filed with the NDRC the requisite information and documents within the prescribed timeframes in accordance with the NDRC Administrative Measures. The Issuer obtained the NDRC pre-issuance registration on 12 July 2023.

If the Issuer fails to report relevant information according to the NDRC Administrative Measures, the examination and registration authorities shall, depending on the seriousness of the circumstances, impose disciplinary measures such as interviews and public warnings on the Issuer concerned and its principal responsible person, etc.

Potential investors of the Bonds are advised to exercise due caution when making their investment decisions. The Issuer will undertake to file or cause to be filed with the NDRC the particulars in relation to the Bonds within the relevant timeframes after the Issue Date.

Any failure to complete the relevant registration under SAFE within the prescribed time frame following the completion of the issue of the Bonds may have adverse consequences for the Issuer and/or the investors of the Bonds.

The Administrative Measures for Foreign Debt Registration (外債登記管理辦法) (the "**SAFE Measures**") were issued by SAFE on 28 April 2013, became effective on 13 May 2013 and were amended on 4 May 2015, 26 April 2016 and 6 June 2016. According to the SAFE Measures, a debtor shall register foreign debts in accordance with laws and regulations. For the domestic debtors besides financial institutions and banks ("**Non-Bank Debtors**"), they shall submit filing or registration procedures of foreign debts with the local counterparts of SAFE. According to the Operation Guidelines for Administration of Foreign Debt Registration (外債登記管理操作指引) promulgated together with the SAFE Measures, Non-Bank Debtors shall complete foreign debt registration procedure within 15 working days after execution of related deeds of foreign debts. If the Issuer fails to complete the registration with the local branch of SAFE, in addition to facing a sanction as set forth in the Foreign Exchange Administrative Regulations (外匯管理條例), the Issuer may also have difficulty in remitting funds offshore to service payments in respect of the Bonds and investors may encounter difficulties in enforcing judgments obtained in the Hong Kong courts with respect to the Bonds and the Trust Deed in the PRC. In such circumstances, the value and secondary market price of the Bonds may be materially and adversely affected.

According to the Notice of the PBOC on Issues Relating to Macro-prudential Management of Overall Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) issued by the PBOC on 12 January 2017 and came into effect on the same date, the Issuer shall be required to fill the information relating to the Bonds with the capital project information system of SAFE after the date of conclusion but no later than three working days before withdrawal date. The Issuer, after filing with the capital project information system of SAFE, may carry out relevant capital settlement for the Issuer according to the withdrawal and repayment arrangement, report the relevant clearing information to the relevant systems of the PBOC and SAFE, and update the information on the transaction in relation to the Bonds. If the Issuer fails to report or update the cross-border financing information within the prescribed time frame, the PBOC and SAFE, after verification, may circulate a notice of criticism on the Issuer, give a deadline for rectification, impose sanctions according to the relevant PRC laws, and suspend the Issuer's cross-border financing business if the circumstances are serious.

The PRC government shall under no circumstances have any obligation arising out of or in connection with the Bonds or the transaction documents in relation to the Bonds, which are solely to be fulfilled by the Issuer.

Notwithstanding the Group's extensive relationships with the PRC government (including the Yancheng Municipal Government, the Jiangsu Provincial Government and any other entities controlled by them), the Issuer is not a part of the PRC government. The PRC government is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds in lieu of the Issuer. This position has been reinforced by Circular 23, Circular 706 and Circular 666 which emphasised that local state-owned enterprises shall bear the responsibility for the repayment of foreign debt as independent legal persons, and local governments and their departments shall not pay the foreign debt of local state-owned enterprises directly or by committing to the payment of the foreign debt with financial funds, nor shall they provide guarantees for the issuance of foreign debt by local state-owned enterprises.

Yancheng Municipal Government as the shareholder of the Issuer only has limited liability in the form of its equity contribution in the Issuer. As such, the PRC government does not have any payment or other obligations under the Bonds. The Bonds are solely to be repaid by the Issuer (or, if the Issuer does not pay any sum payable by it under the Bonds) as an obligor under the relevant transaction documents and as an independent legal person. The Bondholders do not have any recourse against the PRC government in respect of any obligation arising out of or in connection with the Bonds or the transaction documents.

Therefore, potential investors should base their investment decision only on the financial condition of the Issuer and base any perceived credit risk associated with an investment in the Bonds only on the Issuer's own financial information reflected in its financial statements.

The Bonds may not be a suitable investment for all investors.

Investment in the Bonds involves risk. A potential investor should not invest in the Bonds unless they have the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Bonds are legal investments for it, (b) the Bonds can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase of any Bond. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;

- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible economic scenarios, such as interest rate and other factors which may affect its investment and the ability to bear the applicable risks.

The Bonds will be unsecured obligations.

As the Bonds will be unsecured obligations of the Issuer, the repayment of the Bonds may be compromised if:

- the Issuer enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;

- there is a default in payment under the Issuer's secured indebtedness or other unsecured indebtedness; or

- there is an acceleration of any of the Issuer's indebtedness.

If any of these events were to occur, the Issuer's assets and any amounts received from the sale of such assets may not be sufficient to pay amounts due on the Bonds.

The Bonds will be structurally subordinated to the existing and future indebtedness and other liabilities and commitments of the Issuer's existing and future subsidiaries and effectively subordinated to the Issuer's secured debt to the extent of the value of the collateral securing such indebtedness.

The Bonds will be structurally subordinated to any debt and other liabilities and commitments, including trade payables and lease obligations, of the Issuer's existing or future subsidiaries, whether or not secured. The Bonds will not be guaranteed by any of the Issuer's subsidiaries, and the Issuer may not have direct access to the assets of such subsidiaries unless these assets are transferred by dividend or otherwise to the Issuer. The ability of such subsidiaries to pay dividends or otherwise transfer assets to the Issuer is subject to various restrictions under applicable laws. The Issuer's subsidiaries will be separate legal entities that have no obligation to pay any amounts due under the Bonds or make any funds available therefore, whether by dividends, loans or other payments. The Issuer's right to receive assets of any of the Issuer's subsidiaries, respectively, upon that subsidiary's liquidation or reorganisation will be effectively subordinated to the claim of that subsidiary's creditors (except to the extent that the Issuer is creditor of that subsidiary). Consequently, the Bonds will be effectively subordinated to all liabilities, including trade payables and lease obligations, of any subsidiaries that the Issuer may in the future acquire or establish.

The Bonds will be the Issuer's unsecured obligations and shall at all times (i) rank at least equally in right of payment with all the Issuer's other present and future unsecured and unsubordinated obligations; (ii) be effectively subordinated to all of the Issuer's present and future secured indebtedness to the extent of the value of the collateral securing such obligations; and (iii) be senior to all of the Issuer's present and future subordinated obligations, subject in all cases to exceptions as may be provided by applicable legislation. As a result, claims of secured lenders, whether senior or junior, with respect to assets securing their loans will be prior with respect to those assets. See "*The Bonds will be unsecured obligations*".

An active trading market for the Bonds may not develop.

The Bonds will be a new issue of securities for which there is currently no trading market. Although application will be made for the listing of the Bonds on the Hong Kong Stock Exchange after the Issue Date, no assurance can be given as to the ability of holders to sell their Bonds or the price at which holders will be able to sell their Bonds or that a liquid market will develop. The liquidity of the Bonds will be adversely affected if the Bonds are held or allocated to a limited number of investors. The Manager is not obligated to make a market in the Bonds, and if the Manager do so, it may discontinue such market making activity at any time at its sole discretion. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, holders will only be able to resell their Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

Investors in the Bonds may be subject to foreign exchange risks.

The Bonds are denominated and payable in Renminbi. An investor who measures investment returns by reference to a currency other than Renminbi would be subject to foreign exchange risks by virtue of an investment in the Bonds, due to, among other things, economic, political and other factors over which the Issuer has no control. Depreciation of Renminbi against such currency could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss when the return on the Bonds is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Bonds.

The liquidity and price of the Bonds following the offering may be volatile.

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in the Issuer's turnover, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, changes in government regulations and changes in general economic conditions nationally or internationally could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the trading volume and price of the Bonds. There is no assurance that these developments will not occur in the future.

Developments in other markets may adversely affect the market price of the Bonds.

The market price of the Bonds may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Bonds is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including the PRC. Since the global financial crisis in 2008 and 2009, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Bonds could be adversely affected.

The Bonds may be redeemed by the Issuer prior to maturity.

The Issuer may redeem the Bonds at its option, in whole but not in part, at a redemption price equal to their principal amount, together with interest accrued to the date fixed for redemption if, subject to certain conditions, as a result of a change in tax law, the Issuer has or will become obliged to pay Additional Tax Amounts, as further described in Condition 7(b) (*Redemption for Taxation Reasons*) of the Terms and Conditions.

If the Issuer redeems the Bonds prior to their maturity dates, investors may not receive the same economic benefits they would have received had they held the Bonds to maturity, and they may not be able to reinvest the proceeds they receive in a redemption in similar securities. In addition, the Issuer's ability to redeem the Bonds may reduce the market price of the Bonds.

The Bonds will be mandatorily redeemed upon a pre-funding failure.

The Terms and Conditions will provide for a demand to be made under the Irrevocable Standby Letter of Credit in the event the Issuer fails to pre-fund principal and/or interest payment due on the Bonds or upon the occurrence of an Event of Default under the Bonds. Such demand will be made in respect of the full amount of the outstanding principal due and interest accrued on the Bonds (together with all fees, costs, expenses, indemnity payments and other amounts which may be payable by the Issuer under or in connection with the Bonds, the Trust Deed, the Agency Agreement, the Irrevocable Standby Letter of Credit and/or any other transaction document relating to the Bonds), and thereafter the Bonds will be mandatorily redeemed in accordance with Condition 7(d) (*Mandatory Redemption upon Pre-funding Failure*) of the Terms and Conditions. Bondholders will not be able to hold their Bonds to maturity should such mandatory redemption occur.

Changes in market interest rates may adversely affect the value of the Bonds.

The Bondholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the prices of the Bonds, resulting in a capital loss for the Bondholders. However, the Bondholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the prices of the Bonds may rise. The Bondholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

The Bonds will carry fixed interest rates. Consequently, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. If the Bondholders sell the Bonds they hold before the maturity of such Bonds, they may receive an offer less than their investment.

The Issuer may not be able to redeem the Bonds upon the due date for redemption thereof.

At any time following the occurrence of a Relevant Event, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Bonds on the Put Settlement Date at their principal amount, together with unpaid interest accrued to but excluding such Put Settlement Date. If such an event were to occur or at maturity of the Bonds, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. The Issuer's failure to repay, repurchase or redeem the relevant Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of the Issuer's other indebtedness.

The Issuer may issue additional Bonds in the future.

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them and the timing for completing the NDRC Post-issue Filing and the Foreign Debt Registration, and the corresponding notification to the Trustee and the Bondholders thereof) as further described in Condition 16 (*Further Issues*) or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

If the Issuer is unable to comply with the restrictions and covenants in its debt agreements (if any), or the Bonds, there could be a default under the terms of these agreements, or the Bonds, which could cause repayment of the Issuer's debt to be accelerated.

If the Issuer is unable to comply with the restrictions and covenants in the Bonds, or current or future debt obligations and other agreements (if any), there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Issuer, accelerate repayment of the debt, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of the debt agreements of the Issuer, contain cross-acceleration or cross-default provisions. As a result, the default by the Issuer under one debt agreement may cause the acceleration of repayment of debt, including the Bonds, or result in a default under its other debt agreements, including the Bonds. If any of these events occur, there can be no assurance that the Issuer's assets and cash flows would be sufficient to repay all of the Issuer's indebtedness in full, or that it would be able to find alternative financing. Even if the Issuer could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer.

The insolvency laws of the PRC may differ from those of another jurisdiction with which the holders of the Bonds are familiar.

The Issuer is incorporated under the laws of the PRC. Any bankruptcy proceeding relating to the Issuer would likely involve PRC bankruptcy laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Bonds are familiar.

Additional procedures may be required to be taken to bring English law governed matters or disputes to the Hong Kong courts. There is also no assurance that the PRC courts will recognise and enforce judgments of the Hong Kong courts in respect of English law governed matters or disputes.

The Terms and Conditions, the Irrevocable Standby Letter of Credit and the other transaction documents are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken. As compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the Bondholders will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the Bondholders' ability to initiate a claim outside of Hong Kong will be limited.

In relation to claims made against the Issuer, under the Arrangement, judgments of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of Hong Kong courts. However, recognition and enforcement of a Hong Kong court judgment could be refused if, among other things, the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC or meets other circumstances specified by the Arrangement. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area.

Decisions that may be made on behalf of all holders of the Bonds may be adverse to the interests of individual holders of the Bonds. Modifications and waivers may be made in respect of the Terms and Conditions, the Trust Deed, the Agency Agreement and the Irrevocable Standby Letter of Credit by the Trustee or less than all of the Bondholders.

The Terms and Conditions contain provisions for calling meetings of the Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including those Bondholders who did not attend and vote at the relevant meeting and those Bondholders who voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of holders of the Bonds may be adverse to the interests of individual holders of the Bonds.

The Terms and Conditions also provide that the Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification (except as mentioned in the Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, or any failure to comply with any of the Terms and Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Irrevocable Standby Letter of Credit, which in its opinion is not materially prejudicial to the interest of the Bondholders, and (ii) any modification of the Terms and Conditions or any of the provisions of the Trust Deed or the Agency Agreement which, in its opinion, is of a formal, minor or technical nature is made or to correct a manifest error or to comply with any mandatory provision of applicable law. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, each such modification, authorisation or waiver shall be notified by the Issuer to the Bondholders in accordance with Condition 17 (*Notices*) of the Terms and Conditions.

The Trustee may request the Bondholders to provide an indemnity and/or security and/or pre-funding to its satisfaction.

In certain circumstances (including without limitation the giving of notice pursuant to Condition 10 (*Events of Default*) of the Terms and Conditions and the taking of actions and/or steps and/or the instituting of proceedings against the Issuer or the LC Bank pursuant to Condition 14 (*Enforcement*) of the Terms and Conditions), the Trustee may (at its sole discretion) request the Bondholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes any such actions and/or steps and/or institutes any such proceedings on behalf of the Bondholders. The Trustee shall not be obliged to take any such actions and/ or steps and/or institute any such proceedings if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to any indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions and/or steps can be taken and/or when such proceedings can be instituted. The Trustee may not be able to take actions and/or steps or institute proceedings, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the terms of the Trust Deed or the Terms and Conditions and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable laws and regulations, it will be for the Bondholders to take such actions and/or steps and/or to institute such proceedings directly.

The Irrevocable Standby Letter of Credit will expire by the Expiry Time.

The Irrevocable Standby Letter of Credit will take effect from the Issue Date and shall remain valid and in full force until the Expiry Date. In the event that the Trustee does not make a Demand under the

Irrevocable Standby Letter of Credit by the Expiry Date, Bondholders will not be able to benefit from the credit protection provided by the LC Bank. Furthermore, in the event that any payment from the Issuer to the Trustee is avoided by virtue of any laws relating to bankruptcy, insolvency, receivership, liquidation or similar laws of general application for the time being in force and a demand under the Irrevocable Standby Letter of Credit claiming such avoided payment was not given to the LC Bank on or before the expiry time of the LC, the Bondholders and the Trustee will not be able to recover such avoided payment from the LC Bank under the Irrevocable Standby Letter of Credit.

The Irrevocable Standby Letter of Credit is subject to a maximum limit and may not be sufficient to satisfy all payments due under the Irrevocable Standby Letter of Credit.

Payments of principal and interest in respect of the Bonds and all fees, costs, expenses, indemnity payments and all other amounts payable by the Issuer under or in connection with the Bonds, the Terms and Conditions, the Trust Deed, the Agency Agreement and/or any other transaction documents relating to the Bonds will have the benefit of the Irrevocable Standby Letter of Credit up to the Maximum Limit. There can be no assurance that such Maximum Limit is sufficient to fully satisfy the aforementioned payments.

If such Maximum Limit is insufficient to cover all of the Issuer's obligations under the Bonds and the Trust Deed after deductions of all amounts to which the Trustee is entitled, the Bondholders might not be able to recover the full amount to their claims under the Bonds from the LC Bank and would therefore need to look to the Issuer to recover any such outstanding amounts.

The LC Bank's ability to perform its obligations under the Irrevocable Standby Letter of Credit is subject to the financial condition of Bank of Beijing.

The LC Bank is not a separate and independent legal person but has capacity to carry on its activities within its scope of the authorisation given by Bank of Beijing. If the assets of the LC Bank are not sufficient to meet the obligations of the LC Bank under the Irrevocable Standby Letter of Credit, Bank of Beijing would have an obligation to satisfy the balance of the obligations under the Irrevocable Standby Letter of Credit. Therefore, the ability of the LC Bank to make payments under the Irrevocable Standby Letter of Credit will depend on the financial condition of Bank of Beijing, which could be materially and adversely affected by a number of factors, including, but not limited to, the following:

- *Impaired loans and advances*: Bank of Beijing's financial condition is and will continue to be negatively affected by its impaired loans. If Bank of Beijing is unable to control effectively and reduce the level of impaired loans and advances in its current loan portfolio and in new loans it extends in the future, or its allowance for impairment losses on loans and advances is insufficient to cover actual loan losses, its financial condition could be materially and adversely affected.

- *Collateral and guarantees*: A certain portion of Bank of Beijing's loans is secured by collateral and/ or backed by guarantees. If Bank of Beijing is unable to realise the collateral or enforce the guarantees securing its loans to cover the outstanding principal and interest balance of such loans due to various factors, its financial condition could be materially and adversely affected.

- *Loans to real estate sector and government financing platforms*: Bank of Beijing's loans and advances to the real estate sector primarily comprise loans issued to real estate companies and individual housing loans. The real estate market may be affected by many factors, including, without limitation, cyclical economic volatility and economic downturns. In addition, the PRC government has in recent years imposed macroeconomic control measures that are aimed at preventing the real estate market from over-heating. Such factors may adversely affect the growth and quality of its loans to the real estate industry and, consequently, Bank of Beijing's financial condition and results of operations. Loans to government financing platforms are a part of the loan portfolio of Bank of Beijing. The government revenues are primarily derived from taxes and land premiums. Therefore, economic cycles and fluctuations in the real estate market may also adversely affect the quality of such loans.

In addition, as neither Bank of Beijing nor the LC Bank has waived sovereign immunity for the purpose of the Irrevocable Standby Letter of Credit, it is possible that such immunity is asserted at the time of enforcement of the Irrevocable Standby Letter of Credit.

Uncertainty with respect to the validity or enforceability of the Irrevocable Standby Letter of Credit under PRC legal system may cause significant uncertainties.

Payments of principal and interest in respect of the Bonds will have the benefit of the Irrevocable Standby Letter of Credit issued by the LC Bank. If it is deemed to be a cross-border guarantee by SAFE or its local branches, according to the Foreign Exchange Administration of Cross-border Guarantee ("**Circular 29**") promulgated by SAFE on 12 May 2014, the LC Bank shall include the information of the Irrevocable Standby Letter of Credit in its report of outbound guarantee to the competent office of SAFE and failure to make such filing with SAFE will not affect the validity of such Irrevocable Standby Letter of Credit. However, there is only a limited volume of published decisions on the interpretation and/or enforcement of Circular 29. There is no assurance that Circular 29 will not be amended in the future to provide for the requirement that the Irrevocable Standby Letter of Credit will require approval from, or registration with, the relevant PRC governmental authorities. There is no assurance that such approval or registration will be obtained or completed. Furthermore, any amendment to Circular 29 may be made with retroactive effect. Therefore, any amendment to Circular 29 which requires the Irrevocable Standby Letter of Credit to be approved by or registered with the relevant PRC governmental authorities may adversely affect the validity or enforceability of the Irrevocable Standby Letter of Credit in the PRC.

Gains on the transfer of the Bonds between PRC Bondholders shall be subject to income tax and value added tax under PRC tax laws, and gains on the transfer of the Bonds between overseas Bondholders and interest payable by the Issuer to overseas Bondholders may be subject to income tax and value added tax under PRC tax laws.

There are uncertainties regarding the interpretation and application of current and future PRC taxation related laws and regulations and there can be no assurance that the relevant PRC regulatory authorities will not take a view that is contrary to the opinion of the Issuer. Persons considering the purchase of the Bonds should consult their own tax advisors concerning whether they would be treated as resident enterprises or individuals of the PRC, the possible tax consequences of buying, holding or selling any Bonds and the payment of taxes under the laws of their country of citizenship, residence or domicile.

Under the Enterprise Income Tax Law of the PRC (the "**EIT Law**") which took effect on 1 January 2008 and amended on 24 February 2017 and 29 December 2018 respectively and its implementation rules, any gains realised on the transfer of the Bonds by holders who are resident enterprises shall be subject to PRC enterprise income tax at the rate of 25 per cent. on its annual taxable amount, and who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by enterprise holders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, there is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the "**Arrangement**") which was promulgated on 21 August 2006, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied.

Pursuant to the EIT Law, the PRC Individual Income Tax Law (the "**IIT Law**") which took effect on 10 September 1980 and amended on 31 October 1993, 30 August 1999, 27 October 2005, 29 June 2007, 29 November 2007, 30 June 2011, and 31 August 2018 respectively, and the implementation regulations in relation to both the EIT Law and IIT Law, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to PRC-source income derived by non-resident enterprises or individuals respectively, subject to adjustment by applicable treaty. As the Issuer is a PRC resident enterprise for tax purposes, interest paid to non-resident Bondholders may be regarded as PRC-sourced, and therefore be subject to PRC income tax at a rate of 10 per cent. for non-resident enterprise Bondholders and at a rate of 20 per cent. for non-resident individual Bondholders (or a lower treaty rate, if any).

Under the Notice on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (Cai Shui [2016] No. 36) (關於全面推開營業稅改徵增值稅試點的通知(財稅[2016]36號)) ("**Circular 36**"), the Issuer will be obligated to withhold VAT of 6 per cent. for payments of interest and certain other amounts on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. Circular 36 together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

According to the Circular on Policies on Enterprise Income Tax and Value-added Tax for Overseas Institutions Investing in the Domestic Bond Market issued by the MOF and the SAT, which took effect on 7 November 2018 and was renewed on 22 November 2021, that during the period from 7 November 2018 till 31 December 2025, the interest income earned by an overseas institution from its bond investment in the PRC bond market will be temporarily exempted from EIT and VAT. This temporary EIT exemption policy will not apply to the interest income obtained by the institution or establishment set up in China by an overseas institution if such income has an actual connection with the institution or establishment. If the investment in the Bonds by qualified non-PRC Bondholders is deemed as an investment in the domestic bond market, their gains from the Bonds which generated before 31 December 2025 will be exempted from EIT and VAT in accordance with the foregoing circular issued by the MOF and State Administration of the Taxation. There is uncertainty about whether above tax incentives will be renewed after 31 December 2025.

If a Bondholder, being a non-resident enterprise or non-resident individual, is required to pay any PRC income tax on interest or gains on the transfer of the Bonds, the value of the relevant Bondholder's investment in the Bonds may be materially and adversely affected.

Stamp duties may also be imposed during the issuance and transfer of the Bonds.

There are uncertainties regarding the interpretation and application of current and future PRC taxation related laws and regulations and there can be no assurance that the relevant PRC regulatory authorities will not change its view on the relevance and applicability of such laws and regulations to the issuance of the Bonds by the Issuer, the purchase of the Bonds by the investors upon issuance and/or subsequent transfers of the Bonds.

According to Stamp Duty Law of the PRC (中華人民共和國印花稅法) adopted by the Standing Committee of NPC on 10 June 2021 and implemented on 1 July 2022 and its implementation rules, enterprises or individuals which have written taxable certificates and have conducted securities transactions within the PRC are subject to stamp duty and shall be obliged to pay relevant stamp duties in accordance with the provisions therein. There can be no assurance that PRC laws will not be revised as to impose stamp duty upon the issuance or transfer of the Bonds or similar debt instrument. If the issuance of the Bonds is treated in the same way as the entering into of a loan contract, or use of any other taxable instruments in the PRC, both the borrower and lender (i.e. the Issuer and the investor purchasing the Bonds, respectively) in respect of the issuance of the Bonds, or both the transferor and transferee (i.e. the investors transferring the Bonds) in respect of the transfer of the Bonds would be each subject to PRC stamp duty of 0.005 per cent. of the amount borrowed, or any other rate applicable to the issuance or transfer of the Bonds (or such higher rate if local governments have other additional requirements).

The Issuer will covenant and agree in the Trust Deed that, to the extent any PRC stamp duty is payable on initial issuance of the Bonds, it will bear such relevant PRC stamp duties for itself and the Bondholders.

Investors should further consult their own legal and tax advisors in relation to their PRC stamp duty obligations and liabilities in relation to any purchase or transfer of the Bonds.

The Bonds will be represented by a Global Certificate and holders of a beneficial interest in such Global Certificate must rely on the procedures of the CMU.

The Bonds will be represented by beneficial interests in a Global Certificate. Such Global Certificate will be registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator of the CMU. Beneficial interests in the Global Certificate will be shown on and transfers thereof will be effected only through records maintained by the CMU. Except in the circumstances described in the Global Certificate, definitive certificates for the Bonds will not be issued in exchanged for beneficial interests in the Global Certificate.

While the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of the Operator, the CMU Lodging and Paying Agent will make payments to the Operator who will make payments to each CMU participant who is for the time being shown in the records of the Operator as the holder of a particular principal amount of the Bonds.

A holder of a beneficial interest in the Global Certificate must rely on the procedures of the CMU to receive payments under the Bonds. The Issuer, the Trustee or the Agents, or any of their respective representatives, directors, officers, employees, agents, affiliates, advisers or any person who controls any of them has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Bondholders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such Bondholders will be permitted to act only to the extent that they are enabled by the CMU to appoint appropriate proxies. Similarly, holders of interests in the Global Certificate will not have a direct right under the Global Certificate to take enforcement action against the Issuer in the event of a default under the Bonds but will have to rely upon their rights under the Trust Deed.

Bonds which have a denomination that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

The denominations of the Bonds are CNY1,000,000 and integral multiples of CNY10,000 in excess thereof. Therefore, it is possible that the Bonds may be traded in amounts in excess of CNY1,000,000 that are not integral multiples of CNY10,000. In such a case, a Bondholder who, as a result of trading such amounts, holds a principal amount of less than CNY1,000,000 will not receive a definitive certificate in respect of such holding of Bonds (should definitive certificates be printed) and would need to purchase a principal amount of Bonds such that it holds an amount equal to one or more denominations. If definitive certificates are issued, the Bondholders should be aware that Bonds with aggregate principal amounts that are not an integral multiple of CNY10,000 may be illiquid and difficult to trade.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the CNY bonds and the ability of the Issuer to source Renminbi outside the PRC to service the CNY bonds.

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows and the conversion between Renminbi and other currencies, the availability of Renminbi outside of the PRC is limited. Since February 2004, in accordance with arrangements between the PRC central government and the Hong Kong government, licensed banks in Hong Kong may offer limited Renminbi denominated banking services to Hong Kong residents and specified business customers. The PBOC has also established a Renminbi clearing and settlement system for participating banks in Hong Kong. On July 2010, further amendments were made to the Settlement Agreement on the Clearing of RMB Business between the PBOC and Bank of China (Hong Kong) Limited to further expand the scope of Renminbi business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporations are allowed to open Renminbi accounts in Hong Kong; there is no longer any limit on the ability of corporations to convert Renminbi; and there will no longer be any restriction on the transfer of Renminbi funds between different accounts in Hong Kong. In addition, the PBOC has now established Renminbi clearing and settlement systems with financial institutions in other major global financial centres, such as London, Frankfurt and Singapore, to further internationalise the Renminbi.

However, there are restrictions imposed by the PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC, although the PBOC has gradually allowed participating banks to access the PRC's onshore inter-bank market for the purchase and sale of Renminbi. The Renminbi clearing banks only have access to onshore liquidity support from the PBOC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In cases where the participating banks cannot source sufficient Renminbi through the above channels, they will need to source Renminbi from the offshore market to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the existing Renminbi clearing and settlement arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the CNY bonds. To the extent the Issuer is required to source Renminbi in the offshore market to service its CNY bonds, there is no assurance that either the Issuer will be able to source such Renminbi on satisfactory terms, if at all, to make payments on the Bonds.

Renminbi is not freely convertible. There are significant restrictions on remittance of Renminbi into and outside the PRC.

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, despite significant reduction in control by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. Participating banks in Hong Kong, Macau, Singapore, Taiwan, Seoul, Frankfurt, London, Paris, Luxembourg, Doha and Toronto have been permitted to engage in the settlement of current account trade transactions in Renminbi under certain pilot schemes.

On the other hand, remittance of Renminbi by foreign investors into the PRC for the settlement of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are being developed.

Although starting from 1 October 2016, Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund (the "**IMF**") and the IMF further announced an increase in the weighting of Renminbi in the SDR currency basket in May 2022, there can be no assurance that the PRC government will continue to liberalise control over cross-border remittance of Renminbi in the future, that any pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance their obligations under the Bonds.

TERMS AND CONDITIONS OF THE BONDS

The following, subject to modification and other than the words in italics, is the text of the terms and conditions of the Bonds which will appear on the reverse of each of the definitive certificates evidencing the Bonds.

The CNY385,000,000 3.85 per cent. credit enhanced bonds due 2026 (the "**Bonds**", which expression, unless the context requires otherwise, includes any further bonds issued pursuant to Condition 16 and to be consolidated and forming a single series therewith) of Yancheng State-Owned Energy Investment Co., Ltd (鹽城市國能投資有限公司) (the "**Issuer**") are constituted by a trust deed (as amended or supplemented from time to time, the "**Trust Deed**") dated 11 December 2023 (the "**Issue Date**") made between the Issuer and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (the "**Trustee**", which expression shall include its successor(s)) as trustee for itself and the holders of the Bonds. The statements in these terms and conditions (these "**Conditions**") include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed, which includes the form of the certificates representing the Bonds.

The issue of the Bonds was authorised by resolutions of the board of directors of the Issuer dated 28 February 2023 and the resolutions of the shareholders of the Issuer dated 22 November 2023.

An agency agreement (as amended or supplemented from time to time, the "**Agency Agreement**") dated 11 December 2023 relating to the Bonds has been entered into between the Issuer, the Trustee, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as CMU lodging and paying agent (in such capacity, the "**CMU Lodging and Paying Agent**", which expression shall include its successor(s)), as registrar (in such capacity, the "**Registrar**", which expression shall include its successor(s)), as transfer agent (in such capacity, the "**Transfer Agent**", which expression shall include any additional transfer agent or its successor(s)), as pre-funding account bank with which the Pre-funding Account (as defined below) is held (in such capacity, the "**Pre-funding Account Bank**", which expression shall include any successor pre-funding account bank appointed from time to time in connection with the Bonds) and as LC proceeds account bank with which the LC Proceeds Account (as defined below) is held (in such capacity, the "**LC Proceeds Account Bank**", which expression shall include any successor LC proceeds account bank appointed from time to time in connection with the Bonds), and any other agents appointed thereunder. The Bonds will have the benefit of an irrevocable standby letter of credit (the "**Irrevocable Standby Letter of Credit**") which takes effect from the Issue Date issued by Bank of Beijing Co., Ltd., Nanjing Branch (the "**LC Bank**") in favour of the Trustee on behalf of itself and the holders (as defined below) of the Bonds.

Copies of the Trust Deed, the Agency Agreement and the Irrevocable Standby Letter of Credit are available for inspection by the Bondholders (as defined below) at all reasonable times during normal business hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time), Monday to Friday excluding public holidays) following prior written request and satisfactory proof of holding and identity at the office for the time being of the Trustee, being at the Issue Date of the Bonds at 3/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong and at the specified office of the CMU Lodging and Paying Agent. References herein to "**Paying Agents**" mean any paying agents appointed from time to time pursuant to the Agency Agreement with respect to the Bonds and include the CMU Lodging and Paying Agent and any other paying agents appointed from time to time in connection with the Bonds, and "**Agents**" means the CMU Lodging and Paying Agent, any other Paying Agents, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time pursuant to the Agency Agreement with respect to the Bonds, including their relevant successors. The Bondholders (as defined below) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Irrevocable Standby Letter of Credit and are deemed to have notice of those provisions of the Agency Agreement applicable to them.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Trust Deed.

1 FORM, SPECIFIED DENOMINATION AND TITLE

The Bonds are issued in the specified denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof (the "**Specified Denomination**"). The Bonds are represented by registered certificates (the "**Certificates**", and each, a "**Certificate**") and, save as provided in Condition 3(b), each Certificate shall represent the entire holding of Bonds by the same holder.

Title to the Bonds shall pass by transfer and registration in the Register as described in Condition 3. The holder of any Bond shall (except as ordered by a court of competent jurisdiction or as otherwise required by law) be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate (other than the endorsed form of transfer, duly completed) representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, "**Bondholders**", "**holders of the Bonds**" or, in respect of a Bond, "**Bondholder**", "**holder**" means the person in whose name a Bond is registered in the Register (or in the case of a joint holding, the first-named thereof).

*Upon issue, the Bonds will be represented by a global certificate (the "**Global Certificate**") registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator (the "**Operator**") of the Central Moneymarkets Unit Service (the "**CMU**"). These Conditions are modified by certain provisions contained in the Global Certificate while any of the Bonds are represented by the Global Certificate. See "Summary of Provisions relating to the Bonds in Global Form".*

Except in the limited circumstances described in the Global Certificate, owners of interest in the Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.

2 STATUS

The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

3 TRANSFERS OF BONDS AND ISSUE OF CERTIFICATES

(a) Register

The Issuer will cause the register (the "**Register**") to be kept at the specified office of the Registrar and in accordance with the terms of the Agency Agreement, on which shall be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers of the Bonds. Each holder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

(b) Transfer

Subject to the Agency Agreement and Conditions 3(e) and 3(f) herein, a holding of Bonds may be transferred in whole or in part by surrendering the Certificate issued in respect of that Bond, with the form of transfer on the back of the Certificate duly completed and signed, at the specified office of the Registrar or any Transfer Agent with any other evidence as the Registrar or such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed such form of transfer.

In the case of a transfer of only part of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred (which shall be not less than the minimum Specified Denomination) shall be issued to the transferor. In the case of a transfer of the Bonds to a person who is already a holder of the Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. No transfer of title to a Bond will be valid unless and until entered on the Register.

A Bond may not be transferred unless the principal amount of such Bond to be transferred and (where not all of the Bonds held by a holder are being transferred) the principal amount of the balance of such Bond not being transferred are equal to or more than the minimum Specified Denomination.

Transfers of interests in the Bonds represented by the Global Certificate will be effected in accordance with the rules and procedures for the time being of the Operator.

(c) Delivery of New Certificates

Each new Certificate to be issued upon transfer of Bonds pursuant to Condition 3(b) shall be made available for delivery within seven business days of receipt by the Registrar or, as the case may be, the relevant Transfer Agent of a duly completed and signed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of any Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer and Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify.

In this Condition 3(c), "**business day**" means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(d) Formalities Free of Charge

Certificates, on transfer, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar, the Transfer Agent or any other Agent but upon (i) payment (or the giving of such indemnity and/or security and/or pre-funding as the Issuer or any Agent may require) in respect of any taxes, duties or other governmental charges which may be imposed in relation to such transfer; (ii) the Registrar or the relevant Transfer Agent being satisfied in its absolute discretion with the documents of title or identity of the person making the application; and (iii) the relevant Agent being satisfied in its absolute discretion that the regulations concerning transfer of Bonds have been complied with.

(e) Closed Periods

No holder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on (and including) the due date for any payment of principal (or premium) in respect of that Bond; or (ii) during the period of 15 days ending on (and including) any Record Date (as defined in Condition 8(a)); or (iii) during the period of 15 days prior to (and including) any date on which Bonds may be called for redemption by the Issuer pursuant to Condition 7(b); or (iv) after a Put Exercise Notice has been deposited in respect of any such Bond pursuant to Condition 7(c).

(f) Regulations

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of Bonds the initial form of which is scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar, with the prior written approval of the Trustee. A copy of the current regulations will be available at the specified office of the Registrar for inspection by any Bondholder at all reasonable times during normal business hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time), Monday to Friday (other than public holidays)) following prior written request and proof of holding and identity to the satisfaction of the Registrar.

4 IRREVOCABLE STANDBY LETTER OF CREDIT AND PRE-FUNDING

(a) Irrevocable Standby Letter of Credit

The Bonds will have the benefit of the Irrevocable Standby Letter of Credit issued in favour of the Trustee, on behalf of itself and the holders of the Bonds, by the LC Bank. The Irrevocable Standby Letter of Credit shall be drawable by the Trustee as beneficiary under the Irrevocable Standby Letter of Credit on behalf of itself and the holders of the Bonds upon the presentation of a demand by authenticated SWIFT (or by such method of communication otherwise as permitted under the Irrevocable Standby Letter of Credit) sent by or on behalf of the Trustee to the LC Bank in accordance with the Irrevocable Standby Letter of Credit (the "**Demand**") stating that (i) the Issuer has failed to comply with Condition 4(b) in relation to pre-funding the amount that is required to be pre-funded under these Conditions and/or has failed to provide the Required Confirmations (as defined below) in accordance with Condition 4(b) or (ii) an Event of Default (as defined in Condition 10) has occurred and the Trustee has given notice to the Issuer that the Bonds are immediately due and payable in accordance with Condition 10.

Only one drawing is permitted under the Irrevocable Standby Letter of Credit.

Such drawing on the Irrevocable Standby Letter of Credit will be payable in Renminbi in immediately available and cleared funds to or to the order of the Trustee at the time and to the account specified in the Demand presented to the LC Bank. Payment received by the Trustee in respect of the Demand will be deposited into the LC Proceeds Account (as defined below).

The payment made under the Irrevocable Standby Letter of Credit in respect of any amount payable under these Conditions or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds shall, to the extent of the drawing paid to or to the order of the Trustee, satisfy the obligations of the Issuer in respect of such amount payable under these Conditions or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds.

The LC Bank's aggregate liability under the Irrevocable Standby Letter of Credit shall be expressed and payable in Renminbi and shall not exceed CNY399,611,250 (the "**Maximum Limit**"), being an amount representing (i) the aggregate principal amount of the Bonds plus interest payable for one Interest Period (as defined below) in accordance with these Conditions and (ii) CNY7,200,000 being the maximum amount payable under the Irrevocable Standby Letter of Credit for any fees, costs, expenses, indemnity payments and all other amounts payable by the Issuer under or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds. Unless otherwise specified in the Irrevocable Standby Letter of Credit, the Irrevocable Standby Letter of Credit takes effect from the Issue Date and expires at 5:00 p.m. (Beijing time) on 11 January 2027 (the "**Expiry Date**").

See "Appendix A — Form of Irrevocable Standby Letter of Credit" for the form of the Irrevocable Standby Letter of Credit.

(b) Pre-funding

In order to provide for the payment of any amount in respect of the Bonds (other than the amounts payable under Condition 7(d)) (the "**Relevant Amount**") as the same shall become due, the Issuer shall, in accordance with the Agency Agreement, by no later than the Business Day falling ten Business Days (the "**Pre-funding Date**") prior to the due date for such payment under these Conditions:

(i) unconditionally pay or procure to be paid the Relevant Amount in immediately available and cleared funds into the Pre-funding Account; and

(ii) deliver to the Trustee and the CMU Lodging and Paying Agent by facsimile or a scanned copy by email (A) a Payment and Solvency Certificate signed by any Authorised Signatory, and (B) a copy of the irrevocable payment instruction from the Issuer to the Pre-funding Account Bank requesting the Pre-funding Account Bank to pay the Relevant Amount which was paid into the Pre-funding Account on the Pre-funding Date in full to the CMU Lodging and Paying Agent by no later than 10:00 a.m. (Hong Kong time) on the Business Day immediately preceding the due date for such payment (together, the "**Required Confirmations**").

If the Relevant Amount has not been paid into the Pre-funding Account in full and the Pre-funding Account Bank has notified the Trustee of such failure (and the Trustee may rely conclusively on any such notification), or the Trustee does not receive the Required Confirmations, in each case by 10:00 a.m. (Hong Kong time) on the Business Day immediately following the Pre-funding Date (a "**Pre-funding Failure**"), the Trustee shall:

(i) send the notice substantially in the form set out in the Trust Deed (the "**Pre-funding Failure Notice**") to the Bondholders on the second Business Day immediately following the Pre-funding Date of (a) the Pre-funding Failure and (b) the redemption of the Bonds in accordance with Condition 7(d) to occur as a result of the Pre-funding Failure, and

(ii) by no later than 6:00 p.m. (Hong Kong time) on the second Business Day immediately following the Pre-funding Date issue a Demand to the LC Bank for the aggregate principal amount in respect of all of the Bonds then outstanding, together with interest accrued to, but excluding, the Mandatory Redemption Date (as defined in Condition 7(d)) and all fees, costs, expenses, indemnity payments and all other amounts which may be payable by the Issuer under or in connection with the Bonds, the Trust Deed, the Irrevocable Standby Letter of Credit, the Agency Agreement and/or any other transaction document in relation to the Bonds, provided that, subject to and in accordance with the Irrevocable Standby Letter of Credit, the Trustee need not physically present an original of the Demand under the Irrevocable Standby Letter of Credit to the LC Bank and shall be entitled to draw on the Irrevocable Standby Letter of Credit by way of the Demand by authenticated SWIFT to the LC Bank (provided that in the event that the SWIFT system is not available for any reason, the Trustee may instead present a Demand by such method of communication otherwise as permitted under the Irrevocable Standby Letter of Credit).

Following receipt by the LC Bank of such Demand by 5:00 p.m. (Beijing time) on a Business Day on or after the Issue Date and on or before the Expiry Date, the LC Bank shall by 11:00 a.m. (Beijing time) on the fourth Business Day after the Business Day on which the LC Bank receives such Demand (or, if such Demand is received by the LC Bank after 5:00 p.m. (Beijing time) on a Business Day, then by 11:00 a.m. (Beijing time) on the fifth Business Day after the Business Day on which the LC Bank receives such Demand), pay to the Trustee or to the order of the Trustee the amount in Renminbi in immediately available and cleared funds specified in the Demand to the account specified in the Demand.

The Pre-funding Account Bank shall notify the Trustee and the CMU Lodging and Paying Agent as soon as reasonably practicable upon the failure by the Issuer to pay the Relevant Amount into the Pre-funding Account in accordance with these Conditions.

For the purposes of these Conditions:

"**Authorised Signatory**" has the meaning set out in the Trust Deed;

"**Business Day**" means a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks and foreign exchange markets are generally open for business and settlement of Renminbi in Hong Kong and Beijing;

"**LC Proceeds Account**" means a non-interest bearing Renminbi account established in the name of the Trustee with the LC Proceeds Account Bank;

"**Payment and Solvency Certificate**" means a certificate in English substantially in the form set forth in the Agency Agreement stating the Relevant Amount in respect of the relevant due date in respect of the Bonds and confirming that (i) a payment for the Relevant Amount has been made by the Issuer to the Pre-funding Account in accordance with Condition 4(b) and (ii) the Issuer is solvent; and

"**Pre-funding Account**" means a non-interest bearing Renminbi account established in the name of the Issuer with the Pre-funding Account Bank and designated for the purposes specified above.

5 COVENANTS

(a) **Undertakings relating to the Foreign Debt Registration and applicable PRC laws:** The Issuer undertakes that it will (i) within the prescribed time period after the Issue Date, register or cause to be registered with SAFE the Bonds pursuant to the Administrative Measures for Foreign Debt Registration and its operating guidelines, effective as of 13 May 2013 and as amended from time to time (the "**Foreign Debt Registration**") and (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration record from SAFE on or before the Registration Deadline.

(b) **Notification to NDRC:** The Issuer undertakes that it will file or cause to be filed with the NDRC the requisite information and documents in respect of the issuance of the Bonds within the relevant prescribed timeframes after the Issue Date, in accordance with the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign Debts of Enterprises (《企業中長期外債審核登記管理辦法》) issued by the NDRC effective from 10 February 2023 (the "**NDRC Administrative Measures**") and any implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time.

(c) **Notification of Completion of the Foreign Debt Registration and the NDRC Post-issue Filing:** Within 10 Registration Business Days after the initial filing with the NDRC of the offering information and issue details of the Bonds (the "**NDRC Post-issue Filing**") and the receipt of the registration certificate from SAFE (or any other document evidencing the completion of the Foreign Debt Registration issued by SAFE), the Issuer shall provide the Trustee with (i) a certificate in English substantially in the form set out in the Trust Deed signed by an Authorised Signatory confirming the completion of the NDRC Post-issue Filing and the Foreign Debt Registration; and (ii) copies of the relevant documents evidencing the completion of the NDRC Post-issue Filing (if any) and the Foreign Debt Registration, each certified in English by an Authorised Signatory as being a true and complete copy of the original (the items specified in (i) and (ii) of this Condition 5(c) together, the "**Registration Documents**"). In addition, the Issuer shall, within 10 Registration Business Days after the Registration Documents are provided to the Trustee, give notice substantially in the form set out in the Trust Deed to the Bondholders (in accordance with Condition 17) confirming the completion of the NDRC Post-issue Filing and the Foreign Debt Registration.

The Trustee may rely conclusively without investigation on the Registration Documents and shall have no obligation or duty (A) to monitor, assist with or ensure the filing or registration of the Bonds with the NDRC or with SAFE is completed as required by Condition 5(a) and (b) or (B) to assist with the NDRC Post-issue Filing or the Foreign Debt Registration or (C) to verify the accuracy, completeness, content, validity and/or genuineness of any documents in relation to or in connection with the NDRC Post-issue Filing and/or the Foreign Debt Registration and/or the Registration Documents or (D) to procure that any Registration Document or any other certificate, confirmation, information or document not in English is translated into English or, if any English translation of any document is provided or retained, to verify the accuracy of any English translation of any Registration Document or any other certificate, confirmation or document, or (E) to give notice to the Bondholders confirming the completion of the NDRC Post-issue Filing and/or the Foreign Debt Registration, and the Trustee shall not be liable to the Bondholders or any other person for not doing so.

(d) **Financial Information**

So long as any Bond remains outstanding (as defined in the Trust Deed) the Issuer will send to the Trustee (i) a Compliance Certificate (on which the Trustee may rely conclusively as to such compliance and shall not be liable to any Bondholder or any other person for so relying upon such certificate) and a copy of the relevant Audited Financial Reports within 150 days of the end of each Relevant Period prepared in accordance with the Accounting Standards for Business Enterprises in China ("**PRC GAAP**") (audited by a nationally or internationally recognised firm of independent accountants) of the Issuer and its Subsidiaries (if any) and if such statements shall be in the Chinese language, together with an English translation of the same translated by (x) a nationally or internationally recognised firm of independent accountants or (y) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants, together with a certificate signed by an Authorised Signatory certifying that such translation is complete and accurate; (ii) a copy of the Unaudited Semi-Annual Management Accounts within 90 days of the end of each Relevant Period prepared in accordance with PRC GAAP and if such statements shall be in the Chinese language, together with an English translation of the same translated by the Issuer, together with a certificate in English signed by an Authorised Signatory certifying that such translation is complete and accurate, and in each case the Trustee may rely conclusively without liability to any Bondholder or any other person on any translation as being a complete and accurate translation of the original, and (iii) a Compliance Certificate within 14 days following written request from the Trustee (on which the Trustee may rely conclusively as to such compliance and shall not be liable to any Bondholder or any other person for so relying upon such certificate).

(e) **Definitions**

In these Conditions:

"**Audited Financial Reports**" means, for a Relevant Period, the annual audited consolidated balance sheet, income statement, cash flow statement and statement of changes in owners' equity of the Issuer together with any statements, reports (including any auditors' report) and notes attached to or intended to be read with any of them;

"**Compliance Certificate**" means a certificate in English of the Issuer, substantially in the form scheduled to the Trust Deed, signed by any Authorised Signatory that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer as at a date (the "**Certification Date**") not more than seven days before the date of the certificate that (i) no Event of Default (as defined in Condition 10) or Potential Event of Default had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it and (ii) the Issuer has complied with all its obligations under the Trust Deed and the Bonds or, if such non-compliance had occurred, giving details of it;

"**NDRC**" means the National Development and Reform Commission of the PRC or its local counterpart;

"**person**" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organisation or government or any agency or political subdivision thereof;

"**Potential Event of Default**" means a continuing event or circumstance (being an event or circumstance which has not been remedied to the satisfaction of the Trustee or waived in writing by the Trustee) which could with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 10 become an Event of Default;

"**PRC**" means the People's Republic of China, which shall for the purpose of these Conditions only, exclude the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan;

"**Registration Business Day**" means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in Beijing in the PRC;

"**Registration Deadline**" means the day falling 120 Registration Business Days after the Issue Date;

"**Relevant Period**" means (i) in relation to the Audited Financial Reports and the Compliance Certificate, each period of twelve months ending on the last day of the Issuer's financial year (being 31 December of that financial year); and (ii) in relation to the Unaudited Semi-Annual Management Accounts, each period of six months ending on the last day of the Issuer's first half financial year (being 30 June of that financial year);

"**SAFE**" means the State Administration of Foreign Exchange of the PRC or its local branches;

"**Subsidiary**" means, with respect to any person, (a) any corporation, association or other business entity of which more than 50 per cent. of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such person; or (b) any corporation, association or other business entity which at any time has its accounts consolidated with those of that person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person;

"**Unaudited Semi-Annual Management Accounts**" means, for a Relevant Period, the semi-annual unaudited and unreviewed management accounts of the Issuer comprising only of a consolidated balance sheet, income statement, cash flow statement and statement of changes in owners' equity of the Issuer; and

"**Voting Stock**" means, with respect to any person, capital stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such person.

6 INTEREST

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 3.85 per cent. per annum, payable semi-annually in arrear in equal instalments of CNY192.5 per Calculation Amount (as defined below) on 11 June and 11 December in each year (each an "**Interest Payment Date**") commencing on 11 June 2024.

Each Bond will cease to bear interest from and including the due date for redemption unless, upon surrender of the Certificate representing such Bond, payment of principal or premium (if any) is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holders, and (b) the day falling seven days after the Trustee or the CMU Lodging and Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**". If interest is required to be calculated for a period of less than a complete Interest Period, the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

Interest in respect of any Bond shall be calculated per CNY10,000 in principal amount of the Bonds (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period (save as provided above in relation to equal instalments) shall be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

7 REDEMPTION AND PURCHASE

(a) Final Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 11 December 2026 (the "**Maturity Date**"). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 7.

(b) Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders in accordance with Condition 17 and in writing to the Trustee and the CMU Lodging and Paying Agent (which shall be irrevocable), at their principal amount (together with any unpaid interest accrued to, but excluding, the date fixed for redemption) if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 4 December 2023, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

Prior to the giving of any Tax Redemption Notice pursuant to this Condition 7(b), the Issuer shall deliver to the Trustee (A) a certificate in English signed by an Authorised Signatory stating that the obligation referred to in (i) above of this Condition 7(b) cannot be avoided by the Issuer taking reasonable measures available to it, and (B) an opinion, addressed to and in form and substance satisfactory to the Trustee, of independent tax or legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment. The Trustee shall be entitled (but shall not be obliged) to accept and rely conclusively upon such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above of this Condition 7(b) without further enquiry and without liability to any Bondholder or any other person, in which event the same shall be conclusive and binding on the Bondholders.

All Bonds in respect of which any notice of redemption is given under this Condition 7(b) shall be redeemed on the date specified in such notice in accordance with this Condition 7(b).

(c) Redemption for Relevant Events

At any time following the occurrence of a Relevant Event, the holder of any Bond will have the right (the "**Relevant Event Put Right**"), at such holder's option, to require the Issuer to redeem all but not some only of that holder's Bonds on the Put Settlement Date (as defined below) at their principal amount, together with unpaid interest accrued to but excluding such Put Settlement Date. In order to exercise such right, the holder of the relevant Bond must deposit at the specified office of the CMU Lodging and Paying Agent or any other Paying Agent a duly completed and signed notice of redemption, substantially in the form scheduled to the Agency Agreement, obtainable from the specified office of the CMU Lodging and Paying Agent or any other Paying Agent (a "**Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to the Bondholders by the Issuer in accordance with Condition 17.

The "**Put Settlement Date**" shall be the 14th Business Day after the expiry of such period of 30 days as referred to above. If such day is not a Payment Business Day (as defined in Condition 8(f)), the next following Payment Business Day.

A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds which are the subject of the Put Exercise Notices delivered as aforesaid on the Put Settlement Date.

The Issuer shall give notice in writing to Bondholders in accordance with Condition 17 and to the Trustee and the CMU Lodging and Paying Agent in writing by not later than 14 days (in the case of a Change of Control) or five days (in the case of a No Registration Event) following the first day on which the Issuer becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 7(c) stating:

(i) the applicable Put Settlement Date;

(ii) the date of the Relevant Event and, briefly, the events causing, as applicable, the Change of Control or No Registration Event;

(iii) the date by which the Put Exercise Notice must be given;

(iv) the redemption amount and the method by which such amount will be paid;

(v) the names and addresses of all Paying Agents;

(vi) the procedures that holders must follow and the requirements that holders must satisfy in order to exercise the Relevant Event Put Right; and

(vii) that a Put Exercise Notice, once validly given, may not be withdrawn.

Unless it has received notice from the Issuer pursuant to this Condition 7(c), the Trustee shall be entitled to assume that no Relevant Event has occurred. Neither the Agents nor the Trustee shall be required to monitor or to take any steps to ascertain whether a Relevant Event or any event which could lead to a Relevant Event has occurred or may occur and none of them shall have any obligation or duty to verify the accuracy, validity and/or genuineness of any documents in relation to or connection with the Relevant Event and none of them shall be liable to Bondholders, the Issuer or any other person for not doing so.

For the purpose of these Conditions:

(A) a "**Change of Control**" occurs when:

  (i) PRC Government Persons, acting together, cease to directly or indirectly hold or own at least 80 per cent. of the issued share capital of the Issuer; or

  (ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer's assets to any other person(s), except where such person(s) (in the case of asset sale or transfer) or the surviving entity (in the case of consolidation or merger) is/are controlled by the PRC Government Persons;

(B) "**control**" means as applied to any Person, means (i) the ownership, acquisition or control of more than 75 per cent. of the voting rights of the issued share capital of the relevant Person or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; the term "**controlled**" has meanings correlative to the foregoing;

(C) "**Jiangsu Government**" means the People's Government of the Jiangsu Province;

(D) "**No Registration Event**" means when the Registration Conditions are not satisfied on or before the Registration Deadline;

(E) a "**Person**" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Issuer's board of directors or any other governing board and does not include the Issuer's wholly-owned direct or indirect subsidiaries;

(F) "**PRC Government Persons**" means Jiangsu Government, the Yancheng Government, Yancheng City SAI and any Person directly or indirectly wholly owned or controlled by Jiangsu Government or the Yancheng Government;

(G) "**Registration Conditions**" means the receipt by the Trustee of the Registration Documents which relate to the Foreign Debt Registration only as set forth in Condition 5(c);

(H) a "**Relevant Event**" will be deemed to occur if:

(i) there is a No Registration Event; or

(ii) there is a Change of Control;

(I) "**Yancheng City SAI**" means Yancheng City State-owned Assets Investment Group Co., Ltd. (鹽城市國有資產投資集團有限公司); and

(J) "**Yancheng Government**" means the People's Government of the Yancheng Municipality (鹽城市人民政府).

So long as the Bonds are represented by the Global Certificate, a right of a Bondholder to redemption of the Bonds following the occurrence of a Relevant Event will be effected in accordance with the rules and procedures for the time being of the Operator.

(d) Mandatory Redemption upon Pre-funding Failure

The Bonds shall be redeemed in whole, but not in part, at their principal amount on the Interest Payment Date immediately falling after the date the Pre-funding Failure Notice is given to the Bondholders in accordance with Condition 4(b) (the "**Mandatory Redemption Date**") (together with interest accrued to, but excluding, the Mandatory Redemption Date), provided that if the holder of any Bond shall have exercised its right to require the Issuer to redeem its Bonds pursuant to Condition 7(c) and a Pre-funding Failure Notice is given to the Bondholders in accordance with Condition 4(b) as a result of the Pre-funding Failure relating to the amount payable pursuant to such redemption, all the Bonds then outstanding shall be redeemed in whole, but not in part, at their principal amount in accordance with this Condition 7(d) on the Put Settlement Date, together with interest accrued to, but excluding, the Put Settlement Date, and the term "**Mandatory Redemption Date**" shall be construed accordingly.

(e) Notice of Redemption

All Bonds in respect of which any notice of redemption is given under this Condition 7 shall be redeemed on the date, in such place and in such manner as specified in such notice in accordance with this Condition 7. If there is more than one notice of redemption given in respect of any Bond (which shall include any notice given by the Issuer pursuant to Condition 7(b) and any Put Exercise Notice given by a Bondholder pursuant to Condition 7(c)), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail. Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under any notice of redemption or Put Exercise Notice, and shall not be liable to Bondholders, the Issuer or any other person for not doing so.

(f) Purchase

The Issuer or any of its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the holders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purpose of calculating quorums at meetings of the holders or for the purposes of Condition 10, Condition 13(a) and Condition 14.

(g) Cancellation

All Certificates representing Bonds purchased by or on behalf of the Issuer and its Subsidiaries shall be surrendered to the Registrar for cancellation and, upon surrender, all such Bonds shall be cancelled. Any Certificates surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

8 PAYMENTS

(a) Method of Payment

(i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of the CMU Lodging and Paying Agent or any other Paying Agent if no further payment falls to be made in respect of the Bonds represented by such Certificates) in the manner provided in paragraph (ii) of this Condition 8(a) below.

(ii) Interest on each Bond shall be paid on the due date to the person shown on the Register at the close of business on the fifth Payment Business Day (as defined below) before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Bond shall be made in Renminbi by wire transfer to the registered account of the Bondholder. For the purposes of this Condition 8(a), a Bondholder's "**registered account**" means the Renminbi denominated account maintained by or on behalf of it with a bank, details of which appear on the Register at the close of business on the Record Date.

(iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of premium (if any) or interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of premium (if any) or interest so paid.

*For so long as any of the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of the Operator, the CMU Lodging and Paying Agent will make payments to the Operator who will make payments to each CMU participant who is at the close of business on the Clearing System Business Day immediately prior to the date of payment shown in the records of the Operator as the holder of a particular principal amount of Bonds (each an "**accountholder**"), where "**Clearing System Business Day**" means a day on which the CMU is operating and open for business. Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants, and the Trustee, the CMU Lodging and Paying Agent and the other Agents shall have no liability to the Bondholders, the Issuer, the CMU participants and the indirect participants in respect of such payment. Save in the case of final payment, no presentation of the Global Certificate shall be required for such purpose.*

(b) Payments subject to Fiscal Laws

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9 and (ii) if applicable, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.

(c) Payment Initiation

Payment instructions (for value on the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date for payment (or, if that date is not a Payment Business Day, on the first following day which is a Payment Business Day), or, in the case of payments of principal and premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on the first Payment Business Day on which the CMU Lodging and Paying Agent is open for business and on which the relevant Certificate is surrendered.

(d) Appointment of Agents

The CMU Lodging and Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. The CMU Lodging and Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Issuer (and in the circumstances as provided in the Trust Deed, the Trustee) and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the CMU Lodging and Paying Agent, the Registrar, any Transfer Agent or any of the other Agents and to appoint additional or other Agents, provided that the Issuer shall at all times maintain (i) a CMU Lodging and Paying Agent, (ii) a Registrar with a specified office outside the United Kingdom and (iii) a Transfer Agent. Notice of any such termination or appointment or any change of any specified office of an Agent shall promptly be given by the Issuer to the Bondholders.

(e) Delay in Payment

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day or if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).

(f) Payment Business Days

In this Condition 8, "**Payment Business Day**" means a day (other than a Saturday or Sunday or a public holiday) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong and (if surrender of the relevant Certificate is required) the relevant place of presentation.

9 TAXATION

All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without set-off or counterclaim, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the PRC or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer by or within the PRC at a rate up to and including the aggregate rate applicable on 4 December 2023 (the "**Applicable Rate**"), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been received by them had no such withholding or deduction been required.

If the Issuer is required to make a deduction or withholding in respect of PRC tax at a rate in excess of the Applicable Rate, the Issuer shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond:

(i) **Other connection:** to a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the PRC other than the mere holding of the Bond; or

(ii) **Surrender more than 30 days after the Relevant Date:** in respect of which the Certificate representing it is presented or surrendered (where presentation or surrender is required) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Tax Amounts on presenting or, as the case may be, surrendering the Certificate representing such Bond for payment on the last day of such period of 30 days.

References in these Conditions to principal, premium (if any) and interest shall be deemed also to refer to any Additional Tax Amounts which may be payable under this Condition 9 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

"**Relevant Date**" in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Bondholders that, upon further surrender, as the case may be, presentation of the Certificate representing such Bond being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

Neither the Trustee nor any Agent shall be responsible or liable for paying any taxes, charges, duties, assessments, governmental charges, withholding, deduction or other payment referred to in this Condition 9 or otherwise in connection with the Bonds or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Bondholders or any other person to pay such taxes, charges, duties, assessments, governmental charges, withholding, deduction or other payment in any jurisdiction or be responsible to provide any notice or information that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in relation to the

Bonds without withholding or deduction for or on account of any such taxes, charges, duties, assessments, governmental charges, withholding, deduction or other payment imposed by or in any jurisdiction.

10 EVENTS OF DEFAULT

If an Event of Default (as defined below) occurs, the Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. of the aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (provided in any such case that the Trustee shall have first been indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer that the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with any accrued but unpaid interest.

(a) With respect to the Issuer, an "**Event of Default**" occurs if:

(i) **Non-Payment:** there has been a failure to pay (i) the principal of or any premium (if any) on any of the Bonds when due or (ii) interest on any of the Bonds within 14 days after the due date for such payment; or

(ii) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations under the Bonds or the Trust Deed (other than where such default gives rise to a right of redemption pursuant to Condition 7(c)) and such default (i) is in the opinion of the Trustee incapable of remedy or, (ii) if in the opinion of the Trustee is capable of remedy, is not remedied within 30 days after the Trustee has given written notice thereof to the Issuer; provided that any non-compliance with Condition 4(b) does not constitute an Event of Default under this Condition 10(a)(ii) unless and until an Event of Default has occurred under Condition 10(a)(i); or

(iii) **Cross-Default:** (i) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(a)(iii) have occurred in aggregate equals or exceeds U.S.$20 million or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 10(a)(iii) operates); or

(iv) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 30 days; or

(v) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Principal Subsidiaries on all or any material part of its assets becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged within 30 days; or

(vi) **Insolvency:** the Issuer or any of its Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as and when such debts fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or a material part of the debts of the Issuer or any of its Principal Subsidiaries; or

(vii) **Winding-up:** an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any of its Principal Subsidiaries, or the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except (i) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustee acting on an Extraordinary Resolution of the Bondholders, (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer and/or its other Subsidiaries, (iii) in the case of a disposal of a Principal Subsidiary, on an arm's length basis where the proceeds resulting from such disposal (whether in cash or otherwise) are fully vested in the Issuer and/or another of its Subsidiaries; or (iv) a voluntary solvent winding-up or dissolution of any Principal Subsidiary; or

(viii) **Nationalisation:** any step is taken by any person acting under the authority of any national, regional or local government with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or any of its Principal Subsidiaries; or

(ix) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Certificates, the Register and the Trust Deed admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or

(x) **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds or the Trust Deed; or

(xi) **Irrevocable Standby Letter of Credit:** the Irrevocable Standby Letter of Credit is not (or is claimed by the LC Bank not to be) enforceable, valid or in full force and effect; or

(xii) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 10(a)(iv) to 10(a)(vii) (both inclusive).

In this Condition 10(a):

"**Principal Subsidiary**" means any Subsidiary of the Issuer:

(A) whose total revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total revenue, as shown by its latest audited income statement are at least five per cent. of the consolidated total revenue as shown by the latest audited consolidated income statement of the Issuer and its Subsidiaries; or

(B) whose net profit or (in the case of a Subsidiary which itself has Subsidiaries) consolidated net profit, as shown by its latest audited income statement are at least five per cent. of the consolidated net profit as shown by the latest audited consolidated income statement of the Issuer and its Subsidiaries including, for the avoidance of doubt, the Issuer and its consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or

(C) whose total assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total assets, as shown by its latest audited balance sheet are at least five per cent. of the amount which equals the amount included in the consolidated total assets of the Issuer and its Subsidiaries as shown by the latest audited consolidated balance sheet of the Issuer and its Subsidiaries including, for the avoidance of doubt, the investment of the Issuer in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer and after adjustment for minority interests; or

(D) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall cease to be a Principal Subsidiary at the date on which the first audited accounts (consolidated, if appropriate) of the Issuer prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (A), (B) or (C) above of this definition;

provided that, in relation to paragraphs (A), (B) and (C) above of this definition:

I. in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Issuer relate, the reference to the then latest consolidated audited accounts of the Issuer for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Issuer adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;

II. if at any relevant time in relation to the Issuer or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, total revenue, net profit or total assets of the Issuer and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Issuer;

III. if at any relevant time in relation to any Subsidiary, no accounts are audited, its total revenue, net profit or total assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Issuer; and

IV. if the accounts of any subsidiary (not being a Subsidiary referred to in proviso (I) above) are not consolidated with those of the Issuer, then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer.

A certificate signed by one Authorised Signatory stating that, in his/her opinion, a Subsidiary is or is not, or was or was not, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties, and the Trustee shall be entitled to conclusively rely upon each such certificate without further investigation or verification and without liability to the Bondholders or any other person for such reliance;

(b) With respect to the LC Bank, an "**Event of Default**" occurs if:

(i) **Cross-Default of the LC Bank:** any other present or future Public External Indebtedness of the LC Bank or any LC Bank Subsidiary becomes due and payable prior to its stated maturity by reason of any default, event of default or the like (howsoever described) in respect of the terms thereof, or any such Public External Indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, provided that the aggregate amount of the relevant Public External Indebtedness in respect of which one or more of the events mentioned above in this Condition 10(b)(i) have occurred equals or exceeds U.S.$30,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 10(b)(i) operates); or

(ii) **Insolvency:** the LC Bank or any LC Bank Material Subsidiary is insolvent or bankrupt or unable to pay its debts as and when such debts fall due; stops or suspends payment of all or a material part of its debts; proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of its debts; proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of all or a material part of its debts; or a moratorium is agreed or declared in respect of or affecting all or a material part of the debts of the LC Bank or any LC Bank Material Subsidiary; or

(iii) **Winding-up:** an order of any court of competent jurisdiction is made or an effective resolution is passed for the winding-up or dissolution of the LC Bank or any LC Bank Material Subsidiary (except for any voluntary solvent winding-up of any LC Bank Material Subsidiary), or the LC Bank ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a solvent winding-up, dissolution, reconstruction, amalgamation, reorganisation, merger or consolidation (X) on terms approved by the Trustee acting on an Extraordinary Resolution of the Bondholders, or (Y) in the case of a LC Bank Material Subsidiary, whereby the undertaking and assets of such LC Bank Material Subsidiary are transferred to or otherwise vested in the LC Bank or an LC Bank Subsidiary; or

(iv) **Illegality:** it is or will become unlawful for the LC Bank to perform or comply with any one or more of its obligations under the Irrevocable Standby Letter of Credit; or

(v) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in Conditions 10(b)(ii) or 10(b)(iii).

In this Condition 10(b):

"**LC Bank Material Subsidiary**" means an LC Bank Subsidiary whose total assets or total revenue (consolidated in the case of an LC Bank Subsidiary which itself has Subsidiaries) as at the date at which its latest audited financial statements were prepared or, as the case may be, for the financial period to which those audited financial statements relate, account for five per cent. or more of the consolidated assets or consolidated revenue of the LC Bank as at such date or for such period. If an LC Bank Material Subsidiary transfers all of its assets and business to an LC Bank Subsidiary, the transferee shall become an LC Bank Material Subsidiary and the transferor shall cease to be an LC Bank Material Subsidiary on completion of such transfer;

"**LC Bank Subsidiary**" means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the LC Bank; and

"**Public External Indebtedness**" means any indebtedness of the LC Bank or any LC Bank Subsidiary, or any guarantee or indemnity by the LC Bank of indebtedness, for money borrowed which (i) is in the form of or represented by any bond, note, debenture or other similar instrument which is issued outside the PRC and is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) outside the PRC (without regard, however, to whether or not such instruments are sold through public offerings or private placements); and (ii) has an original maturity of more than 365 days.

11 PRESCRIPTION

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal or premium (if any)) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

12 REPLACEMENT OF CERTIFICATES

If any Certificate is mutilated, defaced or is alleged to have been lost, stolen or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or any Transfer Agent, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity, pre-funding and otherwise as the Issuer or the Registrar or the relevant Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

13 MEETINGS OF BONDHOLDERS, MODIFICATION, WAIVER, AUTHORISATION, DETERMINATION AND ENTITLEMENT OF TRUSTEE

(a) Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement and/or the Irrevocable Standby Letter of Credit. Such a meeting may be convened by the Trustee or the Issuer and shall be convened by the Trustee upon request in writing from Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented unless the business of such meeting includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed and/or the Agency Agreement, including consideration of proposals, *inter alia*, (i) to modify the Maturity Date of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify or release the Irrevocable Standby Letter of Credit (other than an amendment or supplement to, or a replacement of, the Irrevocable Standby Letter of Credit in connection with a further issue of bonds pursuant to Condition 16 or modification pursuant to Condition 13(b)), or (v) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 75 per cent., or at any adjourned such meeting not less than 25 per cent., in aggregate principal amount of Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders, whether or not they were present at the meeting at which such resolution was passed.

The Trust Deed provides that a resolution (A) in writing signed by or on behalf of the Bondholders of not less than 90 per cent. in aggregate principal amount of the Bonds for the time being outstanding or (B) passed by Electronic Consent (as defined in the Trust Deed) shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders. A resolution passed in writing and/or an Electronic Consent will be binding on all Bondholders, whether or not they participated in such written resolution and/or such Electronic Consent.

(b) Modification, Waiver and Authorisation

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification (except as mentioned in the Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, or any failure to comply with any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Irrevocable Standby Letter of Credit, which in its opinion is not materially prejudicial to the interest of the Bondholders, and (ii) any modification of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement which, in its opinion, is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of applicable law. Any such modification, waiver or authorisation shall be binding on the Bondholders and, unless the Trustee agrees otherwise, such modification, waiver or authorisation shall be notified to the Bondholders by the Issuer as soon as practicable thereafter in accordance with Condition 17. The Trustee may request and conclusively rely upon any certificate signed by an Authorised Signatory and/or an opinion of counsel concerning compliance with the above conditions in respect of any modification, waiver and/or amendment.

(c) Entitlement of the Trustee

In connection with the performance and exercise of its functions, rights, powers and/or discretions (including but not limited to those referred to in this Condition 13), the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the interests of, or be responsible or liable for, the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

14 ENFORCEMENT

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice, take such actions and/or steps and/or institute such proceedings against the Issuer and/or the LC Bank as it may think fit to enforce the terms of the Trust Deed, the Bonds and, where appropriate, to draw down on and enforce the Irrevocable Standby Letter of Credit, but it need not take any such actions and/or steps and/or institute such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in aggregate principal amount of the Bonds then outstanding, and (b) other than in the case of the making of a drawing under the Irrevocable Standby Letter of Credit, it shall first have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer or the LC Bank unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

15 INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including without limitation provisions relieving it from taking or refraining from taking any steps and/or actions and/or instituting proceedings to enforce its rights under the Trust Deed, the Agency Agreement, the Irrevocable Standby Letter of Credit and/or these Conditions and in respect of the Bonds and payment or taking or refraining from taking other steps and/or actions and/or instituting proceedings unless first indemnified and/or secured and/or pre-funded to its satisfaction and to be paid or reimbursed for its fees, costs, expenses and indemnity payments and for liabilities and other amounts incurred by it in priority to the claims of Bondholders. The Trustee is entitled to (i) enter into business transactions with the Issuer, the LC Bank and/or any entity related (directly or indirectly) to the Issuer and the LC Bank without accounting for any profit made or any other amount or benefit received thereby or in connection therewith and to act as trustee for the holders of any other bonds issued by, or relating to, the Issuer and/or any entity related to the Issuer, and (ii) exercise and enforce its rights, powers and discretions, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship as aforesaid without regard to the interests of, or consequences for, the Bondholders.

None of the Trustee or any Agent shall be liable to any Bondholder, the Issuer, the LC Bank or any other person for any action taken by the Trustee or such Agent in accordance with the instructions, direction or request of the Bondholders. The Trustee shall be entitled to rely conclusively on any instruction, direction, request or resolution of Bondholders given by Bondholders holding the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed.

None of the Trustee or any of the Agents shall be responsible or liable for the performance by the Issuer, the LC Bank and any other person appointed by the Issuer and/or the LC Bank in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer and/or the LC Bank to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. The Trustee shall have no obligation to monitor, or to take any steps to ascertain, compliance with the provisions of the Trust Deed, the Agency Agreement, the Irrevocable Standby Letter of Credit or these Conditions or ascertain whether a Relevant Event, an Event of Default or a Potential Event of Default or a Pre-funding Failure has occurred, and shall not be liable to the Bondholders or any other person for not doing so.

Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and its Subsidiaries (or any of them) and/or the LC Bank and the Trustee shall not at any time have any responsibility for the same and each Bondholder shall not rely on the Trustee in respect thereof.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement, the Irrevocable Standby Letter of Credit or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to its exercising any such discretion or power, taking any such action, making any such decision or giving any such direction, to seek directions from the Bondholders by way of an Extraordinary Resolution and clarification of any directions, and the Trustee is not responsible or liable for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking or refraining from taking such action, making such decision or giving such direction where the Trustee is seeking such directions or clarification or in the event that no such directions or clarifications are received.

The Trustee may rely conclusively without liability to the Bondholders, the LC Bank, the Issuer or any other person on any report, confirmation or certificate or any opinion or advice of any legal advisers, accountants, financial advisers, financial institution or any other expert, whether or not obtained by or addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely conclusively on any such report, confirmation, certificate, opinion or advice and, in such event, such report, confirmation, certificate, opinion or advice shall be binding on the Issuer, the LC Bank and the Bondholders.

16 FURTHER ISSUES

The Issuer is at liberty from time to time without the consent of the Bondholders to create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects save for the issue date, the issue price, the first payment of interest on them and the timing for completing the NDRC Post-issue Filing and the Foreign Debt Registration, and the corresponding notification to the Trustee and the Bondholders thereof) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds. Any further bonds shall be constituted by a deed supplemental to the Trust Deed. References in these Conditions to the Bonds include (unless the context requires otherwise) any such other bonds issued pursuant to this Condition 16 and forming a single series with the Bonds.

However, such further bonds may only be issued if a further or supplemental or replacement standby letter of credit is issued by the LC Bank (or an amendment is made to the Irrevocable Standby Letter of Credit) on terms that are substantially similar to the Irrevocable Standby Letter of Credit (including that the stated amount of such further or supplemental or replacement standby letter of credit represents an increase at least equal to the principal of and interest payments payable for one Interest Period on such further bonds and an amount acceptable to the Trustee in respect of any fees, costs, expenses, indemnity payments and all other amounts in connection with such further issue) and such supplemental documents are executed and further opinions are obtained as the Trustee may require, as further set out in the Trust Deed. References to the Irrevocable Standby Letter of Credit shall thereafter include such further, supplemental, replacement or amended standby letter of credit.

17 NOTICES

All notices to the Bondholders shall be mailed to them by uninsured mail at the Issuer's expense at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday, Sunday or a public holiday) after the date of mailing. The Issuer shall also ensure that notices are duly published at the Issuer's expense in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given, on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of the Operator, any notice to the holders of the Bonds may be validly given by the delivery of the relevant notice to the CMU for communication by the CMU to each relevant accountholder in substitution for notification as required by these Conditions. Indirect participants will have to rely on the CMU participants (through whom they hold the Bonds, in the form of interests in the Global Certificate) to deliver the notices to them, subject to the arrangements agreed between the indirect participants and the CMU participants.

18 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

19 GOVERNING LAW AND JURISDICTION

(a) Governing Law

The Trust Deed, the Agency Agreement, the Irrevocable Standby Letter of Credit and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) Jurisdiction

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, the Trust Deed, the Agency Agreement or the Irrevocable Standby Letter of Credit and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the Trust Deed, the Agency Agreement or the Irrevocable Standby Letter of Credit ("**Proceedings**") may be brought in such courts. Each of the Issuer, the Trustee and the Agents has irrevocably submitted to the exclusive jurisdiction of the courts of Hong Kong and waived any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. The LC Bank has, in the Irrevocable Standby Letter of Credit, irrevocably submitted to the jurisdiction of such courts and waived any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

(c) Agent for Service of Process

The Issuer has irrevocably appointed The Law Debenture Corporation (H.K.) Limited of Suite 1301, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong as its authorised agent to receive service of process in any Proceedings in Hong Kong based on any of the Bonds. If for any reason the Issuer ceases to have such an agent in Hong Kong, it shall as soon as reasonably practicable appoint an agent in Hong Kong to accept service of process on behalf of the Issuer and deliver to the Trustee a copy of the new agent's acceptance of appointment within 30 days of such cessation. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(d) Waiver of Immunity

The Issuer has waived any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and has irrevocably consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) or any order or judgment made or given in connection with any Proceedings.

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

The Global Certificate will contain provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the effect of the Terms and Conditions. Terms defined in the Terms and Conditions have the same meaning in the paragraphs below. The following is a summary of those provisions.

The Bonds will be represented by the Global Certificate in registered form which will be registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator (the "**Operator**") of the CMU.

Individual definitive certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate. Such exchange will be effected in accordance with the provisions of the Trust Deed, the Agency Agreement and the regulations concerning the transfer and registration of the Bonds scheduled thereto and, in particular, shall be effected without charge to any holder of the Bonds or the Trustee, but against such indemnity and/or security as the Registrar or the relevant Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

The Issuer at its own expense will cause sufficient individual definitive certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar not less than 30 days' notice at its specified office of such holder's intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive certificates.

In addition, the Global Certificate will contain provisions which modify the Terms and Conditions as they apply to the Bonds of such series evidenced by the Global Certificate. The following is a summary of certain of those provisions:

Payment

Under the Global Certificate, the Issuer, for value received, will promise to pay to the holder of the Bonds represented by the Global Certificate (subject to surrender of the Global Certificate if no further payment falls to be made in respect of such Bonds) on 11 December 2026 (or on such earlier date as the amount payable upon redemption under the Terms and Conditions may become repayable in accordance with the Terms and Conditions) the amount payable upon redemption under the Terms and Conditions in respect of the Bonds represented by the Global Certificate and to pay interest in respect of such Bonds from 11 December 2023 in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Terms and Conditions, together with such other sums and additional amounts (if any) as may be payable under the Terms and Conditions, in accordance with the Terms and Conditions.

Notwithstanding the provisions of the preceding paragraph, for so long as any of the Bonds are represented by the Global Certificate and the Global Certificate is held by or on behalf of the Operator, the CMU Lodging and Paying Agent will make payments to the Operator who will make payments to each CMU participant who is shown in the records of the Operator as the holder of a particular principal amount of the Bonds (each an "**accountholder**") at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment. "**Clearing System Business Day**" means a day on which the CMU is operating and open for business. Payment made in accordance with the CMU Rules as set out in the immediately preceding sentence shall discharge the obligations of the Issuer in respect of the payment. Any payments by the CMU participants to indirect participants shall be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants, and the Trustee, the CMU Lodging and Paying Agent and the other Agents shall have no liability to the Bondholders, the Issuer, the CMU participants, the indirect participants or any other person in respect of any such payment. For these purposes, a notification from the Operator shall be conclusive evidence of the records of the CMU (save in the case of manifest error). Save in the case of final payment, no presentation of the Global Certificate shall be required for such purpose.

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive certificates if either the CMU or any other clearing system selected by the Issuer and approved in writing by the Trustee, the CMU Lodging and Paying Agent and the Registrar through which the Bonds are held (an "**Alternative Clearing System**") is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

Notices

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of the Operator, any notice to the holders of the Bonds shall be validly given by the delivery of the relevant notice to each relevant accountholder via the CMU. Indirect participants will have to rely on the CMU participants (through whom they hold the Bonds, in the form of interests in the Global Certificate) to deliver the notices to them, subject to the arrangements agreed between the indirect participants and the CMU participants.

Meetings

For the purposes of any meeting of the Bondholders, the holder of the Bonds evidenced by the Global Certificate (unless the Global Certificate represents only one Bond) shall be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of each CNY10,000 in principal amount of the Bonds for which the Global Certificate is issued.

Bondholder's Redemption

The Bondholders' redemption option in Condition 7(c) of the Terms and Conditions may be exercised by the holder of the Global Certificate giving notice to the CMU Lodging and Paying Agent of the principal amount of the Bonds in respect of which the option is exercised within the time limits specified in the Terms and Conditions in accordance with rules and procedures of the Operator or any Alternative Clearing System.

Issuer's Redemption

The option of the Issuer provided for in Condition 7(b) of the Terms and Conditions shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by the Terms and Conditions.

Transfers

Transfers of beneficial interests in the Bonds represented by the Global Certificate will be effected only through records of the CMU (or any Alternative Clearing System) and their participants in accordance with the rules and procedures of the CMU (or any Alternative Clearing System) and their respective direct and indirect participants.

Cancellation

Cancellation of any Bond evidenced by the Global Certificate will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders and the Global Certificate on its presentation to or to the order of the Registrar for annotation (for information only) in the schedule to the Global Certificate.

The Global Certificate shall not become valid for any purpose until authenticated by or on behalf of the Registrar.

USE OF PROCEEDS

The gross proceeds from the offering of the Bonds, before deducting commissions and other estimated expenses payable by the Issuer in connection with the offering of the Bonds, will be CNY385 million. The Issuer intends to use the net proceeds of the Bonds for project development and replenishing working capital.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated total indebtedness of the Group as at 31 December 2022 (i) on an actual basis, and (ii) on an adjusted basis to give effect to the issue of the Bonds before deducting the commissions and other estimated expenses payable by the Issuer in connection with the offering of the Bonds. The following table should be read in conjunction with the Audited Consolidated Financial Statements and the notes to those financial statements included elsewhere in this Offering Circular.

	As at 31 December 2022	
	Actual	**As adjusted**
	(RMB'000)	**(RMB'000)**
Short-term Indebtedness		
Short-term Borrowings	250,243	250,243
Non-current Liabilities due within One Year	2,389,125	2,389,125
Total Short-term Indebtedness	**2,639,368**	**2,639,368**
Long-term Indebtedness		
Long-term Borrowings	4,923,342	4,923,342
Bonds Payable	649,726	649,726
Lease Liabilities	86,759	86,759
Long-term Payables	1,859,890	1,859,890
Bonds to be Issued	–	385,000
Total Long-term Indebtedness	**7,519,717**	**7,904,717**
Total Indebtedness	**10,159,085**	**10,544,085**
Total Owner's Equity	**7,477,956**	**7,477,956**
Total Capitalisation(1)	**17,637,041**	**18,022,041**

Note:

(1) Total capitalisation represents the sum of total indebtedness and total owner's equity.

Since 31 December 2022, the Group has incurred additional indebtedness to satisfy its capital needs. For instance, in August 2023, the Issuer issued private placement notes in the aggregate amount of RMB500 million at the rate of 4.27 per cent. with a term of two years.

Except as otherwise disclosed above, there has not been any material change in the capitalisation or indebtedness of the Group since 31 December 2022.

DESCRIPTION OF THE LC BANK

The information included below is for information purposes only and is based on, or derived or extracted from, among other sources, publicly available information. Any information available from public sources that is referenced in this Offering Circular but is not separately included in this Offering Circular shall not be deemed to be incorporated by reference to this Offering Circular. The Issuer has taken reasonable care in the compilation and reproduction of the information. None of the Issuer, the Group, the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, representatives, agents, advisers or affiliates or any person who controls any of them has independently verified such information. No representation or warranty, express or implied, is made or given by the Issuer, the Group, the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, representatives, agents, advisers or affiliates or any person who controls any of them as to the accuracy, completeness or sufficiency of such information. Accordingly, such information should not be unduly relied upon.

*The Bonds will have the benefit of the Irrevocable Standby Letter of Credit which will be issued by Bank of Beijing Co., Ltd. Nanjing Branch as the LC Bank. The LC Bank is a branch of Bank of Beijing Co., Ltd. ("**Bank of Beijing**"). Under the PRC laws, the LC Bank is not a separate and independent legal person but has capacity to carry on its activities within its scope of authorisation given by Bank of Beijing, and if the assets of the LC Bank are not sufficient to meet the obligations of the LC Bank under the Irrevocable Standby Letter of Credit, Bank of Beijing would have an obligation to satisfy the balance of the obligations under the Irrevocable Standby Letter of Credit.*

OVERVIEW

Bank of Beijing was established in Beijing, the People's Republic of China as approved by the People's Bank of China on 29 January 1996, originally known as Beijing Urban Cooperative Bank. On 28 September 2004, it was renamed as Bank of Beijing Co., Ltd. with the approval from the China Banking Regulatory Commission. On 19 September 2007, Bank of Beijing was listed on the main board of Shanghai Stock Exchange with the stock code 601169. It is licensed to operated as a financial institution by the CBIRC license number B0107H211000001; and is registered as a business enterprise with the Beijing Branch of the State Administration of Industry and Commerce with the business registration number 110000005064399 and unified social credit code 91110000101174712L. The registered address of Bank of Beijing is Ground Floor, Jia No. 17, Financial Street, Xicheng District, Beijing, PRC. Bank of Beijing operates more than 670 branches in major cities, including Beijing, Tianjin, Shanghai, Xi'an, Shenzhen, Hangzhou, Changsha, Nanjing, Jinan, Nanchang, Shijiazhuang, Urumqi, and Hong Kong Special Administration Region and overseas branches in the Netherlands.

BUSINESS ACTIVITIES

With approval of the CBIRC and examination and approval of the company registration authority, Bank of Beijing engages in the provision of commercial bank services. Its major business includes retail banking, corporate banking, financial market business, and wealth management business. For the year ended 31 December 2022, Bank of Beijing also focused on promoting digital transformation, in order to push ahead with improvements to its business capacity. Its business scope includes accepting public deposits; issuing short-term, medium-term and long-term loans; handling domestic settlement; handling discounted bills; issuing financial bonds; acting as a distributor, as agent, as underwriting of government bonds; buying and selling government bonds; interbank lending; provide guarantees; agency payment and agency insurance business; provide safe deposit box business; consignment loan of local fiscal revolving funds; foreign exchange deposits; foreign exchange loans; foreign exchange remittance; foreign currency exchange; foreign exchange interbank lending; international settlement; settlement, sale of foreign exchange; acceptance and discount of foreign exchange bills; foreign exchange guarantee; credit investigation, consulting, and witness business; trading and acting on behalf of foreign currency securities other than stocks; proprietary and valet foreign exchange trading; securities settlement business; open securities investment funds consignment business; bond settlement agency business; and short-term financing bonds underwriting business.

Bank of Beijing has obtained numerous honours and awards throughout the years, including, among others, the "National Civilized Unit", the "Top Ten Best Listed Bank in Asia", the "China's Best Retail City Commercial Bank", the "Best Regional Bank", the "Best Supporting Small and Medium Enterprises Contribution Award", the "Best Convenient Service Bank", the "China's Top 100 Listed Companies", the "China's Best Corporate Social Responsibility Award", the "Listed Company with the Most Sustainable Investment Value", the "China's Most Respected Enterprise", the "Most Respected Bank", the "Most Trustworthy Banking Institution", the "China's Outstanding Corporate Citizen" and the "Best Internet Finance Bank Award". For the year ended 31 December 2022, Bank of Beijing was awarded the "IFF Global Green Finance Award" at the Third International Finance Forum, the "Core Dealer" by China Foreign Exchange Trade System and National Interbank Funding Centre (中國外匯交易中心全國銀行間同業拆借中心) and other honorary titles.

FINANCIAL INFORMATION

Copies of Bank of Beijing's published audited consolidated financial statements and unaudited but reviewed consolidated financial statements, as well as its public filings, can be downloaded free of charge from the websites of Bank of Beijing and the Shanghai Stock Exchange at http://www.bankofbeijing.com.cn and http://www.sse.com.cn, respectively. The financial statements of Bank of Beijing are not included in and do not form part of this Offering Circular. Information contained on the websites of Bank of Beijing and the Shanghai Stock Exchange is subject to change from time to time and does not form part of this Offering Circular.

No representation or warranty, express or implied, is made or given by the Issuer, the Group, the Managers, the Trustee or the Agents or any of their respective or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them and none of the Issuer, the Group, the Managers, the Trustee or the Agents or any of their respective or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them takes any responsibility for any information contained on the websites of Bank of Beijing and the Shanghai Stock Exchange.

DESCRIPTION OF THE GROUP

OVERVIEW

The Group is a large state-owned energy infrastructure financing and construction investment enterprise in Yancheng City. Since its establishment, the Group has undertaken the task of developing and managing the construction of new energy power generation projects in Yancheng City. The Group has actively responded to government policies and played a key role in the investment of new energy power generation and the consolidation of new energy resources.

Established in 2015, the Group is headquartered in Jiangsu Province, an advantageous geographical location with one of the longest coast lines in China. The Jiangsu Provincial Government is dedicated to promoting growth in the province's renewable energy and clean energy development sector through investment in infrastructure, talent recruitment and policy implementation and has been committed to allocating resources to achieve this objective. Against this backdrop, the Group has been quick to capitalise on the opportunities presented and successfully built a strong and profitable businesses portfolio.

The Group's business portfolio consists of four business lines, namely: (i) resources development, (ii) property leasing, (iii) construction business and (iv) other businesses. Set forth below is an overview of each business line of the Group:

- **Resources Development**. The Group's resources development business mainly comprises power generation business and natural gas business. The Group's power generation business engages in the construction, management and investment of electricity generation projects in Yancheng City. The Group's portfolio of power projects primarily includes photovoltaic power, wind power and other renewable power generation. The Group also engages in natural gas business mainly through participating the midstream transportation of natural gas. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's resources development businesses amounted to RMB134.1 million, RMB182.5 million and RMB609.0 million, respectively, representing 56.8 per cent., 55.8 per cent. and 79.2 per cent. of the Group's operating income for the same periods.

- **Property Leasing**. The Group engages in development of industrial buildings and ancillary development and the leases of properties constructed. The property leased by the Group include industrial plants, plant buildings and office buildings. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's property leasing business amounted to RMB79.8 million, RMB108.4 million and RMB143.4 million, respectively, representing 33.8 per cent., 33.2 per cent. and 18.6 per cent. of the Group's operating income for the same periods.

- **Construction Business**. The Group was engaged in the construction business through its then wholly-owned subsidiary Yancheng City Kangtai. The construction business mainly consists of pipeline installation, renovation and maintenance, equipment dismantling, daily maintenance of heating projects. Following the transfer of the entire equity of Yancheng City Kangtai in 2021, Yancheng City Kangtai is no longer a subsidiary of the Issuer. The Group ceased to operate its construction business and the business registration of the transfer was completed in August 2021. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's construction business amounted to RMB10.3 million, RMB11.9 million and RMB nil, respectively, representing 4.4 per cent., 3.6 per cent. and nil per cent. of the Group's operating income for the same periods.

- **Other Businesses**. The Group is also engaged in other businesses, mainly consists of aquaculture projects business and collection of property utility fees. For the years ended 31 December 2020, 2021 and 2022, the operating income generated from the Group's other businesses amounted to RMB11.8 million, RMB24.2 million and RMB16.8 million, respectively, representing 5.0 per cent., 7.4 per cent. and 2.2 per cent. of the Group's operating income for the same periods.

For the years ended 31 December 2020, 2021 and 2022, the Group's operating income was RMB236.1 million, RMB327.1 million and RMB769.2 million, respectively, and its net profit was RMB263.1 million, RMB669.4 million and RMB971.6 million, respectively. As at 31 December 2022, the Group's total assets were valued at RMB19,417.8 million.

In the future, the Group will continue to consolidate its leading position as a key entity in energy infrastructure financing and construction investment in Yancheng City and to further develop its business into industries which it identifies as having long-term growth potential. The Group also aims to continue to grow its asset base, optimise its capital structure and enhance operational efficiency.

COMPETITIVE STRENGTHS

The Group believes that its competitive strengths outlined below distinguish it from competitors and are important to its success and future development:

Experienced player with distinct geographic advantages

Focusing on the resources development industry, the Group has extensive experiences and enjoys a leading position in Yancheng City in the renewable energy sector. Headquartered in Jiangsu Province, the Group benefits from distinct advantages derived from its geographical location. Jiangsu Province is one of the most economically developed regions in China and a significant energy-consuming province. In addition, Jiangsu is one of the important provinces for offshore wind power development in China. Possessing a coastline of more than 582 km, Yancheng City is located at a coastal area with wind power development capacity, and accounting for nearly two-thirds of total wind power developed in Jiangsu Province. With the average annual sunshine time of more than 2,000 hours, Yancheng City is also well situated for photovoltaic power generation.

According to the "Fourteenth Five-Year Plan", a key objective is to promote the development and transformation to utilise clean energy (non-fossil energy) sources. Given its track record and expertise, particularly in terms of wind power generation and photovoltaic power generation, the Group is confident that it will play a vital role in the government's energy plan for Jiangsu Province. It is also a key entity for the construction of an offshore wind power industry cluster in Jiangsu Province, and the Group believes that the resulting enlarged market for offshore wind power will enable it to further enhance and consolidate its competitive advantages as a leading renewable energy provider.

Benefits from strong policy support of the Yancheng Municipal Government

The Yancheng Municipal Government has positioned the Group as the key state-owned energy infrastructure financing and construction platform. The Group has benefited from strong policy support from the Yancheng Municipal Government, which is critical to the Group's implementation of capital-intensive and large-scale projects. The government policy support received by the Group primarily includes financial support, capital injection and preferential tax treatment. For instance, for the years ended 31 December 2020, 2021 and 2022, government grants and subsidies received by the Group amounted to RMB25.4 million, RMB30.2 million and RMB102.6 million, respectively.

Sound and effective corporate governance and internal control

The Group has instituted a sound corporate governance and internal control system. The Group's corporate governance structure follows modern corporate governance concepts and consists of the board of directors, the board of supervisors and operational departments led by the senior management. Each of the constituents of the Group's corporate governance structure contributes to the long-term development of the Group. The board of directors guides and monitors the senior management in the implementation of the Group's strategic plans, while the board of supervisor monitors the directors' performance, creating a checks-and-balances system of governance. Elected employee representatives also sit on the board of directors and board of supervisors to ensure the employees' voices are heard and considered during major decision-makings of the Group. As a state-owned enterprise, the Group is regulated by the Yancheng Municipal Government. The Yancheng Municipal Government participates in the Group's decision-making process for key projects, reviews the Group's development strategy and investment plans of the Group and appoints, and conducts appraisals on, the directors, supervisors and senior management of the Group. The Group believes that this system ensures the Group's business and future strategies are fully aligned with the policies of the Yancheng Municipal Government, thereby giving the Group access to additional business opportunities as well as improving the Group's allocation of resources. The Group has also established several effective internal control systems, including systems for the management of subsidiaries, external guarantees, safe production, audit, budget, capital, human resources, financing, investment, information disclosure, connected transactions and emergency response.

Access to diversified financing channels

The Group has access to multiple financing channels in the PRC for funding to support its business development, such as bank loans and issuance of debt securities in the PRC capital market. For instance, in 2023, the Group has raised capital by issuing domestic private placement notes. With well-established operations in various business lines, the Group has a proven track record of raising finance and repaying debts. In addition, the Group maintains long-term stable relationships with a number of major PRC financial institutions, including China Development Bank, China Merchants Bank, Industrial Bank, Industrial and Commercial Bank of China and Hua Xia Bank. As at 31 December 2022, the Group had credit facilities amounting to a total of approximately RMB9.6 billion, of which approximately RMB4.2 billion had not been utilised. The Group believes that this bears testament to its strong credit profile and ensures that it will have sufficient cash resources to fulfil its capital requirements.

Dedicated senior management with extensive experience in government and state-owned enterprises

The Yancheng Municipal Government closely participates in and monitors the decision-making processes of key infrastructure projects as well as the appointment of directors, supervisors and senior management. The Group's senior management team and key operating personnel have extensive experience in the business the Group conducts, with strong experience in project management, finance and accounting, construction and operation in various industries. A number of directors, supervisors and senior management have previously served as senior officials within various government departments and state-owned enterprises in Yancheng City, and the Issuer considers their understanding of the regulatory framework and government policies to be a significant competitive strength of the Group. For further information, see "*Directors, Supervisors and Senior Management*". Under the sound leadership of its management team and leveraging on their past experience, the Group has successfully achieved its objectives to date and distinguished itself from competitors.

BUSINESS STRATEGIES

The Group's objective is to strengthen its leading position in Yancheng City and continue with its efforts to optimise its capital structure, expand its business portfolio and increase its core competitiveness. The Group plans to implement the following development strategies to maintain its stable growth and success in the future:

Continue to fulfil its role as the crucial energy infrastructure financing and construction platform

The Group has been, and strives to continue to be, the primary investment and operating platform of Yancheng City through maintaining its close relations with the Yancheng Municipal Government and undertaking the task of developing and managing the construction of new energy power generation projects in Yancheng City. Commanding an already strong customer portfolio including large state-owned energy groups, local state-owned enterprises, listed companies and other customers with sufficient cash flow, the Group intends to further diversify and procure quality customers through its optimised service and premium quality products and thereby further improving its market share in the industry. The Group believes that being the primary financing and construction platform of the Yancheng Municipal Government gives the Group a competitive edge and has enabled it to identify opportunities to acquire high quality assets and businesses with attractive anticipated cash flow yields and growth potential in the Yancheng City and Jiangsu Province.

Enhance the Group's technical competitiveness through innovative research and development initiatives

Recognising that the Group's technical competitiveness is critical to its growth, the constant optimisation of its research and development capabilities to ensure its access to and deployment of modern advanced technologies and processes is a key strategy. The Group's efforts in this regard will continue to focus on technologies in its main business segment of power generation and renewable resources. The Group also focuses on optimal operation of its businesses, including enhancing product innovation, production efficiency and the effectiveness of control systems of project management. In addition, the Group will closely monitor industry trends and technological developments relating to the industries and markets in which it operates so that it is kept abreast of the latest up-to-date technologies and equipment and be able to invest in, develop or procure access in an efficient manner to ensure the quality of its products and services and its overall competitiveness.

Continue to build a professional management team

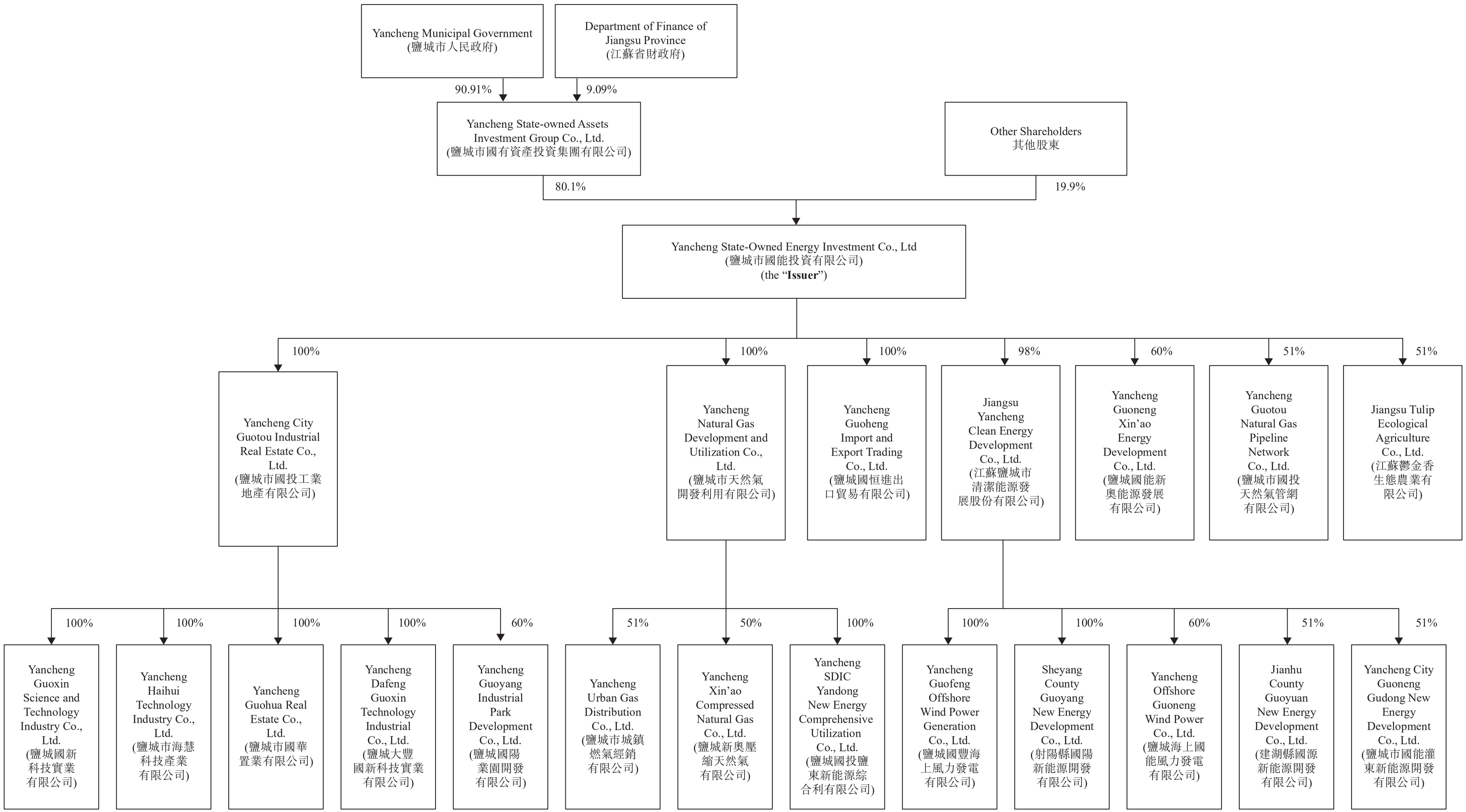
The Group believes that its experienced management team has been a key factor in enabling the Group to achieve its strong position in the industries in which it operate. The Group will continue to build a professional management team with well-qualified and experienced personnel, carry out regular training so as to enable the Group to continue to improve the efficiency of its operations and achieve its strategic goals through the expertise, and continuity, of the Group's management team.

Adhere to prudent financial policy with stringent risk control and enhanced financial management

The Group plans to adhere to prudent financial policy with stringent risk control and enhanced financial management. The Group has capital management mechanisms to monitor capital, capital efficiency and capital risk prevention to effectively enhance the results and efficiency of its capital management. In respect of financial management, the Group focuses on contributing to the sustainable, healthy and rapid development of the Group and providing financial stability through financial risk control, value creation, implementation of budget management and the establishment of information platforms to assist communications and interaction between business operations and financial management. The Group will also continue to strengthen cooperation with banks, seek alternative sources of financing and maintain a balanced indebtedness structure consisting of short-term, medium-term and long-term credit facilities. The Group strives to prudently manage its financials while fulfilling investment and development needs to drive its profitability.

CORPORATE STRUCTURE

The following chart represents a simplified structure of the Group as at the date of this Offering Circular:



HISTORY AND DEVELOPMENT

Set forth below are certain key corporate historical events and milestones of the Group:

2015	The Group was established with an initial registered capital of RMB1,000 million, which includes a contribution of RMB300 million by Yancheng State-owned Assets Investment Group Co., Ltd. (鹽城市國有資產投資集團有限公司).
2018	The Group expanded its business operations to include sales of wind power materials, power equipment and solar modules and components.
	The Group's registered capital was increased to RMB2,000 million, which includes a contribution of RMB1,314 million by Yancheng State-owned Assets Investment Group Co., Ltd. (鹽城市國有資產投資集團有限公司).
	One of the Group's shareholders was renamed to Xiangshui City Asset Investment Holding Group Co., Ltd. (響水城市資產投資控股集團有限公司) from October 2018.
2019.	The Group expanded its business operations to coal selling.
2021	The Group transferred out its interests in Yancheng City Kangtai and subsequently ceased to operate its construction business.
2020	The Group's registered capital was increased to RMB4,000 million, which includes a contribution of RMB3,204 million by Yancheng State-owned Assets Investment Group Co., Ltd. (鹽城市國有資產投資集團有限公司).
	One of the Group's shareholders was renamed to Yancheng Dongfang Construction Investment Co., Ltd. (鹽城東方建設投資股份有限公司) from November 2020.
2022	One of the Group's shareholders was renamed to Dongtai State-owned Assets Management Group Co., Ltd. (東台市國有資產經營集團有限公司) from March 2022.

RECENT DEVELOPMENT

Unaudited Financial Results as at and for the Nine Months Ended 30 September 2023

The Group has prepared its consolidated financial statements as at and for the nine months ended 30 September 2023 (the "**September 2023 Financial Statements**"), and such September 2023 Financial Statements are not published and were not subject to an audit or review by an independent auditor and may be subject to further adjustments if subject to an audit or review.

For the nine months ended 30 September 2023, the Group's net profit decreased as compared with the corresponding period in 2022, mainly due to decrease of profit generated from Yancheng Clean Energy Development Co., Ltd. (江蘇鹽城市清潔能源發展有限公司) and non-controlling interest companies. As at 30 September 2023, the Group's total assets increased as compared to the balance as at 31 December 2022, mainly attributed to increases in accounts receivables, other receivables and long-term equity instrument investments. The Group's total liabilities also increased as compared to the balance as at 31 December 2022, mainly attributed to increases in short-term borrowings, long-term borrowings and bonds payable.

The September 2023 Financial Statements are not audited or reviewed by any independent auditor. Therefore, they do not provide the same quality of information as the information that has been subject to an audit or review. Potential investors should be cautious if they use or rely upon the information in the September 2023 Financial Statements. The September 2023 Financial Statements should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ending 31 December 2023. None of the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank, or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them makes any representation, warranty or undertaking, express or implied, regarding the accuracy, completeness and sufficiency of the September 2023 Financial Statements. The September 2023 Financial Statements have not been included in, and do not constitute part of, this Offering Circular.

DESCRIPTION OF THE GROUP'S BUSINESS

Overview

The Group is a large state-owned energy infrastructure financing and construction investment enterprise in Yancheng City. It mainly engages in the following business segments (i) resources development, (ii) property leasing, (iii) construction business and (iv) other businesses.

The following table sets forth the breakdown of the Group's consolidated operating income by business line for the periods indicated:

	For the Year Ended 31 December					
	2020		2021		2022	
	Amount	per cent.	Amount	per cent.	Amount	per cent.
	(Audited)		(Audited)		(Audited)	
	(RMB in millions, except for percentages)					
Resources Development	134.1	56.8	182.5	55.8	609.0	79.2
Property Leasing	79.8	33.8	108.4	33.2	143.4	18.6
Construction Business[1]	10.3	4.4	11.9	3.6	–	–
Other Businesses[2]	11.8	5.0	24.2	7.4	16.8	2.2
Total	**236.1**	**100.0**	**327.1**	**100.0**	**769.2**	**100.0**

Notes:

(1) The Group ceased the operation of construction business in 2021. For details, see "— *Construction Business*".

(2) Other businesses primarily include aquaculture projects business and other businesses.

The following table sets forth the breakdown of the Group's gross profit by business line for the periods indicated:

	For the Year Ended 31 December					
	2020		2021		2022	
	Amount	per cent.	Amount	per cent.	Amount	per cent.
	(Audited)		(Audited)		(Audited)	
	(RMB in millions, except for percentages)					
Resources Development	55.2	43.4	68.6	39.9	350.0	71.6
Property Leasing	68.3	53.7	102.5	59.7	139.8	28.6
Construction Business[1]	3.0	2.3	2.6	1.5	–	–
Other Businesses[2]	0.7	0.6	(2.0)	(1.1)	(1.0)	(0.2)
Total	**127.1**	**100.0**	**171.8**	**100.0**	**488.8**	**100.0**

Notes:

(1) The Group ceased the operation of construction business in 2021. For details, see "— *Construction Business*".

(2) Other businesses primarily include aquaculture projects business and other businesses.

RESOURCES DEVELOPMENT

The Group's resources development business mainly comprises power generation business and natural gas business. The Group primarily conducts its business through Jiangsu Yancheng Clean Energy Development Co., Ltd. (江蘇鹽城市清潔能源發展有限公司). For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's resources development businesses amounted to RMB134.1 million, RMB182.5 million and RMB609.0 million, respectively, representing 56.8 per cent., 55.8 per cent. and 79.2 per cent. of the Group's operating income for the same periods.

Power Generation

Overview

The Group's power generation business engages in the construction, management and investment of electricity generation projects in Yancheng City. The Group's portfolio of power projects primarily includes photovoltaic power, wind power and other renewable power generation. With a long coastline and a wide sea area, Yancheng City is rich in wind and solar energy resources. The Group's photovoltaic and wind power plants are mainly located in Yancheng City and the neighboring areas to benefit from the natural and geographical advantages and to explore developments in new energy business.

Business Model

The Group's development, construction and operation of photovoltaic power plants and wind power plants typically involves the following stages.

- *Project Development*: During the project development stage, the Group is responsible for the overall development and planning. The projects typically go through several stages, including preliminary screening, project engagement, due diligence or the study on feasibility of the plan, decision-making and approval, execution and completion and acceptance.

- *Procurement*: The Group has an independent procurement system. In addition, the Group has formulated and implemented procurement measures to strengthen the internal control of procurement and payment arrangement, including the Procurement Management Measures and the Bidding Management Measures.

- *Production*: The Group utilises photovoltaic power generation module equipment and wind turbines to convert solar and wind energy into electricity. The electricity generated will be transmitted to the power grid through the collector lines and substation equipment in power stations. The Group also monitors operations and conducts routine maintenance during the daily production process to ensure the safe and stable operation of the power generation equipment.

- *Sales*: In accordance with the national policy and the grid connection commitment at the time of project approval, the Group enters into a power purchase and sale agreement with the power grid company to sell the power generated. The power will be transmitted into the designated grid connection points for delivery. The power metering is measured and confirmed on a monthly basis through a metering device. The electricity price is determined in accordance with the regional electricity price determined by the national energy price authority.

- *Profit Generation*: The Group generates income from the sale of electricity to the grid company, which is calculated on the basis of the price per unit and the amount of electricity supplied to the grid company, or through the agreed price with the electricity users and the actual amount of electricity used. For the power plants in which the Group holds non-controlling interests, the net profit or loss realised is recognised as investment profit or loss according to the proportion of shareholding each year.

Completed Projects

The following table sets forth the operating photovoltaic and wind power projects which the Group had an interest in as at 31 December 2022:

No.	Project	Type	Total Investment Amount	Total Installed Capacity	Interest
			(RMB million)	(MW)	
1.	Jianhu Riverside 50MW Centralized Photovoltaic Power Station (建湖沿河50MW集中式光伏電站) .	Photovoltaic power	410.0	50.0	Controlling
2.	Dafeng Economic Development Zone 15MW Fishery-Solar Complementary Photovoltaic Power Station Project (大豐經濟開發區15MW漁光互補光伏電站項目)	Photovoltaic power	97.0	15.0	Controlling
3.	SDIC Free Trade Park Comprehensive Protection Zone 2.3MW Distributed Rooftop Photovoltaic Project (國投自貿園綜保區2.3MW分散式屋頂光伏項目)	Photovoltaic power	18.6	2.30	Controlling
4.	Xiangshui Guandong Salt Field 16MW Centralized Photovoltaic Power Plant Project (響水灌東鹽場16MW集中式光伏電站項目)	Photovoltaic power	95.9	16.0	Controlling
5.	Guoneng Dafeng H5#200MW Offshore Wind Power Project (國能大豐H5#20萬千瓦海上風電項目)	Offshore wind power	4,000.0	200.0	Controlling
6.	Guoxin Dafeng Dazhong 100MW Wind Power Plant Project (國信大豐大中10萬千瓦風電場項目)	Onshore wind power	860.0	100.0	Non-controlling
7.	Guoxin Xiangshui Yellow Sea Farm Phase III 100MW Wind Power Plant Project (國信響水黃海農場三期10萬千瓦風電場項目)	Onshore wind power	810.0	100.0	Non-controlling
8.	Jiangsu Yanfu Yinbao Sheyang 100MW Wind Power Plant Project (江蘇鹽阜銀寶射陽10萬千瓦風電場項目)	Onshore wind power	960.0	100.0	Non-controlling
9.	Datang Dafeng Sanlong 100MW Wind Power Plant Project (大唐大豐三龍10萬千瓦風電場項目) . . .	Onshore wind power	840.0	100.0	Non-controlling
10.	Huarun New Energy Tinghu 44MW Wind Power Project (華潤新能源亭湖4.4萬千瓦風電項目) . . .	Onshore wind power	400.0	44.0	Non-controlling
11.	State Power Investment Group Xiangshui Dayou 126.3MW Wind Power Plant Project (國電投響水大有12.63萬千瓦風電場項目)	Onshore wind power	1,200.0	126.3	Non-controlling
12.	Three Gorges New Energy Jiangsu Dafeng H11#300MW Offshore Wind Power Project (三峽新能源江蘇大豐H11#30萬千瓦海上風電項目) . . .	Offshore wind power	5,140.0	300.0	Non-controlling
13.	Guoxin Sheyang Xinyang Farm 100MW Onshore Wind Power Project (國信射陽新洋農場10萬千瓦陸上風電項目)	Onshore wind power	810.0	100.0	Non-controlling
14.	Longyuan Sheyang H2, H2-1#400MW Offshore Wind Power Project (龍源射陽H2、H2-1#40萬千瓦海上風電項目)	Offshore wind power	6,770.0	400.0	Non-controlling
15.	Three Gorges Dafeng H8-2#300MW Offshore Wind Power Project (三峽大豐H8-2#30萬千瓦海上風電項目)	Offshore wind power	5,140.0	300.0	Non-controlling
16.	Longyuan Dafeng H4#300MW Offshore Wind Power Project (龍源大豐H4#30萬千瓦海上風電項目)	Offshore wind power	5,100.0	300.0	Non-controlling
17.	Longyuan Dafeng H6#300MW Offshore Wind Power Project (龍源大豐H6#30萬千瓦海上風電項目)	Offshore wind power	5,100.0	300.0	Non-controlling
18.	Huaneng Sheyang Offshore South one H1#300MW Offshore Wind Power Project (華能射陽海上南區H1#30萬千瓦海上風電項目)	Offshore wind power	5,400.0	300.0	Non-controlling
	Total		**43,151.5**	**2,853.6**	

Production

The Group's completed photovoltaic power projects and offshore wind power projects are mainly operated by the Issuer's subsidiaries, Jiangsu Yancheng City Clean Energy Development Co., Ltd. (江蘇鹽城市清潔能源發展股份有限公司), Jianhu County Guoyuan New Energy Development Co., Ltd. (建湖縣國源新能源開發有限公司), Yancheng Guofeng Offshore Wind Power Generation Co., Ltd. (鹽城國豐海上風力發電有限公司) and Yancheng City Guoneng Gudong New Energy Development Co., Ltd. (鹽城市國能灌東新能源開發有限公司).

The following table sets forth the power generation capacity of the major power projects for the year ended 31 December 2022.

No.	**Project**	**Power Output**	**On-grid Energy**	**Interest**
		(MW)	**(MW)**	
1.	Jianhu Riverside 50MW Centralized Photovoltaic Power Station (建湖沿河50MW集中式光伏電站)	72,957.42	71,108.98	Controlling
2.	SDIC Free Trade Park Comprehensive Protection Zone 2.3MW Distributed Rooftop Photovoltaic Project (國投自貿園綜保區2.3MW分散式屋頂光伏項目)	3,021.93	3,021.93	Controlling
3.	Dafeng Economic Development Zone 15MW Fishery-Solar Complementary Photovoltaic Power Station Project (大豐經濟開發區15MW漁光互補光伏電站項目)	21,248.81	20,057.77	Controlling
4.	Xiangshui Guandong Salt Field 16MW Centralized Photovoltaic Power Plant Project (響水灌東鹽場16MW集中式光伏電站項目)	23,145.65	21,533.25	Controlling
5.	Guoneng Dafeng H5#200MW Offshore Wind Power Project (國能大豐H5#20萬千瓦海上風電項目)	599,974.41	574,985.42	Controlling
6.	Guoxin Dafeng Dazhong 100MW Wind Power Plant Project (國信大豐大中10萬千瓦風電場項目)	236,652.12	232,120.50	Non-controlling
7.	Jiangsu Yanfu Yinbao Sheyang 100MW Wind Power Plant Project (江蘇鹽阜銀寶射陽10萬千瓦風電場項目)	214,980.77	209,949.21	Non-controlling
8.	Guoxin Xiangshui Yellow Sea Farm Phase III 100MW Wind Power Plant Project (國信響水黃海農場三期10萬千瓦風電場項目)	238,183.80	234,089.15	Non-controlling
9.	State Power Investment Group Xiangshui Dayou 126.3MW Wind Power Plant Project (國電投響水大有12.63萬千瓦風電場項目)	333,409.40	320,174.64	Non-controlling
10.	Huarun New Energy Tinghu 44MW Wind Power Project (華潤新能源亭湖4.4萬千瓦風電項目)	102,820.66	99,879.47	Non-controlling
11.	Three Gorges New Energy Jiangsu Dafeng H11#300MW Offshore Wind Power Project (三峽新能源江蘇大豐H11#30萬千瓦海上風電項目)	824,979.33	796,567.03	Non-controlling
12.	Datang Dafeng Sanlong 100MW Wind Power Plant Project (大唐大豐三龍10萬千瓦風電場項目)	170,076.34	165,998.61	Non-controlling
13.	Guoxin Sheyang Xinyang Farm 100MW Onshore Wind Power Project (國信射陽新洋農場10萬千瓦陸上風電項目)	247,518.81	243,215.21	Non-controlling
14.	Longyuan Sheyang H2, H2-1#400MW Offshore Wind Power Project (龍源射陽H2、H2-1#40萬千瓦海上風電項目)	969,056.38	930,631.22	Non-controlling
15.	Three Gorges Dafeng H8-2#300MW Offshore Wind Power Project (三峽大豐H8-2#30萬千瓦海上風電項目)	884,873.68	850,625.50	Non-controlling
16.	Longyuan Dafeng H4#300MW Offshore Wind Power Project (龍源大豐H4#30萬千瓦海上風電項目)	777,064.60	735,923.45	Non-controlling
17.	Longyuan Dafeng H6#300MW Offshore Wind Power Project (龍源大豐H6#30萬千瓦海上風電項目)	875,132.90	859,429.27	Non-controlling
	Total	**6,595,097.01**	**6,369,310.61**	

Natural Gas

The Group conducts its natural gas business primarily through its subsidiary, Yancheng Natural Gas Development and Utilization Co., Ltd. (鹽城市天然氣開發利用有限公司). The Group mainly engages in the midstream transportation of natural gas by purchasing natural gas from Jiangsu Oilfield Branch of China Petroleum & Chemical Corporation (中國石油化工股份有限公司) ("**Sinopec**") and reselling it to Yancheng Xin'ao Gas Development Company Limited (鹽城新奧燃氣發展有限公司) ("**Xin'ao Gas**"). Xin'ao Gas carries out distribution, covering the Yancheng Industrial Park. To maintain stable relationship with upstream and downstream suppliers and customers, the Group enters into sales contracts with Sinopec and Xin'ao Gas every year. The Group purchases natural gas at the gate price stipulated by the NDRC and sells natural gas after adding costs engaged, such as transportation fees. The fees with the upstream and the downstream are generally settled on a monthly basis.

The following table sets forth the details of the natural gas sales of Yancheng Natural Gas Development and Utilization Co., Ltd. (鹽城市天然氣開發利用有限公司) for the years ended 31 December 2020, 2021 and 2022.

Year	**Purchase and Sale Volume**	**Average Purchase Price**	**Average Price of Sales**	**Gross Profit**
	(million cubic metres)	**(RMB per cubic metre)**	**(RMB per cubic metre)**	**(percentage)**
2020 . . .	18.2	1.89	2.0	5.3
2021 . . .	31.2	2.0	2.2	9.5
2022 . . .	29.3	2.2	2.5	6.8

Property Leasing

The Group engages in property leasing mainly through the Issuer and its subsidiary, Yancheng City Guotou Industrial Real Estate Co., Ltd. (鹽城市國投工業地產有限公司). The Group engages in development of industrial buildings and ancillary development and the leases of properties constructed. The property leased by the Group include industrial plants, plant buildings and office buildings. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's property leasing business amounted to RMB79.8 million, RMB108.4 million and RMB143.4 million, respectively, representing 33.8 per cent., 33.2 per cent. and 18.6 per cent. of the Group's operating income for the same periods.

The Group typically enters into standard factory investment agreement with the local government and the industrial park management committee. The Group acquires industrial land through auction. The Group engages in development of industrial buildings and ancillary development in the industrial parks. After the completion of development, the Group leases the development properties to the industrial park management committee and local state-owned enterprise who will be responsible for the establishing local business and inviting subsequent investment to the industrial parks. The lease of factory building is generally ten years with the rent collected on an annual basis. The costs of operation generally involve maintenance costs of plant buildings and ancillary facilities. As at 31 December 2022, the Group's plants under lease were located in Yancheng City Economic Development Zone, Binhai County Industrial Park and Dafeng District Economic Development Zone, with an aggregate leased gross floor area of approximately 1.4 million square metres.

Description of Leased Properties

The following table sets forth the details of the Group's major leased properties as at 31 December 2022:

No.	Property	Annual Rent	Leased GFA	Lease Term
		(RMB / sq. m)	(sq. m)	
1.	Guotou Free Trade Park Phase I (國投自貿園一期)	118.0	242,533.5	2016-2025
2.	Guotou Free Trade Park Phase II (國投自貿園二期)	118.0	169,420.3	2020-2030
3.	Incubation Park LED Plant (孵化園LED廠房)	118.0	110,100.0	2019-2029
4.	Binhai Electronic Intelligence Park Phase I (濱海電子智慧園區一期)	96.0	136,651.8	2019-2028
5.	Dafeng Intelligent Technology Industrial Park (大豐深通智慧科技產業園)	96.0	129,219.9	2019-2029
6.	Funing Intelligent Equipment Manufacturing Industrial Park (阜寧智慧裝備製造產業園)	124.7	48,120.7	2021-2031
7.	Jiangsu Funing Intelligent Equipment Manufacturing Industrial Park Phase II (江蘇阜寧智慧裝備製造產業園二期)	180.9	272.000.4	2021-2031
8.	Jiangsu Sheyang Intelligent Equipment Industrial Park, Phase I, Area A (江蘇射陽智慧裝備產業園一期A區)	150.0	255,019.2	2021-2031
	Total		**1,363,065.6**	

Construction Business

Prior to the 2022, the Group was engaged in the construction business through its then wholly-owned subsidiary Yancheng City Kangtai. The construction business mainly consists of pipeline installation, renovation and maintenance, equipment dismantling, daily maintenance of heating projects. Following the transfer of the entire equity of Yancheng City Kangtai to Yancheng State Guesthouse Co., Ltd. (鹽城迎賓館有限公司), Yancheng City Kangtai is no longer a subsidiary of the Issuer. The Group ceased to operate its construction business and the business registration of the transfer was completed in August 2021. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's construction business amounted to RMB10.3 million, RMB11.9 million and RMB nil, respectively, representing 4.4 per cent., and 3.6 per cent. and nil per cent. of the Group's operating income for the same periods.

Other Businesses

The Group is also engaged in other businesses, mainly consists of aquaculture projects business conducted by Jiangsu Tulip Ecological Agriculture Co., Ltd. (江蘇鬱金香生態農業有限公司) and collection of property utility fees through Yancheng Guoxin Science and Technology Industry Co., Ltd. (鹽城國新科技實業有限公司). For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's other businesses amounted to RMB11.8 million, RMB24.2 million and RMB16.8 million, respectively, representing 5.0 per cent., 7.4 per cent. and 2.2 per cent. of the Group's operating income for the same periods.

ENVIRONMENTAL MATTERS

The Group is subject to environmental laws and regulations governing air pollution, noise emissions, hazardous substances, water and waste discharge and other environmental matters issued by the governmental authorities in the PRC. The Group has implemented a group-wide environmental protection control management system to ensure compliance with applicable laws and regulation. The environmental protection control management system sets the standards to be met in terms of quality, safety and environmental protection control, clarifies the responsibility of various departments and personnel, identifies procedures, materials and other factors that are subject to the control of management, and provides for measures to be undertaken to ensure that various standards are met. The Group believes that it is in compliance in all material respects with applicable environmental laws and regulations. As at the date of this Offering Circular, the Group is not aware of any environmental proceedings or investigations to which it is or might become a party.

HEALTH AND SAFETY

The Group adopts a comprehensive work safety system to ensure workplace safety. For instance, it has established safety protocols and implemented workplace safety guidelines setting out the responsibilities of project contractors and construction workers and relevant safety measures managing onsite safety and emergency incidents. However, conditions in construction sites are ever-changing and the Group's safety protocols may fail to prevent workplace accidents. As at the date of this Offering Circular, the Group had not recorded any major production safety accidents. The Group believes that, as at the date of this Offering Circular, it is in compliance in all material respects with applicable PRC safety regulations.

INSURANCE

The Group is required to obtain contractors all-risk and third-party liability insurance for most of the projects it undertakes. The Group maintains insurance coverage in amounts that it believes commensurate with its risk of loss and industry practice. Consistent with what the Group believes to be customary practice in the PRC, it does not carry any business interruption insurance, key-man insurance or insurance covering potential environmental damage claims. Such insurance is not mandatory under the laws and regulations of the PRC, and such insurance is either unavailable in the PRC or requires substantial cost.

INTELLECTUAL PROPERTY

The Group relies on a combination of copyright, trademark and patent registrations to protect its intellectual property rights. As at the date of this Offering Circular, the Group was not aware of any infringement (i) by the Group of any intellectual property rights owned by third parties, or (ii) by any third parties of any intellectual property rights owned by the Group. Further, as at the date of this Offering Circular, the Group was not involved in any litigation or legal proceedings in relation to any material claims of infringement, either threatened or pending, of any intellectual property rights initiated by or against the Group that had a material and adverse effect on the Group's business.

EMPLOYEES

As at 31 December 2022, the Group had 139 employees.

In accordance with the applicable regulations of local governments in regions where the Group has business operations, the Group makes contributions to the pension contribution plan, medical insurance, unemployment insurance, maternity insurance and personal injury insurance. The amount of contributions is based on the specified percentages of employees' aggregate salaries as required by relevant PRC authorities. The Group also makes contributions to an employee housing fund according to applicable PRC regulations. The Group enters into an employment contract with each of its employees in accordance with applicable PRC laws. Such contracts include provisions on wages, vacation, employee benefits, training programmes, health and safety, confidentiality obligations and grounds for termination.

The Group maintains a good working relationship with its employees and as at the date of this Offering Circular, the Group has not experienced any labour disputes that could cause a material adverse effect on the operation and performance of the Group.

LEGAL PROCEEDINGS

The Group is from time to time involved in disputes and legal proceedings arising in the ordinary course of its business. See "*Risk Factors — Risks Relating to the Group in General — The Group may be subject to legal, litigation and regulatory proceedings*".

To the best of its knowledge, there are no current litigation or arbitration proceedings against the Group or any of its directors as at the date of this Offering Circular that could have a material adverse effect on its financial condition or results of operations.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

The board of directors is accountable to the shareholders of the Issuer and is appointed by the shareholders. The board of directors' power and duties include, among others, implementation of shareholders' resolutions, formulation of operational plans and investment proposals, formulation of annual financial budget and final accounts, formulation of profit distribution plans and loss recovery plans, formulation of plans for registered capital increase or decrease and bond issuance proposals, decision-making on organisational structure, appointment and removal of the general manager and other senior management and decision-making on their remunerations, and formulation of management policies.

The following table sets forth the Issuer's directors as at the date of this Offering Circular:

Name	Year of Birth	Position
Mr. ZHANG Linhai (張林海)	1972	Chairman of the board of directors
Ms. CAI Yunxia (蔡雲霞)	1967	Director
Mr. CHEN Shu (陳曙)	1971	Director
Mr. WANG Chenglin (王成林)	1975	Director
Mr. GAO Yinggui (高應貴)	1974	Director
Mr. MENG Longcheng (孟龍成)	1965	Director
Mr. WANG Bing (王兵)	1968	Director
Mr. SUN Qi (孫奇)	1972	Director
Mr. ZHONG Ming (仲明)	1972	Director
Mr. DONG Yi (董毅)	1972	Director
Mr. LIU Yang (劉洋)	1980	Director
Mr. YAO Dingyang (姚定洋)	1967	Director
Mr. GU Ruzhong (顧汝忠)	1968	Employee representative director

Mr. ZHANG Linhai (張林海) is the chairman of the board of directors of the Issuer. Mr. Zhang concurrently serves as the chairman and director of Yancheng State-owned Assets Investment Group Co., Ltd. (鹽城市國有資產投資集團有限公司) and Xinguang Group Co., Ltd. (新光集團有限公司). Mr. Zhang was previously employed as an assistant to the mayor and secretary of the youth league committee of Jindun Town, Dafeng City, secretary of the discipline inspection commission and member of the party committee of Baiju Town, Dafeng City, deputy mayor of Longdi Town, secretary of Dafeng City committee of the communist youth league, deputy secretary of the party committee and mayor of Baiju Town, Dafeng City, secretary of the party committee and chairman of the people's congress of Xiaohai Town, Dafeng City, director and party secretary of Dafeng City Bureau of Statistics (大豐市統計局), director of the office of Dafeng Municipal Government and deputy director of the Municipal Major Matters Supervision Office (市重大事項督察辦), director of the office of Dafeng District Government and deputy director of the District Major Matters Supervision Office (區重大事項督察辦), deputy district chief of Dafeng District, standing committee member of Dafeng district committee and secretary of the party working committee of Dafeng Port Economic Development Zone. Mr. Zhang holds a bachelor's degree.

Ms. CAI Yunxia (蔡雲霞) is a director of the Issuer. Ms. Cai was previously employed as the director of women's working committee of Yancheng State-owned Assets Investment Group Co., Ltd. (鹽城市國有資產投資集團有限公司) and the chairman of the board of supervisors of Jiangsu Aoxin New Energy Automobile Co., Ltd. (江蘇奧新新能源汽車有限公司). Ms. Cai holds a bachelor's degree.

Mr. CHEN Shu (陳曙) is a director of the Issuer. Mr. Chen was previously employed as a deputy director of the county government office and the general manager of Sheyang Urban Construction Investment Co., Ltd. (射陽城市建設發展集團有限公司). Mr. Chen holds a bachelor's degree.

Mr. WANG Chenglin (王成林) is a director of the Issuer. Mr. Wang concurrently serves as a member of the party committee and deputy general manager of Yancheng Dongfang Investment Company (鹽城東方投資開發集團有限公司). Mr. Wang was previously employed as a clerk, section member, general section chief of the finance bureau and deputy director of the software park of Yancheng Economic Development Zone, and an assistant to the general manager of Yancheng Dongfang Investment Company. Mr. Wang holds a master's degree.

Mr. GAO Yinggui (高應貴) is a director of the Issuer. Mr. Gao concurrently serves as the general manager of Dongtai State-owned Assets Management Group Co., Ltd. (東台市國有資產經營集團有限公司). Mr. Gao holds a bachelor's degree.

Mr. MENG Longcheng (孟龍成) is a director of the Issuer. Mr. Meng concurrently serves as the general manager and chairman of Jiangsu Lixin SME Financing Guarantee Co., Ltd. (江蘇立信中小企業融資擔保有限公司) and an executive director of Binhai County Gangcheng City Asset Management Co., Ltd. (濱海縣港城城市資產經營有限公司). Mr. Meng was previously employed as a finance manager and chief financial officer of Jiangsu Shuangdeng Paper Industry Co., Ltd. (江蘇雙燈紙業有限公司) and a vice president of Binhai Benevolent Hospital (濱海縣仁慈醫院). Mr. Meng holds a bachelor's degree.

Mr. WANG Bing (王兵) is a director of the Issuer. Mr. Wang concurrently serves as the chairman and general manager of Xiangshui City Asset Investment Holding Group Co., Ltd. (響水城市資產投資控股集團有限公司). Mr. Wang was previously employed as the director of Dayou Finance Institute (大有鎮財政所), finance officer of Dayou People's Government, director of the finance and audit department of the County Forestry, Animal Husbandry and Fisheries Bureau (縣林牧漁業局), director of the finance and audit department of the County Agriculture and Forestry Bureau (縣農林局), director of the enterprise department, director of the agricultural department, deputy chief officer and director of the economic construction department of the County Finance Bureau (縣財政局), chairman of the people's congress of Xiangshui town and the general manager of Xiangshui City Asset Investment Holding Group Co., Ltd. Mr. Wang holds a bachelor's degree.

Mr. SUN Qi (孫奇) is a director of the Issuer. Mr. Sun concurrently serves as the chairman and secretary of the party branch of Jiangsu Huanghai Transportation Industry Group Co., Ltd. (江蘇黃海交通產業集團有限公司). Mr. Sun was previously employed as the regimental secretary and technician of the mechanized construction division of Yancheng City Highway Department (鹽城市公路處), general manager and branch secretary of Ningyan highway Co., Ltd. (寧鹽公路有限責任公司), managing director and managing deputy general manager of Yancheng Transportation Investment Group Co., Ltd. (鹽城市交通投資集團有限公司), assistant head of enterprise management department and head of safety management department of Yancheng Transportation Construction Holding Group Co., Ltd. (鹽城市交通建設控股集團有限公司). Mr. Sun holds a bachelor's degree.

Mr. ZHONG Ming (仲明) is a director of the Issuer. Mr. Zhong was previously employed as a member and director of the energy department of Yancheng Development and Reform Commission (鹽城市發展和改革委員會). Mr. Zhong holds a bachelor's degree.

Mr. DONG Yi (董毅) is a director of the Issuer. Mr. Dong concurrently serves as the legal representative and a director of Yancheng Lianfu Petrochemical Co., Ltd. (鹽城聯孚石化有限公司). Mr. Dong was previously employed as the secretary of the youth league committee of Dalong Town, Dafeng County, deputy mayor of Dalong Town, mayor of Xituan Town, Dafeng City, secretary of the party committee and chairman of the people's congress of Yuhua Town, Dafeng City, deputy director of the publicity department and director of the civilization office of Dafeng City, party committee secretary and chairman of Caomiao Town, Dafeng City, deputy mayor of Dafeng and deputy district mayor of Dafeng District, Yancheng City. Mr. Dong holds a master's degree.

Mr. LIU Yang (劉洋) is a director of the Issuer. Mr. Liu concurrently serves as the manager of the management department of Yancheng Dafeng Finance Bureau (鹽城市大豐區財政局). Mr. Liu was previously employed as the chief of agricultural section of Dafeng Finance Bureau (大豐市財政局), first secretary of the party general branch of Shenzao Neighbourhood Committee of Wanying Town and manager of the administrative department of Yancheng Dafeng Finance Bureau. Mr. Liu is a senior accountant and holds a bachelor's degree.

Mr. YAO Dingyang (姚定洋) is a director of the Issuer. Mr. Yao previously served as a clerk and deputy director of Funing Finance Bureau (阜寧財政局) and Development Zone Finance Bureau (開發區財政局). Mr. Yao holds an associate degree.

Mr. GU Ruzhong (顧汝忠) is an employee representative director of the Issuer. Mr. Gu concurrently serves as the director of the general office of the Issuer. Mr. Gu was previously employed as the assistant to the general manager and deputy general manager of Jiangsu Yanfu Hotel (江蘇鹽阜賓館), general manager of Jiangsu Yancheng State Guesthouse (江蘇鹽城迎賓館), deputy director of the general office of Yancheng State-owned Assets Investment Co., Ltd. (鹽城市國有資產投資集團有限公司), general manager of Yancheng City Elk Style Town Tourism Development Co., Ltd. (鹽城市麋鹿風情小鎮旅遊發展有限公司), executive director and general manager of Yancheng Guoyue Logistics Management Service Co., Ltd. (鹽城市國悦後勤管理服務有限公司) and chairman of Yancheng State-owned Assets Hotel Co., Ltd. (鹽城國投大酒店有限公司). Mr. Gu is a senior economist and holds a bachelor's degree.

SUPERVISOR

The board of supervisors is elected for a term of three years, which is renewable upon re-election. The board of supervisors is primarily responsible for monitoring the financial matters of the Issuer, overseeing the actions of the directors and the senior management of the Issuer, and making proposals to the shareholders of the Issuer.

The following table sets forth the Issuer's supervisors as at the date of this Offering Circular:

Name	Year of Birth	Position
Mr. ZHANG Zhengzhong (張正中) . . .	1983	Chairman of the board of supervisors
Mr. YANG Sheng (楊勝)	1967	Supervisor
Mr. YAN Hai (嚴海)	1987	Supervisor
Ms. ZHOU Xiaoyu (周小俁)	1982	Supervisor
Mr. HAN Li (韓李)	1987	Supervisor
Ms. GENG Yuxue (耿玉雪)	1981	Supervisor
Ms. GUO Yingying (郭瑩瑩)	1990	Supervisor
Mr. QIU Zhengyang (仇正陽)	1968	Supervisor
Mr. SUN Yuji (孫玉基)	1977	Supervisor
Mr. CANG Weibing (倉衛兵)	1966	Employee representative supervisor
Mr. XU Jianhua (許建華)	1982	Employee representative supervisor

Mr. ZHANG Zhengzhong (張正中) is the chairman of the board of supervisors of the Issuer. Mr. Zhang previously served as the deputy manager of the investment and financing department of Yancheng SDIC Group (鹽城市國投集團), deputy director of the financial office of Qapqal County, Ili, Xinjiang, and deputy director of the administrative committee of Yinan Industrial Park. Mr. Zhang holds a bachelor's degree.

Mr. YANG Sheng (楊勝) is a supervisor of the Issuer. Mr. Yang previously served as a deputy director of Dongtai State-owned Assets Management Group Co., Ltd. (東台市國有資產經營集團有限公司). Mr. Yang holds a bachelor's degree.

Mr. YAN Hai (嚴海) is a supervisor of the Issuer. Mr. Yan concurrently serves as the deputy director of asset management department of Oriental Group (東方集團). Mr. Yan previously served as a clerk of the real estate engineering department, clerk of the bidding department, deputy director of the general office and deputy director of the bidding department of Oriental Group and the director of the administrative office of Jiangsu Coastal Oriental Real Estate Co., Ltd. (江蘇沿海東方置業股份有限公司). Mr Yan holds a master's degree.

Ms. ZHOU Xiaoyu (周小俁) is a supervisor of the Issuer. Ms. Zhou concurrently serves as a deputy general manager of Jianhu County State-owned Assets Investment Management Co., Ltd. (建湖縣國有資產投資管理有限公司). Ms. Zhou previously served as an accountant of Jianhu Chengxin Tax Agency (建湖誠信稅務師事務所), accountant of Jianhu County Qingfeng Town Finance Office (建湖縣慶豐鎮財政所), secretary of the youth league committee, chairman of the women's federation and member of the political and legal committee of Jianhu County, Qingfeng Town Government. Ms. Zhou holds a bachelor's degree.

Mr. HAN Li (韓李) is a supervisor of the Issuer. Mr. Han concurrently serves as a deputy general manager of Muyang Transportation New Energy Yancheng Co., Ltd. (沐陽交通新能源鹽城有限公司). Mr. Han was previously employed as a staff of Shanghai branch of China Shipping Oil Transport (中海油運), deputy general manager of Yancheng Futong Electric Taxi Co., Ltd. (鹽城市富通電調計程車有限公司), head of general department, enterprise management department and marketing department of Jiangsu Huanghai Communications Industry Group Co., Ltd. (江蘇黃海交通產業集團有限公司). Mr. Han holds a bachelor's degree.

Ms. GENG Yuxue (耿玉雪) is a supervisor of the Issuer. Ms. Geng concurrently serves as an executive director of Binhai County Gangcheng City Asset Management Co., Ltd. (濱海縣港城城市資產經營有限公司). Ms. Geng previously served as a deputy manager of Binhai County Caiyuan Hotel (濱海縣財苑賓館), staff of Binhai County Direct Deed Tax Collection Management Office (濱海縣縣直契稅徵收管理所), staff of the economic construction department of Binhai County Finance Bureau (濱海縣財政局), executive director of Jiangsu Lixin SME Guarantee Co., Ltd. (江蘇立信中小企業擔保有限公司). Ms. Geng holds a bachelor's degree.

Ms. GUO Yingying (郭瑩瑩) is a supervisor of the Issuer. Ms. Guo concurrently serves as a manager of the audit and legal department of Xiangshui City Asset Investment Holding Group Co., Ltd. (響水城市資產投資控股集團有限公司). Ms. Guo was previously employed as an assistant of the human resources department of Xiangshui County Fenghuang Real Estate Development Co., Ltd (響水縣鳳凰房地產開發有限公司), deputy director of the administrative office of Xiangshui Jinding Basic Building Materials Co., Ltd. (響水金鼎基礎建材有限公司) and the deputy manager of audit and legal department of Xiangshui City Asset Investment Holding Group Co., Ltd. Ms. Guo holds a bachelor's degree.

Mr. QIU Zhengyang (仇正陽) is a supervisor of the Issuer. Mr. Qiu previously served as the deputy general manager, member of the party committee and economic inspection secretary of Jiangsu Dafeng Coastal Development Group Co., Ltd. (江蘇大豐沿海開發集團有限公司). Mr. Qiu is an economist and holds a bachelor's degree.

Mr. SUN Yuji (孫玉基) is a supervisor of the Issuer. Mr. Sun concurrently serves as the deputy general manager of Sheyang Urban Construction Development Group Co., Ltd. (射陽城建發展集團公司). Mr. Sun was previously employed at Jiangsu Water Conservancy Construction and Installation Corporation (江蘇省水利建築安裝總公司), served as the deputy director, director of the second design institute, vice president and chief engineer of Sheyang Architectural Design Institute (射陽建築設計院) and president of Yancheng Xingheng Architectural Design and Consulting Co., Ltd (鹽城市興城建築設計諮詢有限公司). Mr. Sun is a national level two architect and holds a bachelor's degree.

Mr. CANG Weibing (倉衛兵) is an employee representative supervisor of the Issuer. Mr. Cang concurrently serves as a director of the internal audit department of the Issuer. Mr. Cang previously served as an accountant of Yancheng Timber Company (鹽城市木材公司), director, deputy general manager and head of the finance section of Yancheng Material Industrial Development Corporation (鹽城市物資實業發展總公司), deputy manager of the finance department, deputy manager of the financing department, manager of the planning and finance department and manager of the internal audit department of Yancheng State-owned Assets Investment Group Co., Ltd. (鹽城市國有資產投資集團有限公司), auditor of Yancheng Materials Holding Group Co., Ltd. (鹽城市物資控股集團有限公司) while concurrently serving as a staff of Yancheng Material Reform and Development Office (鹽城市物資改發辦), head of finance department, deputy manager of planning and finance department, deputy general manager of investment and financing department, deputy general manager of risk control department and manager of planning and financing department of Yancheng SDIC Group (鹽城國投集團), and manager of internal audit department of the Issuer. Mr. Cang holds an associate degree.

Mr. XU Jianhua (許建華) is an employee representative supervisor of the Issuer. Mr. Xu concurrently serves as the deputy director of the finance and management department of the Issuer. Mr. Xu previously served as a soldier and squad leader of the service team of the Beijing General Staff Engineering Maintenance Specialized Training Brigade (北京總參工程維護專工訓練大隊), division chief and command squad leader of the logistics department of the Second Naval Submarine Base (海軍潛艇第二基地), teller of the logistics department of the Dalian Second Naval Submarine Base, auditor of the headquarters of Sanya Second Naval Submarine Base, director of the technical office and instrument technician of the emergency rescue brigade of the Second Naval Submarine base, deputy secretary of Yubei Village, Xinfeng Town, Dafeng District and assistant manager of the financial management department of the Issuer. Mr. Xu holds a bachelor's degree.

SENIOR MANAGEMENT

The following table sets forth the Issuer's senior management as at the date of this Offering Circular::

Name	Year of Birth	Position
Mr. ZHONG Ming (仲明)	1972	General manager
Mr. DONG Yi (董毅)	1972	Deputy general manager
Mr. XU Weiguo (許衛國)	1970	Deputy general manager

Mr. ZHONG Ming (仲明) is a director and the general manager of the Issuer. For Mr. Zhong's biography, see "— *Directors*" above.

Mr. DONG Yi (董毅) is a director and the deputy general manager of the Issuer. For Mr. Dong's biography, see "— *Directors*" above.

Mr. XU Weiguo (許衛國) is a deputy general manager of the Issuer. Mr. Xu was previously employed as a deputy general manager and technical director of Jiangsu Fenghai New Energy Seawater Desalination Development Co., Ltd. (江蘇豐海新能源淡化海水發展有限公司). Mr. Xu is a senior engineer and holds a doctoral degree.

PRC REGULATIONS

This section is a high-level overview of the PRC legal system and a summary of the principal PRC laws and regulations relevant to the issue of the Bonds by the Issuer. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations which are relevant to the Group's business and operations or the overseas financing.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations, directives and local laws, laws of Special Administrative Regions and laws resulting from international treaties entered into by the PRC government. In general, PRC court judgments do not constitute binding precedents. However, they are used for the purposes of judicial reference and guidance.

The National People's Congress of the PRC (the "**NPC**") and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the State. The NPC has the power to amend the PRC Constitution and enact and amend basic laws governing State agencies and civil, criminal and other matters. The Standing Committee of the NPC is empowered to enact and amend all laws except for the laws that are required to be enacted and amended by the NPC.

The State Council is the highest organ of the State administration and has the power to enact administrative rules and regulations. The ministries and commissions under the State Council are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. All administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul such administrative rules, regulations, directives and orders.

At the regional level, the provincial and municipal congresses and their respective standing committees may enact local rules and regulations and the people's governments may promulgate administrative rules and directives applicable to their own administrative areas. These local rules and regulations must be consistent with the PRC Constitution, the national laws and the administrative rules and regulations promulgated by the State Council.

The State Council, provincial and municipal governments may also enact or issue rules, regulations or directives in new areas of the law for experimental purposes or in order to enforce the law. After gaining sufficient experience with experimental measures, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

The PRC Constitution vests the power to interpret laws in the Standing Committee of the NPC. The Supreme People's Court, in addition to its power to give general interpretation on the application of laws in judicial proceedings, also has the power to interpret specific cases. The State Council and its ministries and commissions are also vested with the power to interpret rules and regulations that they have promulgated. At the regional level, the power to interpret regional rules and regulations is vested in the regional legislative and administrative bodies which promulgated such laws.

THE PRC JUDICIAL SYSTEM

Under the PRC Constitution and the Law of Organization of the People's Courts, the judicial system is made up of the Supreme People's Court, the local courts, military courts and other special courts.

The local courts are comprised of the basic courts, the intermediate courts and the higher courts. The basic courts are organised into civil, criminal, economic, administrative and other divisions. The intermediate courts are organised into divisions similar to those of the basic courts, and are further organised into other special divisions, such as the intellectual property division. The higher level courts supervise the basic and intermediate courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the administration of justice by all other courts.

The courts employ a two-tier appellate system. A party may appeal against a judgment or order of a local court to the court at the next higher level. Second judgments or orders given at the next higher level and the first judgments or orders given by the Supreme People's Court are final. First judgments or orders of the Supreme People's Court are also final. If, however, the Supreme People's Court or a court at a higher level finds an error in a judgment which has been given by any court at a lower level, or the president of a court finds an error in a judgment which has been given in the court over which he presides, the case may then be retried in accordance with the judicial supervision procedures.

The Civil Procedure Law of the PRC, which was adopted on 9 April 1991 and amended on 28 October 2007, 31 August 2012, 27 June 2017 and 24 December 2021, respectively, sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the district, municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the place of the object of the contract. However, such selection cannot violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or order made by a court or an award granted by an arbitration panel in the PRC, the aggrieved party may apply to the court to request for enforcement of the judgment, order or award. The time limit imposed on the right to apply for such enforcement is two years. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by any party to the action, mandatorily enforce the judgment.

A party seeking to enforce a judgment or order of a court against a party who is not located within the PRC and does not own any property in the PRC may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or order. A foreign judgment or ruling may also be recognised and enforced by a PRC court in accordance with the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination in accordance with the principal of reciprocity, unless the court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

FOREIGN EXCHANGE CONTROLS

The lawful currency of the PRC is the Renminbi, which is subject to foreign exchange controls and is not freely convertible into foreign exchange at this time. SAFE, under the authority of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

Prior to 31 December 1993, a quota system was used for the management of foreign currency. Any enterprise requiring foreign currency was required to obtain a quota from the local SAFE office before it could convert Renminbi into foreign currency through the PBOC or other designated banks. Such conversion had to be effected at the official rate prescribed by SAFE on a daily basis. Renminbi could also be converted into foreign currency at swap centres. The exchange rates used by swap centres were largely determined by the demand for, and supply of, the foreign currency and the Renminbi requirements of enterprises in the PRC. Any enterprise that wished to buy or sell foreign currency at a swap centre had to obtain the prior approval of SAFE.

On 28 December 1993, the PBOC, under the authority of the State Council, promulgated the Notice of PBOC Concerning Further Reform of the Foreign Currency Control System, effective from 1 January 1994. The Notice announced the abolition of the foreign exchange quota system, the implementation of conditional convertibility of Renminbi in current account items, the establishment of the system of settlement and payment of foreign exchange by banks, and the unification of the official Renminbi exchange rate and the market rate for Renminbi established at swap centres. On 26 March 1994, the PBOC promulgated the Provisional Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (the "**Provisional Regulations**"), which set out detailed provisions regulating the trading of foreign exchange by enterprises, economic organisations and social organisations in the PRC.

On 1 January 1994, the former dual exchange rate system for Renminbi was abolished and replaced by a controlled floating exchange rate system, which was determined by demand and supply of Renminbi. Pursuant to such system, the PBOC set and published the daily Renminbi-U.S. dollar exchange rate. Such exchange rate was determined with reference to the transaction price for Renminbi-U.S. dollar in the inter-bank foreign exchange market on the previous day. Also, the PBOC, with reference to exchange rates in the international foreign exchange market, announced the exchange rates of Renminbi against other major foreign currencies. In foreign exchange transactions, designated foreign exchange banks may, within a specified range, freely determine the applicable exchange rate in accordance with the rate announced by the PBOC.

On 29 January 1996, the State Council promulgated the "Regulations for the Control of Foreign Exchange of the PRC" ("**Control of Foreign Exchange Regulations**") which became effective from 1 April 1996. The Control of Foreign Exchange Regulations classifies all international payments and transfers into current account items and capital account items. Most current account items are subject to the approval by relevant banks that are duly authorised by SAFE to do so, while capital account items are still subject to SAFE approval directly. The Control of Foreign Exchange Regulations was subsequently amended on 14 January 1997. Such amendment affirms that the State shall not restrict international current account payments and transfers. On 1 August 2008, the Control of Foreign Exchange Regulations were further amended pursuant to a resolution of the State Council of China and came into effect on 5 August 2008 (the "**New Forex Regulation**"). Under the New Forex Regulation, foreign currency received under current account by onshore entities will not be asked to be settled into Renminbi automatically, while foreign currency under capital account may also be maintained upon approval. The Renminbi will be convertible for current account items (including the distribution of dividends, interest and royalties payments, and trade and service-related foreign exchange transactions) upon presentation of valid receipts and proof certifying the purposes of the conversion of Renminbi into foreign currency to the designated foreign exchange banks. Conversion of Renminbi into foreign exchange and remittance of foreign exchange funds outside of PRC for capital account items, like direct investment, loan, loan guarantee, securities investment, capital contribution and repatriation of investment, is still subject to restriction, and prior approval from SAFE or its competent branch.

On 20 June 1996, the PBOC promulgated the "Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange" (the "**Settlement Regulations**") which became effective on 1 July 1996. The Settlement Regulations superseded the Provisional Regulations and abolished the remaining restrictions on convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items. Domestic entities seeking to enter into foreign exchange transactions are required to open up foreign exchange accounts for current account or capital account transactions, as the case may be, at banks involved in foreign exchange business. Interest payments for foreign debt may be made from a foreign exchange account of a domestic entity or using foreign exchange purchased at designated foreign exchange banks after the verification of the *bona fide* nature of the transaction by SAFE. Domestic entities may apply to SAFE for approval to purchase foreign exchange by presenting valid documents required by the Settlement Regulations for repayment of foreign debt principal and such payment can be made upon the approval of SAFE.

On 25 October 1998, the PBOC and SAFE promulgated the "Notice Concerning the Discontinuance of Foreign Exchange Swap Business" pursuant to which and with effect from 1 December 1998, all foreign exchange swap business in the PRC for foreign-invested enterprises was discontinued, while the trading of foreign exchange by foreign-invested enterprises was to be regulated under the system for the settlement and sale of foreign exchange applicable to banks.

On 21 July 2005, the PBOC announced that, beginning from 21 July 2005, the PRC will implement a regulated and managed floating exchange rate system based on market supply and demand and by reference to a basket of currencies. The Renminbi exchange rate is no longer pegged to the U.S. dollar only. PBOC will announce the closing price of a foreign currency such as the U.S. dollar traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each business day, setting the central parity for trading of the Renminbi on the following business day.

On 11 August 2015, the PBOC adjusted the mechanism for market makers to form the central parity rate by requiring them to consider the closing exchange rate for the last trading date. It is possible that the PRC government could adopt a more flexible currency policy in the future, which could result in further and more significant revaluations of Renminbi against the U.S. dollar or any other foreign currency. Any future exchange rate volatility relating to Renminbi or any significant revaluation of Renminbi may materially and adversely affect the Group's cash flows, revenue, earnings and financial position, as well as the value of any distributions payable to the Issuer by its PRC subsidiaries.

REGULATIONS REGARDING OVERSEAS INVESTMENT AND ACQUISITION ACTIVITIES

NDRC Supervision

According to the "Administrative Measures for the Overseas Investment by Enterprises" issued on 26 December 2017 and effective from 1 March 2018, which repeals the "Measures for the Administration of Approval and Filing of Overseas Investment Projects", the approval administration and filing administration shall be respectively applied to different overseas investment projects. Specifically, if the project is related to the sensitive countries, regions or industries, regardless of the investment amount, the projects shall be subject to the approval of the NDRC. The list of sensitive industries applicable to the "Administrative Measures for the Overseas Investment by Enterprises" have been further updated in the "Catalogue of Sensitive Industries for Outbound Investment" (Fa Gai Wai Zi [2018] No. 251) promulgated by the NDRC on 31 January 2018 and effective from 1 March 2018. Non-sensitive projects shall be subject to the filing administration. Specifically, overseas investment projects carried out by enterprises under central management (or enterprises directly subordinate to the administration by the State Council or its subordinate organ), and those carried out by local enterprises in which the amount of Chinese investment reaches or exceeds U.S.$300 million shall be subject to the record-filing by the NDRC. Those carried out by local enterprises in which the amount of Chinese investment is below U.S.$300 million shall be subject to the record-filing by competent development and reform authority of the provincial government.

According to the "Notice on Issues Concerning the Implementation of Measures for the Administration of Approval and Filing of Overseas Investment Projects", the "Circular of NDRC on Properly Handling the Delegation of Approval Authority over Outbound Investment Projects to Lower-level Authorities" terminated.

Investment projects to be carried out in the Hong Kong SAR and/or the Macao SAR shall be governed by the "Measures for the Administration of Approval and Filing of Overseas Investment Projects".

On 4 August 2017, the NDRC, MOFCOM, the PBOC and the Ministry of Foreign Affairs jointly issued the "Guiding Opinions on Further Orienting and Regulating Outbound Investment" (the "**Guiding Opinion**"), which classifies outbound investment into three groups: encouraged, restricted, and prohibited. The Guiding Opinion provides that the government will support enterprises to actively engage in outbound investment projects which promote the 'One Belt, One Road' strategy; deepen cooperation in international production capacity; promote the transfer of quality domestic production capacity, equipment, and applicable technologies overseas; enhance China's technology R& D, production, and manufacturing capacity; help resolve the country's energy shortage problems; and promote industrial upgrade.

Under the Guiding Opinion, the encouraged group includes:

- Projects that promote outbound investment in construction in the areas covered under the 'One Belt One Road' initiative, and basic infrastructure construction in the surrounding areas.

- Projects that steadily promote outbound investment that can facilitate the transfer of quality domestic production capacity, equipment, and applicable technology standards overseas.

- Projects that enhance investment cooperation with overseas high-tech and advanced manufacturing enterprises, and encourage domestic companies to set up R& D centres overseas.

- Projects that encourage domestic companies to actively participate in the exploration and development of oil, gas, and mineral projects overseas on the condition that a prudent assessment of economic benefits and interests has been conducted.

- Projects involving cooperation in agriculture.

- The government will promote outbound investment in trade and commerce, and culture and logistics, and support qualified financial institutions to establish branches and service networks overseas to carry out business lawfully.

The groups subject to restrictions include:

- Outbound projects in sensitive countries and regions that have no diplomatic relations with China; are currently at war with it; or have restrictions imposed in bilateral or multilateral agreements or conventions with China.

- Real estate, hotel, cinema, entertainment, and sports clubs.

- A stock investment fund or investment platform that does not invest in any real business overseas.

- Adopting technology standards that fall short of the required standards in the host country to manufacture production equipment.

- Failure to comply with the environmental protect, energy consumption or safety standards of the host country.

Investments falling into the first three areas listed above shall be subject to verification and approval by the NDRC and other competent authorities in charge of outbound investment.

The prohibited category includes:

- Projects involving the export of core military technologies and products without the approval of the Chinese government.

- Projects involving the use of technologies, techniques, or products that are prohibited for exports.

- Projects involving gambling or pornography.

- Projects involving breach of international conventions which China is a signatory to.

- Other outbound investment projects that may endanger or potentially endanger national security.

Also, further measures will be taken to improve guidance on different types of outbound investments, including:

- Further raising government service levels to support outbound investment — such as in taxation, foreign exchange, insurance, customs, and information areas.

- Providing guidance and timely alerts to domestic enterprises on their intended investment in the restricted areas overseas.

- Imposing substantial control and regulation to prevent outbound investments in prohibited areas.

On 5 January 2023, the NDRC promulgated the NDRC Administrative Measures, which has come into effect on 10 February 2023. The Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) ("**NDRC Circular**") was repealed upon the implementation of the NDRC Administrative Measures. Compared with the NDRC Circular, the major changes in the NDRC Administrative Measures include:

- Covering both direct borrowing by PRC enterprise, non-PRC enterprise and branch controlled by a PRC enterprise and indirect borrowing by any PRC enterprise;

- Expanding the scope of debt instruments on the basis of the NDRC Circular, and clarifies that debt instruments include but not limited to senior bonds, perpetual bonds, capital debentures, medium-term notes, convertible bonds, exchangeable bonds, financial leasing and commercial loans;

- Setting up prohibitive usages of foreign debts, and use of proceeds under foreign debts shall not (i) violate any PRC laws and regulations; (ii) threaten or be detrimental to the national interests, economic, information and data security of the PRC; (iii) contravene the goal of the PRC's macroeconomic regulation and control; (iv) contravene the PRC's development and industrial policies; (v) increase local government's hidden debts; or (vi) be used for speculative purposes or (except for banking/financial institutions) be lent to others (other than any circumstance which has been stated in the application materials and approved);

- Introducing criminal compliance requirements on the condition of enterprises for borrowing foreign debts. Each controlling shareholder and de facto controlling person of an enterprise is required to not have any criminal records relating to corruption, bribery, embezzlement or misappropriation of assets or other criminal offences that may impede the order of the socialist market economy, and not be the subject of lawful investigation for criminal offences or breach of major laws or regulations, in each case, within the past 3 years;

- Adopting the examination and registration regime to replace the filing and registration regime implemented under the NDRC Circular. Such change means that applications for approval of medium and long-term foreign debt may be subject to substantive exam and strengthened oversight by PRC government authorities;

- Clarifying the penalties and legal liability of non-compliant enterprises, relevant intermediaries, and responsible persons; broadening the scope of responsibility of responsible persons; and increasing the legal consequences for non-compliant entities;

- Raising the bar on risk prevention and control of foreign debt of enterprises. The NDRC requires information on risk prevention and control measures to be included in the application for a NDRC Certificate, and also introduces a reporting obligation on any material circumstance which may affect the enterprise's ability to repay its debt, so as to strengthen prevention and supervision of risk of default on foreign debt; and

- Increasing the filing procedure after issuance. PRC enterprise shall submit the corresponding information on issuing foreign debts within 10 PRC working days upon the expiration of the NDRC certificate, and the Issuer is also required to complete periodic filling of requisite information including use of proceeds, plan and arrangement of payment of interest and principal and the Issuer's financial indicators etc. within 5 PRC working days prior to the end of January and July each year. In case of any material circumstance that may affect the normal performance of debt obligations, such as debt repayment risk or significant asset restructuring, PRC enterprise shall submit relevant information and take measures for isolation of risks.

MOFCOM Supervision

MOFCOM issued the new version of the Administration of Overseas Investment on 6 September 2014, effective from 6 October 2014 (the "**New Overseas Investment Rules**"). Under the New Overseas Investment Rules, a domestic enterprise intending to carry out any overseas investment shall report to the competent department of commerce for verification or filing and shall, with regard to an enterprise so verified or filed, issue thereto an Enterprise Overseas Investment Certificate. If two or more enterprises make joint investment to establish an overseas enterprise, the larger (or largest) shareholder shall be responsible for the verification or filing procedure after soliciting written consent of other investing parties.

An enterprise that intends to invest in a sensitive country or region or a sensitive industry shall apply for the verification by MOFCOM. "Sensitive countries and regions" mean those countries without a diplomatic relationship with the PRC, or subject to the UN sanctions or otherwise under the list of verified countries and regions published by MOFCOM from time to time. "Sensitive industries" mean those industries involving the products and technologies which are restricted from being exported, or affecting the interests of more than one country (or region). In accordance with the New Overseas Investment Rules, a Central Enterprise shall apply to MOFCOM for verification and MOFCOM shall, within 20 working days of accepting such application, decide whether or not the verification is granted.

For a local enterprise, it shall apply through the provincial department of commerce to MOFCOM for such verification. The provincial department of commerce shall give a preliminary opinion within 15 working days of accepting such local enterprise's application and report all application documents to MOFCOM, while MOFCOM shall decide whether or not the verification is granted within 15 working days of receipt of such preliminary opinion from the provincial department of commerce. Upon verification, the Enterprise Overseas Investment Certificate shall be issued to the investing enterprise by MOFCOM.

Other than those overseas investments subject to MOFCOM verification as described above, all other overseas investments are subject to a filing requirement. The investing enterprise shall fill complete the filing form through the Overseas Investment Management System, an online system maintained by MOFCOM and print out a copy of such filing form for stamping with the company chop, and then submit such stamped filing form together with a copy of its business licence, for filing at MOFCOM (for a Central Enterprise) or the provincial department of commerce (for a local enterprise) respectively. MOFCOM or the provincial department of commerce shall accept the filing and issue the Enterprise Overseas Investment Certificate within 3 working days of receipt of such filing form, if the filing form meets all the relevant requirements. The investing enterprise must carry out the investment within 2 years of the date of the relevant Enterprise Overseas Investment Certificate, otherwise such Certificate will automatically expire and a new filing or verification application has to be made by the investing enterprise after such expiry. In addition, if any item recorded in such Certificate is changed, the investing enterprise shall handle an updating process at MOFCOM or the provincial department of commerce (as the case may be).

If an overseas invested company carries out a re-investment activity offshore, the investing enterprise shall report such re-investment activity to MOFCOM or the provincial department of commerce (as the case may be) after the investment is completed offshore. The investing enterprise shall fill in and print out a copy of the Overseas Chinese-invested Enterprise Re-investment Report Form from the Overseas Investment Management System and stamp and submit such Report Form to MOFCOM or the provincial department of commerce.

The New Overseas Investment Rules specifically provide that an overseas invested company cannot use the words of "China" ("中國" or "中華") in its name, unless otherwise approved.

MOFCOM also promulgated the Notice on the Promulgation of Provisional Measures on the Reporting for Filing (Approval) of Outbound Investments on 18 January 2018, which became effective on the same day, together with the PBOC, SASAC, SAFE and several other government agencies. On 28 May 2019, MOFCOM issued the Implementation Rules for Filing (Approval) Reports on Outbound Investment, which came into effect on 1 July 2019. The measures and implementation rules set out the mechanism for information collection and sharing among various government authorities and the roles of various government authorities on the filing and approval of overseas investments by domestic enterprises.

Foreign Exchange Administration

SAFE issued the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to Direct Investment on 13 February 2015, abolishing the verification and approval of foreign exchange registration of overseas direct investment. The banks shall directly examine and handle foreign exchange registration of overseas direct investment. SAFE and its branches shall conduct indirect regulation of foreign exchange registration of overseas direct investment via banks.

State-owned Assets Supervision

The Interim Measures for Administration of Overseas State-owned Property Rights of Central Enterprises and the Interim Measures for the Supervision and Administration of Overseas State-owned Assets of Central Enterprises also apply to overseas investment projects. Where overseas enterprises wholly owned or controlled by Central Enterprises and their subsidiaries at all levels are involved in contribution with non-monetary assets, they shall retain a professional agency with the corresponding qualifications, professional experiences and good reputation to evaluate or valuate subject matters, and the evaluation items or valuation results shall be submitted to SASAC for record-filing or approval.

If the domestic enterprise is a Central Enterprise, it shall establish and perform investment decision-making procedures and management control system, shall establish and improve administration systems and submitted to SASAC for record-filing, and shall establish annual investment plan and submit it SASAC and make a copy of the project approval documents to SASAC.

Overseas enterprises which have completed overseas registration shall make state-owned assets ownership registration with SASAC.

EIT LAW

Prior to 1 January 2008, under the then applicable PRC law and regulations, entities established in the PRC were generally subject to a 33 per cent. EIT. However, entities that satisfied certain conditions enjoyed preferential tax treatment. In accordance with the tax laws and regulations effective until 31 December 2007, foreign invested manufacturing enterprises scheduled to operate for a period no less than ten years were exempted from paying state income tax for two years starting from its first profit making year and were allowed a 50 per cent. reduction in its tax rate in the third, fourth and fifth years ("**two-year exemption and three-year reduction by half**").

On 16 March 2007, the NPC enacted the EIT law, which took effect on 1 January 2008 and was amended on 24 February 2017 and 29 December 2018. The new EIT law, together with its implementation rules, imposes a single uniform income tax rate of 25 per cent. on all Chinese enterprises, including foreign invested enterprises, and eliminates or modifies most of the tax exemptions, reductions and preferential treatments available under the previous tax laws and regulations. On 26 December 2007, the State Council issued a Notice on the Implementation of the Transitional Preferential Tax Policies, or Circular 39. Further, as at 1 January 2008, the enterprises that previously enjoyed "two-year exemption and three-year reduction by half" of EIT and other preferential treatments in the form of tax deductions and exemptions within specified periods may, after the implementation of the new EIT law, continue to enjoy the relevant preferential treatments until the expiration of the time period. However, if such an enterprise has not enjoyed the preferential treatments yet because of its failure to make profits, its preferential time period shall be calculated from 2008.

After the implementation of the new EIT law, the preferential tax treatment for encouraged enterprises located in western China and certain industry-oriented tax incentives are still available. Pursuant to the "Notice on Tax Policy Issues Concerning Further Implementing the Western China Development Strategy", effective from 1 January 2011, the enterprises within the state-encouraged industry located in western China are taxed at a preferential income tax rate of 15 per cent. for years from 1 January 2011 to 31 December 2020 after being approved by the competent tax authority. Pursuant to the "Notice on the Enterprise Income Tax Policy Concerning Continuing the Western China Development Strategy", effective from 1 January 2021, the enterprises within the state-encouraged industry located in western China continue to apply a preferential income tax rate of 15 per cent. for years from 1 January 2021 to 31 December 2030.

VALUE ADDED TAX ("VAT")

Under the Circular of Full Implementation of Business Tax to VAT Reform《 (關於全面推開營業稅改徵增值稅試點的通知》) (Caishui [2016] No. 36) issued by the MOF and the SAT of the PRC on 23 March 2016, (a) business tax has been completely replaced by value-added tax in PRC from 1 May 2016; (b) value-added tax is applicable where entities or individuals provide taxable services related to value-added tax within the PRC; (c) the services are treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC; (d) the services which are subject to value-added tax include the provision of financial services which refers to the business activities of financial and insurance operation, including loan processing services, financial services of direct charges, insurance services and the transfer of financial instruments; (e) "loan processing" refers to the activity of lending capital for another's use and receiving the interest income thereon; (f) among others, the interest (principle-guaranteed gains, remunerations, fund occupation fees and compensations, which refer to investment returns whose principal can be fully recovered upon maturity as explicitly committed under the relevant contract) obtained during the holding period (including upon maturity) of financial products shall be treated as interest income related to loan processing and thus shall be subject to value-added tax while such gains, remunerations, fund occupation fees and compensations obtained during the holding period (including upon maturity) of financial products shall not be treated as interest income or income in the nature of interest related to loan processing if their principal is not guaranteed and shall thus not be subject to value-added tax; and (g) the applicable value-added tax rate for provision of financial services is 6 per cent.

According to the Tentative Regulations on the Value-added Tax of the PRC which was revised by the State Council on 10 November 2008 and came into effect on 1 January 2009, and revised by the "Decision of the State Council on Amending Certain Administrative Regulations" promulgated by the State Council on 6 February 2016 and further revised on 19 November 2017, and the Detailed Implementation Rules of the Tentative Regulations on the Value-added Tax of the PRC promulgated by the MOF which came into effect on 1 January 2009 and was amended on 28 October 2011, organisations or individuals who sell commodities, provide processing, repairing or replacement services, or import commodities within the PRC's territories are subject to value-added tax, and shall pay the value-added tax accordingly. The rate of the value-added tax shall be 17 per cent. or 13 per cent., depending on the commodities being sold. For taxpayers exporting commodities, the tax rate shall be zero per cent.

FOREIGN EXCHANGE ADMINISTRATION

According to Circular of the State Administration of Foreign Exchange on Further Improving and Revising the Foreign Exchange Control Policy on Direct Investment (國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知), corporations, enterprises or other economic organisations (domestic investors) that have been permitted to make outbound investment shall go through the procedures of registration to the Foreign Exchange Bureau (外匯管理機構). The Foreign Exchange Bureau shall issue the Foreign Exchange Registration Certificate (外匯登記證) for overseas direct investment or an IC card to the domestic institution. The domestic institution shall go through the formalities for outward remittance of funds for overseas direct investment at a designated foreign exchange bank by presenting the approval document issued by the department in charge of overseas direct investment and the Foreign Exchange Registration Certificate for overseas direct investment. The scope of foreign exchange funds for overseas direct investment of domestic institutions includes their own foreign exchange funds, domestic loans in foreign currencies in compliance with relevant provisions, foreign exchange purchased with Renminbi, material objects, intangible assets and other foreign exchange funds approved by the Foreign Exchange Bureaus for overseas direct investment. The profits gained from overseas direct investment of domestic institutions may be deposited in overseas banks and used for overseas direct investment.

THE MEASURES FOR FINANCE LEASING ENTERPRISES

The Measures for Finance Leasing Enterprises (融資租賃企業監督管理辦法) (the "**Measures for Finance Leasing Enterprises**") was promulgated by MOFCOM on 18 September 2013 and became effective on 1 October 2013 to strengthen regulation over both domestic and foreign-invested finance leasing enterprises.

According to the Measures for Finance Leasing Enterprises, MOFCOM and the provincial-level commerce authorities are in charge of the supervision and administration of finance leasing companies. A finance leasing company shall, according to the requirements of MOFCOM, report the relevant data in a timely and truthful manner through the National Finance Leasing Enterprise Management Information System (全國融資租賃企業管理資訊系統). Specifically, a finance leasing company shall, within 15 working days after the end of each quarter, submit the statistics on and summary of its operations in the preceding quarter, and prior to 30 April of each year, submit the statistics on and summary of its operations in the preceding year as well as its financial and accounting report (including the notes appended thereto) audited by an audit body for the preceding year. In the event of a change of name, relocation to another region, increase or decrease of registered capital, change of organizational form, adjustment of ownership structure or other changes, a finance leasing company shall report to the competent provincial-level commerce authority in advance. A foreign-invested finance leasing company that undergoes the said changes shall go through approval and other procedures in compliance with relevant provisions. A finance leasing company shall, within five working days after completing registration changes with the State Administration for Industry and Commerce of the PRC or its delegated authority at the provincial, municipal or other local level, log into the National Finance Leasing Enterprise Management Information System to modify the relevant information.

The Measures for Finance Leasing Enterprises explicitly stipulate the business scope of a finance leasing company. A finance leasing company may conduct its finance leasing activities by way of a direct lease, sublease, leaseback, leveraged lease, entrusted lease and joint lease within the limits of applicable laws, regulations and rules. A finance leasing company shall operate finance leasing and other leasing businesses as its main business, and may engage in the purchase of leased properties, disposal of residual value of leased properties, maintenance of leased properties, lease transaction consultancy and guarantee services, assignment of accounts receivable to a third party institution, receiving lease deposits and other businesses approved by the competent authority. A finance leasing company shall not engage in deposit taking (吸收存款), lending (發放貸款), entrusted lending (受託發放貸款), and without the approval of the competent authority, shall not engage in inter-bank borrowing.

The Measures for Finance Leasing Enterprises also require the finance leasing companies to strengthen their internal risk controls, to establish good systems for classifying at-risk assets, and to adopt a credit appraisal system for the lessee, an ex post recovery and disposal system and a risk alert mechanism. A finance leasing company shall also establish an affiliated transaction management system, and exclude related parties from the voting or decision making process of affiliated transactions. In the event of a purchase of equipment from an affiliated production enterprise, the settlement price for such equipment shall not be evidently lower than the price offered by such enterprise to any third party for such equipment or for equipment of the same batch. A finance leasing company shall manage its assets under trust lease and assets under sublease separately and keep separate accounts therefor. A finance leasing company shall strengthen the management of its major lessees, limit the proportion of business with a single lessee and with lessees that are affiliates, and pay attention to the prevention and diversification of operational risks.

The Measures for Finance Leasing Enterprises also contain regulatory provisions specifically on sale-leaseback transactions. The subject matter of a sale-leaseback transaction shall be properties that can give play to their economic functions and produce continuous economic benefits. A finance leasing company shall not accept any property to which a lessee has no disposal rights, or on which any mortgage has been created, or which has been sealed or seized by any judicial organs, or whose ownership has any other defects as the subject matter of a sale-leaseback transaction. A finance leasing company shall give adequate consideration to and objectively evaluate assets leased back, set reasonable purchase prices for them in compliance with accounting principles, and shall not purchase any asset at a price in excess of its value.

On 8 May 2018, the General Office of MOFCOM issued the Notice on Matter Concerning the Adjustment of Management Responsibilities of Finance Leasing Companies, Factoring Companies and Pawnshops (商務部辦公廳關於融資租賃公司、商業保理公司和典當行管理職責調整有關事宜的通知), according to which the authority of rule-making on operation and regulation of finance leasing companies, factoring companies and pawnshops shall be transferred to CBIRC. On 18 May 2023, with the establishment of NAFR and the revocation of CBIRC, NAFR has taken over the functions of CBIRC. Although the competent authority has changed, the relevant governing laws and regulations of the finance leasing industry are still in force in the PRC.

The Interim Measures for the Supervision and Administration of Finance Leasing Companies (融資租賃公司監督管理暫行辦法) (the "**Interim Measures for Finance Leasing Enterprises**") was promulgated by CBIRC on 26 May 2020 and became effective on 26 May 2020 to implement regulatory responsibilities, standardised supervision and administration, guide compliant operations of finance leasing companies, and promote standardised development of the finance leasing industry. The Interim Measures for Finance Leasing Enterprises stipulate that the total amount of risk assets of finance leasing companies shall not exceed eight times of their net assets, and the total amount of risk assets is determined by the remaining assets after deducting cash, deposits and national debt from the total assets of the enterprise. Although CBIRC has been revoked, the Interim Measures for Finance Leasing Enterprises is still in force.

TAXATION

The following summary of certain tax consequences of the purchase, ownership and disposition of the Bonds is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any Bondholder or any persons acquiring, selling or otherwise dealing in the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. There are uncertainties regarding the interpretation and application of current and future PRC taxation laws and regulations and there can be no assurance that the relevant PRC regulatory authorities will not take a view that is contrary to the opinion of the Issuer. Persons considering the purchase of the Bonds should consult their own advisors concerning the possible tax consequences of buying, holding or selling any Bonds under the laws of their country of citizenship, residence or domicile.

PRC

The following summary accurately describes the principal PRC tax consequences of ownership of the Bonds by beneficial owners who, or which, are not residents of China for PRC tax purposes. These beneficial owners are referred to as non-PRC Bondholders in this "Taxation — PRC" section. In considering whether to invest in the Bonds, investors should consult their individual tax advisors with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction. Reference is made to PRC taxes from the taxable year beginning on or after 1 January 2008.

Income Tax

Pursuant to the EIT Law, the IIT Law and the implementation regulations in relation to both the EIT Law and the IIT Law, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to PRC-source income derived by non-resident enterprises or individuals, respectively, subject to adjustments under applicable tax treaties. As the Issuer is a PRC resident enterprise for tax purposes, interest paid to non-resident Bondholders may be regarded as PRC-sourced, and therefore be subject to PRC income tax at a rate of 10 per cent. for non-resident enterprise Bondholders and at a rate of 20 per cent. for non-resident individual Bondholders, unless any specific exemptions or any lower treaty rates apply.

Such income tax if applicable would be withheld by the Issuer that is acting as the obligatory withholder and the Issuer shall withhold the tax amount from each payment. To the extent that the PRC has entered into arrangements relating to the avoidance of double taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified non-PRC resident Bondholders. Under the EIT Law and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a "non resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by enterprise holders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, under the IIT Law, any individual who has no domicile and does not live within the territory of the PRC or who has no domicile but has lived within the territory of the PRC for less than 183 days cumulatively within a tax year, shall pay individual income tax for any income derived from sources within the PRC. Pursuant to the implementation regulations of IIT Law, unless otherwise stipulated by the finance authority and the tax department of the State Council, the income derived from transfer of properties in the PRC shall be deemed derived from sources within the PRC, regardless of the place of payment. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied.

Value Added Tax

On 23 March 2016, MOF and SAT issued Circular 36, which was subsequently amended on 11 July 2017, 25 December 2017 and 20 March 2019, introducing a new VAT from 1 May 2016 for entities and individuals providing services within the PRC in certain industries. On 19 November 2017, the State Council promulgated the Decision on Abolishing the Provisional Regulations of the People's Republic of China on Business Tax and Revising the Provisional Regulations of the People's Republic of China on Value-added Tax (國務院關於廢止《中華人民共和國營業稅暫行條例》和修改《中華人民共和國增值稅暫行條例》的決定). On the same day, the State Council amended the Provisional Regulations of the People's Republic of China on Value-Added Tax (中華人民共和國增值稅暫行條例) (the "**Value-Added Tax Provisional Regulations**"), which was initially issued on 13 December 1993 and subsequently amended on 5 November 2008, 6 February 2016, and 19 November 2017. The Value-Added Tax Provisional Regulations further requires that the business tax shall be completely replaced by VAT where the entities or individuals provide services within the PRC. The operating income generated from the provision of taxable sale of services by entities and individuals, such as financial services, shall be subject to PRC VAT if the seller or buyer of the services is within PRC. In the event that foreign entities or individuals do not have a business establishment in the PRC, the purchaser of services shall act as the withholding agent. According to the Explanatory Notes to Sale of Services, Intangible Assets and Real Property attached to Circular 36, financial services refer to the business activities of financial and insurance operation, including loan processing services, financial services of direct charges, insurance services and the transfer of financial instruments, and the VAT rate is 6 per cent. Accordingly, the interest and other interest like earnings received by a non-PRC resident Bondholder from the Issuer and profits on the transfer of the Bond will be subject to PRC VAT at the rate of 6 per cent. The Issuer or the withholding agent will be obligated to withhold VAT of 6 per cent. for payments of interest and certain other amounts on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals. However, there is uncertainty as to whether gains derived from a sale or exchange of Bonds consummated outside of the PRC between non-PRC resident Bondholders will be subject to PRC VAT. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. Investors should further consult their own legal and tax advisors in relation to their VAT obligations. As Circular 36 together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

However, despite the withholding of the PRC tax by the Issuer, the Issuer has agreed to pay additional amounts to holders of the Bonds so that holders of the Bonds would receive the full amount of the scheduled payment, as further set out in "*Terms and Conditions of the Bonds*".

Stamp Duty

According to Stamp Duty Law of the PRC (中華人民共和國印花稅法) adopted by the Standing Committee of the NPC on 10 June 2021, and implemented on 1 July 2022, entities and individuals who conclude taxable documents within the PRC, or who conclude taxable documents outside the PRC but for use within the PRC, should be liable for stamp duty. The taxable items and tax rates shall be governed by the Table of Taxable Items and Tax Rates for Stamp Duty (印花稅稅目稅率表) attached. According to taxable items, the tax bases for stamp duty shall be the amount listed in the contract (excluding the VAT listed), the amount listed in the document of transfer of the property right (excluding the VAT listed), the total amount of the paid-up capital and capital reserve recorded in the account book, or the securities transaction value.

According to the Stamp Duty Law of the PRC, the parties shall be obliged to pay stamp duties for the sale, inheritance, gift, exchange or division of instruments of transfer of property rights, including instruments of transfer of property titles, copyright, exclusive right of use of trademarks, patents and proprietary technology usage rights.

While Bonds may be considered as a type of loan contracts from a PRC legal perspective, the PRC taxation authority currently tends to take the view that taxable loan contracts are limited to contracts entered into by banks and other financial institutions in conducting their more conventional credit business, such as loan contracts for replenishing working capital or mortgages, as detailed in "Specific Provisions on the Applicability of Loan Contracts by the State Administration of Taxation" ((1988) Guoshuidi Zidi No. 30) ("**Specific Provisions**", though the Interim Regulation of the PRC on Stamp Duty (中華人民共和國印花稅暫行條例) was abolished on 1 July 2022, there is no evidence indicating Specific Provisions was abolished in the meantime).

However, there can be no assurance that PRC laws will not be revised or there will not be further rules or regulations promulgated specifying that the Bonds or similar debt instrument shall be treated (for purposes of stamp duty obligations) in the same way as loan contracts entered between banks or other financial institutions and borrowers, or otherwise as taxable instruments of transfer of property rights in the PRC. In that event, both the borrower and lender (i.e. the Issuer and the investor purchasing the Bonds, respectively) at the time of the issuance of the Bonds would be subject to PRC stamp duty of 0.005 per cent. of the amount borrowed, or any other rate applicable at the time of the issuance or transfer of the Bonds in question (or such higher rate if local governments impose additional requirements). And there can be no assurance that PRC laws will not be revised or there will not be further rules or regulations promulgated deeming the Bonds or similar debt instrument as instruments of transfer of property rights for purposes of stamp duty obligations, according to the effective Stamp Duty Law of the PRC, instrument s of transfer of property rights, including instruments of transfer of property titles, copyright, exclusive right of use of trademarks, patents and proprietary technology usage rights, shall be subject to stamp duty of 0.003 per cent. or 0.005 per cent. of the stated value according to the taxable items, and to be paid by the parties who initiated the contract.

The Issuer undertakes in the Terms and Conditions that to the extent any PRC stamp duty is payable on initial issuance of the Bonds, it will bear such relevant PRC stamp duties for itself and the Bondholders. The taxation authorities may impose a fine if a person subject to such PRC stamp duty is found to have failed to attach, or have attached insufficient number of stamps to a taxable instrument. The taxation authority, in addition to ordering such person to attach the appropriate number of stamps, may impose a fine or hand over to judicial authority if the case constitutes a crime according to the Tax Collection Administration Law of the PRC (中華人民共和國稅收徵收管理法), depending on the seriousness of the individual case. However, any failure or delay in attaching sufficient number of stamps or payment of fines will not affect the validity, legality and enforceability of the Bonds under the PRC laws.

Investors should further consult their own legal and tax advisors in relation to their PRC stamp duty obligations and liabilities in relation to any transfer of the Bonds.

Hong Kong

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Bonds or in respect of any capital gains arising from the sale of the Bonds.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(a) interest on the Bonds is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

(b) interest on the Bonds is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

(c) interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**IRO**")) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(d) interest on the Bonds is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of the Bonds will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Bonds will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of the Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

In addition, the Inland Revenue (Amendment) (Taxation on Specified Foreign-sourced Income) Ordinance 2022 (Cap. 112) of Hong Kong (the "**Amendment Ordinance**") came into effect on 1 January 2023. Under the Amendment Ordinance, certain foreign-sourced interest on the Bonds accrued to an MNE entity (as defined in the Amendment Ordinance) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The Amendment Ordinance also provides for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Bond.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes (the "**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (the "**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, and Bonds characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Bonds.

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Managers dated 4 December 2023 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Managers, and the Managers have agreed to, severally (and not jointly or jointly and severally) subscribe and pay for, or to procure subscribers to subscribe and pay for the Bonds.

Managers	**Principal Amount of the Bonds to be Subscribed**
	(CNY)
China International Capital Corporation Hong Kong Securities Limited	35,000,000
CLSA Limited	35,000,000
Shenwan Hongyuan Securities (H.K.) Limited	35,000,000
Dingxin (Securities) Limited	35,000,000
CEB International Capital Corporation Limited	35,000,000
China CITIC Bank International Limited	35,000,000
China Securities (International) Corporate Finance Company Limited	35,000,000
Industrial Bank Co., Ltd. Hong Kong Branch	35,000,000
JQ Securities (Hong Kong) Limited	35,000,000
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch	35,000,000
SPDB International Capital Limited	35,000,000
Total	**385,000,000**

The Subscription Agreement provides that the Managers and their respective subsidiaries, affiliates or any person who controls any of them or any of their respective directors, officers, employees or agents will be indemnified against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Managers are subject to certain conditions precedent, and entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

In connection with the issue of the Bonds, any of the Managers appointed and acting in its capacity as a Stabilising Manager or any person acting on behalf of the Stabilising Manager provided that China CITIC Bank International Limited shall not be appointed or acting as Stabilisation Manager may, to the extent permitted by applicable laws and directives, over-allot the Bonds or effect transactions with a view to supporting the price of the Bonds at a level higher than that which might otherwise prevail, but in doing so the Stabilising Manager or any person acting on behalf of the Stabilising Manager shall act as principal and not as agent of the Issuer. However, there is no assurance that the Stabilising Manager or any person acting on behalf of the Stabilising Manager will undertake stabilisation action. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Stabilising Manager.

The Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities ("**Banking Services or Transactions**"). The Managers and their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking Services or Transactions with the Issuer for which they have received, or will receive, fees and expenses.

In connection with the offering of the Bonds, the Managers and/or their respective affiliates, or affiliates of the Issuer, may act as investors and place orders, receive allocations and trade the Bonds for their own account and such orders, allocations or trading of the Bonds may be material. Such entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering of the Bonds. Accordingly, references herein to the offering of the Bonds should be read as including any offering of the Bonds to the Managers and/or their respective affiliates, or affiliates of the Issuer as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Bonds may be impacted.

Furthermore, it is possible that a significant proportion of the Bonds may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and liquidity of trading in the Bonds may be constrained. The Issuer and the Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors, otherwise than in accordance with any applicable legal or regulatory requirements.

In the ordinary course of their various business activities, the Managers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer, including the Bonds and could adversely affect the trading price and liquidity of the Bonds. The Managers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Bonds or other financial instruments of the Issuer, and may recommend to their clients that they acquire long and/or short positions in the Bonds or other financial instruments of the Issuer.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct — Important Notice to CMIs (including private banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for the offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Bonds. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer or any CMI (including its group companies) and inform the Managers accordingly.

CMIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for the offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions set out elsewhere in this Offering Circular.

CMIs should ensure that orders placed are *bona fide*, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Bonds (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Bonds.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Managers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Bonds, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis may require the relevant affiliated Manager(s) (if any) to categorise it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the SFC Code);
- Whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to: ib.dcm.centralsouth@clsa.com, dcm@swhyhk.com, spdbhk.dcm@spdb.com.cn, TMG_Syndicate@cncbinternational.com, cmd_dcm@cibhk.com and dcm@jqshk.com.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Managers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Manager with such evidence within the timeline requested.

General

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been taken or will be taken in any jurisdiction by the Issuer or the Managers that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Bonds, or possession or distribution of this Offering Circular or any amendment or supplement thereto issued in connection with the proposed resale of the Bonds or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required.

Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Bonds may be distributed or published, by the Issuer or the Managers, in or from any country or jurisdiction, except in circumstances which will result in compliance with all applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on the Issuer or the Managers. If a jurisdiction requires that an offering of Bonds be made by a licensed broker or dealer and the Managers or any affiliate of the Managers is a licensed broker or dealer in that jurisdiction, such offering shall be deemed to be made by the Managers or such affiliate on behalf of the Issuer in such jurisdiction.

United States

The Bonds and the Irrevocable Standby Letter of Credit have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Manager has represented that it has not offered or sold, and agreed that it will not offer or sell, any Bonds or the Irrevocable Standby Letter of Credit constituting part of its allotment within the United States except in accordance with Regulation S. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds or the Irrevocable Standby Letter of Credit.

United Kingdom

Each of the Managers has represented, warranted and agreed that:

(i) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Hong Kong

Each of the Managers has represented, warranted and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

The People's Republic of China

Each of the Managers has represented, warranted and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by applicable laws of the PRC.

Singapore

Each of the Managers has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Managers has represented, warranted and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Singapore SFA Product Classification — In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

The Audited Consolidated Financial Statements included in this Offering Circular were prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications. between PRC GAAP and IFRS. The following is a general summary of certain differences between PRC GAAP and IFRS on recognition and presentation as applicable to the Issuer. The Issuer is responsible for preparing the summary below. Since the summary is not meant to be exhaustive, there is no assurance regarding the completeness of the financial information and related footnote disclosure between PRC GAAP and IFRS and no attempt has been made to quantify such differences. Had any such quantification or reconciliation been undertaken by the Issuer, other potentially significant accounting and disclosure differences may have required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate PRC GAAP and IFRS have significant ongoing projects that could affect future comparisons or events that may occur in the future.

Government Grant

Under PRC GAAP, an assets-related government grant is only required to be recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. However, under IFRS, such assets-related government grants are allowed to be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Under PRC GAAP, the relocation compensation for public interests is required to be recognised as special payables. The income from compensation attributable to losses of fixed assets and intangible assets, related expenses, losses from production suspension incurred during the relocation and reconstruction period and purchases of assets after the relocation shall be transferred from special payables to deferred income and accounted for in accordance with the government grants standard. The surplus reached after deducting the amount transferred to deferred income shall be recognised in capital reserve. Under IFRS, if an entity relocates for reasons of public interests, the compensation received shall be recognised in profit and loss.

Reversal of Impairment Loss

Under PRC GAAP, once an impairment loss is recognised for a long term asset (including fixed assets, intangible assets and goodwill, etc.), it shall not be reversed in any subsequent period. Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill could be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Related Party Disclosures

Under PRC GAAP, government-related entities are not treated as related parties. Under IFRS, government-related entities are still treated as related parties.

Fixed Assets and Intangible Assets

Under PRC GAAP, only the cost model is allowed.

Under IFRS, an entity can choose either the cost model or the revaluation model as its accounting policy.

GENERAL INFORMATION

1. **Central Depository**: The Bonds have been accepted for clearance through CMU under the CMU Instrument Number BOAKFB23034, an ISIN HK0000971488 and a Common Code 272847541.

2. **The Legal Entity Identifier**: The Legal Entity Identifier (LEI) code of the Issuer is 836800ITHYWPT4CVNK34.

3. **Authorisations**: The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorised by board resolutions of the Issuer dated 28 February 2023 and shareholders' resolutions of the Issuer dated 22 November 2023.

4. **No Material and Adverse Change**: There has been no material adverse change, or any development or event involving a prospective change, in the condition (financial or other), prospects, results of operations, business, properties or general affairs or profitability of the Issuer or the Group, which is material and adverse in the context of the issue and offering of the Bonds since 31 December 2022.

5. **Litigation**: None of the Issuer or any member of the Group is involved in any litigation or arbitration proceedings which could have a material and adverse effect on their businesses, results of operations and financial condition nor is the Issuer aware that any such proceedings are pending or threatened. The Issuer may from time to time become a party to various legal or administrative proceedings arising in the ordinary course of its business.

6. **Available Documents**: Copies of the Trust Deed, the Agency Agreement and the Irrevocable Standby Letter of Credit are available for inspection by the Bondholders at all reasonable times during usual business hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) at the principal office of the CMU Lodging and Paying Agent, being as at the date of this Offering Circular at 3/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong, following prior written request and proof of holding and identity to the satisfaction of the CMU Lodging and Paying Agent.

7. **Financial Statements of the Group**: The Audited Consolidated Financial Statements, which are included elsewhere in this Offering Circular, have been audited by SuyaJincheng. None of the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank, or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them has independently verified or checked the accuracy of the translation of the financial statements and they can give no assurance that the information contained in the financial statements translation is accurate, truthful or complete.

8. **Financial Statements of LC Bank**: Copies of the published audited consolidated financial statements and unaudited but reviewed consolidated financial statements of Bank of Beijing, as well as its public filings, can be downloaded free of charge from the website of Bank of Beijing and the Shanghai Stock Exchange at http://www.bankofbeijing.com.cn and http://www.sse.com.cn, respectively. The financial statements of Bank of Beijing are not included in and do not form part of this Offering Circular. The information contained on the websites of Bank of Beijing and the Shanghai Stock Exchange is subject to change from time to time. No representation is made by the Issuer, the Group, the Managers, the Trustee, the Pre-funding Account Bank, the LC Proceeds Account Bank, any Agent or their respective affiliates, directors, officers, employees, agents, representatives and advisers or any person who controls any of them and none of the Issuer, the Group, the Managers, the Trustee, the Pre-funding Account Bank, the LC Proceeds Account Bank, any Agent or their respective affiliates, directors, officers, employees, agents, representatives and

advisers or any person who controls any of them takes any responsibility for any information contained on the websites of Bank of Beijing and the Shanghai Stock Exchange.

9. **Listing of Bonds**: Application will be made to Hong Kong Stock Exchange for the listing of and permission to deal in the Bonds by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 12 December 2023.

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Yancheng State-Owned Energy Investment Co., Ltd

AUDITOR'S REPORT

SYZCPA20230059

Audit Institution: Suya Jincheng Certified Public AccountantsLLP

Address: 22^{nd} -23^{rd} F, Central International Plaza, No.105-6 North Zhongshan Road, Nanjing

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E-mail: info@syjc.com

SUYAJINCHENG CPA LLP

SuyaJincheng CPA LLP [2023] No.59

Auditor's Report

To the shareholders ofYancheng State-Owned Energy Investment Co.,Ltd

I. Auditor's Opinion

We have audited the financial statements of Yancheng State-Owned Energy Investment Co.,Ltd (hereinafter referred to as "State-Owned Energy"), which comprise the consolidated balance sheet and balance sheet as from December 31st 2020 to December 31st 2022, and the consolidated income statement and income statement, the consolidated statement of cash flows and the statement of cash flows, the consolidated statement of changes in owner's equity and the statement of changes in owner's equity and notes to relevant financial statements from 2020 to 2022.

In our opinion, the attached financial statements are prepared, in all material respects, in accordance with Accounting Standards. They fairly present the financial position of State-Owned Energy as from December 31st 2020 to December 31st 2022 and its operating results and cash flows from 2020 to 2022.

II. Basis for Our Opinion

We conducted our auditing in accordance with the Auditing Standards for Certified Public Accountants in China. Our responsibilities based on the standards will be further elaborated in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. According to the Code of Ethics for Chinese CPA, we are independent of State-Owned Energy. Meanwhile, we have fulfilled our other ethical responsibilities in accordance with the requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide for our audit opinion.

III. Other information

State-Owned Energy’ s management (hereinafter referred to as “management”) is responsible for other information. Other information includes the information covered in State-Owned Energy Group's 2022 annual report, but does not include the financial statements and our audit report.

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

In conjunction with our audit of the financial statements, our responsibility is to read other information and, in the process, consider whether there is a material inconsistency or possibility of material misstatement between the other information and the financial statements or the information we have learned during the audit process.

Based on the work performed before, if we confirm that material misstatement exists in other information, we should report that fact. In this regard, we have no matters to report .

IV. Responsibilities of Management and Those Charged with Government for the Financial Statements

State-Owned Energy’s management (hereinafter referred to as “management”) is responsible for preparing the financial statements in accordance with the requirements of Accounting Standards to achieve a fair presentation. Furthermore, they are responsible for designing, implementing and maintaining necessary internal control to ensure that the financial statements are free from material misstatement .

In preparing the financial statements, management is in charge of assessing State-Owned Energy’s ability to continue as a going concern and using the assessment afterwards. The assessment is invalid if the management plans to liquidate State-Owned Energy, cease the operation or has no other alternatives.

Those charged with governance are responsible for supervising State-Owned Energy’s financial reporting process.

V. Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance that the financial statements are free from material misstatement. We aim to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that the audit conducted in accordance with the audit standards will always detect a material misstatement when it appears. Misstatements can be results from frauds or errors. They are considered material, either individually or aggregately, if they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the audit standards, we will use our professional judgement and maintain professional skepticism throughout the auditing process. We will also execute other work as follows:

(1) Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, omissions, misrepresentations, or the internal override control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of State-Owned Energy's internal control.

(3) Evaluate the appropriateness of accounting policies used by management and the reasonableness of accounting estimates and related disclosures.

(4) Conclude on the appropriateness of using the going concern assumption by the management. Meanwhile, based on the obtained audit evidence, conclude whether a material uncertainty exists related to events or conditions that may cause significant doubt on State-Owned Energy's going-concern ability. If we conclude that a material uncertainty exists, we are required to draw attention to the related disclosures in the financial statements. If such disclosures are inadequate, we should issue unqualified opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause State-Owned Energy to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements (including the disclosures) and judge whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient and appropriate audit evidence on the financial information of entities or business activities in State-Owned Energy to express an audit opinion on the financial statements. We are in charge of instructing, supervising and implementing our group audit and are fully responsible for our opinion.

We communicate with those charged with governance regarding the planned scope, audit timing and significant audit matters, which includes noteworthy deficiencies in internal control that we identify during our auditing.

Certified Public Accountant of China:

Certified Public Accountant of China:

SuyaJincheng CPA LLP

Nanjing, China

April 28th 2023

Consolidated balance sheet

Consolidated 01

Prepared by: Yancheng State-Owned Energy Investment Co.,Ltd Unit: RMB

Assets	Note V	December 31, 2022	December 31, 2021	January 1, 2021	December 31, 2020
Current assets:					
Cash at bank and on hand	1	1,867,238,166.18	1,238,170,783.23	1,170,637,516.95	1,170,637,516.95
Financial assets held for trading					
Derivative financial assets					
Notes receivable	2			282,250.00	282,250.00
Accounts receivable	3	651,732,000.16	352,911,490.12	211,824,883.68	211,824,883.68
Financing receivables					
Advance payment	4	21,145,447.22	17,258,377.38	45,623,798.75	46,868,542.41
Other receivables	5	643,074,393.91	1,335,680,609.15	1,034,321,832.59	1,034,321,832.59
Inventories	6	31,091,223.14	20,077,454.09	38,872,427.77	38,872,427.77
Contract assets					
Assets classified as held for sale					
Non-current assets due within one year					
Other current assets	7	89,056,443.09	467,018,461.55	123,919,492.14	123,919,492.14
Total current assets		**3,303,337,673.70**	**3,431,117,175.52**	**2,625,482,201.88**	**2,626,726,945.54**
Non-current assets:					
Debt investments	8		13,260,000.00	21,260,000.00	21,260,000.00
Other debt investments					
Long-term receivables					
Long-term equity instrument investments	9	4,682,264,491.62	3,260,334,801.78	2,950,687,780.72	2,950,687,780.72
Other equity instrument investments	10	1,157,972,010.00	1,960,800,887.25		
Other non-current financial assets	11			136,000,000.00	136,000,000.00
Investment properties	12	5,283,378,200.00	3,349,470,140.00	2,783,122,444.00	2,783,122,444.00
Fixed assets	13	4,580,372,253.74	1,109,168,316.94	1,146,671,955.01	1,146,671,955.01
Construction in progress	14	44,103,003.41	4,247,515,535.40	1,039,980,656.15	1,039,980,656.15
Productive biological assets					
Oil and gas assets					
Right-of-use asset	15	93,781,379.26	91,800,482.26	95,291,339.99	
Intangible assets	16	170,754,163.49	124,719,754.20	52,448,239.28	52,448,239.28
Development expendituress					
Goodwill					
Long-term prepaid expenses	17	13,510,962.04	6,270,344.24		4,100,818.16
Deferred tax assets	18	27,589,665.18	29,470,951.29	27,875,543.16	27,875,543.16
Other non-current assets	19	60,765,476.42	39,801,910.59	373,749,685.36	373,749,685.36
Total non-current assets		**16,114,491,605.16**	**14,232,613,123.95**	**8,627,087,643.67**	**8,535,897,121.84**
Total Assets		**19,417,829,278.86**	**17,663,730,299.47**	**11,252,569,845.55**	**11,162,624,067.38**

Legal Representative: 张林海 Chief Accountant: 仲明 Accountant in charge: 许建华印

Consolidated balance sheet

Consolidated 01

Prepared by： Yancheng State-Owned Energy Investment Co.,Ltd   Unit: RMB

Liabilities and owner's equity	Note V	December 31, 2022	December 31, 2021	January 1, 2021	December 31, 2020
Current liabilities:					
Short-term borrowings	20	250,243,055.56	492,805,260.77	325,000,000.00	325,000,000.00
Financial liabilities held for trading					
Derivative financial liabilities					
Notes payable					
Accounts payable	21	770,940,224.53	885,468,763.31	283,374,846.27	283,374,846.27
Advance receipts	22	7,021,718.86	1,501,500.00	12,944,000.00	12,944,000.00
Contract liabilities	23	7,416,335.76	1,519,437.00	731,340.97	731,340.97
Payroll payables	24	10,669,104.10	7,968,419.67	3,410,605.56	3,410,605.56
Taxes payable	25	54,877,041.65	44,545,072.38	34,784,210.62	34,784,210.62
Other payables	26	283,699,403.58	416,230,276.57	71,366,462.80	71,366,462.80
Liabilities classified as held for sale					
Non-current liabilities due within one year	27	2,389,125,318.30	1,875,878,909.56	944,118,369.66	938,920,000.00
Other current liabilities	28	736,517.38			
Total current liabilities		**3,774,728,719.72**	**3,725,917,639.26**	**1,675,729,835.88**	**1,670,531,466.22**
Non-current liabilities:					
Long-term borrowings	29	4,923,341,735.53	4,971,162,916.68	3,510,650,000.00	3,510,650,000.00
Bonds payable	30	649,726,026.39			
Including: preferred shares					
perpetual bonds					
Lease liabilities	31	86,758,869.67	85,934,201.03	84,747,408.51	
Long-term payables	32	1,859,890,236.14	1,458,743,756.92	532,500,000.00	532,500,000.00
Estimated liabilities					
Deferred income	33	48,892,207.03	31,783,164.49	29,331,384.49	29,331,384.49
Deferred tax liabilities	18	596,535,667.25	651,833,664.85	246,403,548.24	246,403,548.24
Other non-current liabilities					
Total non-current liabilities		**8,165,144,742.01**	**7,199,457,703.97**	**4,403,632,341.24**	**4,318,884,932.73**
Total liabilities		**11,939,873,461.73**	**10,925,375,343.23**	**6,079,362,177.12**	**5,989,416,398.95**
Owner's equity (or shareholder's equity):					
Paid-in capital (or share capital)	34	4,000,000,000.00	4,000,000,000.00	4,000,000,000.00	4,000,000,000.00
Other equity instruments					
Including: preferred shares					
perpetual bonds					
Capital reserve	35	87,778,328.93	87,778,328.93	87,959,447.42	87,959,447.42
Less: treasury shares					
Other comprehensive income	36	532,074,743.42	1,134,196,401.36	186,686,968.81	186,686,968.81
Specific reserve					
Surplus reserve	37	88,849,788.34	52,494,713.34	52,494,713.34	52,494,713.34
General risk reserve					
Undistributed profit	38	1,846,105,123.37	1,024,106,517.18	630,857,231.22	630,857,231.22
Total owner's equity attributable to the parent company		**6,554,807,984.06**	**6,298,575,960.81**	**4,957,998,360.79**	**4,957,998,360.79**
Non-controlling interests		923,147,833.07	439,778,995.43	215,209,307.64	215,209,307.64
Total owner's equity		**7,477,955,817.13**	**6,738,354,956.24**	**5,173,207,668.43**	**5,173,207,668.43**
Total liabilities and owners' equity		**19,417,829,278.86**	**17,663,730,299.47**	**11,252,569,845.55**	**11,162,624,067.38**

Legal Representative: 张林海 3209000007132   Chief Accountant: 仲明 3208250901782   Accountant in charge:

Consolidated income statement

Prepared by： Yancheng State-Owned Energy Investment Co.,Ltd

Consolidated 02
Unit:RMB

Item	NoteV	Amount incurred in 2022	Amount incurred in 2021	Amount incurred in 2020
1. Operating income	39	**769,197,703.61**	**327,068,144.03**	**236,054,572.45**
Less: Operating cost	39	280,446,015.46	155,273,256.90	108,912,691.31
Taxes and surcharges	40	26,632,251.24	18,397,433.21	18,732,141.81
Selling expenses	41	2,752,707.46	1,997,883.50	1,820,361.90
Management cost	42	91,162,106.59	72,549,981.41	40,565,900.63
R&D expenses				
Financial expenses	43	475,671,000.11	250,878,578.95	307,320,626.30
Including: Interest cost		492,246,276.95	324,108,008.17	352,117,865.51
Interest income		50,318,702.02	73,368,177.10	45,021,048.67
Plus: Other income	44	9,500,949.13	17,855,439.98	23,111,704.28
Investment gains (loss expressed with "-")	45	676,543,287.78	558,890,599.30	208,749,462.75
Including: Investment income from associates and joint ventures		669,654,287.78	447,546,985.61	
Gain from derecognition of financial assets measured at amortized cost (loss expressed with "-")				
Net exposure hedging gains/ (losses) (loss expressed with "-")				
Gain/ (loss) on the changes in fair value (loss expressed with "-")	46	581,636,886.86	358,374,556.39	364,024,971.26
Credit impairment losses (loss expressed with "-")	47	-22,193,448.71	154,727.97	
Assets impairment losses (loss expressed with "-")	48			-2,584,003.77
Gain/ (loss) from disposal of assets (loss expressed with "-")	49	4,266,129.79	-317,662.55	
2. Operating profit (loss expressed with "-")		**1,142,287,427.60**	**762,928,671.15**	**352,004,985.02**
Plus: Non-operating income	50	1,344,793.43	124,111.91	339,401.12
Less: Non-operating expenses	51	5,122,447.37	846,581.06	1,127,627.95
3. Total profit (total loss expressed with "-")		**1,138,509,773.66**	**762,206,202.00**	**351,216,758.19**
Less: Income tax expenses	52	166,947,254.83	92,802,408.73	88,137,831.70
4. Net profit (net loss is indicated with "-")		**971,562,518.83**	**669,403,793.27**	**263,078,926.49**
a. Categorized by operation continuity				
(1) Net profit from continuing operations (net loss expressed with "-")		971,562,518.83	669,403,793.27	263,078,926.49
(2) Net profit from discontinuing operations (net loss expressed with "-")				
b. Categorized by ownership				
(1) Net profit attributable to owners of the parent (loss expressed with "-")		858,353,681.19	693,249,285.96	254,236,793.12
(2) Net profit attributable to non-controlling interests(loss expressed with "-")		113,208,837.64	-23,845,492.69	8,842,133.37
5. Other comprehensive income, net of tax		**-602,121,657.94**	**947,509,432.55**	
(1) Other comprehensive income, net of tax, attributable to owners of the parent		**-602,121,657.94**	**947,509,432.55**	
1. Other comprehensive income that cannot be reclassified into profit and loss in the future		**-602,121,657.94**	**936,791,708.96**	
(1) Remeasurement gains or losses of a defined benefit plan				
(2) Other comprehensive income using the equity method that will not be reclassified to profit or loss				
(3) Changes in fair value of other equity instrument investments		-602,121,657.94	936,791,708.96	
(4) Changes in fair value of enterprise's own credit risk				
......				
2. Other comprehensive income that will be reclassified into profit and loss in the future			**10,717,723.59**	
1. Other comprehensive income that can be reclassified to profit or loss in equity method				
2. Changes in fair value of other debt investments				
3. Amount of financial assets reclassified into other comprehensive income				
4. Provision for credit impairment of other debt investments				
5. Cash flow hedging reserves (effective part of profit and loss of cash flow hedging)				
6. Exchange differences on translation of foreign currency financial statements				
7. Transfer from inventories or self-owned properties to investment properties			10,717,723.59	
(2) Other comprehensive income, net of tax, attributable to non-controlling interests				
6. Total comprehensive income		**369,440,860.89**	**1,616,913,225.82**	**263,078,926.49**
(1) Total comprehensive income attributable to owners of the parent		256,232,023.25	1,640,758,718.51	254,236,793.12
(2) Total comprehensive income attributable to non-controlling interests		113,208,837.64	-23,845,492.69	8,842,133.37
7. Earnings per share				
(1) Basic earnings per share				
(2) Diluted earnings per share				

Legal Representative: 张林海 3209000007132　　Chief Accountant: 仲明 320925090178２　　Accountant in charge: 许建华印

Consolidated statement of cash flow

Consolidated 03

Prepared by： Yancheng State-Owned Energy Investment Co.,Ltd　　　　Unit:RMB

Item	NoteV	Amount incurred in 2022	Amount incurred in 2021	Amount incurred in 2020
1、 Cash flow from operating activities:				
Cash received from the sale of goods and the rendering of services		524,515,266.74	184,575,815.03	222,905,155.54
Refunds of taxes		411,438,938.44	33,102.78	260,790.76
Cash received relating to other operating activities	54	770,206,548.91	782,953,795.68	856,001,969.66
Subtotal of cash inflow from operating activities		**1,706,160,754.09**	**967,562,713.49**	**1,079,167,915.96**
Cash paid for purchase of goods and services		143,408,885.22	13,435,871.39	118,778,446.70
Cash paid to and on behalf of employee		49,253,275.72	31,096,581.89	24,851,041.20
Cash paid for taxes		90,154,226.63	36,360,877.59	16,065,420.21
Cash paid relating to other operating activities	54	58,456,568.07	139,640,597.96	275,480,500.22
Subtotal of cash outflow from operating activities		**341,272,955.64**	**220,533,928.83**	**435,175,408.33**
Net cash flows from operating activities		**1,364,887,798.45**	**747,028,784.66**	**643,992,507.63**
2、 Cash flow from investment activities:				
Cash received from disposal of investments			8,000,000.00	440,000.00
Cash received from investment income		47,341,993.42	111,274,842.22	24,283,002.99
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		4,292,129.79		
Net cash received from disposal of subsidiaries and other business units				
Cash received relating to other investing activities	54	7,500,000.00	593,949,192.15	311,558,180.00
Subtotal of cash inflow from investment activities		**59,134,123.21**	**713,224,034.37**	**336,281,182.99**
Purchase of fixed assets, intangible assets and other long-term assets		1,022,775,537.49	3,175,304,286.07	1,494,658,820.66
Cash paid for investments		792,222,561.37	856,575,564.98	819,025,255.00
Net cash paid for acquisition of subsidiaries and other operating units				
Cash paid relating to other investing activities	54		506,862,402.11	619,354,577.88
Subtotal of cash outflow from investment activities		**1,814,998,098.86**	**4,538,742,253.16**	**2,933,038,653.54**
Net cash flow from investment activities		**-1,755,863,975.65**	**-3,825,518,218.79**	**-2,596,757,470.55**
3、 Cash flow from financing activities:				
Cash received from investments		389,027,353.37	235,243,868.00	419,214,358.00
Including: Cash received on investments from non-controlling interests of subsidiaries		370,160,000.00	248,415,180.48	17,100,000.00
Cash received from borrowings		2,838,855,200.00	5,240,689,895.12	3,786,630,000.00
Cash received from bond issuance				
Cash received relating to other financing activities				
Subtotal of cash inflow from financing activities		**3,227,882,553.37**	**5,475,933,763.12**	**4,205,844,358.00**
Repayments for debts		1,592,146,769.37	1,627,818,679.99	1,343,014,400.00
Cash payments for distribution of dividends or profit and interest		549,708,546.21	433,742,423.60	266,436,456.52
Including: Dividends or profit paid to non-controlling shareholders of subsidiaries				
Cash paid relating to other financing activities		34,308,181.39		
Subtotal of cash outflow from financing activities		**2,176,163,496.97**	**2,061,561,103.59**	**1,609,450,856.52**
Net cash flow from financing activities		**1,051,719,056.40**	**3,414,372,659.53**	**2,596,393,501.48**
4、 Effect of exchange rate changes on cash and cash equivalents				
5、 Net increase in cash and cash equivalents		**660,742,879.20**	**335,883,225.40**	**643,628,538.56**
Plus: Cash and cash equivalents at beginning of year		1,203,462,819.69	867,579,594.29	223,951,055.73
6、 Cash and cash equivalents at the end of the period		**1,864,205,698.89**	**1,203,462,819.69**	**867,579,594.29**

Legal Representative: 张林海 3209000007132　　Chief Accounant: 仲明 3209250901782　　Accountant in charge: 许建华印

Consolidated statement of changes in owners' equity

Prepared by： Yancheng State-Owned Energy Investment Co.,Ltd

Consolidated 04
Unit:RMB

Item	Amount incurred in 2022												
	Owner's equity attributable to the parent company											Non-controlling interests	Total owner's equity
	Paid in capital (or share capital)	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Undistributed profit		
		Preferred shares	Perpetual bonds	Others									
1、 Balance at the end of previous year	4,000,000,000.00				87,778,328.93		1,134,196,401.36		52,494,713.34		1,024,106,517.18	439,778,995.43	6,738,354,956.24
Add: Changes in accounting policies													
Corrections of prior period errors													
Business combination under common control													
Others													
2、 Balance at the beginning of the year	4,000,000,000.00				87,778,328.93		1,134,196,401.36		52,494,713.34		1,024,106,517.18	439,778,995.43	6,738,354,956.24
3、 Increase and decrease during the current period (decrease is indicated with "-")							-602,121,657.94		36,355,075.00		821,998,606.19	483,368,837.64	739,600,860.89
（1） Total comprehensive income							-602,121,657.94				858,353,681.19	113,208,837.64	369,440,860.89
（2） Shareholders' contributions and reduction												370,160,000.00	370,160,000.00
1. Shareholders' contributions in common share												370,160,000.00	2,147,133,425.36
2. Other equity instruments contributions													
3. Amount of share-based payments recognized in equity													130,350,000.00
4. Others													
（3） Profit distribution									36,355,075.00		-36,355,075.00		
1. Transfer to surplus reserve									36,355,075.00		-36,355,075.00		
2. Transfer to general risk reserve													
3. Distribution to owners (or shareholders)													
4. Others													
（4） Transfer within equity													
1. Capital reserve converted to capital (or share capital)													
2. Surplus reserve converted to capital (or share capital)													
3. Loss made up by surplus reserves													
4. Changes in the defined benefit plan transferred to retained earnings													
5. Other comprehensive income transferred to retained earnings													
6. Others													
（5） Specific reserve													
1. Additions													
2. Utilisation													
4、 Balance at the end of the year	4,000,000,000.00				87,778,328.93		532,074,743.42		88,849,788.34		1,846,105,123.37	923,147,833.07	7,477,955,817.13

Legal Representative: 张林海 3209000007132　　Chief Accountant: 仲明 3209250901782　　Accountant in charge: 许建华印

Consolidated statement of changes in owners' equity (continued)

Prepared by： Yancheng State-Owned Energy Investment Co.,Ltd

Consolidated 04
Unit:RMB

Item	Amount incurred in 2021												
	Owner's equity attributable to the parent company											Non-controlling interests	Total owner's equity
	Paid in capital (or share capital)	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Undistributed profit		
		Preferred shares	Perpetual bonds	Others									
1、Balance at the end of previous year	4,000,000,000.00				87,959,447.42		186,686,968.81		52,494,713.34		630,857,231.22	215,209,307.64	5,173,207,668.43
Add: Changes in accounting policies													
Corrections of prior period errors													
Business combination under common control													
Others													
2、Balance at the beginning of the year	4,000,000,000.00				87,959,447.42		186,686,968.81		52,494,713.34		630,857,231.22	215,209,307.64	5,173,207,668.43
3、Increase and decrease during the current period (decrease is indicated with "-")					-181,118.49		947,509,432.55				393,249,285.96	224,569,687.79	1,565,147,287.81
(1) Total comprehensive income					-181,118.49		947,509,432.55				693,249,285.96	-23,845,492.69	1,616,732,107.33
(2) Shareholders' contributions and reduction												248,415,180.48	248,415,180.48
1. Shareholders' contributions in common share												248,415,180.48	248,415,180.48
2. Other equity instruments contributions													
3. Amount of share-based payments recognized in equity													
4. Others													
(3) Profit distribution											-300,000,000.00		-300,000,000.00
1. Transfer to surplus reserve													
2. Transfer to general risk reserve													
3. Distribution to owners (or shareholders)											-300,000,000.00		-300,000,000.00
4. Others													
(4) Transfer within equity													
1. Capital reserve converted to capital (or share capital)													
2. Surplus reserve converted to capital (or share capital)													
3. Loss made up by surplus reserves													
4. Changes in the defined benefit plan transferred to retained earnings													
5. Other comprehensive income transferred to retained earnings													
6. Others													
(5) Specific reserve													
1. Additions													
2. Utilisation													
4、Balance at the end of the year	4,000,000,000.00				87,778,328.93		1,134,196,401.36		52,494,713.34		1,024,106,517.18	439,778,995.43	6,738,354,956.24

Legal Representative: 张林海 3209000007132

Chief Accountant: 仲明 3209250901782

Accountant in charge: 许华建印

Consolidated statement of changes in owners' equity (continued)

Prepared by： Yancheng State-owned Energy Investment Co.,Ltd

Consolidated 04
Unit:RMB

Item	Amount incurred in 2020												
	Owner's equity attributable to the parent company											Non-controlling interests	Total owner's equity
	Paid in capital (or share capital)	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Undistributed profit		
		Preferred shares	Perpetual bonds	Others									
1、Balance at the end of previous year	2,000,000,000.00				341,585,462.74		191,487.25		60,796,966.80		636,836,662.36	189,839,312.50	3,229,249,891.65
Add: Changes in accounting policies													
Corrections of prior period errors													
Business combination under common control					546,013,500.00		186,495,481.56				39,413,435.53		771,922,417.09
Others													
2、Balance at the beginning of the year	2,000,000,000.00				887,598,962.74		186,686,968.81		60,796,966.80		676,250,097.89	189,839,312.50	4,001,172,308.74
3、Increase and decrease during the current period (decrease is indicated with "-")	2,000,000,000.00				-799,639,515.32				-8,302,253.46		-299,629,659.79	16,527,861.77	908,956,433.20
(1) Total comprehensive income													
(2) Shareholders' contributions and reduction					892,428,571.43							17,100,000.00	909,528,571.43
1. Shareholders' contributions in common share					892,428,571.43							17,100,000.00	909,528,571.43
2. Other equity instruments contributions													
3. Amount of share-based payments recognized in equity													
4. Others													
(3) Profit distribution													
1. Transfer to surplus reserve													
2. Transfer to general risk reserve													
3. Distribution to owners (or shareholders)													
4. Others													
(4) Transfer within equity	2,000,000,000.00				-1,692,068,086.75				-8,302,253.46		-299,629,659.79		
1. Capital reserve converted to capital (or share capital)	1,692,068,086.75				-1,692,068,086.75								
2. Surplus reserve converted to capital (or share capital)	8,302,253.46								-8,302,253.46				
3. Loss made up by surplus reserves													
4. Changes in the defined benefit plan transferred to retained earnings													
5. Other comprehensive income transferred to retained earnings													
6. Others	299,629,659.79										-299,629,659.79		
(5) Specific reserve													
1. Additions													
2. Utilisation													
(6) Others												-572,138.23	-572,138.23
4、Balance at the end of the year	4,000,000,000.00				87,959,447.42		186,686,968.81		52,494,713.34		376,620,438.10	206,367,174.27	4,910,128,741.94

Legal Representative: 张林海 3209000007132

Chief Accountant: 仲明 3209250901782

Accountant in charge: 华许印建

Balance sheet

Statement 01

Prepared by： Yancheng State-Owned Energy Investment Co.,Ltd

Unit:RMB

Assets	Note XII	December 31, 2022	December 31, 2021	January 1, 2021	December 31, 2020
Current assets:					
Cash at bank and on hand		365,456,405.16	236,815,527.61	496,202,605.34	496,202,605.34
Financial assets held for trading					
Derivative financial assets					
Notes receivable					
Accounts receivable	1	28,252,351.64	53,688,857.96	19,317,748.10	19,317,748.10
Financing receivables					
Advance payment		158,971.08	5,693,268.48	1,585,014.95	1,585,014.95
Other receivables	2	383,156,973.11	1,292,554,892.37	1,035,306,241.00	1,035,306,241.00
Inventories					
Contract assets					
Assets classified as held for sale					
Non-current assets due within one year					
Other current assets		5,135,591.64	752,038.14	752,038.14	752,038.14
Total current assets		**782,160,292.63**	**1,589,504,584.56**	**1,553,163,647.53**	**1,553,163,647.53**
Non-current assets:					
Debt investments			13,260,000.00	21,260,000.00	21,260,000.00
Other debt investments					
Long-term receivables					
Long-term equity instrument investments	3	7,253,488,677.11	5,347,335,717.19	4,687,160,007.97	4,687,160,007.97
Other equity instrument investments		1,157,972,010.00	1,960,800,887.25		
Other non-current financial assets				136,000,000.00	136,000,000.00
Investment properties		464,583,100.00	450,209,601.80	407,280,542.00	407,280,542.00
Fixed assets		687,293,768.96	562,730,010.90	571,753,338.49	571,753,338.49
Construction in progress		6,012,157.64	5,163,461.15	4,927,342.73	4,927,342.73
Productive biological assets					
Oil and gas assets					
Right-of-use asset		6,649,973.05			
Intangible assets		349,216.53	419,820.09	272,258.19	272,258.19
Development expenditures					
Goodwill					
Long-term prepaid expenses				190,391.76	190,391.76
Deferred tax assets		22,603,416.68	22,651,130.79	22,651,130.79	22,651,130.79
Other non-current assets		24,653,635.02	16,081,530.59		
Total non-current assets		**9,623,605,954.99**	**8,378,652,159.76**	**5,851,495,011.93**	**5,851,495,011.93**
Total Assets		**10,405,766,247.62**	**9,968,156,744.32**	**7,404,658,659.46**	**7,404,658,659.46**

Legal Representative: 张林海 3209000007132　　Chief Accountant: 仲明 3209250901782　　Accountant in charge: 许建华印

Balance sheet

Statement 01

Prepared by： Yancheng State-Owned Energy Investment Co.,Ltd　　　　Unit:RMB

Liabilities and owner's equity	Note XII	December 31, 2022	December 31, 2021	January 1, 2021	December 31, 2020
Current liabilities:					
Short-term borrowings		250,243,055.56	482,805,260.77	285,000,000.00	285,000,000.00
Financial liabilities held for trading					
Derivative financial liabilities					
Notes payable					
Accounts payable		5,705,469.68	12,409,204.14	11,215,967.65	11,215,967.65
Advance receipts					
Contract liabilities					
Payroll payables		4,937,068.15	4,714,740.70	2,700,000.00	2,700,000.00
Taxes payable		1,950,625.31	9,959,864.97	1,729,395.40	1,729,395.40
Other payables		1,475,844,724.87	1,214,149,788.18	14,303,770.74	14,303,770.74
Liabilities classified as held for sale					
Non-current liabilities due within one year		1,281,078,293.18	1,113,324,020.76	842,170,000.00	842,170,000.00
Other current liabilities					
Total current liabilities		**3,019,759,236.75**	**2,837,362,879.52**	**1,157,119,133.79**	**1,157,119,133.79**
Non-current liabilities:					
Long-term borrowings		401,584,444.44	483,700,000.00	1,426,150,000.00	1,426,150,000.00
Bonds payable		649,726,026.39			
Including: preferred shares					
perpetual bonds					
Lease liabilities		5,221,787.03			
Long-term payables		657,249,056.79	539,183,415.91		
Estimated liabilities					
Deferred income					
Deferred tax liabilities		163,252,971.65	360,366,816.41	37,370,648.47	37,370,648.47
Other non-current liabilities					
Total non-current liabilities		**1,877,034,286.30**	**1,383,250,232.32**	**1,463,520,648.47**	**1,463,520,648.47**
Total liabilities		**4,896,793,523.05**	**4,220,613,111.84**	**2,620,639,782.26**	**2,620,639,782.26**
Owner's equity (or shareholder's equity):					
Paid-in capital (or share capital)		4,000,000,000.00	4,000,000,000.00	4,000,000,000.00	4,000,000,000.00
Other equity instruments					
Including: preferred shares					
perpetual bonds					
Capital reserve		655,367,241.82	655,367,241.82	676,925,803.84	676,925,803.84
Less: treasury shares					
Other comprehensive income		334,861,538.27	936,983,196.21	191,487.25	191,487.25
Specific reserve					
Surplus reserve		88,849,788.34	52,494,713.34	52,494,713.34	52,494,713.34
General risk reserve					
Undistributed profit		429,894,156.14	102,698,481.11	54,406,872.77	54,406,872.77
Total owner's equity		**5,508,972,724.57**	**5,747,543,632.48**	**4,784,018,877.20**	**4,784,018,877.20**
Total liabilities and owners' equity		**10,405,766,247.62**	**9,968,156,744.32**	**7,404,658,659.46**	**7,404,658,659.46**

Legal Representative: 张林海　　Chief Accountant: 仲明　　Accountant in charge: 许建华印

Income statement

Statement 02

Prepared by： Yancheng State-Owned Energy Investment Co.,Ltd Unit:RMB

Item	Note XII	Amount incurred in 2022	Amount incurred in 2021	Amount incurred in 2020
1. Operating income	4	**23,171,662.79**	**21,661,688.18**	**4,233,076.50**
Less: Operating cost	4		924,528.30	620,082.67
Taxes and surcharges		4,260,543.90	2,763,999.68	1,401,657.24
Selling expenses				
Management cost		42,271,366.87	44,313,506.17	24,471,654.22
R&D expenses				
Financial expenses		285,523,489.39	226,760,574.26	226,618,130.97
Including: Interest cost		301,380,915.29	284,010,029.12	
Interest income		43,421,443.10	89,574,456.62	
Plus: Other income		999,095.10	29,563.85	21,221,744.40
Investment gains (loss expressed with "-")	5	661,119,398.55	568,593,786.14	200,205,593.27
Including: Investment income from associates and joint ventures		654,230,398.55	447,546,985.61	
Gain from derecognition of financial assets measured at amortized cost (loss expressed with "-")				
Net exposure hedging gains/ (losses) (loss expressed with "-")				
Gain/ (loss) on the changes in fair value (loss expressed with "-")		14,373,498.20	42,929,059.80	102,291,969.26
Credit impairment losses (loss expressed with "-")		-316,242.34		
Assets impairment losses (loss expressed with "-")			507,098.78	-507,098.78
Gain/ (loss) from disposal of assets (loss expressed with "-")				
2. Operating profit (loss expressed with "-")		**367,292,012.14**	**358,958,588.34**	**74,333,759.55**
Plus: Non-operating income		0.01	76,475.62	2,731.93
Less: Non-operating expenses		100,173.46	11,190.67	196,349.34
3. Total profit (total loss expressed with "-")		**367,191,838.69**	**359,023,873.29**	**74,140,142.14**
Less: Income tax expenses		3,641,088.66	10,732,264.95	3,181,992.01
4. Net profit (net loss is indicated with "-")		**363,550,750.03**	**348,291,608.34**	**70,958,150.13**
Net profit from continuing operations (net loss expressed with "-")		363,550,750.03	348,291,608.34	70,958,150.13
Net profit from discontinuing operations (net loss expressed with "-")				
5. Other comprehensive income, net of tax		-602,121,657.94	936,791,708.96	
1. Other comprehensive income that cannot be reclassified into profit and loss in the future		-602,121,657.94	936,791,708.96	
(1) Remeasurement of changes in defined benefit plans				
(2) Other comprehensive income using the equity method that will not be reclassified to profit or loss				
(3) Changes in fair value of other equity instrument investments		-602,121,657.94	936,791,708.96	
(4) Changes in fair value of enterprise's own credit risk				
......				
2. Other comprehensive income that will be reclassified into profit and loss in the future				
1. Other comprehensive income that can be reclassified to profit or loss in equity method				
2. Changes in fair value of other debt investments				
3. Amount of financial assets reclassified into other comprehensive				
4. Provision for credit impairment of other debt investments				
5. Cash flow hedging reserves (effective part of profit and loss of cash flow hedging)				
6. Exchange differences on translation of foreign currency financial statements				
7. Transfer from inventories or self-owned properties to investment properties				
6. Total comprehensive income		**-238,570,907.91**	**1,285,083,317.30**	**70,958,150.13**
7. Earnings per share				
(1) Basic earnings per share				
(2) Diluted earnings per share				

Legal Representative: 张林海 3209000007132 Chief Accountant: 仲明 3209250901782 Accountant in charge: 许建华印

Statement of cash flow

Statement 03

Prepared by： Yancheng State-Owned Energy Investment Co.,Ltd Unit:RMB

Item	Notes	Amount incurred in 2022	Amount incurred in 2021	Amount incurred in 2020
1、 Cash flow from operating activities:				
Cash received from the sale of goods and the rendering of services		50,346,473.23	5,463,056.14	1,027,008.42
Refunds of taxes			2,419.38	
Cash received relating to other operating activities		1,247,378,497.70	1,405,242,667.01	1,017,036,062.71
Subtotal of cash inflow from operating activities		**1,297,724,970.93**	**1,410,708,142.53**	**1,018,063,071.13**
Cash paid for purchase of goods and services		10,481,382.26	92,945.00	7,468,278.44
Cash paid to and on behalf of employee		16,406,379.08	11,893,242.29	6,519,152.49
Cash paid for taxes		9,993,941.70	3,507,325.16	278,814.39
Cash paid relating to other operating activities		3,112,373.03	627,485,375.77	937,203,703.19
Subtotal of cash outflow from operating activities		**39,994,076.07**	**642,978,888.22**	**951,469,948.51**
Net cash flow from operating activities		**1,257,730,894.86**	**767,729,254.31**	**66,593,122.62**
2、Cash flow from investment activities:				
Cash received from disposal of investments			8,000,000.00	465,563,300.00
Cash received from investment income		39,066,666.40	155,093,524.42	11,000,000.00
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets				
Net cash received from disposal of subsidiaries and other business units				
Cash received relating to other investing activities			103,399,192.15	181,258,180.00
Subtotal of cash inflow from investment activities		**39,066,666.40**	**266,492,716.57**	**657,821,480.00**
Purchase of fixed assets, intangible assets and other long-term assets		163,910,921.48	4,851,489.51	939,722.51
Cash paid for investments		1,296,222,561.37	942,975,964.90	1,194,085,097.00
Net cash paid for acquisition of subsidiaries and other operating units				
Cash paid relating to other investing activities			212,402.11	489,354,577.88
Subtotal of cash outflow from investment activities		**1,460,133,482.85**	**948,039,856.52**	**1,684,379,397.39**
Net cash flow from investment activities		**-1,421,066,816.45**	**-681,547,139.95**	**-1,026,557,917.39**
3、 Cash flow from financing activities:				
Cash received from investments				
Cash received from borrowings				401,000,000.00
Cash received from bond issuance		2,128,855,200.00	1,447,939,895.12	1,656,630,000.00
Cash received relating to other financing activities				
Subtotal of cash inflow from financing activities		**2,128,855,200.00**	**1,447,939,895.12**	**2,057,630,000.00**
Repayments for debts		1,533,857,847.47	1,247,526,120.80	766,914,400.00
Cash payments for distribution of dividends or profit and interest expenses		275,510,088.90	245,868,543.75	263,882,104.57
Cash paid relating to other financing activities		30,601,143.77		
Subtotal of cash outflow from financing activities		**1,839,969,080.14**	**1,493,394,664.55**	**1,030,796,504.57**
Net cash flow from financing activities		**288,886,119.86**	**-45,454,769.43**	**1,026,833,495.43**
4、 Effect of exchange rate changes on cash and cash equivalents				
5、 Net increase in cash and cash equivalents		**125,550,198.27**	**40,727,344.93**	**66,868,700.66**
Plus: Cash and cash equivalents at beginning of year		236,815,527.61	196,088,182.68	129,219,482.02
6、 Cash and cash equivalents at the end of the period		**362,365,725.88**	**236,815,527.61**	**196,088,182.68**

Legal Representative: 张林海 3209000007132 Chief Accountant: 仲明 3209250901782 Accountant in charge: 许华建印

Statement of changes in owner's equity

Statement 04

Prepared by： Yancheng State-Owned Energy Investment Co.,Ltd　　　　Unit:RMB

Item	Amount incurred in 2022											
	Paid in capital (or share capital)	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Undistributed profit	Total owner's equity
		Preferred shares	Perpetual bonds	Others								
1、 Balance at the end of previous year	4,000,000,000.00				655,367,241.82		936,983,196.21		52,494,713.34		102,698,481.11	5,747,543,632.48
Add: Changes in accounting policies												
Corrections of prior period errors												
Others												
2、 Balance at the beginning of the year	4,000,000,000.00				655,367,241.82		936,983,196.21		52,494,713.34		102,698,481.11	5,747,543,632.48
3、 Increase and decrease during the current period (decrease is indicated with "-")							-602,121,657.94		36,355,075.00		327,195,675.03	-238,570,907.91
(1) Total comprehensive income							-602,121,657.94				363,550,750.03	-238,570,907.91
(2) Shareholders' contributions and reduction												
1. Shareholders' contributions in common share												
2. Other equity instruments contributions												
3. Amount of share-based payments recognized in equity												
4. Others												
(3) Profit distribution									36,355,075.00		-36,355,075.00	
1. Transfer to surplus reserve									36,355,075.00		-36,355,075.00	
2. Transfer to general risk reserve												
3. Distribution to owners (or shareholders)												
4. Others												
(4) Transfer within equity												
1. Capital reserve converted to capital (or share capital)												
2. Surplus reserve converted to capital (or share capital)												
3. Loss made up by surplus reserves												
4. Changes in the defined benefit plan transferred to retained earnings												
5. Other comprehensive income transferred to retained earnings												
6. Others												
(5) Specific reserve												
1. Additions												
2. Utilisation												
4、 Balance at the end of the year	4,000,000,000.00				655,367,241.82		334,861,538.27		88,849,788.34		429,894,156.14	5,508,972,724.57

Legal Representative:　　　　Chief Accountant:　　　　Accountant in charge:

张林海 3209000007132　　　　仲明 3209250901782　　　　许建华

Statement of changes in owner's equity （Continued）

Statement 04

Prepared by： Yancheng State-Owned Energy Investment Co., Ltd

Unit:RMB

Item	Amount incurred in 2021											
	Paid in capital (or share capital)	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Undistributed profit	Total owner's equity
		Preferred shares	Perpetual bonds	Others								
1、Balance at the end of previous year	4,000,000,000.00				676,925,803.84		191,487.25		52,494,713.34		54,406,872.77	4,784,018,877.20
Add: Changes in accounting policies												
Corrections of prior period errors												
Others												
2、Balance at the beginning of the year	4,000,000,000.00				676,925,803.84		191,487.25		52,494,713.34		54,406,872.77	4,784,018,877.20
3、Increase and decrease during the current period (decrease is indicated with "-")					-21,558,562.02		936,791,708.96				48,291,608.34	963,524,755.28
（1）Total comprehensive income					-21,558,562.02		936,791,708.96				348,291,608.34	1,263,524,755.28
（2）Shareholders' contributions and reduction												
1. Shareholders' contributions in common share												
2. Other equity instruments contributions												
3. Amount of share-based payments recognized in equity												
4. Others												
（3）Profit distribution											-300,000,000.00	-300,000,000.00
1. Transfer to surplus reserve												
2. Transfer to general risk reserve												
3. Distribution to owners (or shareholders)											-300,000,000.00	-300,000,000.00
4. Others												
（4）Transfer within equity												
1. Capital reserve converted to capital (or share capital)												
2. Surplus reserve converted to capital (or share capital)												
3. Loss made up by surplus reserves												
4. Changes in the defined benefit plan transferred to retained earnings												
5. Other comprehensive income transferred to retained earnings												
6. Others												
（5）Specific reserve												
1. Additions												
2. Utilisation												
4、Balance at the end of the year	4,000,000,000.00				655,367,241.82		936,983,196.21		52,494,713.34		102,698,481.11	5,747,543,632.48

Legal Representative： 张林海 3209000007132

Chief Accountant： 仲明 3209250901782

Accountant in charge： 华许印建

Statement of changes in owner's equity （Continued）

Prepared by： Yancheng State-Owned Energy Investment Co.,Ltd

Statement 04
Unit:RMB

Item	Amount incurred in 2020											
	Paid in capital (or share capital)	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Undistributed profit	Total owner's equity
		Preferred shares	Perpetual bonds	Others								
1、Balance at the end of previous year	2,000,000,000.00				1,745,564,016.06		191,487.25		60,796,966.80		283,078,382.43	4,089,630,852.54
Add: Changes in accounting policies												
Corrections of prior period errors												
Others												
2、Balance at the beginning of the year	2,000,000,000.00				1,745,564,016.06		191,487.25		60,796,966.80		283,078,382.43	4,089,630,852.54
3、Increase and decrease during the current period (decrease is indicated with "-")	2,000,000,000.00				-1,068,638,212.22				-8,302,253.46		-299,629,659.79	623,429,874.53
（1） Total comprehensive income												
（2） Shareholders' contributions and reduction					623,429,874.53							623,429,874.53
1. Shareholders' contributions in common share					892,428,571.43							892,428,571.43
2. Other equity instruments contributions												
3. Amount of share-based payments recognized in equity												
4. Others					-268,998,696.90							-268,998,696.90
（3） Profit distribution												
1. Transfer to surplus reserve												
2. Transfer to general risk reserve												
3. Distribution to owners (or shareholders)												
4. Others												
（4） Transfer within equity	2,000,000,000.00				-1,692,068,086.75				-8,302,253.46		-299,629,659.79	
1. Capital reserve converted to capital (or share capital)	1,692,068,086.75				-1,692,068,086.75							
2. Surplus reserve converted to capital (or share capital)	8,302,253.46								-8,302,253.46			
3. Loss made up by surplus reserves												
4. Changes in the defined benefit plan transferred to retained earnings												
5. Other comprehensive income transferred to retained earnings												
6. Others	299,629,659.79										-299,629,659.79	
（5） Specific reserve												
1. Additions												
2. Utilisation												
4、Balance at the end of the year	4,000,000,000.00				676,925,803.84		191,487.25		52,494,713.34		-16,551,277.36	4,713,060,727.07

Legal Representative: 张林海 3209000007132

Chief Accountant: 仲明 3209250901782

Accountant in charge: 许华建印

Yancheng State-Owned Energy Investment Co., Ltd

Notes to the annual financial statements for the period from 31 December 2020 to 31 December 2022

I. Basic situation of the company

1. Company profile

Yancheng State-Owned Energy Investment Co.,Ltd (hereinafter referred to as the "Company") is a limited liability company established On January 15,2015,The Unified Social Credit Code No:913209003237410730.Address of the company is First Floor (B), No. 669 Century Avenue, Yancheng, China. Legal representative is LinHai Zhang. The company' s registered Capital is RMB 4 billion.

Business Scope:Investment in the development and utilization of energy resources; Investment in major energy infrastructure projects for large-scale thermal power, wind power, photovoltaic renewable energy generation, coal storage and transportation, and oil and gas storage pipeline networks; Wind measurement work before the preliminary work of the new wind power project in Yancheng ; Representing the government to centrally coordinate the development of energy resources within the city, as well as the sales of wind power generation materials, power equipment, coal, solar modules, and components. (Projects that are subject to approval in accordance with the law can be operated only after being approved by relevant departments.)

2. Consolidated Financial Statement Scope

The scope of the company's consolidated financial statements is based on control, and all controlled subsidiaries are included in the consolidation scope of the consolidated financial statements.

The changes of the consolidation scope are as follows:

2.1 Subsidiaries, structured entities or other business entities with control rights newly incorporated into the consolidation scope in the current period

December 31, 2022

Unit name	Gaining method
Sheyang County Guoyang New Energy Development Co., Ltd	Establishment
Yancheng Urban Gas Distribution Co., Ltd	Establishment

December 31, 2021

Unit name	Gaining method
Yancheng Guotou Natural Gas Pipeline Network Co., Ltd	Establishment

2.2 Subsidiaries, structured entities or other business entities with control rights no longer incorporated into the consolidation scope in the current period

December 31, 2022

Unit name	Cause Explanation
Jiangsu Offshore Guoneng New Energy Engineering Co., Ltd	Release of entrusted voting rights

December 31, 2021

Unit name	Cause Explanation
Jiangsu Offshore Guoneng New Energy Engineering Co., Ltd	Transfer under the same control
Yancheng Guoyan New Energy Co., Ltd	Write off
Yancheng Guoneng Fenggang Offshore Wind Power Generation Co., Ltd	Write off
Binhai Guoyuan New Energy Development Co., Ltd	Write off

The details of the subsidiaries which are included in the consolidated financial statements refer to VII.1 Equity in first level subsidiaries; the changes of the consolidation scope refer to VI. Changes of the consolidated scope.

II. Preparation basis of financial statements

1. Basis of preparation

The company has prepared its financial statements on a going concern basis, and recognized and measured its accounting items in compliance with the ASBE (*Accounting Standards for Business Enterprises)—Basic Standards* and various specific accounting standard.

2. Going concern

Management believes that the company has the ability to continue operating for at least 12 months since the financial statements date.

III. Significant Accounting Policies and Accounting Estimates

1. Statement of compliance with ASBE

The financial statements have been prepared in accordance with the requirements of ASBE (*Accounting Standards for Business Enterprises*) enterprises, which truly and completely reflect the company's financial status, operating results, changes in shareholders' equity, cash flow and other relevant information.

2. Accounting period

The accounting year of the company is from January 1st to December 31st in calendar year.

3. Functional currency

The company uses RMB as the bookkeeping base currency.

4. Accounting treatment methods for business combinations under the same control and not under the same control

4.1 Accounting treatment method for business combination under common control

Business combination under common control is accounted for under pooling of interest method.

On the merger date, the assets and liabilities acquired by the company in a business merger under common control shall be measured at the carrying amount of the assets and liabilities of the merged party in the final controlling party's consolidated financial statements; The initial investment cost of long-term equity investments in individual financial statements is based on the share of the book value of the owner's equity of the merged party in the final controlling party's consolidated financial statements after the merger. The difference between the initial investment cost of a long-term equity investment and the consideration paid for the merger (including cash paid, non-cash assets transferred, the carrying amount of debts incurred or assumed, or the total face value of the issued shares) shall be adjusted to the capital reserve (capital premium or capital premium); If the balance of capital reserve (capital premium or capital premium) is insufficient to be offset, the surplus reserve and undistributed profits shall be offset in sequence.

4.2 Accounting treatment method of business combination not under common control

The company accounts for business combination not under common control adopts purchase method.

a) All the net identifiable assets, liabilities or contingent liabilities obtained by the company through business combination not under common control shall be measured based on the fair values of assets paid, liabilities incurred or assumed and the equity securities issued as consideration for combination on the acquisition date, and differences between their fair values and Carrying amounts shall be included in the current profit or loss.

b) The cost of acquisition shall be respectively determined for the following conditions:

   i. For a business merger achieved through a single transaction, the merger cost is determined by the sum of the fair value of the assets paid, liabilities incurred or assumed, and equity securities issued by the company on the acquisition date to obtain control over the acquired party, and the contingent consideration that meets the recognition conditions. The merger cost is the initial investment cost of this long-term equity investment.

   ii. The cost of a business merger achieved through multiple exchange transactions in steps is the sum of the amount of the equity investment held before the purchase date remeasured at fair value on the purchase date and the cost of the newly added investment on the purchase date. The long-term equity investment in individual financial statements is the sum of the book value of the equity investment held before the purchase date and the newly added investment cost on the purchase date. Excluding package transactions.

c) The company allocates the merger cost between the identifiable assets and liabilities obtained on the acquisition date.

   i. The assets of the acquiree obtained by the company in a business merger, other than intangible assets (not limited to assets previously recognized by the acquiree), which are expected to bring future economic benefits to the company and whose fair value can be reliably measured, are separately recognized and measured at fair value.

   ii. The intangible assets of the acquiree obtained by the company in a business merger, whose fair value can be reliably measured, are separately recognized and measured at fair value..

   iii. The liabilities of the acquiree obtained by the company in a business merger, other than contingent liabilities, which are expected to result in economic benefits flowing out of the company and whose fair value can be reliably measured, shall be separately recognized and measured at fair value.

iv. Contingent liabilities of the acquiree obtained by the company through business combination shall be separately recognized as liabilities and measured at fair value when their fair values can be reliably measured.

v. When the company allocates the cost of business combination and recognizes the identifiable assets and liabilities acquired through combination, it shall not include any goodwill and deferred income taxes that have been recognized by the acquiree before the business combination.

d) Treatment of the difference between the business combination costs and the fair value of net identifiable asset acquired from the acquire through business combination

i. The company shall recognize the difference of the combination costs in excess of the fair value of the net identifiable asset acquired from the acquiree through business combination as goodwill.

ii. The company shall recognize the difference of the combination costs in short of the fair value of the net identifiable asset acquired from the acquiree through business combination according to the following provisions:

1. Review the measurement of fair values of all the identifiable assets, liabilities and contingent liabilities acquired from the acquiree and the combination costs;

2. After review, if the combination costs are still in short of the fair value of the net identifiable asset acquired from the acquiree through business combination, include the difference in the current profit or loss.

4.3 Treatment of relevant expenses arising from the company's business combination

a) Relevant expenses directly arising from the business combination of the company (including the expenses for audit, legal services, evaluation and consultation or other intermediary costs for business combination) shall be included in the current profit or loss when they are incurred.

b) Commissions, fees and other expenses paid on issuance of bonds and undertaking of other debts for the business combination shall be included in the initial measurement amount of debt securities.

i. Where the bonds are issued at discount or par value, that part of expenses will increase the amount of the discount;

ii. Where the bonds are issued at premium, that part of expenses will decrease the amount of the premium.

c) Commissions, fees and other transaction expenses paid on issuance of equity securities as combination consideration in the business combination shall be included in the initial measurement amount of equity securities.

i. Where the equity securities are issued at premium, that part of expenses shall be deducted from capital reserves (stock premium);

ii. Where the equity securities are issued at par value or discount, that part of expenses shall be deducted from the retained earnings.

5. Base of consolidated financial statements

5.1 Consistency of accounting policies and accounting period

All the subsidiaries within the consolidation scope of consolidated financial statements shall adopt the same accounting policies and accounting periods as those of the company. If the accounting policies or accounting periods of a subsidiary are different from those of the company, the financial statements of the subsidiary, upon preparation of consolidated financial statements, shall be adjusted according to the accounting policies and accounting periods of the company.

5.2 Preparation method of consolidated financial statement.

The consolidated financial statements are based on the financial statements of the company and its subsidiaries, and are prepared by the parent company according to other relevant information after the adjustment to long-term Equity instrument investments in subsidiaries under the equity method and the elimination of effects of the internal transactions between the company and its subsidiaries and between the subsidiaries on the consolidated financial statement.

5.3 Reflection of excess losses incurred to a subsidiary in the consolidated financial statements

In the consolidated financial statements, where the current losses undertaken by the parent company are in excess of its share of owners' equity in the subsidiary at the beginning of the period, the balance shall reduce the owners' equity (retained earnings) of the parent company; where the current losses undertaken by a subsidiary's non-controlling shareholders excess those non-controlling shareholders' share of owners' equity in the subsidiary at the beginning of the period, the balance shall reduce the non-controlling interests.

5.4 Changes in number of subsidiaries during the reporting period

a) Acquisition of subsidiaries during the reporting period

i. Treatment of acquiring subsidiaries from business combination under common control during the reporting period

During the reporting period, if the company acquires subsidiaries from the business combination under common control, the Beginning balance in the consolidated balance sheet shall be adjusted. The income, expenses and profits of the newly acquired subsidiaries from the beginning to the end of the reporting period shall be included in the consolidated income statement. The cash flow of the newly acquired subsidiaries from the beginning to the end of the reporting period shall be included in the consolidated statement of cash flow.

ii. Treatment of acquiring subsidiaries from business combination not under common control during the reporting period

During the reporting period, if the company acquires subsidiaries from the business combination not under common control, the Beginning balance in the consolidated balance sheet shall not be adjusted. The income, expenses and profits of the newly acquired subsidiaries from the acquisition date to the end of the reporting period shall be included in the consolidated income statement. The cash flow of the newly acquired subsidiaries from the acquisition date to the end of the reporting period shall be included in the consolidated statement of cash flow.

b) Treatment of disposing subsidiaries during the reporting period

During the reporting period, if the company disposes subsidiaries, the Beginning balance in the consolidated balance sheet shall not be adjusted. The income, expenses and profits of the newly disposed subsidiaries from the beginning to the disposal date shall be included in the consolidated income statement. The cash flow from the beginning to the disposal date shall be included in the consolidated statement of cash flow.

6. Classification of joint venture arrangements and accounting treatment methods for joint operations

6.1 Classification of joint arrangement

Joint arrangements are divided into joint operation and joint venture. Joint operation refers to the joint arrangement, in which the partner has the relevant assets and liabilities of the arrangement; joint venture refers to the joint arrangement in which the partner only has the right of the net assets of the arrangement.

Joint arrangements which are not reached through separate entities are classified as joint operations. The separate entity, refers to the entity with independent and recognizable financial structure, including the independent legal entity and the subject without legal entity qualification but recognized by law.

Joint arrangements reached through separate entities are usually classified as joint ventures. However, joint arrangement shall be classified as joint operation if concrete evidence presents it meets any of the following conditions the provisions of relevant laws and regulations:

a) The legal form of the joint arrangement shows that the partners of the joint venture have rights and obligations respectively for the relevant assets and liabilities in the arrangement.

b) The contract of the joint venture arrangement promises that partners of the joint venture have rights and obligations respectively for the relevant assets and liabilities in the arrangement.

c) Other relevant facts and circumstances show that the joint partner has rights and obligations to the relevant assets and liabilities in the arrangement respectively. For example, the joint partner has almost all the output related to the joint venture arrangement, and the settlement of the liabilities in the arrangement depend on the support of the joint venture party continually.

6.2 Accounting treatment of joint operation

The joint partner shall recognize the following relevant items on the basis of interest in joint arrangement, and account for in accordance with the relevant accounting standards for business enterprises:

a) Confirm the assets held separately, and the assets jointly held according to their shares;

b) Recognize the liabilities undertaken separately, and the liabilities jointly undertaken according to their shares;

c) Recognize the income generated from the sale of joint operation according to their shares;

d) Recognize the income of joint operation generated from the sale of output according to its share;

e) Confirm the expenses incurred separately, and the expenses incurred in joint operation according to their shares.

7. Cash and cash equivalents

Cash includes company cash on hand, as well as bank deposits and other monetary funds that can be used for payment at any time.

The company recognizes investments with a short term (expiring within three months from the purchase date), strong liquidity, easy conversion to known amounts of cash, and minimal risk of value changes as cash equivalents.

8. Financial instruments

Financial instruments refer to contracts that form financial assets of one party and financial liabilities or equity instruments of other parties.

8.1 Classification of financial instruments

a) Classification of financial assets

Based on the business model for managing the financial assets and the contractual cash flow natureistics of financial assets, the company classifies the financial assets into the following three categories:

i. Financial assets measured at amortized cost;

ii. Financial assets at fair value through other comprehensive income (FVOCI) (including directly designated to be measured at fair value through other comprehensive income);

iii. Financial assets at fair value through profit or loss (FVTPL).

b) Classification of financial liabilities

The company classifies the financial liabilities into the following two categories: (1) Financial liabilities at fair value through profit or loss (including financial liabilities held for trading and financial liabilities directly designated to be measured at fair value through profit or loss); (2) Financial liabilities measured at amortized cost.

8.2 Recognition basis and measurement method of financial instruments

a) Recognition basis of financial instruments

When the company becomes one party of a financial instrument contract, it shall recognize a financial asset or financial liability.

b) Measurement method of financial instruments

i. Financial assets

Financial assets are initially measured at the amount of fair value. For those measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets are included in the current profit or loss. For other kinds of financial assets, such costs are included in the price of acquisition. Accounts receivable or notes receivable arising from the sale of products or services, and not containing significant financing elements or do not consider the financing elements in the contract for no more than one year, the amount of consideration expected to receive shall be taken as the initial recognition amount.

1. Financial assets measured at amortized cost

After initial recognition, such financial assets are subsequently measured at amortized cost using the effective interest method. The profit or loss arising from the financial assets measured at amortized cost and not part of any hedging relationship, shall be included in the current profit or loss when they are derecognized, reclassified, amortized according to the effective interest method or recognized impairment.

2. Financial assets at fair value through other comprehensive income

After initial recognition, such financial assets are subsequently measured at fair value. Other profit or loss are included in other comprehensive income, except for impairment profit or loss, exchange gains and losses and interest calculated by the effective interest method are included in the current profits and losses. When derecognition happens, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income to the current profit or loss.

If the company designates part of the non-trading equity instrument investment as financial assets measured at fair value through other comprehensive income, the relevant dividend income of such financial assets shall be included in the current profit or loss, and the changes in fair value shall be included in other comprehensive income. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income will be transferred from other comprehensive income to retained earnings, and not included in the current profit or loss.

3. Financial assets at fair value through profit or loss

The company classifies financial assets other than the above as financial assets at fair value through profit or loss. In addition, at the time of initial recognition, in order to eliminate or reduce significant accounting mismatch, the company designated some financial assets as financial assets measured at fair value through profit or loss. For such financial assets, the company adopts fair value for subsequent measurement, and changes in fair value are included in the current profit or loss.

ii. Financial liability

Financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities at initial recognition. For financial liabilities at fair value through profit or loss, the relevant transaction expenses are directly included in the current profit or loss, and the relevant transaction costs of other financial liabilities are included in their initial recognition amount.

1. Financial liabilities at fair value through profit or loss

Financial liabilities held for trading (including derivatives instruments belonging to financial liabilities) are subsequently measured at fair value. Except for those related to hedge accounting, changes in fair value are included in current profit or loss. Changes in fair value of the Designated financial liabilities caused by changes in the company's own credit risk are included in other comprehensive income, and when the liabilities are derecognized, the accumulated changes included in other comprehensive income are transferred to retained earnings. The remaining changes in fair value are included in the current profit or loss. If the impact of changes in the credit risk of such financial liabilities will cause or expand the accounting mismatch in the profit or loss, the company will include all gains or losses of such financial liabilities (including the amount affected by changes in the credit risk of the enterprise itself) into the current profit or loss.

2. Financial liabilities measured at amortized cost

Financial liabilities other than those formed by the transfer of financial assets that do not meet the conditions for derecognition, or continue to involve in the transferred financial assets and financial guarantee contracts are classified as financial liabilities measured at amortized cost. They are subsequently measured at amortized cost. The gains or losses arising from derecognition or amortization are included in the current profit or loss.

8.3 Recognition basis and measurement method of transfer of financial assets

When the company transfers nearly all of the risks and rewards of financial assets, it derecognizes the financial assets, and the rights and obligations arising from the transfer are separately recognized as assets or liabilities; If the company neither transfers nor retains almost all the risks and rewards of the financial assets, it shall be dealt with as follows: (1) if the company does not retain control over the financial assets, it shall derecognize the financial assets and separately recognize the rights and obligations arising from or reserved in the transfer as assets or liabilities; (2) If control over the financial asset is retained, the relevant financial asset shall be recognized according to the extent of continuing involvement in the transferred financial asset, and the relevant liabilities shall be recognized accordingly.

If the overall transfer of financial assets meets the conditions for derecognition, the difference between the following two amounts shall be included in the current profit or loss: (1) the Carrying amount of the transferred financial assets on the date of derecognition; (2) The consideration received from the transfer of financial assets, and the amount of the derecognized part corresponding to the accumulated changes in the fair value originally included in other comprehensive income (the financial assets involved in the transfer are debt instrument investments measured at fair value with the changes included in other comprehensive income). If part of financial asset are transferred, and the transferred part meets the conditions for derecognition as a whole, the entire Carrying amount of the financial asset before the transfer shall be apportioned between the derecognized part and the continuing recognition part according to their respective relative fair values on the transfer date.

8.4 Derecognition of financial liabilities

Upon whole or partial derecognition of financial liabilities, the difference between the Carrying amount of the financial liabilities derecognized and the consideration paid (including non-cash assets surrendered or new financial liabilities assumed) shall be included in the current profit or loss.

8.5 Offset of financial assets and financial liabilities

Financial assets and financial liabilities shall be presented separately in the balance sheet, and shall not be offset against each other. However, if the following conditions are met at the same time, the net amount after offsetting shall be presented in the balance sheet:

a) the company has the legal right to offset the recognized amount, and such legal right is currently enforceable;

b) the company plans to settle on a net basis, or realize the financial assets and settle the financial liabilities at the same time.

For the transfer of financial assets that do not meet the conditions for derecognition, the transferor shall not offset the transferred financial assets and related liabilities.

8.6 Equity instrument

Equity instrument refers to the contract that can prove the ownership of the residual equity in the assets of the company after deducting all liabilities. The company issues (including refinancing), repurchases, sells or cancels equity instruments as changes in equity. The company does not recognize changes in the fair value of equity instruments. Transaction costs related to equity transactions are deducted from equity. The company's distribution to the holders of equity instruments is treated as profit distribution, and the distribution of stock dividends does not affect the total shareholders' equity.

Special financial instruments issued by entities which meet the definition of financial liabilities, but are classified as equity instruments in accordance with the standards are classified as financial liabilities, in the corresponding part of non-controlling interest in the company's consolidated financial statements.

8.7 Method to determine the fair value of financial instrument

The fair value of a financial asset or financial liability for which there is an active market shall be determined in accordance with the quoted price in such active market at the measurement date. The fair value of a financial asset or financial liability for which there isn't an active market shall be using valuation techniques. In the valuation, the company adopts the valuation techniques that are applicable in the current situation and are supported by sufficient available data and other information to select the input values that are consistent with the naturalistic of the assets or liabilities considered by the market participants in the transaction of the relevant assets or liabilities, and gives priority to the use of the relevant observable input values as far as possible. Where the relevant observable input value cannot be obtained or is impracticable to obtain, the unobservable input value shall be used.

At the time of initial recognition, if the fair value of a financial asset or financial liability is determined by the quoted price of the same asset or liability in an active market or by other methods other than valuation techniques that use only observable market data, the company will defer the difference between the fair value and the transaction price. After the initial recognition, the company will recognize the deferred difference by the change of a certain factor as the profit or loss to the corresponding accounting period.

8.8 Impairment of financial assets

For financial assets measured at amortized cost and debt instrument investment measured at fair value through other comprehensive income, the company shall recognize impairment based on expected credit loss.

a) Methods to determine provision for impairment

On the basis of considering the reasonable and evidence-based information such as the past events, the current situation and the forecast of future economic conditions, and taking the risk of default as the weight, the company calculates the probability weighted amount of the present value of the difference between the cash flow receivable under the contract and the cash flow expected to be received, and recognizes the expected credit impairment.

i. General treatment

At each balance sheet date, the company measures the expected credit loss (ECL) of financial instruments at different stages. If the credit risk of a financial instrument has not increased significantly since the initial recognition, it is on the first stage, and the company shall measure the provision according to the expected credit loss in the next 12 months; If the credit risk of a financial instrument has increased significantly since the initial recognition but no credit impairment has occurred, it is on the second stage; If the credit impairment of a financial instrument has occurred since the initial recognition, it is on the third stage. The company shall measure the loss provision according to the expected credit loss of the entire duration of the instrument. For financial instruments with lower credit risk at the balance sheet date (such as time deposits in commercial banks with higher credit rating and financial instruments with external credit rating above "investment grade"), the company assumes that its credit risk has not increased significantly since initial recognition, and measures the loss provision according to the expected credit loss in the next 12 months.

ii. Simplified treatment

For accounts receivable, contract assets, lease receivable and notes receivable related to income, that do not contain significant financing components or do not consider the financing components in contracts that do not exceed one year, the company shall measure the impairment according to the expected credit loss throughout the duration. For accounts receivables, contractual assets and lease receivables specified in the Accounting Standards for Business Enterprises No. 21 - Leasing, which containing significant financing components, the loss provision is always measured in the amount equivalent to the expected credit loss during the entire duration.

b) Criteria for judging whether credit risk has increased significantly since initial recognition

If the probability of default of a financial asset during the estimated lifespan determined on the balance sheet date is significantly higher than the probability of default during the estimated lifespan determined at initial recognition, it indicates a significant increase in the credit risk of the financial asset.

Regardless of the method used by the company to assess whether credit risk has significantly increased, if contract payments are overdue for more than (including) 30 days, it is usually assumed that the credit risk of financial assets has significantly increased, unless the company can obtain reasonable and evidence-based information at a reasonable cost to prove that even if the overdue exceeds 30 days, credit risk has not significantly increased.

Except for special circumstances, the company uses the changes in default risk that occur within the next 12 months as a reasonable estimate of the changes in default risk that occur throughout the entire lifespan to determine whether credit risk has significantly increased since initial recognition.

c) Method and determination of portfolio credit risk assessment

The company assesses the credit risk individually for notes receivable, accounts receivable, contract assets, lease receivable and other receivables with the following natureistics that are significantly different in credit risk. For example, receivables that are in dispute with the other party or involved in litigation and arbitration; There are obvious signs that the debtor is likely to be unable to perform its repayment obligations.

When the information of expected credit loss of individual financial assets cannot be evaluated at a reasonable cost, the company classifies the receivables into several portfolios according to the credit risk characteristics, and calculates the expected credit loss on the basis of the portfolio. The basis for determining the portfolio is as follows:

Portfolio name	Method
Bank acceptance bill portfolio, commercial acceptance bill portfolio	For bills receivable divided into portfolios, bank acceptance bills and commercial acceptance bills refer to historical credit loss experience, combined with current conditions and predictions of future economic conditions, and calculate expected credit loss through default risk exposure and expected credit loss rate for the entire duration.
Overdue aging portfolio	For accounts receivable classified as overdue aging portfolios, the company refers to historical credit loss experience, combines current conditions with predictions of future economic conditions, and prepares a comparison table between overdue aging of accounts receivable and expected credit loss rate for the entire duration to calculate expected credit losses.
Power generation business portfolio	The company calculates expected credit losses for its new energy power generation business based on four types of scenarios: Portfolio 1: Benchmark electricity price combination: Receivables from desulfurization and coal-fired benchmark electricity fees of various power grid companies. The payment cycle is short and the credit risk is low. Portfolio 2: Receivable subsidies for renewable energy projects that have been included in the renewable energy catalog or the renewable energy generation subsidy project list. Without a clear settlement period, it belongs to national credit and has low credit risk. Portfolio 3: Receivables of subsidies not included in the renewable energy catalog. Receivables of renewable energy subsidies for power generation projects that meet the conditions, are undergoing supplementary recording or application procedures, and have not yet been included in the renewable energy generation subsidy project list. Without a clear settlement period, it belongs to national credit and has low credit risk. Portfolio 4: Other funds with similar credit risk characteristics other than the above three combinations.
Risk-free portfolio	The company divides accounts receivable from related parties, reserve deposits, deposits, government and public institutions, and other funds without significant recovery risks into other combinations. Based on historical credit loss experience, combined with current conditions and predictions of future conditions, the company calculates expected credit losses through default risk exposure and expected credit loss

	rate for the entire duration.

For accounts receivable classified as overdue aging combinations, the company refers to historical credit loss experience, combines current conditions with predictions of future economic conditions, and prepares a comparison table between overdue aging of accounts receivable and expected credit loss rate for the entire duration to calculate expected credit losses. Among them:

i. Comparison table between overdue aging of accounts receivable and expected credit loss rate for the entire duration

Overdue age	Withdrawal ratio (%)
Within 1 year overdue	0.50
Overdue 1-2 years	5.00
Overdue 2-3 years	10.00
Overdue 3-4 years	30.00
Overdue 4-5 years	50.00
Over 5 years overdue	100.00

ii. Comparison table between overdue aging of other receivables and expected credit loss rate for the entire duration

Overdue age	Proportion (%)
Within 1 year overdue	0.50
Overdue 1-2 years	0.50
Overdue 2-3 years	3.00
Overdue 3-4 years	20.00
Overdue 4-5 years	60.00
Over 5 years overdue	100.00

The company shall include the provision for losses accrued or reversed in the current profit and loss. For debt instruments held at fair value through other comprehensive income, the company adjusts other comprehensive income while recording impairment losses or gains into the current period's profit or loss.

9. Inventories

9.1 Classification of inventories

The company's inventory is divided into inventory goods, turnover materials (including low value consumables), and consumable biological assets.

9.2 Measurement method of dispatched inventories

Shipped materials and inventory goods are accounted by the weighted average method.

9.3 Basis to determine net realizable values of inventories and method of provision for diminution in value inventories

a) Determination basis of net realizable values of inventories

i. In normal operation process, for merchandise inventories held directly for sale, including finished goods (inventory goods) and materials for sale, their net realizable values are determined at their estimated selling prices minus their estimated selling expenses and relevant taxes and surcharges.

ii. For material inventories that need further processing, their net realizable values are determined at the estimated selling prices of finished goods minus estimated costs, selling expenses and relevant taxes to completion.

iii. For inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories specified in the sales contracts are less than the quantities held by the company, the net realizable value of the excess portion of inventories shall be based on general selling prices.

iv. The materials held for production shall be measured at cost if the net realizable value of the finished products is higher than the cost. If a decline in the value of materials shows that the net realizable value of the finished products is lower than the cost, the materials shall be measured at the net realizable value.

b) Methods of provision for inventories

On the balance sheet date, inventories are measured at the lower of cost and net realizable value. When the net realizable value is lower than the cost, provision of the inventory shall be withdrawn.

i. Provisions of inventory are withdrawn at the lower of costs or net realizable values on a single basis.

ii. For inventories that have large quantities but low value, the company provides for provisions of inventory on a category basis.

iii. For inventories that are related to product ranges produced and sold in the same district or used for the same or similar ultimate purpose and are difficult to be measured separately from other inventories, the company provides for provisions of inventory on a consolidation basis.

9.4 Inventory counting

The company adopts a perpetual inventory system for inventory and conducts regular physical inventory checks.

9.5 Amortization method of revolving materials

a) Amortization method for low value consumables

The company uses the one-time amortization method to amortize low value consumables.

10. Contract assets

Contract assets refer to the right that the company has transferred goods to customers and has the right to receive consideration, and the right depends on other factors other than the passage of time. The company's contract assets mainly include assets that have been completed but not settled and quality retention money.

The contract assets and contract liabilities under the same contract are presented in net amount, and the contract assets and contract liabilities under different contracts are not offset.

For the determination method and accounting treatment method of ECL of contract assets, please refer to Note III-8.8 "Impairment of financial assets".

11. Assets classified as held for sale and discontinued operations

11.1 Assets classified as held for sale

a) Scope of non-current assets classified as held for sale and disposal group

When the company recovers its carrying amount mainly by selling (including the exchange of non-monetary assets with commercial substance) rather than continuously using a non-current asset or disposal group, the non-current asset or disposal group is classified as held for sale category.

Disposal group refers to a group of assets disposed as a whole through sale or other methods in a transaction, as well as the liabilities directly related to these assets transferred in the transaction.

b) Recognition conditions of non-current assets classified as held for sale and disposal group

The company classifies non-current assets or disposal groups that meet the following conditions into held for sale categories:

i. The company according to the practice of selling such assets or disposal groups in similar transactions, they can be sold immediately in the current situation;

ii. The sale is highly likely to occur, that is, the company has made a resolution on a sale plan and obtained a certain purchase commitment, and it is expected that the sale will be completed within one year. If the relevant regulations require the approval of the relevant authority or regulatory department of the company before the sale, the approval shall have been obtained.

c) Accounting treatment method and presentation of non-current assets classified as held for sale and disposal group

Before the company divides the non-current assets or disposal group into the held for sale category for the first time, the Carrying amount of each asset and liability in the non-current assets or disposal group shall be measured in accordance with the relevant accounting standards.

When the company initially measures or premeasures the non-current assets or disposal groups held for sale on the balance sheet date, if the carrying amount is higher than the net amount of the fair value minus the selling expenses, the Carrying amount shall be written down to the net amount of the fair value minus the selling expenses, and the written down amount shall be recognized as the asset impairment loss and included in the current profit or loss, and the provision for impairment of the held for sale assets shall be withdrawn at the same time. For the asset impairment loss recognized by the disposal group held for sale, the Carrying amount of goodwill in the disposal group shall be offset first, and then the Carrying amount shall be offset proportionally according to the proportion of the carrying amount of non-current assets in the disposal group. non-current assets classified as held for sale are not depreciated or amortized.

The non-current assets classified as held for sale or the assets in the disposal group held for sale and the liabilities in the disposal group held for sale shall not be offset against each other, and shall be listed as current assets and current liabilities respectively.

If the company loses control over the subsidiary due to the sale of the investment in the subsidiary, whether or not the enterprise retains part of the equity instrument investment after the sale, when the investment in the subsidiary to be sold meets the classification conditions of the held for sale category, the investment in the subsidiary as a whole will be classified into the held for sale category in the individual financial statements of the parent company, and the assets and liabilities in the subsidiary will be classified into the held for sale category in the consolidated financial statements.

11.2 Termination of business

The term "termination of operation" refers to a component that can be distinguished independently and meets one of the following conditions, and has been disposed or classified as held for sale:

a) The component represents an independent main business or a separate main business area;

b) This component is part of an associated plan to dispose of an independent major business or a separate major business area;

c) The component is a subsidiary acquired for resale.

12. Long-term equity instrument investments

12.1 Recognition of the initial investment costs of long-term equity instrument investments

a) For long-term equity instrument investments from business combinations, the initial investment cost shall be recognized in accordance with accounting treatment methods for business combination under and not under common control which are in the III 4

b) Except for the long-term Equity instrument investments arising from business combinations, those obtained by other means shall recognize their initial investment costs in accordance with the following requirements:

  i. For the long-term equity instrument investments acquired by cash, the initial investment cost shall be the actual paid purchase price. Initial investment cost also includes those costs, taxes and other necessary expenditures directly attributed to the acquisition of the long-term equity instrument investment.

  ii. For the long-term equity instrument investments acquired by the issue of equity securities (equity instruments), the initial investment cost shall be the fair value of the equity securities (equity instruments) issued. If the fair value of the long-term equity instrument investment obtained is more reliable than equity securities issued, the initial investment cost shall be the fair value of the long-term Equity instrument investment made by the investors. The cost directly attributable to the issue of equity securities (equity instruments), including fees, commissions, etc., write-downs premium price of the issue, if premium price of the issues insufficient, write-downs surplus reserve and undistributed profit in turn. For the long-term Equity instrument investments acquired by the issue of debt securities, reference through the issuance of equity securities(equity instruments).

  iii. For long-term equity instrument investments obtained by debt restructuring, the company recognizes the fair value of renounced debt and taxes directly attributable to assets etc. as the initial investment costs.

iv. For long-term equity instrument investments obtained by non-monetary assets exchange, under the condition that an exchange of non-monetary assets is of commerce nature and the fair value of assets exchanged can be reliably measured, non-monetary assets traded in is initially stated at the fair value of the assets traded out, unless there is conclusive evidence indicating that the fair value of the assets traded in is more reliable; if the above conditions are not satisfied, initial investment costs of long-term Equity instrument investments traded in shall be recognized at the carrying amount of the assets traded out and the relevant taxes and surcharges payable.

Expenses, taxes and other necessary expenses that are directly related to the obtainment of long-term Equity instrument investments shall be recognized as the initial investment costs of long-term Equity instrument investments.

No matter how the company obtains long-term equity instrument investments, cash dividends or profits declared but not yet distributed in the actual payments or the consideration actually paid for the investment shall be separately accounted as dividends receivable and shall not constitute the costs of long-term Equity instrument investments.

12.2 Subsequent measurement and recognition of gains and losses of long-term Equity instrument investments

a) Long-term equity instrument investments measured under the cost method

i. If the company can control over the investee, which means the investment is towards the subsidiaries, the long-term Equity instrument investment is verified by the cost method.

ii. For long-term equity instrument investments accounted for at the cost method, except cash dividends or profits declared but not yet distributed which are included in the actual payments or the consideration actually paid for the investment, the cash dividends or profits declared by the investee shall be recognized as the investment income irrespective of net profits realized by the investee before investment or after investment.

b) Long-term equity instrument investments measured under the equity method

i. For the long-term equity instrument investment which has joint control or significant influence over the investee, the equity method is adopted for accounting.

ii. For long-term equity instrument investments measured at the equity method, if the initial investment costs are higher than the investor's attributable share of the fair value of the investee's identifiable net assets, no adjustment will be made to the initial costs of the long-term Equity instrument investments; if the initial investment costs are lower than the investor's attributable share of the fair value of the investee's identifiable net assets, the difference shall be recognized in current profit or loss and at the same time the adjustment will be made to the initial costs of the long-term Equity instrument investments.

iii. After obtaining the long-term Equity instrument investments, the company shall, according to the shares of net profits and losses and other comprehensive income realized by the investee that shall be enjoyed or borne by the company, recognize the profit or loss on the investments and adjust the carrying amount of the long-term Equity instrument investments. When recognizing the net profits and losses of the investee that the company shall enjoy or bear, the company shall make a recognition and calculation based on the net book profits and losses of the investee after appropriate adjustments. However, where the company is unable to obtain the relevant information due to failure to reasonably determine the fair value of the investee's identifiable assets, minor difference between the investee's identifiable assets and the Carrying amount thereof or other reasons, the profits or losses on the investments shall be directly calculated and recognized based on the net book profits and losses of the investee. The company shall calculate the part distributed from cash dividends or profits declared by the investee and correspondingly reduce the carrying amount of the long-term equity instrument investments.

When recognizing the income from investments in associates and joint ventures, the company shall write off the part of incomes from internal unrealized transactions between the company and associates and joint ventures which are attributable to the company and recognize the profit or loss on investments on such basis. The losses on internal transactions between the company and the investee fall into the scope of losses on assets impairment, full amounts of such losses shall be recognized. Profit or loss from internal unrealized transactions between the company's subsidiaries included into the combination scope and associates and joint ventures shall be written off according to the above principles and the profit or loss on investments therefore shall be recognized on such basis.

When the share of net loss of the investee attributable to the company is recognized, it is treated in the following sequence: Firstly, write off the carrying amount of the long-term equity instrument investments; where the carrying amount of the long-term equity instrument investments is insufficient to cover the loss, investment losses are recognized to the extent that carrying amount of long-term equity which form net investment in the investee in other substances and the carrying amount of long-term receivables shall be written off; after all the above treatments, if the company still assumes additional obligation according to investment contracts or agreements, the obligation expected to be assumed should be recognized as provision and included into the investment loss in the current period. If the investee is profitable in subsequent accounting periods, the company shall account for the loss in reverse order against that described above after deducting unrecognized share of loss: i.e. write-down the carrying amount of the recognized provision, then restore the carrying amount of long-term interests which substantially form net investments in the investee, then restore the carrying amount of long-term investments, and recognize investment income at the same time.

12.3 Basis for judgment of common control or significant influence over the investee

a) Basis for judgment of common control over investee

Common control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities of an arrangement usually include selling and purchasing of goods or services, managing financial assets, acquiring or disposing of assets, researching and developing activities and financing activities. A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement. The parties have rights to the assets, and obligations for the liabilities, which are joint operations, but not joint ventures.

b) Basis for judgment of significant influence over investee

The term "significant influence' refers to the power to participate in decision-making on the financial and operating policies of the investee, but with no control or joint control over the formulation of these policies. Where the company is able to exert significant influence over the investee, the investee is its associate.

13. Investment properties

13.1 The scope of investment properties

Investment properties are properties held to earn rentals or for capital appreciation or both, and it shall be capable of being measured and sold separately. The investment properties of the company includes the buildings and land use right that are leased out, and the land use right held for transfer upon capital appreciation.

13.2 The conditions for recognition of investment properties

Investment properties shall be recognized only when both of the following conditions are satisfied:

a) It is probable that the future economic benefits that are associated with the investment properties will flow to the company.

b) The cost of the investment properties can be measured reliably.

13.3 Subsequent measurement of investment properties using fair value model

a) Basis of using fair value model for subsequent measurement

If there is solid evidence suggests that the investment properties acquired can be measured at fair value continuously and reliably, the company can use fair value model for subsequent measurement.

The company can use fair value model for subsequent measurement when satisfying the following conditions at the same time:

i. There is an active real estate transaction market at the place where the investment properties are located.

ii. The company can get price and other relevant information of same or similar real estate transaction market, so as to make reasonable estimates of the fair value of investment property.

b) Determination of fair value of investment properties

i. When the current market price of congeneric or similar real estate market is available, the company determines the fair value of investment properties, referring to the current market price (market public quote) of congener or similar real estate in the active market.

ii. When the current market price of same or similar real estate market is unavailable, the company reasonably estimates the fair value of investment properties, referring to the latest transaction price of congeneric or similar real estate in the active market, and considering transaction conditions, transaction date, location and other factors, or based on the present value of the rent gain and relevant cash flow in the future estimated.

Congeneric or similar buildings are buildings that are located in the same geographical position and geographical environment and have same or similar nature and structure type at the same or similar aging degree and use state. Congeneric or similar land use rights are those who are in the same location area and are in the same or similar geographical environment at the same or similar use state.

c) For the investment properties measured at fair value model, the company does not provide depreciation or amortization. The company adjusts its carrying amount based on the fair value of investment properties at the balance sheet date, the difference between the fair value and carrying amount through current profit or loss.

14. Fixed assets

14.1 Recognition and measurement of fixed assets

Fixed assets refer to tangible assets held for the purpose of producing commodities, providing services, renting or business management with useful life exceeding one accounting year. Fixed assets are recognized when the following criteria are satisfied simultaneously:

a) It is probable that the economic benefits relating to the fixed assets will flow into the company;

b) The cost of the fixed assets can be measured reliably.

14.2 Depreciation of all fixed assets

a) Except for the fixed assets that have been fully depreciated but are still in use and the land, the company accrues depreciation for all fixed assets.

b) Depreciation of fixed assets of the company is on a straight-line basis from the month immediately following the month when they reach the working condition for their intended use. The depreciation amount and depreciation rate shall be calculated and recognized according to the category, estimated useful lives and estimated net residual value rate of fixed assets and respectively included into the costs of the relevant assets or the current profit or loss by purpose.

c) Category, estimated useful lives, estimated net residual value rate and annual depreciation rate of fixed assets are listed as follows:

Category of fixed assets	Estimated useful lives (years)	Estimated residual value rate (%)	Annual depreciation rate (%)
Properties and buildings	15-50	3-10	1.80-6.47
Machinery equipment	5-25	5-10	3.60-19.00
Transportation equipment	3-14	2-10	6.43-32.67
Office equipment	3-10	2-10	9.00-32.67
Other equipment	8-25	3-10	3.60-12.13

When depreciating the fixed assets that were impaired, the company shall recalculate the depreciation rate and depreciation amount according to the carrying amount, the estimated net residual value rate and tolerable useful lives of the fixed assets.

On the balance sheet date, the company reviews the estimated useful life, estimated net residual value rate and depreciation method of the fixed assets. If there is any change, they shall be treated as changes in accounting estimate.

d) The decoration expense qualified for capitalization shall be depreciated using straight-line method during the shorter period selected between the period during two decoration times and the tolerable useful life.

15. Construction in progress

15.1 Category

Construction in progress is accounted for by project classification.

15.2 Criteria and date of conversion of construction in progress into fixed assets

The book entry value of the fixed assets is stated at total expenditures incurred before construction in progress reaches the working condition for their intended use. For self-operating projects, total expenditures are measured according to the expenditures of direct materials, direct labor, direct measurement mechanical construction costs and other expenditures; for contracting projects, total expenditures are measured according to project costs payable and other expenditures. Borrowing costs incurred before the projects that are undertaking with borrowing costs reach working condition for their intended use and meeting the condition for capitalization shall be capitalized and included into the costs of construction in progress.

For construction in progress that has reached working condition for intended use but for which the completion of settlement has not been handled, it shall be transferred into fixed assets at the estimated value according to the project budget, construction price or actual cost, etc. from the date when it reaches the working condition for intended use and the fixed assets shall be depreciated in accordance with the company's policy on fixed asset depreciation; adjustment shall be made to the estimated value based on the actual cost after the completion of settlement is handled, but depreciation already provided will not be adjusted.

16. Borrowing costs

16.1 Scope

The company's borrowing costs include borrowing interest, amortization of discounts or premiums, ancillary expenses and exchange differences incurred from foreign currency borrowings, etc.

16.2 Recognition principles of capitalization of borrowing costs

The borrowing costs incurred to the company and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and recorded into relevant asset costs; other borrowing costs should be recognized as costs according to the amount incurred and be included into the current profit or loss.

Assets eligible for capitalization include fixed assets, investment properties, inventories and other assets which may reach the working condition for their intended use or sale by acquisition and construction or production activities for quite long time.

16.3 Determination of the capitalization period of borrowing costs

a) Determination of the starting point for capitalization of borrowing costs

When asset expenditures have already occurred, borrowing costs have already occurred, and the necessary acquisition, construction, or production activities to bring the asset to its intended usable or saleable state have begun, borrowing costs begin to be capitalized. Among them, asset expenses include expenses incurred in the form of paying cash, transferring non cash assets, or assuming interest bearing debts for the purchase, construction, or production of assets that meet capitalization conditions.

b) Determination of the suspension of capitalization of borrowing costs

If the acquisition and construction or production activities of assets eligible for capitalization are interrupted abnormally and this condition lasts for more than three months, the capitalization of borrowing costs should be suspended. The borrowing costs incurred during interruption are charged to profit or loss for the current period, and the capitalization of borrowing costs continues when the acquisition and construction or production activities of the asset resume. If the interruption is necessary for the acquisition and construction or production to prepare the assets for their intended use or sale, the capitalization of borrowing costs should continue.

c) Determination of the point at which borrowing costs cease to be capitalized

Capitalization of borrowing costs should cease when the acquired and constructed or produced assets eligible for capitalization have reached the working condition for their intended use or sale. Borrowing costs incurred after the assets eligible for capitalization have reached the working condition for their intended use or sale should be recognized as the current profit or loss when they incur.

If all parts of the acquired and constructed or produced assets are completed, each part may be used or sold externally in the process of continuous construction of other parts and the necessary acquisition or production activities have been substantially completed to make the part of assets reach the working condition for their intended use or sale, the capitalization of borrowing costs related to the part of assets should be ceased; if all parts of the acquired and constructed or produced assets are completed but the assets cannot be used or sold externally until overall completion, the capitalization of borrowing costs should cease at the time of overall completion of the assets.

16.4 Determination of capitalization amount of borrowing costs

a) Capitalized amounts of interest on borrowing costs

During the period of capitalization, capitalized amount of the interest of each accounting period (including amortization of discounts or premiums) shall be recognized according to the following provisions:

i. As for specific borrowings arising from acquiring and constructing or producing assets eligible for capitalization, borrowing costs of specific borrowing actually incurred in the current period less the interest income of the loans unused and deposited in bank or return on temporary investment should be recognized as the capitalization amount of borrowing costs.

ii. As for general borrowings used for acquiring and constructing or producing assets eligible for capitalization, the interest of general borrowings to be capitalized should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements in excess of specific borrowings by the capitalization rate of used general borrowings. The capitalization rate is calculated by weighted average interest rate of general borrowings.

iii. Where there are discounts or premiums on borrowings, the amounts of interest for each accounting period should be adjusted taking account of amortizable discount or premium amounts for the period by effective interest method.

iv. During the period of capitalization, the capitalized amount of interest of each accounting period shall not exceed the current actual interest of the relevant borrowings.

b) Capitalized amounts of auxiliary expenses of borrowings

i. Auxiliary expenses incurred from specific borrowings before the acquired or constructed assets eligible for capitalization reach the working condition for their intended use or sale should be capitalized when they incur and charged to the costs of assets eligible for capitalization; those incurred after the acquired or constructed assets eligible for capitalization reach the working condition for their intended use or sale should be recognized as costs according to the amounts incurred when they incur and charged to the current profit or loss.

ii. Auxiliary expenses incurred from general borrowings shall be recognized as costs according to the amounts incurred when they occur and included in the current profit or loss.

17. Right-of-use asset

Right-of-use asset refers to the right of the company as the lessee to use the leased assets during the lease term.

At the commencement date, the company recognizes the right-of-use asset and lease liabilities for leases other than short-term leases and low value asset leases, and recognizes depreciation expenses and interest expenses respectively during the lease term. The company will record the lease payment amount of short-term lease and low value asset lease into the relevant asset cost or current profit or loss by using the straight-line method in each period of the lease term.

17.1 Initial measurement of right-of-use asset

At the commencement date, the company initially measures the right-of-use asset according to the cost. The cost includes the following four items:

a) The initial measurement amount of the lease liabilities;

b) The lease payments made at or before the commencement date, if there is lease incentives, the relevant amount of lease incentives enjoyed shall be deducted;

c) The initial direct expenses incurred are the incremental costs incurred in reaching the lease;

d) The costs expected to be incurred in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying assets to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

17.2 Subsequent measurement of the right-of-use asset

a) Measurement basis

After the commencement date, the company applies the cost model for subsequent measurement of the right-of-use asset, that is, the right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses.

If the company remeasures the lease liabilities in accordance with the relevant regulations of the lease standards, the book value of the right-of-use asset shall be adjusted accordingly.

b) Depreciation of the right-of-use asset

From the commencement date, the company accrues depreciation for the right-of-use asset. The right-of-use asset shall be depreciated from the month when the lease term begins. The depreciation amount shall be included in the cost of relevant assets or current profit or loss by the purpose of the right-of-use asset. When determining the depreciation method of the right-of-use asset, the company adopts the straight-line method according to the expected consumption mode of economic benefits related to the right-of-use asset. If the right-of-use asset is impaired, the company will accrue subsequent depreciation according to the book value of the right-of-use asset after deducting the impairment loss. The category, service life and annual depreciation rate of the right-of-use asset are listed as follows:

Category	Period of depreciation (years)	Annual depreciation rate (%)
Properties and buildings	5-20	5.00-20.00
Land-use right	19-24	4.17-5.26
Sea Area use Rights	27	3.70

Note: When determining the depreciation period of the right to use assets, the company follows the following principles: if it can be reasonably determined that the ownership of the leased asset will be obtained at the end of the lease term, depreciation will be accrued within the remaining useful life of the leased asset; If it is impossible to reasonably determine that ownership of the leased asset can be obtained at the end of the lease term, depreciation shall be accrued during the shorter of the lease term or the remaining useful life of the leased asset. If the remaining useful life of the right of use asset is shorter than the first two, depreciation shall be accrued within the remaining useful life of the right of use asset.

18. Intangible assets

18.1 Initial measurement of intangible assets

a) Initial measurement of intangible assets purchased

Costs of intangible assets purchased include purchase price, related tax and expenses and other expenditure that can be distributed to the asset directly to reach its expected use. If payment of the purchase price of intangible assets can be deferred and exceeds normal credit conditions, the purchase has the nature of finance in fact and costs of the intangible assets shall be determined on the basis of present value of the purchase price. The difference between the amount actually paid and the present value of the purchase price should be recorded into current profit or loss except that those should be capitalized during the credit period.

b) Initial measurement of internally researched and developed intangible assets

Costs of internally researched and developed intangible assets shall be recognized according to the total expenses during the period after the assets are eligible for capitalization and before they reach the intended purpose, the expenses that have been charged to the profit or loss in previous years shall no longer be adjusted.

Expenses on the research phase of internally researched and developed intangible assets shall be included in the current profit or loss when they incur; those on the development phase ineligible for capitalization shall be included in the current profit or loss; those eligible for capitalization shall be recognized as intangible assets. If it is unable to distinguish expenditure on the research phase and expenditure on development phase, the research and Development expenditures shall be all included in the current profit or loss.

18.2 Subsequent measurement of intangible assets

The useful lives of intangible assets are analyzed on acquisition. intangible assets obtained by the company are divided into intangible assets with limited useful lives and intangible assets with indefinite useful lives.

a) Subsequent measurement of intangible assets with limited useful lives

The intangible assets with limited useful lives are amortized on a straight-line basis when they reach intended use over their useful lives with no residual value reserved. Amortizations of intangible assets are usually recorded into the current profit or loss; where the economic benefits of an intangible assets are realized by the products or other assets produced thereafter, the amortizations are recorded into the costs of the relevant assets.

Category, estimated useful life, estimated net residual value rate and annual amortization rate of intangible assets are shown below:

Category of intangible assets	Estimated useful life (years)	Estimated net residual value rate (%)	Annual amortization rate (%)
Land use right	40-70	0	1.43-2.50
Software	5-10	0	10.00-20.00
Patent right	5-10	0	10.00-20.00

On the balance sheet date, the useful life and amortization method of intangible assets with limited useful lives are reviewed.

b) Subsequent measurement of intangible assets with indefinite useful lives

intangible assets with indefinite useful lives are not amortized in the holding period.

18.3 Estimates of useful lives of intangible assets

a) For intangible assets from any contractual right or other statutory rights, their useful lives shall be recognized according to the period no more than that determined by the contractual or other statutory rights; when the contractual right or other statutory rights contract is extended due to renewal of contracts and there is evidence that the renewal of the company does not need large costs, the renewal period shall be included into the useful lives.

b) Where the contract or the law fails to specify the useful lives, the company integrates situations in all aspects and determine the period of intangible assets that can bring economic benefits for the company by hiring the relevant experts to demonstrate or comparing with the situation of the industry as well as referring to the company's historical experience or otherwise.

c) If it is still unable to reasonably determine that intangible asset may bring economic benefits for the company according to the above methods, the intangible assets are taken as intangible assets with indefinite useful lives.

18.4 Specific criteria for classifying the research phase and the development phase of an internal research and development project

According to the actual situation of the research and development, the company classifies the research and development project into that on the research phase and that on the development phase.

a) Research stage

Research stage is the stage when creative and planned investigations and research activities are conducted to acquire and understand new scientific or technological knowledge.

b) Development stage

Development stage is the stage when the research achievements or other knowledge are applied to a plan or design, prior to the commercial production or use, so as to produce any new or substantially improved material, device or product.

Expenditure of an internal research and development project on the research phase shall be included in current profit or loss when it occurs.

18.5 Specific criteria for qualifying expenditure on the development phase for capitalization

Expenditure on the development phase of an internal research and development project shall be recognized as intangible assets only when the following conditions are simultaneously satisfied:

a) It is technically feasible to finish intangible assets for use or sale;

b) It is intended to finish and use or sell the intangible assets;

c) The usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets themselves or the intangible assets will be used internally;

d) It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources;

e) The expenditure attributable to the intangible assets during its development phase can be measured reliably.

18.6 Treatment of land use right

a) The land use right obtained by the company is usually recognized as intangible assets, but the purpose of the land use right is changed to be used for earning rent or increasing capital; it shall be transferred to investment property.

b) For plants and other buildings developed and constructed by the company, the relevant land use right and buildings shall be treated separately.

c) Payments for externally purchased land and buildings are distributed between the value of buildings and the land use right; those difficult to be distributed shall be all taken as fixed assets.

19. Impairment of long-term assets

If there are impairment indicators of long-term Equity instrument investments, fixed assets, construction in progress, right-of-use asset, intangible assets with definite useful lives and other long-term assets at balance sheet date, impairment test should be performed. If the result of impairment test shows that recoverable amount is less than its carrying amount, the difference should be provided for impairment and recorded into impairment loss. The recoverable amount is the higher of fair values less costs of disposal and the present values of the future cash flows expected to be derived from the asset. Provision for impairment is calculated and recognized on the basis of individual asset. If recoverable amount of individual asset is difficult to be estimated, the company should recognize the recoverable amount of the asset group which the individual asset belongs to. Asset group is the minimum asset group which can generate cash inflow separately.

The company should perform impairment test for goodwill and intangible assets with indefinite life at least at each year end, no matter whether there is impairment indicator or not.

When the company performs impairment test, carrying amount of goodwill arising from business combination should be amortized to relevant asset group using the reasonable method from the date of purchase. If it is difficult to amortize it to relevant asset group, amortize it to relevant asset group portfolio. Apportion carrying amount of goodwill to relevant asset group or asset group portfolio according to the proportion of fair value of them accounting for total amount of relevant asset group or asset group portfolio. If fair value is difficult to be measured reliably, amortize according to the proportion of carrying amount of asset group or asset group portfolio accounting for total amount of relevant asset group or asset group portfolio. When perform impairment test for asset group or asset group portfolio including goodwill, if there is impairment indicator of asset group or asset group portfolio relevant to goodwill, perform impairment test for asset group or asset group portfolio without goodwill firstly, calculate its recoverable amount, compare with relevant carrying amount and recognize impairment loss. Then perform impairment test for asset group or asset group portfolio including goodwill, compare Carrying amount of the asset group or asset group portfolio (including proportional Carrying amount of goodwill) and its recoverable amount, if recoverable amount of relevant asset group or asset group portfolio is less than its Carrying amount, recognize impairment loss of goodwill.

Once impairment loss stated above is recognized, reversal is not allowed in the subsequent accounting periods.

20. Long-term prepaid expenses

20.1 Scope

Long-term prepaid expenses refer to various expenses which have been already incurred but will be amortized in this and after period of over 1 year (exclusive), including improvement expenditure of fixed assets under operating lease.

20.2 Initial measurement of long-term prepaid expenses

Long-term prepaid expenses shall be initially measured according to the actual costs incurred.

20.3 Amortization of long-term prepaid expenses

Long-term prepaid expenses are amortized using the straight-line method over the beneficial period.

21. Contract liabilities

Contract liabilities refer to the obligations of the company to transfer goods to customers for consideration received or receivable from customers. If the customer has paid the contract consideration or the company has obtained the unconditional collection right before transferring the goods to the customer, the company will present the received or receivable as contract liabilities at the earlier of the actual payment and due payment by the customer. The contract assets and contract liabilities under the same contract are presented in net amount, and the contract assets and contract liabilities under different contracts are not offset.

22. Payroll payables

Employee compensation includes: short-term benefits, post-employment benefits, termination benefits and other long-term employee benefits.

22.1 Short-term benefits

Short term compensation refers to the employee compensation that the enterprise expects to be fully paid within twelve months after the end of the annual report period for providing relevant services to employees, except for compensation given due to the termination of labor relations with employees.

Short-term benefits include: staff salaries, bonus, allowances and subsidies, welfare expenses, medical insurance, industrial injury insurance, birth insurance and other social insurance, housing fund, labor union dues and personnel education fund, short-term paid absence, short-term profit-sharing plan, non-monetary benefits and other Short-term benefits.

During the accounting period when employees provide related services, the company considers the actual Short-term benefits as debt and calculates them as profit or loss or related asset cost of current period.

22.2 Post-employment benefits --- defined contribution plan

The defined contribution plan that the company joined is to pay for basic endowment insurance, unemployment insurance and enterprise annuity payment, etc., for employees. The company considers the actual amount money as employee compensation liabilities and calculates them as profit or loss or related asset cost of current period.

22.3 Termination benefits

Termination benefits are compensations the company give to the employees who is willing to accept layoffs. As following, there are two conditions

a) When the enterprise cannot unilaterally withdraw the termination benefits provided due to the termination of labor relations plan or layoff proposal

b) When the enterprise recognizes the costs or expenses related to the restructuring involving the payment of termination benefits.

22.4 Other long-term employee benefits

Other long-term employee benefits are benefits other than short-term salaries, post-employment benefits and Termination benefits. During the end of the report, the company considers the cost of employees' compensation from other long-term employee benefits as following components:

a) Service costs.

b) Net interest of other long-term employee benefits' net indebtedness or net asset.

c) Changes relating to recalculation of other long-term employee benefits' net indebtedness or net asset

To simplified related accounting treatment, the components all above are included in current period's profit or loss or related cost of assets.

23. Lease liabilities

23.1 Initial measurement of lease liabilities

At the commencement date, the company initially measures the lease liabilities according to the present value of the lease payments that are not paid.

a) Lease payments

Lease payments refer to the amount paid by the company to the lessor related with the right-of-use asset during the lease term, including:

i. Fixed payment and in-substance fixed payments, less any lease incentives receivable;

ii. Variable lease payments that depend on the index or rate, initially measured using the index or rate as at the commencement date;

iii. The exercise price of a purchase option if the company is reasonably certain to exercise that option.

iv. Payments of penalties for terminating the lease, if the lease term reflects the company exercising an option to terminate the lease;

v. Amount expected to be payable by the company under residual value guarantees.

b) Discount rate

When calculating the present value of lease payments, the company applies the interest rate embedded in the lease as the discount rate. If the embedded interest rate of the lease cannot be determined, the incremental loan interest rate shall be used as the discount rate. The incremental loan interest rate refers to the interest rate that the company must pay to borrow funds with similar mortgage conditions during similar periods in order to obtain assets close to the value of these right-of-use asset under similar economic environment. The company obtains the incremental loan interest rate on the basis of the bank loan interest rate and considering relevant factors.

23.2 Subsequent measurement of lease liabilities

After the commencement date, the company measure the lease liabilities according to the following principles:

a) Increasing the carrying amount to reflect interest on the lease liabilities;

b) Reducing the carrying amount of the lease liabilities to reflect the lease payments;

c) Remeasuring the carrying amount of the lease liabilities to reflect any reassessment or lease modifications.

After the commencement date, in case of the following circumstances, the company shall remeasure the carrying amount of the lease liabilities according to the present value of the changed lease payments, and recognize the amount of the remeasurement of the lease liabilities as an adjustment to the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset is reduced to zero, and there is a further reduction in the measurement of the lease liabilities, the company shall recognize any remaining amount of the remeasurement into the current profit or loss.

a) There is a change in the amounts of the in-substance fixed payments;

b) There is a change in the amounts expected to be payable under a residual value guarantee;

c) There is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;

d) The is a change in the assessment results or actual exercise of an purchase option, bargain renewal option or termination option;

The interest expense of each period during the lease term shall be included in the current profit or loss, except those that should be capitalized.

24. Estimated liabilities

24.1 The recognition principle of estimated liabilities

The company recognizes estimated liabilities, when having external guarantee, pending litigation or arbitration, product quality warranty, onerous contract, and these related obligations meet following three conditions:

a) This obligation is the company's current obligation;

b) This obligation might lead economic benefits out of the company;

c) The cost of this obligation can be calculated reliably.

24.2 Measurement method of estimated liabilities

The amount of estimated liabilities should be measured according to the best estimate of the expenses required by the contingency.

a) If thereis a sequent range forthe necessary expenses and if all outcomes within this range are equal ly likely to occur, the best estimate shallbe determined in accordance with the middle estimate with in the range.

b) In other cases, the best estimate shall be conducted in accordance with the following situations, respectively:

   i. If the Contingencies concern a single item, it shall be determined in the value of the most likely outcome

   ii. If the contingencies concern two or more items, the best estimate should be calculated and determined in accordance with all possible outcomes and the relevant probabilities

25. Income

25.1 Income recognition principles and measurement methods related to contract performance

a) Recognition of income

When the company has satisfied a performance obligation in the contract, that is, income is recognized when the customer obtains control of the relevant commodities. For each performance obligation identified in the contract, the company assesses the contract and determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation over point of time, and then, after performing each individual performance obligation. Income is recognized separately when obligations are satisfied.

b) Measurement of income

If the contract contains two or more performance obligations, the company shall allocate the transaction price to each individual performance obligation according to the relative proportion of the stand-alone selling price of the goods or services promised by each individual performance obligation. Income is measured at the transaction price of the performance obligation. When determining the transaction price, the company will consider the impact of factors such as variable consideration, the existence of a significant financing components in the contract, non-cash consideration, and consideration payable to customers, and assumes that the goods will be transferred to customers in accordance with the existing contract, and the contract will not be cancelled, renewed or changed.

c) General confirmation principles

If one of the following conditions is met, it belongs to fulfilling the performance obligation within a certain period of time; Otherwise, it belongs to fulfilling the performance obligation at a certain point in time:

i. The customer obtains and consumes the economic benefits brought by the company's performance at the same time as the company's performance;

ii. The customer is able to control the goods under construction during the company's performance process;

iii. The goods produced by our company during the performance process have irreplaceable uses, and our company has the right to collect payment for the cumulative performance completed to date throughout the entire contract period.

For performance obligations performed within a certain period of time, the company recognizes revenue based on performance progress during that period, except for those where performance progress cannot be reasonably recognized. The company determines the performance progress of the services provided based on the input method (or output method). When the progress of performance cannot be reasonably determined, if the company is expected to be compensated for the costs incurred, revenue shall be recognized based on the amount of costs incurred until the progress of performance can be reasonably determined.

For performance obligations performed at a certain point in time, the company recognizes revenue at the point when the customer obtains control of the relevant goods. When determining whether a customer has obtained control over a product or service, our company will consider the following indications:

i. The company has the current right to receive payment for the goods or services, that is, the customer has the current payment obligation for the goods:

ii. The company transfers the legal ownership of the goods to the customer, that is, the customer has already acquired the legal ownership of the goods:

iii. The company has transferred the physical property of the product to the customer, that is, the customer has taken physical possession of the product:

iv. The company has transferred the main risks and rewards of ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards of ownership of the goods;

v. The customer has accepted the product.

25.2 Specific income recognition policies

The company mainly engages in energy business, aquaculture business, industrial real estate leasing business, etc.

a) Recognition principles for energy business income

The company's main energy business revenue includes electricity sales revenue and natural gas sales revenue.

Electricity sales revenue is recognized when electricity is supplied to the power grid companies located in each power plant location. The company recognizes electricity revenue based on the monthly actual electricity consumption confirmed by the power grid company and the contract electricity price (including national electricity subsidy).

The revenue from natural gas sales is recognized when natural gas is supplied to customers. The company recognizes natural gas sales revenue based on the monthly actual usage of natural gas confirmed by the customer and the contract price.

b) Recognition principles for revenue from aquaculture business

The company recognizes aquaculture income based on the market price on the day when the aquatic products are actually caught to customers.

26. Contract assets

Contract costs are classified as contract performance costs and contract acquisition costs.

The costs incurred by the company in fulfilling contracts are recognized as contract performance costs as an asset when the following conditions are met:

a) The cost is directly related to a current or expected contract.

b) The cost increases the company's future resources for fulfilling performance obligations.The costs are expected to be recovered.

c) The cost is expected to be recovered.

The incremental costs incurred by the company in obtaining the contract are expected to be recoverable, and are recognized as an asset as contract acquisition costs.

Assets related to contract costs are amortized on the same basis as the recognition of revenue from goods or services related to the asset; However, if the amortization period of the contract acquisition cost does not exceed one year, the company will include it in the current profit and loss when it occurs.

If the book value of assets related to contract costs exceeds the difference between the following two items, the company will make an impairment provision for the excess and recognize it as an asset impairment loss:

i. The remaining amount of consideration that the company expects to receive in exchange for the goods or services to which the asset relates; less

ii. The costs that relate directly to providing those goods or services.

If the above-mentioned asset impairment provision is subsequently reversed, the increased carrying amount of the asset shall not exceed the amount that would have been determined (net of amortization) if no impairment loss had been recognized previously.

27. Government grants

27.1 Types of government grants

Government grants are monetary assets and non-monetary assets acquired free of charge by the company from the government, including government grants related to assets and government grants related to income.

The government grants related to assets acquired by the company should be used for purchasing and building assets, or forming assets by the others way.

The government grants related to income are government subsidies except for the government grants related to assets.

27.2 Recognition principles of government grants

Principles of the government grants:

a) The company can meet the attached conditions for the government grants;

b) The company can receive the grants.

Government grants: are recognized only when both of the conditions are met:

27.3 Measurement of government grants

a) If a government grant is a monetary asset, it shall be measured in the value of the received or receivable amount.

b) If a government grant is a non-monetary asset, it shall be measured at its fair value; and if its fair value cannot be obtained in a reliable way, it shall be measured at a nominal amount (nominal amount is one RMB).

27.4 Accounting treatment method of government grants

a) The government grants related to assets shall offset the carrying amount of the related assets, or be recognized as deferred income when the government grants are received. If the government grants related to assets have been recognized as deferred income, it should be allocated over the useful lives of the relevant assets by the reasonable and the systematical ways, and included in the current profit or loss. Government grants measured at the nominal amount shall be directly included in current profit or loss.

b) Government grants related to income shall be separately handled according to the following circumstances:

   i. If government grants related to income are used to compensate the company's relevant expenses or losses in future periods, such government grants should be recognized as deferred income on acquisition and be included into the current profit or loss during the period of recognition of the relevant expenses.

   ii. If government grants related to income are used to compensate the company's relevant expenses or losses incurred, such government grants are directly included into the current profit or loss on acquisition.

c) If government grants include both the asset-based government grants and the income-based government grants, income-based government grants and asset-based should be treated respectively when they can be distinguished. In addition to this, the government grants should be classified into income-based government grants.

d) The government grants related to company's operation should offset the relevant cost and expenses or be recorded into other income according to economic substance. The government grants not related to company's operating should be recorded into non-operating income and loss. If the finance allocates the interest subsidy directly to the company, the company will offset the corresponding interest subsidy against the borrowing costs.

e) Recognized government grants required to be refunded shall be handled according to the following circumstances:

   i. If the government grants offset initially the related carrying amount of the asset, the carrying amount of relevant asset should be adjusted.

   ii. If there is deferred income, the book amount of the related deferred income should be reduced, the exceeding part is directly included in the current profit or loss.

   iii. Except for the above situations, the refunded government grants are directly included in the current profit or loss.

28. Deferred tax

The company adopts the balance sheet liability method to calculate income tax.

28.1 Recognition of deferred tax assets or deferred tax liabilities

a) The company recognizes its tax base on acquisition of assets and liabilities. On the balance sheet date, the company analyzes and compares the Carrying amount of the assets and liabilities with the tax base. If there are temporary differences in Carrying amount of the assets and liabilities and the tax base, under the circumstance that the temporary differences incur in the current period and meet the recognition criteria, the company shall respectively recognize taxable temporary differences or deductible temporary differences as deferred tax liability or deferred tax assets.

b) Recognition basis of deferred tax assets

i. Deferred tax assets incurred from deductible temporary differences are recognized to the extent that the taxable income probably obtained in future periods to be against the deductible temporary difference. In determining the taxable income probably obtained in future periods. It includes the taxable income from normal production and operation activities in future periods and the increase of taxable income due to the reversal of taxable temporary differences during the period of reversal of deductible temporary differences.

ii. For deductible losses and tax credits that can be carried forward to the next years, the company is likely to recognize the corresponding deferred tax assets to the extent that the taxable income in the future for deducting deductible losses and tax credits and that are probably obtained by the company.

iii. On the balance sheet date, the company reviews the carrying amount of deferred tax assets. If it is probably unable to obtain sufficient taxable income in the future period to offset the benefits of the deferred tax assets, the company shall write down the carrying amount of the deferred tax assets; when it is probable to obtain sufficient taxable income, the write-downs shall be reversed.

c) Recognition basis of deferred tax liabilities

The company recognizes the current and previous taxable temporary differences payable but unpaid as deferred tax liabilities. But they exclude temporary differences arising from goodwill, transactions which are formed other than from business combinations and neither affect the accounting profits nor affect taxable income at the time of occurrence.

28.2 Measurement of deferred tax assets or deferred tax liabilities

a) On the balance sheet date, the deferred tax assets and deferred tax liabilities are measured at the applicable tax rate during the period of expected recovery of the assets or liquidation of the liabilities in accordance with the provisions of the tax law.

b) When the applicable tax rate changes, the company remeasures deferred tax assets and deferred tax liabilities recognized, except for those incurred in transactions or events directly recognized in the owner's equity, of which the effect shall be included in the income tax expenses in the current period when the rate changes.

c) When the company measures the deferred tax assets and deferred tax liabilities, the tax rate and tax base in consistent with the expected recovery of assets or liquidation of liabilities shall be adopted.

d) Deferred tax assets and deferred tax liabilities of the company shall not be converted into cash.

29. Leases (accounting treatment of the lessor)

29.1 Method of accounting treatment for operating leases

According to the nature of the assets, the company includes the assets used as operating leases in the relevant items of the balance sheet. The company capitalizes the initial direct expenses related to the operating lease to the cost of the underlying lease assets, and is included in profit or loss by stages on the same recognition basis as the rental income during the lease term. During each period of the lease term, the company applies the straight-line method to recognize the lease receipts of operating leases as rental income. For the fixed assets in the operating lease assets, the company applies the depreciation policy of similar assets for depreciation; Other operating lease assets are amortized using a systematic and reasonable method. The company's variable lease payments related to operating leases that are not included in the lease receipts are included in profit or loss when they actually occur.

The company shall account for a modification to an operating lease as a new lease from the effective date of the modification, considering any advance receipts or lease receivables related to the original lease as part of the lease receipts for the new lease.

29.2 Method of accounting treatment for finance leases

At the commencement date, the company measures the finance lease receivables based on the net investment in the lease (the sum of the unguaranteed residual value and the present value of the lease receipts that have not been received on the inception date discounted at the interest rate implicit in the lease). And derecognize finance lease assets. During each period of the lease period, the company calculates and measures interest income at a fixed periodic interest rate. The variable lease payments obtained by the company that are not included in the net lease investment measurement, if linked to the future performance or use of the asset, are included in the current profit or loss when actually incurred.

The company shall account for a modification to a finance lease as a separate lease if both:

a) The modification increases the scope of the lease by adding the right to use one or more underlying assets;

b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

30. Changes in significant accounting policies and accounting estimates

30.1 Changes in significant accounting policies

On December 30, 2021, the Ministry of Finance issued Interpretation No. 15 of the Accounting Standards for Business Enterprises (Cai Kuai [2021] No. 35), which stipulates that "accounting treatment for the sale of products or by-products produced by enterprises before or during the research and development process of fixed assets to the public" and "judgment on loss contracts" shall be implemented from January 1, 2022. Our company shall commence implementation from the specified date.

On November 30, 2022, the Ministry of Finance issued Interpretation No. 16 of the Accounting Standards for Business Enterprises (Cai Kuai [2022] No. 31), which stipulates that "accounting treatment for the income tax impact of dividends related to financial instruments classified as equity instruments by issuers" and "accounting treatment for enterprises to modify cash settled share-based payments to equity settled share-based payments" shall be implemented from the date of publication. Our company shall commence implementation from the specified date. The change in accounting policy did not have a significant impact on the company's financial condition and operating results.

30.2 Changes in significant accounting estimate

No significant estimate has changed in this reporting period.

30.3 Major Prophase error correction items

No major corrections for prior period errors during the reporting period.

30.4 Changes in significant accounting policies in 2021

a) The impact of implementing the new financial instrument standards on our company

Since January 1, 2021, the Company has implemented "Accounting Standards for Enterprises No. 22-recognition and Measurement of Financial Instruments", "Accounting Standards for Enterprises No. 23-transfer of Financial assets" and "Accounting Standards for Enterprises No. 24-hedging Accounting" revised by the Ministry of Finance in 2017 (the above four items are collectively referred to as "New Financial Instruments Standards") .

If the recognition and measurement of financial instruments before January 1, 2021 are inconsistent with the requirements of the new financial instruments standards, the company shall make adjustments in accordance with the requirements of the new financial instruments standards. If the data of the previous comparative financial statements are inconsistent with the requirements of the new financial instruments standards, the company has not adjusted the comparable period information. The difference between the original book value of financial instruments and the new book value on the date of implementation of the new financial instrument standards shall be included in retained earnings or other consolidated income on January 1, 2021.

The impact of the implementation of the new financial instruments standards on the items related to the balance sheet at the beginning of the current period is as follows:

Item	2020.12.31	Cumulative impact amount			2021.1.1
		Classification and Metrological impact	Impact of impairment of financial assets	Subtotal	
Transactional financial assets	8,000,000.00	-8,000,000.00		-8,000,000.00	
Debt investment		21,260,000.00		21,260,000.00	21,260,000.00
Financial assets available for sale	149,260,000.00	-149,260,000.00		-149,260,000.00	
Other non-current financial assets		136,000,000.00		136,000,000.00	136,000,000.00
Advance payment	46,868,542.41	-1,244,743.66		-1,244,743.66	45,623,798.75
Right to use assets		95,291,339.99		95,291,339.99	95,291,339.99

Long-term prepaid expenses	4,100,818.16	-4,100,818.16		-4,100,818.16	
Total assets	11,162,624,067.38	89,945,778.17		89,945,778.17	11,252,569,845.55

Note: the above table only lists the affected financial statement items, and the unaffected financial statement items are not included, so the subtotals and totals disclosed cannot be recalculated based on the figures presented in the above table.

b) The impact of the implementation of the new revenue criteria on our company

When implementing the new revenue standard, the company only adjusts the cumulative impact of contracts that have not yet been completed on the first execution date; For contract changes that occur before the beginning of the earliest comparable period or before the beginning of 2021, no retrospective adjustment has been made. Instead, based on the final arrangement of the contract changes, the performance obligations that have been fulfilled and have not yet been fulfilled are identified, the transaction price is determined, and the transaction price is shared between the performance obligations that have been fulfilled and those that have not yet been fulfilled.

The impact of implementing the new income standards on the balance sheet related items at the beginning of 2021 is listed as follows:

Item	2020.12.31	Cumulative impact amount			2021.1.1
		Reclassification	Remeasurement	Subtotal	
Advance payment	13,675,340.97	-731,340.97		-731,340.97	12,944,000.00
Contractual liability		731,340.97		731,340.97	731,340.97
Lease liability		84,747,408.51		84,747,408.51	84,747,408.51
Non-current liabilities due within one year		5,198,369.66		5,198,369.66	5,198,369.66
Total liabilities	5,989,416,398.95	89,945,778.17		89,945,778.17	6,079,362,177.12

Note: the above table only lists the affected financial statement items, and the unaffected financial statement items are not included, so the subtotals and totals disclosed cannot be recalculated based on the figures presented in the above table.

c) The impact of the implementation of the new lease standards on our company

The Company will implement Accounting Standards for Enterprises No. 21 revised by the Ministry of Finance in 2018 from January 1, 2021. Lease. "

On the date of the first execution, the company chooses not to re-evaluate whether the existing contract is a lease or whether it contains a lease, and applies this method to all contracts consistently, so it only applies this standard to the above contracts identified as leases under the original lease criteria.

Then the convergence rules. In addition, the company chooses to adopt a simplified retroactive adjustment method for converging accounting treatment for the above-mentioned leasing contracts in accordance with the provisions of Accounting Policy 28, Accounting estimate changes and error Correction, that is, to adjust the amount of retained earnings and other related items in the financial statements at the beginning of the first implementation of this standard, and not to adjust the information of the comparable period. The operating lease chooses the measurement method of the right-to-use assets according to each lease and adopts the relevant simplified treatment. The company's accounting policy for the lease of low-value assets is not to recognize the right-to-use assets and lease liabilities. According to the convergence provisions of the new leasing standards, the company's leases of low-value assets before the first execution date shall be entered in accordance with the new leasing standards from the date of the first execution. Accounting treatment, no retroactive adjustment to the lease of low-value assets.

The implementation of the new lease criteria has no impact on the financial statements as at 1 January 2021.

d) The impact of implementing the Accounting Standards for Business Enterprises Interpretation No. 14 on the Company

On February 2, 2021, the Ministry of Finance issued Enterprise Accounting Standards interpretation No. 14 （Finance and Accounting（2021）No. 1, hereinafter referred to as "interpretation No. 14"), which will enter into force as of February 2, 2021 （hereinafter referred to as "implementation date"）.

The company has implemented interpretation No. 14 since the date of implementation, and implementation interpretation No. 14 has no significant impact on the financial statements during the reporting period.

e) The impact of the implementation of Enterprise Accounting Standards interpretation No. 15 on our company

On December 31, 2021, the Ministry of Finance issued the "Enterprise Accounting Standards interpretation No. 15" （Finance and Accounting（2021）No. 35, hereinafter referred to as "interpretation No. 15"）, which will come into effect on the date of promulgation. Explanation No. 15 standardizes the presentation of the centralized and unified management of the funds of the parent company and member units through internal settlement centers, financial companies, etc.

The Company has implemented interpretation No. 15 since December 31, 2021, and the implementation of interpretation No. 15 has no material impact on the financial statements for the comparable period.

IV. Taxation

1. Main taxes and tax rates

Tax type	Taxation Basis	Tax rate
Value added tax	Output tax amount - deductible input tax amount	13%/9%/6%
	Simple tax calculation method	5%/3%
Urban construction and maintenance tax	Turnover tax payable	7%/5%
Educational surcharge	Turnover tax payable	3%
Local educational surcharge	Turnover tax payable	2%
Enterprise income tax	Taxable income	25%

Tax type	Taxation Basis	Tax rate
Property tax	Based on 70% of the original value of the property (or rental income) as the tax basis	1.2%/12%
Land used tax	According to the actual occupied land area	2/4/6 RMB per square meter

2. Tax incentives and approvals

2.1 Preferential policies for corporate income tax

According to Article 27 of the Enterprise Income Tax Law of the People's Republic of China and its implementing regulations 87 and 89, as well as the Notice of the Ministry of Finance and the State Administration of Taxation on Issues Related to the Implementation of the Catalogue of Enterprise Income Tax Preferential Policies for Public Infrastructure Projects (Cai Shui (2008) No. 46), investment and business income from projects specified in the Catalogue of Enterprise Income Tax Preferential Policies for Public Infrastructure Projects, From the tax year in which the first production and operation income of the project is obtained, the enterprise income tax shall be exempted from the first to third years, and reduced by half from the fourth to sixth years. The companies that enjoy the above corporate income tax benefits are shown in the table below:

Company	Project Name	Exemption period	Halved collection period
Jiangsu Yancheng Clean Energy Development Co., Ltd	Yancheng Guoneng Photovoltaic Phase I (6.4MW)	2019-2021	2022-2024
Jiangsu Yancheng Clean Energy Development Co., Ltd	Yancheng Guoneng Photovoltaic Phase II (8.6MW)	2019-2021	2022-2024
Yancheng Guofeng Offshore Wind Power Co., Ltd	Yancheng Guoneng Dafeng H5 # 206.4MW Offshore Wind Power Project	2021-2023	2024-2026
Jianhu County Guoyuan New Energy Development Co., Ltd	Jianhu Juguoyuan New Energy Development Co., Ltd Xinshang (Phase III)	2017-2019	2020-2022
Yancheng Guoneng Guandong New Energy Development Co., Ltd	20MW Centralized Photovoltaic Power Plant Project (20MW)	2019-2021	2022-2024

According to the Notice of the Ministry of Finance and the State Administration of Taxation on the Exemption of Value Added Tax on Vegetable Circulation (Cai Shui [2011] No. 137), starting from January 1, 2012, vegetable circulation value-added tax will be exempted, and vegetables sold by taxpayers engaged in vegetable wholesale and retail will be exempt from value-added tax. The Notice of the Ministry of Finance and the State Administration of Taxation on the Policy of Exempting Value Added Tax on the Circulation of Some Fresh Meat and Egg Products (Cai Shui [2012] No. 75) stipulates that starting from October 1, 2012, value-added tax on the circulation of some fresh meat and egg products will be exempted, and value-added tax on some fresh meat and egg products sold by taxpayers engaged in wholesale and retail of agricultural products will be exempted. The Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementing the "Six Taxes and Two Fees" Reduction and Exemption Policy for Small and Micro Enterprises (No. 10 of 2022) stipulates that the implementation period of this announcement is from January 1, 2022 to December 31, 2024. For small-scale value-added tax taxpayers, small and micro profit enterprises, and individual workers and merchants, resource tax, urban maintenance and construction tax, real estate tax, and urban land use tax can be reduced by 50% of the tax amount Stamp duty (excluding securities transaction stamp duty), farmland occupation tax, education surcharge, and local education surcharge. Jiangsu Tulip Ecological Agriculture Co., Ltd enjoys the above tax incentives.

V Explanations for the major items on the consolidated financial statements (All amounts are expressed in RMB unless otherwise stated)

1 Cash at bank and on hand

Item	December 31, 2022	December 31, 2021	December 31, 2020
Cash on hand	68,245.94	73,865.85	28,204.29
Bank balances	1,864,137,452.95	1,203,388,953.84	867,551,390.00
Other monetary funds	3,032,467.29	34,707,963.54	303,057,922.66
Total	1,867,238,166.18	1,238,170,783.23	1,170,637,516.95

[Note] Other monetary funds 3,032,467.29 in December 31, 2022 are restricted long-term loan deposits.

Other monetary funds 34,707,963.54 in December 31, 2021 are restricted long-term loan deposits.

Other monetary funds 303,057,922.66 in December 31, 2020 are restricted long-term loan deposits.

2 Notes receivable

2.1 Classification of notes receivable

Item	December 31, 2022	December 31, 2021	December 31, 2020
Bank acceptance of bill of exchange			282,250.00
Commercial acceptance bill			
Total			282,250.00

3 Accounts receivable

3.1 Disclosed by aging

Age	December 31, 2022	December 31, 2021	December 31, 2020
Within 1 yr	506,196,869.30	252,847,241.78	145,369,318.84
1-2 yrs	115,293,252.52	54,069,029.43	48,102,039.23
2-3 yrs	47,197,811.43	39,212,762.68	22,923,195.76
3-4 yrs	10,925,667.77	13,608,876.80	779,093.56
4-5 yrs	1,616,515.60	497,805.78	
Total	681,230,116.62	360,235,716.47	217,173,647.39

3.2 Disclosed by bad debt provision methods

Category	December 31, 2022		
	Book balance	Bad debt provision	Carrying amount

	Amount	Proportion (%)	Amount	Proportion (%)	
Bad debt provision assessed individually					
Bad debt provision assessed by groups	681,230,116.62	100.00	29,498,116.46	4.33	651,732,000.16
Including: Expected credit loss portfolio based on overdue aging	260,350,579.29	38.22	6,321,978.08	2.43	254,028,601.21
Riskless portfolio	3,958,309.99	0.58			3,958,309.99
Power service portfolio	416,921,227.34	61.20	23,176,138.38	5.56	393,745,088.96
Total	681,230,116.62		29,498,116.46		651,732,000.16

(Continued)

Category	December 31, 2021				
	Book balance		Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Bad debt provision assessed individually					
Bad debt provision assessed by groups	360,235,716.47	100.00	7,324,226.35	2.03	352,911,490.12
Including: Expected credit loss portfolio based on overdue aging	120,951,844.40	33.58	604,759.23	0.50	120,347,085.17
Riskless portfolio	58,799,250.36	16.32			58,799,250.36
Power service portfolio	180,484,621.71	50.10	6,719,467.12	3.72	173,765,154.59
Total	360,235,716.47		7,324,226.35		352,911,490.12

(Continued)

Category	December 31, 2020				
	Book balance		Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Bad debt provision assessed individually					
Bad debt provision assessed by groups	217,173,647.39	100.00	5,348,763.71	2.53	211,824,883.68
Including: Expected credit loss portfolio based on overdue aging	155,327,143.02	71.52	5,348,763.71	3.57	149,978,379.31
Riskless portfolio	61,846,504.37	28.48			61,846,504.37

Category	December 31, 2020				
	Book balance		Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Total	217,173,647.39	100.00	5,348,763.71	2.53	211,824,883.68

Among groups, accounts receivable that provides for bad debts according to the risk portfolio.

Overdue age	December 31, 2022			December 31, 2021		
	Book balance	Bad debt provision	Proportion (%)	Book balance	Bad debt provision	Proportion (%)
Within 1 yr	148,790,019.86	743,950.11	0.50	120,951,844.40	604,759.23	0.50
1-2 yrs	111,560,559.43	5,578,027.97	5.00			
2-3 yrs						
3-4 yrs						
Total	260,350,579.29	6,321,978.08	2.43	120,951,844.40	604,759.23	0.50

(Continued)

Overdue age	December 31, 2020		
	Book balance	Bad debt provision	Proportion (%)
Within 1 yr	83,522,814.47	417,614.09	0.50
1-2 yrs	48,102,039.23	2,405,101.97	5.00
2-3 yrs	22,923,195.76	2,292,319.58	10.00
3-4 yrs	779,093.56	233,728.07	30.00
Total	155,327,143.02	5,348,763.71	

3.3 Details of bad debt provision

December 31, 2022

Category	December 31, 2021	Changes in the current period				December 31, 2022
		Provision	Recovery or reversal	Elimination or write-off	Other changes	
Bad debt provision assessed individually	604,759.23	5,717,218.85				6,321,978.08
Power service portfolio	6,719,467.12	16,456,671.26				23,176,138.38
Total	7,324,226.35	22,173,890.11				29,498,116.46

December 31, 2021

Category	December 31, 2020	Changes in the current period				December 31, 2021
		Provision	Recovery or reversal	Elimination or write-off	Other changes	
Bad debt provision assessed individually						
Power service portfolio						
Total						

3.4 Top five accounts receivable based on debtors

December 31, 2022

December 31, 2022

Name of debtor	Ending balance	Proportion in total receivables (%)	Bad debt provision
National Grid Jiangsu Electric Power Co. Ltd Yancheng Power supply Branch	416,921,227.34	61.20	23,176,138.38
Yancheng Economicand technological Development Zone Comprehensive bonded Zone Management Office	130,354,464.86	19.14	6,010,881.40
Management Committee of Funing Economic Development Zone, Jiangsu Province	30,904,625.10	4.54	154,523.13
Jiangsu Binhai Economic Development Zone Industrial Park	29,355,704.00	4.31	1,032,281.86
Yancheng Economic and technological Development Zone Optoelectronic Industry Park Management Office	27,822,426.27	4.08	316,242.34
Total	635,358,447.57	93.27	30,690,067.11

Name of debtor	Ending balance	Proportion in total receivables (%)	Bad debt provision
Yancheng Power Supply Branch of State Grid Jiangsu Electric Power Co., Ltd	180,484,621.71	50.10	6,719,467.12

Name of debtor	Ending balance	Proportion in total receivables (%)	Bad debt provision
Yancheng Economicand technological Development Zone Comprehensive bonded Zone Management Office	81,743,927.18	22.69	408,719.64
Yancheng Economic and technological Development Zone Optoelectronic Industry Park Management Office	52,942,690.25	14.70	
Jiangsu Binhai Economic Development Zone Industrial Park	22,957,494.00	6.37	114,787.47
Dafeng Ecology Investment Development Corporation	6,202,553.30	1.72	31,012.77
Total	344,331,286.44	95.58	7,273,987.00

4 Advance payment

4.1 Aging analysis of advance payment

Age	December 31, 2022		December 31, 2021		December 31, 2020	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 yr	20,728,988.68	98.03	16,921,494.19	98.05	13,507,095.43	29.61
1-2 yrs	231,732.12	1.10	94,099.39	0.55	6,169,573.51	13.52
2-3 yrs	53,440.70	0.25	190,653.99	1.10	102,129.81	0.22
Over 3 yr	131,285.72	0.62	52,129.81	0.30	25,845,000.00	56.65
Total	21,145,447.22	100.00	17,258,377.38	100.00	45,623,798.75	100.00

4.2 Important advance payment with account age of more than one year

Company name	Ending balance	Reasons for not settling accounts in time
National Grid Jiangsu Electric Power Co. Ltd Yancheng Power supply Branch	285,462.55	Pre-deposited but unsettled electricity bill
Total	285,462.55	

5 Other receivables

Item	December 31, 2022	December 31, 2021	December 31, 2020
Interest receivable			
Dividends receivable	29,800,000.00	16,800,000.00	16,600,000.00

Item	December 31, 2022	December 31, 2021	December 31, 2020
Other receivables	613,274,393.91	1,318,880,609.15	1,017,721,832.59
Total	643,074,393.91	1,335,680,609.15	1,034,321,832.59

5.1 Dividends receivable

Item (or investee)	December 31, 2022	December 31, 2021	December 31, 2020
• Jiangsu Guoxin Dazhong Wind Power Generation Co., Ltd	10,000,000.00	16,000,000,00	16,000,000,00
Jiangsu Yanfu Yinbao New Energy Co., Ltd	4,800,000.00	800,000.00	800,000.00
Jiangsu Xinneng Huanghai Wind Power Co., Ltd	15,000,000.00		
Total	29,800,000.00	16,800,000.00	16,800,000.00

5.1.1 Important dividends receivable with account age of more than one year

Project (or invested unit)	Ending balance	Age	Reasons for not settling accounts in time	Whether the impairment occurs or not and its judgment basis
National Grid Jiangsu Electric Power Co. Ltd Yancheng Power supply Branch	10,000,000.00	1-2 yrs	Payment by installments	N
Total	10,000,000.00			

5.2 Other receivables

5.2.1 Disclosed by aging

Age	December 31, 2022	December 31, 2021	December 31, 2020
Within 1 yr	347,123,748.11	800,623,007.60	1,002,910,113.10
1-2 yrs	263,035,427.24	504,393,461.99	14,209,864.82
2-3 yrs	2,901,287.84	13,802,500.00	96,156.49
3-4 yrs	201,082.57	61,639.56	505,698.18
4-5 yrs	32,406.75		
Total	613,293,952.51	1,318,880,609.15	1,017,721,832.59

5.2.2 Details of bad debt provision

December 31, 2022

Bad debt provision	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (not impaired)	Lifetime ECL (impaired)	
Opening Balance				

Opening balance in the current period				
--Transfer to stage II				
--Transfer to stage III				
--Reverse to stage II				
--Reverse to stage I				
Provision	19,558.60			19,558.60
Reversal				
Write-off				
Other changes				
Ending balance	19,558.60			19,558.60

December 31, 2021

Bad debt provision	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (not impaired)	Lifetime ECL (impaired)	
Opening Balance				
Opening balance in the current period				
--Transfer to stage II				
--Transfer to stage III				
--Reverse to stage II				
--Reverse to stage I				
Provision	222,664.27			222,664.27
Reversal				
Write-off				
Other changes				
Ending balance	222,664.27			222,664.27

5.2.3 Details of bad debt provision

Category	Beginning balance	Changes in the current period				Ending balance
		Provision	Recovery or reversal	Elimination or write-off	Other changes	
Bad debt provision of other receivables		19,558.60				19,558.60
Total		19,558.60				19,558.60

5.2.4 Top five other receivables based on debtors

December 31, 2022

Company name	Nature	Ending balance	Proportion in total other receivables (%)
Yancheng State-owned Assets Investment Group Co., Ltd	Receivables	294,179,185.62	47.97
Xin Ao (China)gas Investment Limited	Receivables	215,000,000.00	35.06
Su Yin Financial Leasing Co., Ltd	Security deposit	27,000,000.00	4.40
Jic Leasing Company Limited	Security deposit	13,000,000.00	2.12
Daosheng International Finance Leasing Co., Ltd	Security deposi t	12,750,000.00	2.08
Total		561,929,185.62	91.63

December 31, 2022

Company name	Nature	Ending balance	Proportion in total other receivables (%)
Yancheng State-owned Assets Investment Group Co., Ltd	Receivables	1,049,450,969.48	79.57
Xin Ao (China)gas Investment Limited	Receivables	215,000,000.00	16.30
Su Yin Financial Leasing Co., Ltd	Security deposit	27,000,000.00	2.05
Luoyin Financial Leasing Co., Ltd	Security deposit	6,000,000.00	0.45
China Universal Leasing Co., Ltd	Security deposi t	5,800,000.00	0.44

6 Inventories

6.1 Classifications

Item	December 31, 2022			December 31, 2021		
	Book balance	Provision	Carrying amount	Book balance	Provision	Carrying amount
Inventory goods	18,939,913.65		18,939,913.65	10,733,830.77		10,733,830.77
Raw materials						
Development cost						
low-value consumables	1,742,290.12		1,742,290.12			
Consumptive biological assets	10,409,019.37		10,409,019.37	9,343,623.32		9,343,623.32
Total	31,091,223.14		31,091,223.14	20,077,454.09		20,077,454.09

(Continued)

Item	December 31, 2020		
	Book balance	Provision	Carrying amount
Inventory goods	8,972,657.32		8,972,657.32
Raw materials	1,029,261.03		1,029,261.03
Development cost	22,233,258.12		22,233,258.12
low-value consumables	6,637,251.30		6,637,251.30
Consumptive biological assets	38,872,427.77		38,872,427.77
Total	8,972,657.32		8,972,657.32

7 Other current assets

Item	December 31, 2022	December 31, 2021	December 31, 2020
Personal income tax paid in advance	363,912.67		
Prepayment of corporate income tax	1,574,517.28		
Deferred insurance premium	1,170,552.57		
Value-added tax allowance	85,069,201.78	467,018,461.55	123,919,492.14
Others	878,258.79		
Total	89,056,443.09	467,018,461.55	123,919,492.14

8 Debt investment

8.1 Details of debt investment

Item	December 31, 2022			December 31, 2021		
	Book balance	Bad debt Provision	Carrying amount	Book balance	Bad debt Provision	Carrying amount
Jiangsu International Trust Co., Ltd				1,760,000.00		1,760,000,00
Ping An Trust Co., Ltd				11,500,000.00		11,500,000.00
Total				13,260,000.00		13,260,000.00

(Continued)

Item	December 31, 2020		
	Book balance	Bad debt Provision	Carrying amount
Jiangsu International Trust Co., Ltd	21,260,000.00		21,260,000.00

Item	December 31, 2020		
	Book balance	Bad debt Provision	Carrying amount
Ping An Trust Co., Ltd			
Total	21,260,000.00		21,260,000.00

9 Long-term equity instrument investments

December 31, 2022

Project name	Beginning balance	Changes for the current period								
		Additional investment	Loss of Control Cost Method Changed to Equity Method hod	Decrease in investment	Investment income or losses recognized under equity method	Adjustment to other comprehensive income	Other equity changes	Declared cash dividend or profit	Provision for impairment	Others
(1)Joint ventures										
Jiangsu Offshore Guoneng New Energy Engineering Co., Ltd			13,505,834.11		-5,325,220.29					
Subtotal			13,505,834.11		-5,325,220.29					
(2)Associates										
Jiangsu Yanfu Yinbao New Energy Co., Ltd	35,794,482.53				3,821,069.24			4,800,000.00		
Jiangsu Guoxin Dazhong Wind Power Generation Co., Ltd	80,607,925.32				13,269,585.39					

Project name	Beginning balance	Changes for the current period								
		Additional investment	Loss of Control Cost Method Changed to Equity Method hod	Decrease in investment	Investment income or losses recognized under equity method	Adjustment to other comprehensive income	Other equity changes	Declared cash dividend or profit	Provision for impairment	Others
Datang Dafeng Wind Power Development Co., Ltd	147,348,121.35				22,950,598.88					
Yancheng Tianhe Guoneng Photovoltaic Technology Co., Ltd	434,847,182.55				49,094,773.53			24,500,000.00		
Jiangsu Xinneng Huanghai Wind Power Generation Co., Ltd	105,019,226.45				19,181,788.58			15,000,000.00		
Jiangsu Xinneng Xinyang Wind Power Generation Co., Ltd	77,784,764.86				18,521,681.24					

Project name	Beginning balance	Changes for the current period								
		Additional investment	Loss of Control Cost Method Changed to Equity Method hod	Decrease in investment	Investment income or losses recognized under equity method	Adjustment to other comprehensive income	Other equity changes	Declared cash dividend or profit	Provision for impairment	Others
State Power Investment Group Xiangshui New Energy Co., Ltd	131,282,482.27				20,868,483.16					
Three Gorges New Energy Yancheng Dafeng Co., Ltd	868,589,869.01	135,000,000.00			156,735,066.67					
CNOOC Funing Thermal Power Co., Ltd	37,299,648.38	222,561.37			-1,842,930.11					
Sheyang Longyuan Wind Power Generation Co., Ltd	513,568,914.70				65,960,529.27					
Yancheng Dafeng District Runneng New Energy Co., Ltd	3,600,000.00									

Project name	Beginning balance	Changes for the current period								
		Additional investment	Loss of Control Cost Method Changed to Equity Method hod	Decrease in investment	Investment income or losses recognized under equity method	Adjustment to other comprehensive income	Other equity changes	Declared cash dividend or profit	Provision for impairment	Others
China Resources New Energy （Yancheng） Co., Ltd	34,861,902.55				3,382,581.46					
Jiangsu Wangneng Smart Energy Co., Ltd	6,400,000.00									
Longyuan Guoneng Offshore Wind Power （Yancheng） Co., Ltd	184,500,000.00	220,500,000.00			97,643,940.48					
Longyuan Yancheng New Energy Development Co., Ltd	266,700,000.00	205,800,000.00			89,775,312.41					

Project name	Beginning balance	Changes for the current period								
		Additional investment	Loss of Control Cost Method Changed to Equity Method hod	Decrease in investment	Investment income or losses recognized under equity method	Adjustment to other comprehensive income	Other equity changes	Declared cash dividend or profit	Provision for impairment	Others
Huaneng Sheyang New Energy Power Generation Co., Ltd	185,300,000.00	138,700,000.00			94,867,918.35					
Jiangsu Energy Investment Coastal Power Generation Co., Ltd	90,000,000.00	20,000,000.00								
Jiangsu Guoxin Binhai Port Power Generation Co., Ltd		72,000,000.00								
Yancheng Xinao Gas Co., Ltd	39,387,261.60				15,871,847.13			9,152,993.42		
Yancheng Xinao Compressed Natural Gas Co., Ltd	17,443,020.21				4,877,262.39					

Project name	Beginning balance	Changes for the current period								
		Additional investment	Loss of Control Cost Method Changed to Equity Method hod	Decrease in investment	Investment income or losses recognized under equity method	Adjustment to other comprehensive income	Other equity changes	Declared cash dividend or profit	Provision for impairment	Others

（Continue）

Project name	Ending balance
(1)Joint ventures	
Jiangsu Offshore Guoneng New Energy Engineering Co., Ltd	8,180,613.82
Subtotal	8,180,613.82
(2)Associates	
Jiangsu Yanfu Yinbao New Energy Co., Ltd	34,815,551.77
Jiangsu Guoxin Dazhong Wind Power Generation Co., Ltd	93,877,510.71
Datang Dafeng Wind Power Development Co., Ltd	170,298,720.23
Yancheng Tianhe Guoneng Photovoltaic Technology Co., Ltd	459,441,956.08
Jiangsu Xinneng Huanghai Wind Power Generation Co., Ltd	109,201,015.03
Jiangsu Xinneng Xinyang Wind Power Generation Co., Ltd	96,306,446.10

Project name	Ending balance
State Power Investment Group Xiangshui New Energy Co., Ltd	152,150,965.43
Three Gorges New Energy Yancheng Dafeng Co., Ltd	1,160,324,935.68
CNOOC Funing Thermal Power Co., Ltd	35,679,279.64
Sheyang Longyuan Wind Power Generation Co., Ltd	579,529,443.97
Yancheng Dafeng District Runneng New Energy Co., Ltd	3,600,000.00
China Resources New Energy（Yancheng）Co., Ltd	38,244,484.01
Jiangsu Wangneng Smart Energy Co., Ltd	6,400,000.00
Longyuan Guoneng Offshore Wind Power（Yancheng）Co., Ltd	502,643,940.48
Longyuan Yancheng New Energy Development Co., Ltd	562,275,312.41
Huaneng Sheyang New Energy Power Generation Co., Ltd	418,867,918.35
Jiangsu Energy Investment Coastal Power Generation Co., Ltd	110,000,000.00
Jiangsu Guoxin Binhai Port Power Generation Co., Ltd	72,000,000.00
Yancheng Xinao Gas Co., Ltd	46,106,115.31
Yancheng Xinao Compressed Natural Gas Co., Ltd	22,320,282.60
Subtotal	4,674,083,877.80
Total	16,643,547,790.47

December 31, 2021

Project name	Beginning balance	Changes for the current period								Ending balance
		Additional investment	Decrease in investment	Investment income or losses recognized under equity method	Adjustment to other comprehensive income	Other equity changes	Declared cash dividend or profit	Provision for impairment	Others	
(1)Joint ventures										
(2)Associates										
Jiangsu New Energy Development Co., Ltd	718,875,373.73		37,963,466.66	70,506,485.23			39,673,116.99		-711,745,275.31	
Jiangsu Yanfu Yinbao New Energy Co., Ltd	30,685,405.21			5,909,077.32			800,000.00			35,794,482.53

Project name	Beginning balance	Changes for the current period								Ending balance
		Additional investment	Decrease in investment	Investment income or losses recognized under equity method	Adjustment to other comprehensive income	Other equity changes	Declared cash dividend or profit	Provision for impairment	Others	
Jiangsu Guoxin Dazhong Wind Power Generation Co., Ltd	61,853,132.95			18,754,792.37						80,607,925.32
Datang Dafeng Wind Power Development Co., Ltd	120,737,263.00			26,610,858.35						147,348,121.35
Yancheng Trina Solar Guoneng PV Science & Technology Co., Ltd	398,608,521.48			36,238,661.07						434,847,182.55

Project name	Beginning balance	Changes for the current period								Ending balance
		Additional investment	Decrease in investment	Investment income or losses recognized under equity method	Adjustment to other comprehensive income	Other equity changes	Declared cash dividend or profit	Provision for impairment	Others	
Jiangsu Xinneng Huanghai Wind Power Generation Co., Ltd	83,900,000.00			21,119,226.45						105,019,226.45
Jiangsu Fenggang Natural Gas Co., Ltd	7,923,524.38		7,923,524.38							
Jiangsu Xinneng Xinyang Wind Power Generation Co., Ltd	48,600,000.00			29,184,764.86						77,784,764.86

Project name	Beginning balance	Changes for the current period								Ending balance
		Additional investment	Decrease in investment	Investment income or losses recognized under equity method	Adjustment to other comprehensive income	Other equity changes	Declared cash dividend or profit	Provision for impairment	Others	
State Power Investment Group Xiangshui New Energy Co., Ltd	101,420,000.00			29,862,482.27						131,282,482.27
Three Gorges New Energy Yancheng Dafeng Co., Ltd	665,390,000.00	174,000,000.00		89,199,869.01			60,000,000.00			868,589,869.01
CNOOC Funing Thermal Power Co., Ltd	29,751,955.00	7,525,483.63		22,209.76						37,299,648.39
Sheyang Longyuan Wind Power Co., Ltd	390,000,000.00			123,568,914.70						513,568,914.70

Project name	Beginning balance	Changes for the current period								Ending balance
		Additional investment	Decrease in investment	Investment income or losses recognized under equity method	Adjustment to other comprehensive income	Other equity changes	Declared cash dividend or profit	Provision for impairment	Others	
Yancheng Dafeng Runneng New Energy Co., Ltd	900,000.00	2,700,000.00								3,600,000.00
China Resources New Energy (Yancheng) Co., Ltd	28,520,300.00			6,341,602.55						34,861,902.55
Jiangsu Wangneng Smart Energy Co., Ltd	6,400,000.00									6,400,000.00

Project name	Beginning balance	Changes for the current period								Ending balance
		Additional investment	Decrease in investment	Investment income or losses recognized under equity method	Adjustment to other comprehensive income	Other equity changes	Declared cash dividend or profit	Provision for impairment	Others	
Longyuan Guoneng Offshore Wind Power (Yancheng) Co., Ltd	103,500,000.00	81,000,000.00								184,500,000.00
Huaneng Sheyang New Energy Power Generation Co., Ltd	100,300,000.00	85,000,000.00								185,300,000.00
Longyuan Yancheng New Energy Development Co., Ltd		130,700,000.00				136,000,0 00.00				266,700,000.00

Project name	Beginning balance	Changes for the current period								Ending balance
		Additional investment	Decrease in investment	Investment income or losses recognized under equity method	Adjustment to other comprehensive income	Other equity changes	Declared cash dividend or profit	Provision for impairment	Others	
Jiangsu Nengtou Coastal Power Generation Co., Ltd		90,000,000.00								90,000,000.00
Yancheng Xinao Gas Company Limited	34,461,793.93	5,000,000.00		10,125,467.67			10,200,000.00			39,387,261.60
Yancheng Xinao Comprassed Natural Gas Company Limited	18,860,511.04			-1,417,490.83						17,443,020.21
Subtotal	2,950,687,780.72	575,925,483.63	45,886,991.04	466,026,920.78		136.000,000.00	110,673,116.99		-711,745,275.31	3,260,334,801.78
Total	2,950,687,780.72	575,925,483.63	45,886,991.04	466,026,920.78		136,000,000.00	110,673,116.99		-711,745,275.31	3,260,334,801.78

10 Other equity instrument investments

10.1 Disclosure of other equity instrument investments

Item	December 31, 2022	December 31, 2021	December 31, 2020
Jiangsu New Energy Development Co., Ltd	1,157,972,010.00	1,960,800,887.25	
Total	1,157,972,010.00	1,960,800,887.25	

11 Other non current financial assets

Item	December 31, 2022	December 31, 2021	December 31, 2020
Debt instrument investment			
Equity instrument investment			136,000,000.00
Hybrid tool			
Derivative financial instruments			
Other			
Total			136,000,000.00

12 Investment properties

12.1 Investment properties measured at fair value

December 31, 2022

Item	Properties and buildings	Total
1. Beginning balance	3,349,470,140.00	3,349,470,140.00
2.Movement this period	1,933,908,060.00	1,933,908,060.00
Add: Outsourcing	22,721,406.21	22,721,406.21
Add: Transfer from inventories, fixed assets and intangible assets	1,329,549,766.93	1,329,549,766.93
Add: Increase in business merger		
Less: Disposal		
Less: Other transfer-out		
Add: Changes in fair value	581,636,886.86	581,636,886.86
3.Ending balance	5,283,378,200.00	5,283,378,200.00

December 31, 2021

Item	Properties and buildings	Total
1. Beginning balance	2,783,122,444.00	2,783,122,444.00
2.Movement this period	566,347,696.00	566,347,696.00
Add: Outsourcing		
Add:Transfer from inventories, fixed assets and intangible assets	207,973,139.61	207,973,139.61
Add: Increase in business merger		

Add: Increase in shareholder investment		
Add: Increase in other reasons		
Less: Disposal		
Less: Other transfer-out		
Add: Changes in fair value	358,374,556.39	358,374,556.39
3.Ending balance	3,349,470,140.00	3,349,470,140.00

13 Fixed assets

13.1 Classification

Item	December 31, 2022	December 31, 2021	December 31, 2020
Fixed assets	4,580,372,253.74	1,109,168,316.94	1,146,671,955.01
Disposal of fixed assets			
Total	4,580,372,253.74	1,109,168,316.94	1,146,671,955.01

13.2 Fixed assets

13.2.1 Details of fixed assets

December 31, 2022

Item	Properties and buildings	Machinery equipment	Transportation equipment	Office equipment and Other equipment	Total
1. Cost					
(1) Beginning balance	2,462,348,126.37	2,544,737,321.35	177,489,510.58	192,261,675.23	56,435,096.96
(2) Increase in the current period	686,373,861.38	2,037,857,172.09	95,891,754.49	10,700,203.36	14,502,414.94
i-Purchase	627,874,946.17	630,177,020.74	1,948,670.97	6,171,040.67	1,266,171,678.55
ii -Transfer from construction in progress	568,456,843.05	3,107,715,343.87	16,858.41	46,624,011.71	3,722,813,057.04
iii- Other additions	148,145,961.26	4,195,101.45	16,858.41	46,591,603.70	198,949,524.82
iv- Increase arising from business combination	420,310,881.79	3,103,520,242.42			3,523,831,124.21
(3) Decrease in the current period				32,408.01	32,408.01
i- Disposal or retirement					
ii-Other decreases	34,210,005.19	40,662,549.79		98,553.96	74,971,108.94
iii -Decrease arising from business combination		63,000.00		8,390.01	71,390.01
(4) Ending balance	34,210,005.19	11,508,827.28		9,199.35	45,728,031.82
2.Accumulated depreciation					

(1) Beginning balance	29,011,815.19	121,195,909.46	1,469,854.26	5,325,782.70	157,003,361.61
(2) Increase in the current period	46,906,009.88	122,401,162.69	161,506.54	8,504,938.56	177,973,617.67
i -Charge for the current period	46,906,009.88	122,401,162.69	161,506.54	8,504,938.56	177,973,617.67
ii -Increase arising from business combination					
(3) Decrease in the current period		1,327,216.36		8,390.01	1,335,606.37
i-Disposal or retirement		4,986.45		8,390.01	13,376.46
ii- Decrease arising from business combination		1,322,229.91			1,322,229.91
(4) Ending balance	75,917,825.07	242,269,855.79	1,631,360.80	13,822,331.25	333,641,372.91
3.Provision for impairments					
(1) Beginning balance					
(2) Increase in the current period					
i-Charge for the current period					
ii-Increase arising from business combination					
(3) Decrease in the current period					
i- Disposal or retirement					
ii- Decrease arising from business combination					
(4) Ending balance					
4.Carring amount					
(1) Carrying amount at the end of the reporting period	1,086,203,958.96	3,454,959,959.03	334,168.58	38,874,167.17	4,580,372,253.74
(2) Carrying amount at the beginning of the reporting period	598,863,130.98	508,981,111.28	478,816.71	845,257.97	1,109,168,316.94

December 31, 2021

Item	Properties and buildings	Machinery equipment	Transportation equipment	Office equipment	Total
1. Cost					
(1) Beginning balance	617,420,378.66	615,148,129.01	1,520,447.08	4,477,441.75	1,238,566,396.50

(2) Increase in the current period	10,454,567.51	15,028,891.73	428,223.89	1,693,598.92	27,605,282.05
i. Purchase	10,454,567.51	15,028,891.73	428,223.89	1,693,598.92	27,605,282.05
ii. Transfer from construction in progress					
iii. Shareholders' investment					
iv.Other additions					
(3) Decrease in the current period					
i. Disposal or retirement					
ii.Other decreases					
(4) Ending balance	627,874,946.17	630,177,020.74	1,948,670.97	6,171,040.67	1,266,171,678.55
2.Accumulated depreciation					
(1) Beginning balance	3,359,606.72	84,469,813.61	796,252.02	3,268,769.14	91,894,441.49
(2) Increase in the current period	25,652,208.47	36,726,095.85	673,602.24	2,057,013.56	65,108,920.12
i. Charge for the current period	25,652,208.47	36,726,095.85	673,602.24	2,057,013.56	65,108,920.12
ii. Shareholders' investment					
iii. Other additions					
(3) Decrease in the current period					
i. Disposal or retirement					
ii.Other decreases					
(4) Ending balance	29,011,815.19	121,195,909.46	1,469,854.26	5,325,782.70	157,003,361.61

3.Provision for impairments					
4.Carring amount					
(1) Carrying amount at the end of the reporting period	598,863,130.98	508,981,111.28	478,816.71	845,257.97	1,109,168,316.94
(2) Carrying amount at the beginning of the reporting period	614,060,771.94	530,678,315.40	724,195.06	1,208,672.61	1,146,671,955.01

Other explanations: The other increase and decrease in the original book value are mainly due to the fixed assets temporarily estimated to be fixed by the subsidiary Yancheng Guofeng Offshore Wind Power Generation Co., Ltd in the early stage, and adjusted based on the project settlement amount in the later stage.

13.2.2 Fixed assets of which certificates of title have not been obtained

December 31, 2022

Item	Carrying amount	Reasons why certificates of title have not been obtained
No.5 Jiayuan, Jintai Liwan, Beijing	545,793,292.23	No change procedures have been processed yet
Total	545,793,292.23	

December 31, 2021

Item	Carrying amount	Reasons why certificates of title have not been obtained
No.5 Jiayuan, Jintai Liwan, Beijing	560,000,000.00	No change procedures have been processed yet
Total	560,000,000.00	

14 Construction in progress

14.1 Classification

Item	December 31, 2022	December 31, 2021	December 31, 2020
Construction in progress	44,103,003.41	4,247,515,535.40	1,039,980,656.15
Materials for construction of fixed assets			
Total	44,103,003.41	4,247,515,535.40	1,039,980,656.15

14.2 Constructions in progress

14.2.1 Details of construction in progress

Item	December 31, 2022			December 31, 2021		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Offshore Wind H5 Power Generation Project				3,523,831,124.21		3,523,831,124.21
Funing Intelligent Equipment Manufacturing Industrial Park				275,247,077.30		275,247,077.30
Sheyang Intelligent Equipment Industrial Park （Phase I）				318,346,615.39		318,346,615.39
Natural gas LNG project	26,927,686.98		26,927,686.98	124,496,691.31		124,496,691.31
Incubation Center 1.28MV Distributed Photovoltaic Project	54,339.63		54,339.63			
Guomeng Town 50MV Fishery and Solar Complementary Power Generation Project	61,165.04		61,165.04			
Sheyang Huangsha Port 50MV Photovoltaic Power Generation Project	696,226.41		696,226.41			
New Energy Production	3,623,362.83		3,623,362.83			

Command Center Platform Project						
H5 Offshore Wind Farm Rectification Project	3,918,368.86		3,918,368.86			
Sheyang Intelligent Equipment Industrial Park (Phase II)	2,809,696.02		2,809,696.02			
Other engineering	6,012,157.64		6,012,157.64	5,594,027.19		5,594,027.19
Total	44,103,003.41		44,103,003.41	4,247,515,535.40		4,247,515,535.40

(Continued)

Item	December 31, 2020		
	Book balance	Provision for impairment	Carrying amount
Intelligent energy big data management and operation Center intelligent project	4,927,342.73		4,927,342.73
Dafeng H5 # offshore wind farm The 200MW project	923,124,339.43		923,124,339.43
Natural gas LNG project			
Sheyang Intelligent equipment Industrial Park			
Jian Huyanhe photovoltaic power Station Phase II	9,333,490.00		9,333,490.00
The 12MW	550,426.37		550,426.37

distributed power generation project of the South Korea-funded Industrial Park			
Binhai Electronic Information Park	12,903,780.84		12,903,780.84
Funing Intelligent equipment Manufacturing Industrial Park	78,572,630.29		78,572,630.29
dispatching centre	2,671,367.78		2,671,367.78
Other engineering	7,897,278.71		7,897,278.71
Total	1,039,980,656.15		1,039,980,656.15

14.2.2 Changes of major projects under construction in the current period

Item	December 31, 2021	Increase in the current period		Decrease in the current period		December 31, 2022
		Occurred in this period	Among them : Current interest capitalization amount	Transfer to fixed assets	Other decreases	
Offshore Wind H5 Power Generation Project	3,523,831,124.21			3,523,831,124.21		
Funing Intelligent Equipment Manufacturing Industrial Park	275,247,077.30	381,925,021.03	37,975,454.45		657,172,098.33	
Sheyang Intelligent Equipment Industrial Park （Phase I）	318,346,615.39	296,996,958.96	22,740,723.54		615,343,574.35	
Natural gas LNG project	124,496,691.31	13,292,190.67			110,861,195.00	26,927,686.98
Incubation Center 1.28MV Distributed		54,339.63				54,339.63

Item	December 31, 2021	Increase in the current period		Decrease in the current period		December 31, 2022
		Occurred in this period	Among them: Current interest capitalization amount	Transfer to fixed assets	Other decreases	
Photovoltaic Project						
Guomeng Town 50MV Fishery and Solar Complementary Power Generation Project		61,165.04				61,165.04
Sheyang Huangsha Port 50MV Photovoltaic Power Generation Project		696,226.41				696,226.41
New Energy Production Command Center Platform Project		3,623,362.83				3,623,362.83
H5 Offshore Wind Farm Rectification Project		3,918,368.86				3,918,368.86
Sheyang Intelligent Equipment Industrial Park （Phase II）		2,809,696.02				2,809,696.02
Other engineering	5,594,027.19	418,130.45				6,012,157.64
Total	4,247,515,535.40	703,795,459.90	60,716,177.99	3,523,831,124.21	1,383,376,867.68	44,103,003.41

Other notes： for other reductions in the current period, the Funing Intelligent equipment Manufacturing Industry Park project and Sheyang Intelligent equipment Industrial Park （Phase I） project will be transferred to investment real estate accounting, and the land use rights of the natural gas LNG project will be transferred to intangible assets accounting in this period.

15 Right-of-use asset

December 31, 2022

Item	Properties and buildings	Machinery equipment	Transport equipment	Total

Item	Properties and buildings	Machinery equipment	Transport equipment	Total
1. Cost	3,546,093.17	41,423,840.43	50,321,406.39	95,291,339.99
(1) Beginning balance	8,312,466.31			8,312,466.31
(2) Increase in the current period	8,312,466.31			8,312,466.31
i-Add lease				
ii-Increase arising from business combination				
iii -Other additions				
(3) Decrease in the current period				
i -Lease expiry				
ii-Decrease arising from business combination				
iii -Other decreases	11,858,559.48	41,423,840.43	50,321,406.39	103,603,806.30
(4) Ending balance				
2. Accumulated depreciation	67,409,228.31	20,869.00		67,430,097.31
(1) Beginning balance	2,317,419.10	1,944,749.28	1,898,921.04	6,331,569.31
(2) Increase in the current period	2,317,419.10	2,115,229.17	1,898,921.04	6,331,569.31
i-Charge for the current period				
ii-Increase in business merger				
(3) Decrease in the current period				
i-Lease expiry				
ii-Decrease arising from business combination	2,492,190.48	4,059,978.45	3,270,258.11	9,822,427.04
(4) Ending balance				
3.Provision for impairments				
(1) Beginning balance				
(2) Increase in the current period				
(3) Decrease in the current period				
(4) Ending balance				
4. Carring amount	9,366,369.00	37,363,861.98	47,051,148.28	93,781,379.26
(1) Carrying amount at the end of the reporting period	3,371,321.79	39,479,091.15	48,950,069.32	91,800,482.26
(2) Carrying amount at the beginning of the reporting period	3,546,093.17	41,423,840.43	50,321,406.39	95,291,339.99

December 31, 2021

Item	Properties and buildings	Machinery equipment	Land use right	Total
1. Cost				

Item	Properties and buildings	Machinery equipment	Land use right	Total
(1) Beginning balance			95,291,339.99	95,291,339.99
(2) Increase in the current period				
i-Add lease				
ii-Increase arising from business combination				
iii -Other additions				
(3) Decrease in the current period				
i -Lease expiry				
ii-Decrease arising from business combination				
iii -Other decreases				
(4) Ending balance			95,291,339.99	95,291,339.99
2. Accumulated depreciation				
(1) Beginning balance				
(2) Increase in the current period				
i-Charge for the current period			3,490,857.73	3,490,857.73
ii-Increase in business merger				
(3) Decrease in the current period				
i-Lease expiry				
ii-Decrease arising from business combination				
(4) Ending balance			3,490,857.73	3,490,857.73
3.Provision for impairments				
(1) Beginning balance				
(2) Increase in the current period				
(3) Decrease in the current period				
(4) Ending balance				
4. Carring amount				
(1) Carrying amount at the end of the reporting period			91,800,482.26	91,800,482.26
(2) Carrying amount at the beginning of the reporting period			95,291,339.99	95,291,339.99

16 Intangible assets

December 31, 2022

Item	Land use rights	Software	Patents	Total
1.Cost				
(1) Beginning balance	127,677,005.74	706,035.09		128,383,040.83

Item	Land use rights	Software	Patents	Total
(2) Increase in the current period	113,075,529.03	104,245.29	81,764.14	113,261,538.46
i-Purchase	2,214,334.03	104,245.29	81,764.14	2,400,343.46
ii-Transferred from construction in progress	110,861,195.00			110,861,195.00
iii-Internal R&D/Transfer from construction in progress				
iv.-Increase arising from business combination				
(3) Decrease in the current period	64,710,770.67			64,710,770.67
i-Disposal	5,559,261.11			5,559,261.11
ii-Transfer into investment properties	59,151,509.56			59,151,509.56
iii -Decrease arising from business combination				
(4) Ending balance	176,041,764.10	810,280.38	81,764.14	176,933,808.62
2.Accumulated amortization				
(1) Beginning balance	3,377,071.63	286,215.00		3,663,286.63
(2) Increase in the current period	6,834,750.22	83,661.22	6,813.70	6,925,225.14
i -Charge for the current period	6,834,750.22	83,661.22	6,813.70	6,925,225.14
ii-Increase arising from business combination				
(3) Decrease in the current period	4,408,866.64			4,408,866.64
i-Disposal	2,291,451.33			2,291,451.33
ii -Transfer into investment properties	2,117,415.31			2,117,415.31
iii- Decrease arising from business combination				
(4) Ending balance	5,802,955.21	369,876.22	6,813.70	6,179,645.13
3.Provision for impairments				
(1) Beginning balance				
(2) Increase in the current period				
i-Charge for the current period				
ii- Increase arising from business combination				
(3) Decrease in the current period				

Item	Land use rights	Software	Patents	Total
i-Disposal				
(4) Ending balance				
4.Carrying amount				
(1) Carrying amount at the end of the reporting period	170,238,808.89	440,404.16	74,950.44	170,754,163.49
(2) Carrying amount at the beginning of the reporting period	124,299,934.11	419,820.09		124,719,754.20

December 31, 2021

Item	Land use rights	Software	Patents	Total
1.Cost				
(1) Beginning balance	55,067,254.57	518,527.55		55,585,782.12
(2) Increase in the current period	78,653,239.00	211,092.45		78,864,331.45
i.Purchase	78,653,239.00	211,092.45		78,864,331.45
ii. Internal R&D				
iii.Business merger under non-identical control				
iv. Shareholder input				
v.Other additions				
(3) Decrease in the current period	6,043,487.83	23,584.91		6,067,072.74
i.Disposal				
iii. Other decreases	6,043,487.83	23,584.91		6,067,072.74
(4) Ending balance	127,677,005.74	706,035.09		128,383,040.83
2.Accumulated amortization				
(1) Beginning balance	2,914,465.31	223,077.53		3,137,542.84
(2) Increase in the current period	2,287,850.74	62,733.21		2,350,583.95
i. Charge for the current period	2,287,850.74	62,733.21		2,350,583.95
ii.Increase arising from business combination				
iii.Other additions				
(3) Decrease in the current period	1,824,840.16			1,824,840.16
i.Disposal				

Item	Land use rights	Software	Patents	Total
ii. Other decreases	1,824,840.16			1,824,840.16
(4) Ending balance	3,377,071.63	286,215.00		3,663,286.63
4.Carrying amount				
(1) Carrying amount at the end of the reporting period	124,299,934.11	419,820.09		124,719,754.20
(2) Carrying amount at the beginning of the reporting period	52,152,789.26	295,450.02		52,448,239.28

17 Long-term prepaid expenses

Item	December 31, 2021	Increase in the current period	Decrease in the current period		December 31, 2022
			Amortization Amount	Others	
Renovation fees for rented houses in Qingneng headquarters	4,331,093.20	448,719.43	514,575.61		4,265,237.02
20MW square pile project	695,123.97	415,940.23	260,455.46		850,608.74
30MW soil and water conservation project wooden pile project	1,244,127.07	20,065.52	248,721.43		1,015,471.16
Jointly built roads		7,799,904.20	420,259.08		7,379,645.12
Total	6,270,344.24	8,684,629.38	1,444,011.58		13,510,962.04

(Continued)

Item	December 31, 2020	Increase in the current period	Decrease in the current period		December 31, 2021
			Amortization Amount	Others	
Renovation fees for rented houses in Qingneng headquarters		4,331,093.20			4,331,093.20
20MW square pile project		758,317.07	63,193.10		695,123.97
30MW soil and water conservation project wooden pile project		1,311,453.79	67,326.72		1,244,127.07
Total		6,400,864.06	130,519.82		6,270,344.24

18 Deferred tax assets/ Deferred tax liabilities

18.1 Deferred tax assets

Item	December 31, 2022		December 31, 2021	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for impairment of assets	29,517,675.06	4,996,430.99	7,324,226.35	1,831,056.59
Deductible losses	90,372,936.77	22,593,234.19	110,559,578.81	27,639,894.70

Item	December 31, 2022		December 31, 2021	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Total	119,890,611.83	27,589,665.18	117,883,805.16	29,470,951.29

(Continued)

Item	December 31, 2020	
	Deductible temporary difference	Deferred tax assets
Provision for impairment of assets	5,571,427.98	1,392,857.00
Deductible losses	105,930,744.64	26,482,686.16
Total	111,502,172.62	27,875,543.16

18.2 Deferred tax liabilities

Item	December 31, 2022		December 31, 2021	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value of other equity instrument investments	446,226,734.70	111,556,683.68	1,249,055,611.96	312,263,902.99
Changes in fair value of investment property	1,939,915,934.30	484,978,983.57	1,358,279,047.44	339,569,761.86
Total	2,386,142,669.00	596,535,667.25	2,607,334,659.40	651,833,664.85

(Continued)

Item	December 31, 2020	
	Deductible temporary difference	Deferred tax assets
Changes in fair value of other equity instrument investments	985,614,192.93	246,403,548.24
Changes in fair value of investment property		
Total	985,614,192.93	246,403,548.24

19 Other non-current assets

Item	December 31, 2022	December 31, 2021	December 31, 2020
Advance payment for engineering	60,765,476.42	39,746,910.59	223,749,685.36
Advance payment for house purchase			150,000,000.00
Offshore wind power operation and maintenance vessel		55,000.00	
Total	60,765,476.42	39,801,910.59	373,749,685.36

20 Short-term borrowings

19.1 Classification of short-term loans

Item	December 31, 2022	December 31, 2021	December 31, 2020

Item	December 31, 2022	December 31, 2021	December 31, 2020
Guaranteed Loan		45,000,000.00	
Credit loans		189,639,035.47	75,000,000.00
Pledge and guaranteed loans	250,000,000.00	252,773,322.20	250,000,000.00
Interest payable	243,055.56	5,392,903.10	
Total	250,243,055.56	492,805,260.77	325,000,000.00

19.2 Status of overdue short-term loans

None

21 Accounts payable

20.1 Presentation of accounts payable

Item	December 31, 2022	December 31, 2021	December 31, 2020
Payable equipment and engineering funds	763,236,001.55	848,834,099.18	271,212,493.77
Material payables	1,954,073.26	13,983,843.92	11,845,693.59
Payable service fees	5,750,149.72	22,650,820.21	316,658.91
Total	770,940,224.53	885,468,763.31	283,374,846.27

20.2 Significant accounts payable with an aging of over 1 year

Item	Ending balance	Reasons for outstanding or carryover
HuaDian Heavy Industries Co., Ltd	100,471,542.34	Payment progress not reached
Jiangsu Goldwind Science & Technology Co., Ltd	72,748,500.00	Payment progress not reached
AVIC Baosheng Ocean Engineering Cable Co., Ltd	38,857,136.60	Payment progress not reached
CPS Telecom (Shenzhen) Limited	37,459,712.25	Payment progress not reached
Nantong Ocean Water Construction Co., Ltd	22,546,324.53	Payment progress not reached
Total	272,083,215.72	

Significant accounts payable with no limitation of more than one year in 2021

22 Advance receipts

21.1 Presentation of advance receipts

Item	December 31, 2022	December 31, 2021	December 31, 2020
Unearned rent	7,021,718.86	1,500,000.00	142,200.00
Advance payment for engineering projects			12,801,800.00
Others		1,500.00	
Total	7,021,718.86	1,501,500.00	12,944,000.00

23 Contract liabilities

Item	December 31, 2022	December 31, 2021	December 31, 2020
Advance payment for goods	7,416,335.76	1,519,437.00	731,340.97
Total	7,416,335.76	1,519,437.00	731,340.97

24 Payroll payables

24.1 Disclosure of payroll payables

December 31, 2022

Item	December 31, 2021	Increase in the current period	Decrease in the current period	December 31, 2022
i- Short-term benefits	7,968,419.67	45,654,299.07	42,953,668.64	10,669,050.10
ii.-Post-employment benefits – Defined contribution plan		6,352,371.69	6,352,317.69	54.00
iii- Termination benefits				
iv -Other benefits due within one year				
Total	7,968,419.67	52,006,670.76	49,305,986.33	10,669,104.10

December 31, 2021

Item	December 31, 2020	Increase in the current period	Decrease in the current period	December 31, 2021
i. Short-term benefits	3,410,605.56	33,302,759.07	28,744,944.96	7,968,419.67
ii. Post-employment benefits – Defined contribution plan		2,351,636.93	2,351,636.93	
Total	3,410,605.56	35,654,396.00	31,096,581.89	7,968,419.67

24.2 Short-term benefits

December 31, 2022

Item	December 31, 2021	Increase in the current period	Decrease in the current period	December 31, 2022
i-Wages or salaries, bonuses, allowances and subsidies	7,523,041.70	36,312,686.53	33,286,256.94	10,549,471.29
ii- Staff welfare	218,200.00	2,617,964.60	2,718,084.60	118,080.00
iii -Social security contributions		2,229,984.18	2,229,984.18	
Inclluding:1. Medical insurance		1,891,532.87	1,891,532.87	
2. Work injury insurance		177,466.89	177,466.89	
3. Maternity insurance		160,984.42	160,984.42	
iv -Housing funds		4,105,562.60	4,105,562.60	
v-Labor union and employee education costs	227,177.97	388,101.16	613,780.32	1,498.81

Item	December 31, 2021	Increase in the current period	Decrease in the current period	December 31, 2022
vi-Short-term paid absences				
vii-Short-term profit-sharing plan				
Total	7,968,419.67	45,654,299.07	42,953,668.64	10,669,050.10

December 31, 2021

Item	December 31, 2020	Increase in the current period	Decrease in the current period	December 31, 2021
i. Wages or salaries, bonuses, allowances and subsidies	3,410,000.00	29,177,589.35	25,064,547.65	7,523,041.70
ii. Staff welfare		1,080,817.91	862,617.91	218,200.00
iii. Social security contributions		1,128,221.39	1,128,221.39	
Inclluding: Basic medical insurance premium		924,711.80	924,711.80	
Supplementary medical insurance premium				
Work injury insurance		105,072.86	105,072.86	
Maternity insurance		98,436.74	98,436.74	
iv.Housing funds		1,458,203.33	1,458,203.33	
v.Labor union and employee education costs	605.56	418,567.09	191,994.68	227,177.97
vi. Short-term paid absences				
vii. Short-term profit-sharing plan				
viii.Other short-term compensation		39,360.00	39,360.00	
Total	3,410,605.56	33,302,759.07	28,744,944.96	7,968,419.67

24.3 Defined contribution plan

December 31, 2022

Item	December 31, 2021	Increase in the current period	Decrease in the current period	December 31, 2022
i. Basic pension insurance		4,713,919.92	4,713,919.92	
ii. Unemployment insurance		203,761.02	203,761.02	
iii. Enterprise annuity		1,434,690.75	1,434,636.75	54.00
Total		6,352,371.69	6,352,317.69	54.00

December 31, 2021

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
i. Basic pension insurance		1,675,152.05	1,675,152.05	
ii. Enterprise annuity		624,452.20	624,452.20	
iii.Unemployment insurance		52,032.68	52,032.68	
Total		2,351,636.93	2,351,636.93	

25 Tax Payables

Item	December 31, 2022	December 31, 2021	December 31, 2020
Enterprise income tax	29,305,391.38	24,090,646.33	23,926,745.80
Value added tax	9,059,407.97	9,006,771.17	515,019.90
Land use tax	1,721,990.85	1,719,742.58	1,517,336.67
House property tax	14,074,271.24	7,739,661.08	4,683,094.21
City construction and maintenance tax	35,590.39	411,048.00	95,618.01
Educational surcharge	31,648.12	302,824.25	41,042.44
Withholding individual income tax	49,439.60	75,319.74	2,758.62
Stamp duty	598,573.10	234,663.04	3,679,972.95
Land value-added tax			297,045.57
Others	729.00	964,396.19	25,576.45
Total	54,877,041.65	44,545,072.38	34,784,210.62

26 Other payables

26.1 Classification

Item	December 31, 2022	December 31, 2021	December 31, 2020
Interest payable			2,702,436.81
Dividends payable		78,183,248.11	843,248.11
Other payables	283,699,403.58	338,047,028.46	67,820,777.88
Total	283,699,403.58	416,230,276.57	71,366,462.80

26.2 Interest payable

Item	December 31, 2022	December 31, 2021	December 31, 2020
Interest on long-term loans due by installments			2,702,436.81
Interest payable on short-term borrowings			2,702,436.81
Total			2,702,436.81

26.3 Dividends payable

Item	December 31, 2022	December 31, 2021	December 31, 2020
Common stock dividends		78,183,248.11	
Among them： China ENERGY Engineering Group Jiangsu POWER Design Institute Co., Ltd		8,700,000.00	
Jiangsu Medium Voltage Electrical Engineering Group Co., Ltd		6,000,000.00	

Item	December 31, 2022	December 31, 2021	December 31, 2020
Yancheng Guandong Economic Development Investment Co., Ltd		3,783,248.11	843,248.11
Yancheng State-owned Assets Investment Group Co., Ltd		9,810,000.00	
Yancheng Traffic Holding Group Co., Ltd		9,810,000.00	
Dongtai State owned Assets Management Co., Ltd		9,810,000.00	
Dafeng Jinmao State owned Comprehensive Asset Management Co., Ltd		7,860,000.00	
Jiangsu Coastal Dongfang Real Estate Co., Ltd		7,860,000.00	
Sheyang Urban Construction and Development Group Co., Ltd		2,940,000.00	
Binhai County Gangcheng City Asset Management Co., Ltd		4,920,000.00	
Xiangshui County Urban Asset Investment Co., Ltd		3,930,000.00	
Jianhu County State-owned Assets Investment Management Co., Ltd		2,760,000.00	
Total		78,183,248.11	843,248.11

26.4 Other payables

Item	December 31, 2022	December 31, 2021	December 31, 2020
Current accounts	252,394,135.19	333,295,667.55	47,044,165.10
Deposit and security deposit	27,708,754.21	1,371,704.00	15,238,919.24
Payments received when the sales contract is not established	511,879.28	13,500.00	1,816,426.04
Withholding money			954,463.05
Others	3,084,634.90	3,366,156.91	2,766,804.45
Total	283,699,403.58	338,047,028.46	67,820,777.88

Significant other payables with an aging of over 1 year

Item	December 31, 2022	Reasons for outstanding or carryover
Yancheng Kangtai Engineering Installation Co., Ltd	100,000,000.00	Current accounts
Total	100,000,000.00	

As of December 31, 2021, there are no important other accounts payable with an account age of more than one year

27 Non-current liabilities due within one year

27.1 Details of non-current liabilities due within one year

Item	December 31, 2022	December 31, 2021	December 31, 2020
Long-term borrowings due within one year	1,009,553,128.06	1,134,021,218.97	944,118,369.66
Long-term payables due within one year	1,373,266,071.73	604,251,769.41	
Lease liabilities due within one year	6,306,118.51	6,625,921.18	
Interest payable		130,980,000.00	
Total	2,389,125,318.30	1,875,878,909.56	944,118,369.66

28 Other current liabilities

Item	December 31, 2022	December 31, 2021	December 31, 2020
output tax to be transferred	736,517.38		
Total	736,517.38		

29 Long-term borrowings

Item	December 31, 2022	December 31, 2021	December 31, 2020
Pledge loans	200,000,000.00	700,000,000.00	
Mortgage loans			
Guaranteed Loans	315,700,000.00	138,250,000.00	233,150,000.00
Mortgage and guaranteed loans	1,672,500,000.00	370,000,000.00	346,000,000.00
Pledge and guaranteed the loans		3,318,280,000.00	2,445,500,000.00
Pledge、Mortgage and guaranteed loans	2,731,294,000.00	444,000,000.00	486,000,000.00
Accrued interest	3,847,735.53	632,916.68	
Total	4,923,341,735.53	4,971,162,916.68	3,510,650,000.00

30 Bonds payable

30.1 Bonds payable

Item	December 31, 2022	December 31, 2021	December 31, 2020
Bonds payable	624,972,359.72		
Accrued interest	24,753,666.67		
Total	649,726,026.39		

30.2 Changes in bonds payable (not including other financial instruments, such as preferred shares and perpetual bonds, classified as financial liabilities)

Name	Nominal value	Issue date	Maturit-y of bond	Issuing amount	Beginning balance	Issued in the current period	Press face value Interest accrued	Espill discount amortization	Repaid in the current period	December 31, 2022
G22 salt energy 1	628,000,000.00	2022-4-14	3yrs	628,000,000.00		624,089,811.32	24,753,666.67	882,548.40		649,726,026.39
Total				628,000,000.00		624,089,811.32	24,753,666.67	882,548.40		649,726,026.39

31 Lease liabilities

Item	December 31, 2022	December 31, 2021	December 31, 2020
Undiscounted amount of lease payments payable	146,990,500.12	150,248,788.73	150,248,788.73
Less: Unrecognized financing charges	53,925,511.94	57,688,666.52	65,501,380.22
Less: portion due within one year	6,306,118.51	6,625,921.18	0.00
Total	86,758,869.67	85,934,201.03	84,747,408.51

32 Long-term payables

32.1 Classification

Item	December 31, 2022	December 31, 2021	December 31, 2020
Long-term payables	1,859,890,236.14	1,458,743,756.92	532,500,000.00
Special payables			
Total	1,859,890,236.14	1,458,743,756.92	532,500,000.00

32.2 Long-term payables

Item	December 31, 2022	December 31, 2021	December 31, 2020
Finance lease receivables	1,859,390,236.14	1,458,743,756.92	532,500,000.00
Others	500,000.00		
Total	1,859,890,236.14	1,458,743,756.92	532,500,000.00

33 Deferred Income

December 31, 2022

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance	Reasons
Haihui Real Estate Binhai Electronic Information Wisdom Park Construction subsidy	17,771,672.82		370,243.18	17,401,429.64	Engineering subsidies
Subsidy for the construction of Dafengguo New Science and Technology Deep knowledge Intelligent Science and Technology Industrial Park	511,491.67			511,491.67	Engineering subsidies
Sheyang Intelligent equipment Industry Park （construction subsidy）	13,500,000.00		160,714.28	13,339,285.72	Engineering subsidies
nfrastructure subsidy of Funing Intelligent equipment Manufacturing Industry Park		18,000,000.00	360,000.00	17,640,000.00	Engineering subsidies
Total	31,783,164.49	18,000,000.00	890,957.46	48,892,207.03	

December 31, 2021

Item	Beginning balance	Increase in the current period	Decrease in the current period	Other changes	Ending balance	Asset-related / earnings-related
Haihui Real Estate Binhai Electronic Information Smart Park Construction subsidy [Note 1]	17,771,672.82				17,771,672.82	Related to assets
Dafeng Guoxin Science and Technology wisdom, energy science and technology industrial park construction subsidy [Note 2]	11,559,711.67		11,048,220.00		511,491.67	Related to assets
Sheyang Intelligent Equipment Industrial Park (construction subsidy) [Note 3]		13,500,000.00			13,500,000.00	Related to assets
Total	29,331,384.49	13,500,000.00	11,048,220.00		31,783,164.49	

Other instructions:

Note 1: According to the Jiangsu Binhai Electronic Information Wisdom Park Project Supplementary Agreement signed between Yancheng State Investment property Company and Jiangsu Binhai Economic Development Zone Industrial Park under the same control, Jiangsu Binhai Economic Development Zone Industrial Park subsidizes the project's infrastructure and key industries, pays 5.16 million yuan at a time after completing the relevant procedures for obtaining land, and receives 12.9819 million yuan this year. A total of 18.1419 million yuan of support funds were received, and the project was completed at the end of 2019 Worker.

Note 2: According to the "Dafeng Power" signed by the subsidiary Dafengguo New Science and Technology Company and the Management Committee of Jiangsu Dafeng Economic Development Zone According to the Investment Agreement on the Standard Factory Building of the Sub-Information Industry Park, the management committee of Dafeng Economic Development Zone gives subsidies to the infrastructure of the project. After the completion of the main framework of the plant and the completion of the project, the project will be paid in two installments. The first phase subsidy will be 6.1465 million yuan in 2018, the second phase subsidy will be 6.1293 million yuan in 2019, and the construction subsidy will total 12.2758 million yuan. The project has been completed in 2019.

Note 3: According to the investment agreement of "Jiangsu Sheyang Intelligent equipment Industrial Park" signed between the subsidiary Industrial Real Estate and the management committee of Jiangsu Sheyang Economic Development Zone and the people's Government of Sheyang County, the management committee of Sheyang Economic Development Zone provides infrastructure subsidies to the project, which is measured on the basis of the local economic development contribution of the project. Received a supplement in 2021 Post 13.5 million yuan.

34 Paid-in capita

December 31, 2022

Name of shareholder	December 31, 2021		Increase in the current period	Decrease in the current period	December 31, 2022	
	Investment amount	Proportion (%)			Investment amount	Proportion (%)
Yancheng State-owned Assets Investment Group Co., Ltd	3,204,000,000.00	80.10			3,204,000,000.00	80.10
Yancheng Traffic Holding Group Co., Ltd	130,800,000.00	3.27			130,800,000.00	3.27
Dongtai State-owned Assets Management Group Co., Ltd	130,800,000.00	3.27			130,800,000.00	3.27
Dafeng Jinmao State-owned Comprehensive Asset Operation Co., Ltd	130,800,000.00	3.27			130,800,000.00	3.27
Jiangsu Coastal Orient Property Co., Ltd	104,800,000.00	2.62			104,800,000.00	2.62
Jianhu County State-owned Assets Investment Management Co., Ltd	52,400,000.00	1.31			52,400,000.00	1.31
Binhai County Gangcheng City Assets Management Co., Ltd	39,200,000.00	0.98			39,200,000.00	0.98
Xiangshui City Asset Investment Holding Group Co., Ltd	65,600,000.00	1.64			65,600,000.00	1.64
SSheyang City Construction Development Group Co., Ltd	104,800,000.00	2.62			104,800,000.00	2.62
Funing County state-owned assets investment and management company	36,800,000.00	0.92			36,800,000.00	0.92
Total	4,000,000,000.00	100.00			4,000,000,000.00	100.00

December 31, 2021

Name of shareholder	December 31, 2020		Increase in the current period	Decrease in the current period	December 31, 2021	
	Investment amount	Proportion (%)			Investment amount	Proportion (%)
Yancheng State-owned Assets Investment Group Co., Ltd	3,204,000,000.00	80.10			3,204,000,000.00	80.10
Yancheng Traffic Holding Group Co., Ltd	130,800,000.00	3.27			130,800,000.00	3.27
Dongtai State-Owned Assets Management Co., Ltd	130,800,000.00	3.27			130,800,000.00	3.27
Dafeng Jinmao State-owned	130,800,000.00	3.27			130,800,000.00	3.27

Name of shareholder	December 31, 2020		Increase in the current period	Decrease in the current period	December 31, 2021	
	Investment amount	Proportion (%)			Investment amount	Proportion (%)
Comprehensive Asset Operation Co., Ltd						
Jiangsu Coastal Orient Property Co., Ltd	104,800,000.00	2.62			104,800,000.00	2.62
Jianhu County State-owned Assets Investment Management Co., Ltd	52,400,000.00	1.31			52,400,000.00	1.31
Binhai County Gangcheng City Assets Management Co., Ltd	39,200,000.00	0.98			39,200,000.00	0.98
Xiangshui City Asset Investment Holding Group Co., Ltd	65,600,000.00	1.64			65,600,000.00	1.64
Sheyang City Construction Development Group Co., Ltd	104,800,000.00	2.62			104,800,000.00	2.62
Funing County State Owned Assets Investment and Management Co., Ltd	36,800,000.00	0.92			36,800,000.00	0.92
Total	4,000,000,000.00	100.00			4,000,000,000.00	100.00

35 Capital reserve

December 31, 2022

Item	December 31, 2021	Increase in the current period	Decrease in the current period	December 31, 2022
Other capital reserves	87,778,328.93			87,778,328.93
Total	87,778,328.93			87,778,328.93

December 31, 2021

Item	December 31, 2020	Increase in the current period	Decrease in the current period	December 31, 2021
Other capital reserves	87,778,328.93		181,118.49	87,778,328.93
Total	87,778,328.93		181,118.49	87,778,328.93

36 **Other comprehensive income**

December 31, 2022

Item	December 31, 2021	Amount incurred in the current period						December 31, 2022
		Amount incurred before income tax in the current period	Less: Amount included in other comprehensive income in the prior periods that is transferred to profit or loss for the current period	Less: Amount included in other comprehensive income in the prior periods that is transferred to retained earnings for the current period	Less: Income tax expenses	Attributable to the company after tax	Attributable to non-controlling interests after tax	
1. Other comprehensive income that cannot be reclassified into profits and losses	936,791,708.96	-802,828,877.25			-200,707,219.31	-602,121,657.94		334,670,051.02
Where: re-measure the change of benefit plan								
Other comprehensive income that cannot be converted to profit and loss under the equity method	.							
Changes in the fair value of other equity instrument investments	936,791,708.96	-802,828,877.25			-200,707,219.31	-602,121,657.94		334,670,051.02
The fair value of the enterprise's own credit risk changes								

Item	December 31, 2021	Amount incurred in the current period						December 31, 2022
		Amount incurred before income tax in the current period	Less: Amount included in other comprehensive income in the prior periods that is transferred to profit or loss for the current period	Less: Amount included in other comprehensive income in the prior periods that is transferred to retained earnings for the current period	Less: Income tax expenses	Attributable to the company after tax	Attributable to non-controlling interests after tax	
2. Other consolidated benefit of reclassification into profit and loss	197,404,692.40							197,404,692.40
Among them: the other comprehensive income of the convertible profit and loss under the equity method	191,487.25							191,487.25
Changes in the fair value of other debt investments								
The amount of financial assets into other comprehensive income								
Other credit impairment provisions for debt investment								
Cash flow hedging reserves								
Balance in translation of foreign currency financial statements								

Item	December 31, 2021	Amount incurred in the current period						December 31, 2022
		Amount incurred before income tax in the current period	Less: Amount included in other comprehensive income in the prior periods that is transferred to profit or loss for the current period	Less: Amount included in other comprehensive income in the prior periods that is transferred to retained earnings for the current period	Less: Income tax expenses	Attributable to the company after tax	Attributable to non-controlling interests after tax	
Other assets are converted into investment real estate measured by the fair value model	197,213,205.15							197,213,205.15
Total of other comprehensive income	1,134,196,401.36	-802,828,877.25			-200,707,219.31	-602,121,657.94		532,074,743.42

December 31, 2021

Item	December 31, 2020	Amount incurred in the current period						December 31, 2021
		Amount incurred before income tax in the current period	Less: Amount included in other comprehensive income in the prior periods that is transferred to profit or loss for the current period	Less: Amount included in other comprehensive income in the prior periods that is transferred to retained earnings for the current period	Less: Income tax expenses	Attributable to the company after tax	Attributable to non-controlling interests after tax	
1. Other comprehensive income that cannot be reclassified into profits and losses		1,249,055,611.95		312,263,902.99	936,791,708.96			936,791,708.96
2. Other consolidated benefit of reclassification into profit and loss								

Item	December 31, 2020	Amount incurred in the current period						December 31, 2021
		Amount incurred before income tax in the current period	Less: Amount included in other comprehensive income in the prior periods that is transferred to profit or loss for the current period	Less: Amount included in other comprehensive income in the prior periods that is transferred to retained earnings for the current period	Less: Income tax expenses	Attributable to the company after tax	Attributable to non-controlling interests after tax	
Among them: the other comprehensive income of the convertible profit and loss under the equity method	191,487.25							191,487.25
Other assets are converted into investment real estate measured by the fair value model	186,495,481.56	14,290,298.12		3,572,574.53	10,717,723.59			197,213,205.15
Total of other comprehensive income	186,686,968.81	1,263,345,910.07		315,836,477.52	947,509,432.55			1,134,196,401.36

37 Surplus reserve

December 31, 2022

Item	December 31, 2021	Increase in the current period	Decrease in the current period	December 31, 2022
Statutory surplus reserve	47,503,223.55	36,355,075.00		83,858,298.55
Discretionary surplus reserve	4,991,489.79			4,991,489.79
Total	52,494,713.34	36,355,075.00		88,849,788.34

December 31, 2021

Item	December 31, 2020	Increase in the current period	Decrease in the current period	December 31, 2021
Statutory surplus reserve	47,503,223.55			47,503,223.55
Discretionary surplus reserve	4,991,489.79			4,991,489.79
Total	52,494,713.34			52,494,713.34

38 Undistributed profit

Item	December 31, 2022	December 31, 2021	December 30, 2020
Before adjustment: undistributed profit of the prior period	1,024,106,517.18	630,857,231.22	636,836,662.35
Adjustment: Total undistributed profit at the beginning of the reporting period (increase "+", decrease "-")			39,413,435.53
After adjustment: undistributed profit at the beginning of the reporting period	1,024,106,517.18	630,857,231.22	676,250,097.88
Add: Net profit attributable to owners of the company for the current period	858,353,681.19	693,249,285.96	254,236,793.12
Less: Transfer to statutory surplus reserve	36,355,075.00		
Transfer to discretionary surplus reserve			
Transfer to general risk reserve			
Common stock dividend payable		300,000,000.00	
Conversion of ordinary shares' dividends into share capital			299,629,659.79
Undistributed profit at the end of the reporting period	1,846,105,123.37	1,024,106,517.18	630,857,231.22

39 Operating income and cost

39.1 Basic information

Item	Amount incurred in 2022		Amount incurred in 2021	
	Income	Cost	Income	Cost
Principal operating activities	763,097,474.03	276,215,428.64	327,068,144.03	155,273,256.90
Other business	6,100,229.58	4,230,586.82		
Total	769,197,703.61	280,446,015.46	327,068,144.03	155,273,256.90

(Continued)

Item	Amount incurred in 2020

	Income	Cost
Principal operating activities	236,054,572.45	108,912,691.31
Other business		
Total	236,054,572.45	108,912,691.31

39.2 Principal operating activities classified by industry

Item	Amount incurred in 2022		Amount incurred in 2021	
	Income	Cost	Income	Cost
Energy business revenue	608,987,874.83	258,977,560.28	182,495,971.26	113,882,163.18
Water industry income	14,128,376.31	16,059,110.92	11,804,095.71	10,120,623.39
Industrial park rental income	143,380,873.25	3,595,329.29	108,428,673.01	5,938,496.55
miscellaneous receipt	2,700,579.22	1,814,014.97	12,413,630.01	16,055,148.72
Project revenue			11,925,774.04	9,276,825.06
Total	769,197,703.61	280,446,015.46	327,068,144.03	155,273,256.90

(continued)

Item	Amount incurred in 2020	
	Income	Cost
Energy business revenue	134,124,395.15	78,939,306.44
Water industry income	11,802,805.71	11,102,933.85
Industrial park rental income	79,845,876.91	11,565,312.74
miscellaneous receipt	2,700,579.22	1,814,014.97
Project revenue	10,281,494.68	7,305,138.28
Total	236,054,572.45	108,912,691.31

40 Taxes and surcharges

Item	Amount incurred in 2022	Amount incurred in 2021	Amount incurred in 2020
City construction and maintenance tax	515,857.31	596,230.68	148,110.91
Educational surcharge	286,544.99	293,326.12	114,910.69
Local education surcharges	191,030.00	195,550.74	
House property tax	18,589,134.37	10,770,952.46	8,908,603.80
Land use tax	6,345,122.55	5,252,833.16	3,587,003.30
Vehicle and vessel usage tax	1,740.00		
Stamp duty	702,768.74	978,791.21	5,667,782.38
Land value increment tax		143,430.44	297,045.57
Others	53.28	166,318.40	8,685.16

Total	26,632,251.24	18,397,433.21	18,732,141.81

41 Sales Expenses

Item	Amount incurred in 2022	Amount incurred in 2021	Amount incurred in 2020
employee compensation	2,375,333.92	1,688,846.77	1,137,667.80
water and electricity	140,980.29	36,024.83	
Depreciation and amortization	58,249.53	102,691.03	108,320.28
traffic expense		1,740.00	
Promotion fee	46,534.20		
business entertainment	31,142.00	2,660.00	
Labor insurance fee	25,611.28	11,167.25	230,821.61
Office funds	9,074.63	7,026.86	
Business publicity fee	7,517.26		
Travel expense	4,075.98	14,997.00	26,631.39
Repair cost	884.95	6,350.00	108,744.89
Advertising		72,615.00	75,380.18
Other	53,303.42	53,764.76	45,489.75
Total	2,752,707.46	1,997,883.50	1,820,361.90

42 General expenses

Item	Amount incurred in 2022	Amount incurred in 2021	Amount incurred in 2020
Employee compensation	40,007,905.41	30,868,709.96	20,122,732.61
Depreciation and amortization	20,985,802.83	15,361,849.23	1,657,460.54
Premium	13,661,848.43		
Intermediary service fee	6,549,055.01	11,363,900.68	1,523,696.63
lease rentals	312,284.47	1,266,443.70	1,992,089.70
Meeting affair charge	1,865,582.09	8,273,667.37	9,811,704.67
Business entertainment	1,760,539.66	287,969.00	126,300.05
Administrative expenses	1,261,219.61	1,073,466.11	340,648.82
Advertising and general Publicity expense	696,296.01	39,662.53	15,086.57
Property Management Fee	635,726.18	173,893.31	713,803.62
Travel expense	435,302.34	875,705.98	463,188.12
Water and electricity costs	268,803.78	388,078.68	465,688.92
Car costs	96,200.75	354,343.01	128,295.57
Low priced and easily worn	21,826.62	21,284.83	154,129.43

Item	Amount incurred in 2022	Amount incurred in 2021	Amount incurred in 2020
articles			
Inventory loss			1,191,111.02
Communication expense	5,660.00	22,008.00	12,738.92
Repair cost	500.00	126,796.95	26,513.01
Other	2,597,553.40	2,052,202.07	1,820,712.43
Total	91,162,106.59	72,549,981.41	40,565,900.63

43 Financial expenses

Item	Amount incurred in 2022	Amount incurred in 2021	Amount incurred in 2020
Interest cost	492,246,276.95	324,108,008.17	352,117,865.51
Minus: Interest income	50,318,702.02	73,368,177.10	45,021,048.67
Plus: Exchange losses (minus gains)	616,922.95	138,747.88	223,809.46
Plus:Financing expenses	33,126,502.23		
Total	475,671,000.11	250,878,578.95	307,320,626.30

44 Other income

Other income sources	Amount incurred in 2022	Amount incurred in 2021	Amount incurred in 2020
Government grants included	9,494,364.47	17,855,439.98	23,111,704.28
Commission for withholding and paying individual income tax	6,584.66		
Total	9,500,949.13	17,855,439.98	23,111,704.28

45 Investment gains

Item	Amount incurred in 2022	Amount incurred in 2021	Amount incurred in 2020
Long-term equity investment income calculated by the equity method	669,654,287.78	447,546,985.61	208,749,462.75
Disposition of the investment income generated by the long-term equity investments		111,211,310.92	
Dividend income derived from other equity instrument investments during the holding period	6,889,000.00		
Investment income of financial products		132,302.77	
Total	676,543,287.78	558,890,599.30	208,749,462.75

46 Gains on the changes in fair value

Source resulting in gains on the changes in fair values	Amount incurred in 2022	Amount incurred in 2021	Amount incurred in 2020
Investment properties carried at fair value	581,636,886.86	358,374,556.39	364,024,971.26
Total	581,636,886.86	358,374,556.39	364,024,971.26

47 Credit impairment losses (Loss expressed with "-")

Item	Amount incurred in 2022	Amount incurred in 2021	Amount incurred in 2020

Item	Amount incurred in 2022	Amount incurred in 2021	Amount incurred in 2020
Bad debt provision of other receivables	-22,193,448.71	154,727.97	
Total	-22,193,448.71	154,727.97	

48 Asset impairment loss

Item	Amount incurred in 2022	Amount incurred in 2021	Amount incurred in 2020
Loss of bad debts			-2,584,,003.77
Total			-2,584,,003.77

49 Gains from disposal of assets

Item	Amount incurred in 2022	Amount incurred in 2021	Amount incurred in 2020
Gain or loss on disposal of intangible assets	4,266,129.79		
Gain or loss on disposal of right-of-use asset		-317,662.55	
Total	4,266,129.79	-317,662.55	

50 Non-operating income

Item	Amount incurred in 2022	Amount incurred in 2021	Amount incurred in 2020
Government grants	1,000,000.00		29,395.55
Penalty income	1,000.00		
Others	343,793.43	124,111.91	310,005.57
Total	1,344,793.43	124,111.91	339,401.12

51 Non-operating expenses

Item	Amount incurred in 2022	Amount incurred in 2021	Amount incurred in 2020
Total losses on disposal of non-current assets	32,013.55		
Donations to the third party	3,480.00	17,140.35	49,872.00
Penalty loss	4,976,953.81	256,148.58	420,045.55
Liquidated damages			6,342.02
Others	110,000.01	573,292.13	651,368.38
Total	5,122,447.37	846,581.06	1,127,627.95

52 Income tax expenses

Item	Amount incurred in 2022	Amount incurred in 2021	Amount incurred in 2020
Current income tax expenses	19,656,747.01	3,170,087.64	23,710,509.54
Deferred income tax expenses	147,290,507.82	89,632,321.09	64,427,322.16
Total	166,947,254.83	92,802,408.73	88,137,831.70

53 Net amount after tax of other comprehensive income

Please refer to Note V-36 for details on the amount incurred in the current period.

54 Items of the consolidated cash flow statement

54.1 Cash received relating to other operating activities

Item	Amount incurred in 2022	Amount incurred in 2021	Amount incurred in 2020
Government grants income	9,603,407.01	13,532,688.29	22,613,272.69
Other gains and losses	351,378.09	124,111.91	304.21
Interest income	50,318,702.02	73,368,177.10	45,021,048.67
Receivables, payables and others	709,933,061.79	695,928,818.38	788,367,344.09
Total	770,206,548.91	782,953,795.68	856,001,969.66

54.2 Cash paid relating to other operating activities

Item	Amount incurred in 2022	Amount incurred in 2021	Amount incurred in 2020
Receivables, payables and others	20,626,685.64	80,258,434.04	249,131,396.18
Cash expenses	37,212,959.48	59,243,416.04	24,997,666.63
Bank charges and others	616,922.95	138,747.88	223,809.46
Other expenses			1,127,627.95
Total	58,456,568.07	139,640,597.96	275,480,500.22

54.3 Cash received relating to other investing activities

Item	Amount incurred in 2022	Amount incurred in 2021	Amount incurred in 2020
Redeem wealth management products		593,949,192.15	311,258,180.00
Infrastructure subsidy	7,500,000.00		
Others			300,000.00
Total	7,500,000.00	593,949,192.15	311,558,180.00

54.4 Cash paid relating to other investing activities

Item	Amount incurred in 2022	Amount incurred in 2021	Amount incurred in 2020
Purchase financial products		506,862,402.11	619,354,577.88
Total		506,862,402.11	619,354,577.88

54.5 Cash receipts relating to other financing activities

Item	Amount incurred in 2022	Amount incurred in 2021	Amount incurred in 2020
Financing margin, notes financing funds and others	33,126,502.23		
Finance leasing company's finance and others	1,181,679.16		
Total	34,308,181.39		

55 Supplementary information to the Consolidated Cash Flow Statement

55.1 Supplementary information to the cash flow statement

Item	Amount incurred in 2022	Amount incurred in 2021	Amount incurred in 2020
1. Reconciliation of net profit to cash flow from operating activities:			
Net profit	971,562,518.83	669,403,793.27	263,078,926.49
Add: Provision for impairment losses of assets			
Provision for credit impairment losses	22,193,448.71	154,727.97	2,584,003.77
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	184,305,186.98	68,599,777.89	32,742,747.40
Amortization of intangible assets	6,925,225.14	2,350,583.95	1,003,858.69
Amortization of long-term prepaid expenses	1,444,011.58	130,519.82	2,701,910.57
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are indicated by " – ")	-4,266,129.79	-317,662.55	
Losses on retirement of fixed assets (gains are indicated by "—")	32,013.55		
Amortization of deferred income	-890,957.46	-358,374,556.39	-364,024,971.26
Losses on changes in fair values (gains are indicated by "—")	-581,636,886.86	324,108,008.17	352,117,865.51
Financial expenses (income is indicated by "—")	525,372,779.18	-558,890,599.30	-208,749,462.75
Losses arising from investments (gains are indicated by "—")	-676,543,287.78	-1,595,408.13	-21,774,436.10
Decrease in deferred tax assets (increase is indicated by "—")	1,881,286.11	93,166,213.62	87,704,165.45
Increase in deferred tax liabilities (decrease is indicated by "—")	145,409,221.71	18,794,973.68	-27,292,610.30
Decrease in inventories (increase is indicated by "—")	-11,013,769.05	-111,476,441.41	235,250,193.57
Decrease in receivables from operating activities (increase is indicated by "—")	793,505,023.92	600,974,854.07	288,650,316.59
Increase in payables from operating activities (decrease is indicated by "—")	-13,391,886.32	-358,374,556.39	-364,024,971.26
Others			
Net cash flow from operating activities	1,364,887,798.45	747,028,784.66	643,992,507.63
2. Significant investing and financing activities that do not involve cash receipts and payments			
Conversion of debt into capital			
Convertible bonds due within one year			
Fixed assets acquired under finance leases			
3. Net changes in cash and cash equivalents			
Ending balance of cash	1,864,205,698.89	1,203,462,819.69	867,579,594.29
Less: Beginning balance of cash	1,203,462,819.69	867,579,594.29	223,951,055.73
Add: Ending balance of cash equivalents			
Less: Beginning balance of cash equivalents			

Item	Amount incurred in 2022	Amount incurred in 2021	Amount incurred in 2020
Net increase in cash and cash equivalents	660,742,879.20	335,883,225.40	643,628,538.56

55.2 Composition of cash and cash equivalents

Item	December 31, 2022	December 31, 2021	December 31, 2020
1.Cash	1,864,205,698.89	1,203,462,819.69	867,579,594.29
including: cash on hand	68,245.94	73,865.85	28,204.29
Bank deposits available for payment at any time	1,864,137,452.95	1,203,388,953.84	867,551,390.00
Other monetary funds available for payment at any time			
2.Cash equivalent			
Including: Investments in debt securities due within three months			
3. Ending balance of cash and cash equivalents	1,864,205,698.89	1,203,462,819.69	867,579,594.29

56 Assets with restricted ownership or right-of-use

December 31, 2022

Item	Ending Balance	Reason for restriction
Monetary fund	3,032,467.29	Security deposit
Accounts receivable	313,965,628.32	Loan pledge
Long-term equity instrument investments	1,782,168,836.10	Loan pledge
Other equity instrument investments	1,157,972,010.00	Loan pledge
Investment properties	4,157,520,505.29	Loan pledge
Fixed assets	3,540,606,594.03	Loan pledge
Total	10,955,266,041.03	

December 31, 2022

	Ending balance	Reasons for limitation
Monetary fund	34,707,963.54	Security deposit
Long-term equity investment	1,410,632,389.26	Loan pledge
Construction in progress	593,593,692.69	Loan pledge
Investment real estate	2,218,042,600.00	Loan pledge
Fixed assets	252,400,015.73	Loan pledge
Jianhu County Guoyuan New Energy Development Co., Ltd Photovoltaic station one electricity charge right		Loan pledge
Yancheng Guofeng Offshore Wind Power Co., Ltd Offshore Wind Power Generation-electricity tariff right		Loan pledge
Total	4,509,376,661.22	

VI. Changes of the consolidated scope

1. Disposal of subsidiaries

No new additions in 2022、2021

2. Changes in consolidation scope due to other reasons

December 31, 2022

Unit name	Cause explanation
Sheyang Guoyang New Energy Development Co., Ltd	Establishment
Yancheng City Town Gas Distribution Co., Ltd	Establishment
Jiangsu Offshore Guoneng New Energy Engineering Co., Ltd	Cancellation

December 31, 2021

Unit name	Cause explanation
Yancheng Kangtai Engineering Installation Co., Ltd	Reduction of equity transfer under the same control
Yancheng Guotou Natural Gas Pipeline Network Co., Ltd	Establishment

VII. Interests in other entities

1. Equity in first level subsidiaries

1.1 Composition of the Group

Name of subsidiary	Main place of business	Place of registration	Business nature	Shareholding ratio (%)		Acquisition method
				Directly	Indirectly	
Jiangsu Yancheng Clean Energy Development Co., Ltd	Yancheng	Yancheng	Solar energy technology research and development; solar power generation, etc	86.56	1.44	Investment establishment
Jianhu Guoyuan New Energy Development Co., Ltd	Yancheng	Yancheng	Centralized photovoltaic power generation		51.00	Investment establishment
Yancheng Guoneng Guandong New Energy Development Co., Ltd	Yancheng	Yancheng	Solar power generation, wind power generation		51.00	Investment establishment
Yancheng Guofeng Offshore Wind Power Generation Co., Ltd	Yancheng	Yancheng	Wind farm construction and operation management; wind		100.00	Investment establishment
Yancheng Offshore Guoneng Wind Power Co., Ltd	Yancheng	Yancheng	Power generation		60.00	Investment establishment
Sheyang Guoyang New Energy Development Co., Ltd	Yancheng	Yancheng	Wind farm construction and operation management; wind power generation		100.00	Investment establishment
Jiangsu Tulip Ecological Agriculture Co., Ltd	Yancheng	Yancheng	Solar power generation, wind power generation	51.00		Mergers not under the same control
Yancheng Guoheng New Energy Co., Ltd	Yancheng	Yancheng	Planting and sales of agricultural products	100.00		Investment establishment

Name of subsidiary	Main place of business	Place of registration	Business nature	Shareholding ratio (%)		Acquisition method
				Directly	Indirectly	
Yancheng Guoneng Xinao Energy Development Co., Ltd	Yancheng	Yancheng	Solar power generation, wind power generation	60.00		Investment establishment
Yancheng Guotou Industrial Real Estate Co., Ltd	Yancheng	Yancheng	Heating system development management	100.00		Merger under the same control
Yancheng Guohua Real Estate Co., Ltd	Yancheng	Yancheng	Industrial real estate development and management, property management services, real estate development and management		100.00	Merger under the same control
Yancheng Haihui Technology Industry Co., Ltd	Yancheng	Yancheng	Yancheng industrial real estate development and management, property management services, real estate development and management		100.00	Merger under the same control
Yancheng Dafeng Guoxin Technology Industry Co., Ltd	Yancheng	Yancheng	Industrial real estate development and management, property management services, real estate development and management		100.00	Merger under the same control
Yancheng Guoxin Industrial Co., Ltd	Yancheng	Yancheng	Industrial real estate development and management, property management services, real estate development and management		100.00	Merger under the same control
Yancheng Guoyang Industrial Park Development Co., Ltd	Yancheng	Yancheng	Industrial real estate development and management, property management services, real estate development and management		60.00	Investment establishment
Yancheng Natural Gas Development and Utilization Co., Ltd	Yancheng	Yancheng	Park management services; property management	100.00		Merger under the same control
Yancheng SDIC Yandong New Energy Comprehensive	Yancheng	Yancheng	Natural gas processing, utilization,		100.00	Investment establishment

Name of subsidiary	Main place of business	Place of registration	Business nature	Shareholding ratio (%)		Acquisition method
				Directly	Indirectly	
Utilization Co., Ltd			wholesale and retail in Yancheng administrative area			
Yancheng Guotou Natural Gas Pipeline Network Co., Ltd	Yancheng	Yancheng	Gas operation; gas vehicle gas operation	51.00		Investment establishment
Yancheng City Town Gas Distribution Co., Ltd	Yancheng	Yancheng	Gas operation; gas vehicle filling operation; construction engineering design; construction construction		100.00	Investment establishment
Yancheng Guoxin Phase I New Energy Industry Investment Fund Partnership (Limited Partnership)	Yancheng	Yancheng	Gas operation; gas vehicle gas operation	60.00		Investment establishment

2. Equity in joint-ventures or associates

2.1 Important joint-ventures or associates

Joint-ventures /associates	Main place of business	Place of registration	Business nature	Shareholding ratio (%)		Accounting treatment for Joint-ventures /associates
				Directly	Indirectly	
Jiangsu Guoxin Dazhong Wind Power Generation Co., Ltd	Yancheng	Yancheng	wind power generation	20.00		Equity method
Jiangsu Xinneng Huanghai Wind Power Generation Co., Ltd	Yancheng	Yancheng	wind power generation	30.00		Equity method
Jiangsu Xinneng Xinyang Wind Power Generation Co., Ltd	Yancheng	Yancheng	wind power generation	30.00		Equity method
State Power Investment Group Xiangshui New Energy Co., Ltd	Yancheng	Yancheng	wind power generation	30.00		Equity method
CNOOC Funing Thermal Power Co., Ltd	Yancheng	Yancheng	Electricity and heat production and supply industry	25.00		Equity method
Yancheng Dafeng Runneng New Energy Co., Ltd	Yancheng	Yancheng	wind power generation	30.00		Equity method
China Resources New Energy (Yancheng) Co., Ltd	Yancheng	Yancheng	Electricity and heat production and supply industry	20.00		Equity method
Jiangsu Wangneng Smart Energy Co., Ltd	Yancheng	Yancheng	Electricity and heat production and supply industry	40.00		Equity method
Longyuan Guoneng Offshore Wind Power (Yancheng) Co., Ltd	Yancheng	Yancheng	wind power generation	30.00		Equity method

Joint-ventures /associates	Main place of business	Place of registration	Business nature	Shareholding ratio（%）		Accounting treatment for Joint-ventures /associates
				Directly	Indirectly	
Huaneng Sheyang New Energy Power Generation Co., Ltd	Yancheng	Yancheng	Electricity and heat production and supply industry	30.00		Equity method
Three Gorges New Energy Yancheng Dafeng Co., Ltd	Yancheng	Yancheng	wind power generation	30.00		Equity method
Datang Dafeng Wind Power Development Co., Ltd	Yancheng	Yancheng	wind power generation	48.7418		Equity method
Jiangsu Yanfu Yinbao New Energy Co., Ltd	Yancheng	Yancheng	wind power generation	10.00		Equity method
Sheyang Longyuan Wind Power Co., Ltd	Yancheng	Yancheng	wind power generation	30.00		Equity method
Yancheng Trina Solar Guoneng PV Science & Technology Co., Ltd	Yancheng	Yancheng	wind power generation	49.00		Equity method
Jiangsu Nengtou Coastal Power Generation Co., Ltd	Yancheng	Yancheng	Electricity and heat production and supply industry	13.85		Equity method
Longyuan Yancheng New Energy Development Co., Ltd	Yancheng	Yancheng	wind power generation	35.00		Equity method
JJiangsu Guoxinbin Haigang Power Generation Co., Ltd	Yancheng	Yancheng	Electricity and heat production and supply industry	15.00		Equity method
Jiangsu Offshore Guoneng New Energy Engineering Co., Ltd	Yancheng	Yancheng	All kinds of engineering construction activities; installation, repair and testing of power facilities; professional construction operations; general contracting of housing construction and municipal infrastructure projects	35.00		Equity method
Yancheng Xinao Gas Company Limited	Yancheng	Yancheng	Pipeline gas engineering		30.00	Equity method
Yancheng Xinao Compressed Natural Gas Company Limited	Yancheng	Yancheng	Natural gas production		50.00	Equity method

The basis for holding less than 20% of the voting rights but having a significant impact in a joint venture or joint venture:

The company holds less than 20% of the shares in Jiangsu Yanfu Yinbao New Energy Co., Ltd, Jiangsu Guoxin Binhai Port Power Generation Co., Ltd, and Jiangsu Neng Coastal Power Generation Co., Ltd, but all have directors assigned to the invested units, and can have a significant impact on it.

2.2 Main financial information of important associates

December 31, 2022

Item	December 31, 2022				
	Three Gorges New Energy Yancheng Dafeng Co., Ltd	Datang Dafeng Wind Power Development Co., Ltd	Jiangsu Yanfu Yinbao New Energy Co., Ltd	Sheyang Longyuan Wind Power Co., Ltd	Yancheng Trina Solar Guoneng PV Science & Technology Co., Ltd
Current assets	1,459,299,156.16	154,716,046.85	224,201,793.51	1,027,137,730.33	3,963,872,867.78
Non-current assets	8,321,348,962.69	601,071,778.08	656,393,506.03	5,486,214,223.69	1,430,020,962.00
Total assets	9,780,648,118.85	755,787,824.93	880,595,299.54	6,513,351,954.02	5,393,893,829.78
Current liabilities	1,588,956,591.09	60,546,204.81	62,449,953.57	438,090,646.75	3,982,930,251.37
Non-current liabilities	4,311,676,182.71	362,226,410.30	470,000,000.00	4,110,838,870.11	604,947,323.16
Total liabilities	5,900,632,773.80	422,772,615.11	532,449,953.57	4,548,929,516.86	4,587,877,574.53
Non-controlling interests					
Equity attributable to owners of the parent	3,880,015,345.05	333,015,209.82	348,145,345.97	1,964,422,437.16	806,016,255.25
Share of net assets calculated by shareholding ratio	1,160,324,935.68	170,298,720.23	34,815,551.77	579,529,443.97	459,441,956.08
Adjustments					
Carrying amount of equity investment in associates	1,160,324,935.68	170,298,720.23	34,815,551.77	579,529,443.97	459,441,956.08
Fair value of equity investment of associates with public offer					
Operating income	1,238,305,924.77	119,471,870.82	114,387,748.92	697,330,112.15	11,126,806,043.99
Net profit	522,450,222.28	47,086,071.67	38,210,692.49	219,868,430.90	100,193,415.36
Other comprehensive income					
Total comprehensive income	522,450,222.28	47,086,071.67	38,210,692.49	219,868,430.90	100,193,415.36
Dividends received from associates in the current year					

(continued)

Item	December 31, 2021

	Three Gorges New Energy Yancheng Dafeng Co., Ltd	Datang Dafeng Wind Power Development Co., Ltd	Jiangsu Yanfu Yinbao New Energy Co., Ltd	Sheyang Longyuan Wind Power Co., Ltd	Yancheng Trina Solar Guoneng PV Science & Technology Co., Ltd
Current assets	785,094,768.92	171,160,061.61	455,005,746.35	608,478,271.57	2,863,548,072.15
Non-current assets	8,127,383,778.55	628,858,545.79	694,997,369.05	5,756,723,222.17	1,478,101,003.33
Total assets	8,912,478,547.47	800,018,607.40	1,150,003,115.40	6,365,201,493.74	4,341,649,075.48
Current liabilities	1,908,736,432.97	102,683,100.29	288,196,664.94	776,912,757.11	2,733,326,035.57
Non-current liabilities	4,115,708,173.95	417,854,251.73	515,000,000.00	3,876,392,354.29	864,123,692.15
Total liabilities	6,024,444,606.92	520,537,352.02	803,196,664.94	4,653,305,111.40	3,597,449,727.72
Non-controlling interests					
Equity attributable to owners of the parent	2,888,033,940.55	417,854,251.73	346,806,450.46	1,711,896,382.34	744,199,347.76
Share of net assets calculated by shareholding ratio	988,589,869.01	147,348,121.35	35,794,482.53	513,568,914.70	434,847,182.55
Adjustments					
Carrying amount of equity investment in associates	988,589,869.01	147,348,121.35	35,794,482.53	513,568,914.70	434,847,182.55
Fair value of equity investment of associates with public offer					
Operating income	707,865,393.99	138,122,197.89	134,240,364.69	703,226,577.84	6,157,147,932.19
Net profit	297,332,896.69	54,766,121.32	51,090,773.22	411,896,382.34	73,956,451.16
Other comprehensive income					
Total comprehensive income	297,332,896.69	54,766,121.32	51,090,773.22	411,896,382.34	73,956,451.16
Dividends received from associates in the current year					

December 31, 2021

Item	Ending balance/ current period				
	Three Gorges New Energy Yancheng Dafeng Co., Ltd	Datang Dafeng Wind Power Development Co., Ltd	Jiangsu Yanfu Yinbao New Energy Co., Ltd	Sheyang Longyuan Wind Power Co., Ltd	Yancheng Trina Solar Guoneng PV Science & Technology Co., Ltd

Item	Ending balance/ current period				
	Three Gorges New Energy Yancheng Dafeng Co., Ltd	Datang Dafeng Wind Power Development Co., Ltd	Jiangsu Yanfu Yinbao New Energy Co., Ltd	Sheyang Longyuan Wind Power Co., Ltd	Yancheng Trina Solar Guoneng PV Science & Technology Co., Ltd
Current assets	785,094,768.92	171,160,061.61	455,005,746.35	608,478,271.57	2,863,548,072.15
Non-current assets	8,127,383,778.55	628,858,545.79	694,997,369.05	5,756,723,222.17	1,478,101,003.33
Total assets	8,912,478,547.47	800,018,607.40	1,150,003,115.40	6,365,201,493.74	4,341,649,075.48
Current liabilities	1,908,736,432.97	102,683,100.29	288,196,664.94	776,912,757.11	2,733,326,035.57
Non-current liabilities	4,115,708,173.95	417,854,251.73	515,000,000.00	3,876,392,354.29	864,123,692.15
Total liabilities	6,024,444,606.92	520,537,352.02	803,196,664.94	4,653,305,111.40	3,597,449,727.72
Non-controlling interests					
Equity attributable to owners of the parent	2,888,033,940.55	417,854,251.73	346,806,450.46	1,711,896,382.34	
Share of net assets calculated by shareholding ratio	988,589,869.01	147,348,121.35	35,794,482.53	513,568,914.70	434,847,182.55
Adjustments					
Carrying amount of equity investment in associates					
Fair value of equity investment of associates with public offer					
Operating income	707,865,393.99	138,122,197.89	134,240,364.69	703,226,577.84	6,157,147,932.19
Net profit	297,332,896.69	54,766,121.32	51,090,773.22	411,896,382.34	73,956,451.16

Item	Ending balance/ current period				
	Three Gorges New Energy Yancheng Dafeng Co., Ltd	Datang Dafeng Wind Power Development Co., Ltd	Jiangsu Yanfu Yinbao New Energy Co., Ltd	Sheyang Longyuan Wind Power Co., Ltd	Yancheng Trina Solar Guoneng PV Science & Technology Co., Ltd
Other comprehensive income					
Total comprehensive income	297,332,896.69	54,766,121.32	51,090,773.22	411,896,382.34	73,956,451.16
Dividends received from associates in the current year					

(continued)

Item	Beginning balance/ prior period				
	Three Gorges New Energy Yancheng Dafeng Co., Ltd	Datang Dafeng Wind Power Development Co., Ltd	Jiangsu Yanfu Yinbao New Energy Co., Ltd	Sheyang Longyuan Wind Power Co., Ltd	Yancheng Trina Solar Guoneng PV Science & Technology Co., Ltd
Current assets	1,418,600,186.59	134,741,224.02	218,402,211.64	143,173,242.16	2,891,536,982.30
Non-current assets	4,582,719,282.96	655,123,063.97	733,835,667.47	5,846,197,127.78	8,322,597,365.79
Total assets	6,001,319,469.55	789,864,287.99	952,237,879.11	5,989,370,369.94	11,214,134,348.09
Current liabilities	1,136,859,784.38	85,240,418.28	79,412,935.58	1,599,817,354.05	1,588,517,667.22
Non-current liabilities	2,653,371,777.45	457,174,735.65	560,000,000.00	3,089,553,015.89	4,467,045,577.63
Total liabilities	3,790,231,561.83	542,415,153.93	639,412,935.58	4,689,370,369.94	6,055,563,244.85
Non-controlling interests					505,818,594.13
Equity attributable to owners of the parent	2,211,087,907.72	247,449,134.06	312,824,943.53	1,300,000,000.00	4,652,752,509.11

Item	Beginning balance/ prior period				
	Three Gorges New Energy Yancheng Dafeng Co., Ltd	Datang Dafeng Wind Power Development Co., Ltd	Jiangsu Yanfu Yinbao New Energy Co., Ltd	Sheyang Longyuan Wind Power Co., Ltd	Yancheng Trina Solar Guoneng PV Science & Technology Co., Ltd
Share of net assets calculated by shareholding ratio	663,326,372.32	120,235,534.24	31,282,494.35	390,000,000.00	564,844,154.61
Adjustments					
Carrying amount of equity investment in associates					
Fair value of equity investment of associates with public offer					
Operating income					151,797,271.61
Net profit	665,390,000.00	120,737,263.00	30,685,405.21	390,000,000.00	718,875,373.73
Other comprehensive income					
Total comprehensive income	577,748,933.36	57,056,423.24	117,251,655.43		1,546,722,242.92
Dividends received from associates in the current year	293,270,863.26	15,313,425.76	41,317,330.75		171,034,270.70

VIII. FRelated parties and related transactions

1. The parent company of the company

Name	Place of registration	Nature of Business	Registered capital	Shareholding ratio of parent company to the company (%)	Proportion of voting rights of parent company to the company (%)	Ultimate controller of the company
Yancheng State-owned Assets Investment Group Co., Ltd	Yancheng, Jiangsu		220,000.00	80.10	80.10	Yancheng People's Government

2. **Subsidiaries of the company**

Please refer to the notes VII-1 for details of the company's subsidiaries

3. **Joint ventures and associated enterprises of the company**

Please refer to the notes VII-2 for details of the company's joint ventures and associated enterprises. Other joint ventures or associates that have related party transactions with the company in the current period or the balance formed by related party transactions with the company in the previous period are as follows

Joint ventures/associates	Relationship with the company
Jiangsu Offshore Guoneng New Energy Engineering Co., Ltd	Joint venture
Yancheng Xinao Comprassed Natural Gas Company Limited	Associates

4. **Other related parties**

Joint ventures/associates	Relationship with the company
Yancheng Materials Group Co., Ltd	Under the control of the same party
Yancheng Kangtai Engineering Installation Co., Ltd	Under the control of the same party
Yancheng Yandu Puhui Sub Loan Service Co., Ltd	Under the control of the same party
Yancheng Xin'ao Gas Development Co., Ltd	Related parties of the associated enterprise
Jiangsu Medium Voltage Electrical Engineering Group Co., Ltd	Subsidiary of minority shareholders

5. **Related party transactions**

5.1 Related party transactions of purchase and sales of goods, render and accept services

Purchase of goods / accept of services

Related party	Related party transaction	Amount incurred in 2022	Amount incurred in 2021	Amount incurred in 2020
Jiangsu Offshore Guoneng New Energy Engineering Co., Ltd	Disposal and prevention of oil spill at sea	514,150.94		
Yancheng Kangtai Engineering Installation Co., Ltd	Sporadic engineering	66,513.76		
Jiangsu Medium Voltage Electrical Engineering Group Co., Ltd	Purchase equipment	2,884,369.23	1,427,477.48	237,500.00
China ENERGY Engineering Group Jiangsu POWER Design Institute Co., Ltd	Engineering design nPurchasing equipment			15,823,520.10
Total		3,465,033.93	1,427,477.48	16,061,020.10

Sales of goods / render of services

Related party	Related party transaction	Amount incurred in 2022	Amount incurred in 2021	Amount incurred in 2020

Related party	Related party transaction	Amount incurred in 2022	Amount incurred in 2021	Amount incurred in 2020
Yancheng Xin'ao Gas Development Co., Ltd	Sales of goods	71,420,064.31	67,906,085.12	36,642,800.00
Yancheng Xinao Comprassed Natural Gas Company Limited	Sales of goods	490,758.71		
Total		71,910,823.02	67,906,085.12	36,642,800.00

5.2 Related party guarantee

The company as the guarantee

Guarantor	Guarantee amount	Guarantee start date	Guarantee expiry date	Whether the guarantee has been fulfilled
Yancheng State-owned Assets Investment Group Co., Ltd	150,000,000.00	2020.10.27	2023.10.27	N
Yancheng State-owned Assets Investment Group Co., Ltd	500,000,000.00	2020.12.31	2024.12.15	N
Yancheng Materials Group Co., Ltd	80,000,000.00	2020.11.3	2023.2.3	N
Yancheng Trina Solar Guoneng PV Science & Technology Co., Ltd	245,000,000.00	2021.3.25	2024.3.31	N
Yancheng State-owned Assets Investment Group Co., Ltd	200,000,000.00	2021.6.10	2024.6.10	N
Yancheng Kangtai Engineering Installation Co., Ltd	100,000,000.00	2021.9.13	2023.9.12	N
Yancheng Materials Group Co., Ltd	90,000,000.00	2022.11.28	2023.11.28	N
Yancheng State-owned Assets Investment Group Co., Ltd	100,000,000.00	2022.1.26	2025.1.26	N
Yancheng State-owned Assets Investment Group Co., Ltd	400,000,000.00	2022.1.25	2025.1.25	N
Yancheng State-owned Assets Investment Group Co., Ltd	200,000,000.00	2022.6.30	2025.6.30	N
Yancheng Materials Group Co., Ltd	60,000,000.00	2022.12.28	2023.12.15	N
Jianhu Guoyuan New Energy Development Co., Ltd	200,000,000.00	2015.11.27	2030.11.26	N
Jianhu Guoyuan New Energy Development Co., Ltd	110,000,000.00	2017.08.31	2027.08.20	N
Yancheng Natural Gas Development and Utilization Co., Ltd	100,000,000.00	2021.3.31	2024.3.15	N
Yancheng Natural Gas	200,000,000.00	2021.11.30	2024.11.30	N

Guarantor	Guarantee amount	Guarantee start date	Guarantee expiry date	Whether the guarantee has been fulfilled
Development and Utilization Co., Ltd				
Yancheng Natural Gas Development and Utilization Co., Ltd	100,000,000.00	2021.6.17	2024.6.17	N
Yancheng Natural Gas Development and Utilization Co., Ltd	100,000,000.00	2022.12.23	2027.12.15	N
Yancheng Guoxin Industrial Co., Ltd	240,000,000.00	2022.12.30	2025.6.30	N
Total	3,175,000,000.00			

6. Receivables and payables of related parties

6.1 Receivables

Item	Related party	December 31, 2022	December 31, 2021	December 31, 2020
Accounts receivable	Yancheng Xinao Comprassed Natural Gas Company Limited	489,177.80		
Other receivables	Yancheng State-owned Assets Investment Group Co., Ltd	294,179,185.62		
Other receivables	Yancheng Xin'ao Gas Development Co., Ltd	3,553,076.45		
Total		298,221,439.87		

6.2 Payables

Item	Related party	December 31, 2022	December 31, 2021	December 31, 2020
Accounts payable	Jiangsu Medium Voltage Electrical Engineering Group Co., Ltd	1,667,888.97	1,427,477.48	
Advance receipts	Yancheng Xin'ao Gas Development Co., Ltd			731,340.97
Other payables	Yancheng Kangtai Engineering Installation Co., Ltd	100,000,000.00		
Other payables	Yancheng Materials Group Co., Ltd	7,300,731.04		
Other payables	Yancheng Yandu Puhui Sub Loan Service Co., Ltd	540,000.00		
Total		109,508,620.01	1,427,477.48	731,340.97

X. Commitments and contingencies

(1) Major commitments

There are no major commitments that need to be disclosed in the company.

(2) Contingent matters

There are no important contingent matters that need to be disclosed in our company.

XI. Events after the balance sheet date

As of the approval date of this financial statement, there are no events occurring after the balance sheet date in the company.

XII. Notes to major account of the company's financial statements

1. Accounts receivable

1.1 Disclosed by aging

Age	December 31, 2022	December 31, 2021	December 31, 2020
Within 1 yr	23,886,199.32	23,585,626.25	144,951,704.75
1-2 yrs	3,936,226.95	29,357,064.00	45,696,937.26
2-3 yrs		746,167.71	20,630,876.18
3-4 yrs	746,167.71		545,365.49
Total	28,568,593.98	53,688,857.96	211,824,883.68

1.2 Disclosed by bad debt provision methods

Category	December 31, 2022				
	Book balance		Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Bad debt provision assessed individually					
Bad debt provision assessed by groups	28,568,593.98	100.00	316,242.34	1.11	28,252,351.64
Including： Expected credit loss portfolio based on overdue aging	27,822,426.27	97.39	316,242.34	1.14	27,506,183.93
Other portfolio	746,167.71	2.61			746,167.71
Total	28,568,593.98		316,242.34		28,252,351.64

(Continued)

Category	December 31, 2021				
	Book balance		Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Bad debt provision assessed individually					
Bad debt provision assessed by groups	53,688,857.96	100.00			53,688,857.96
Including： Expected credit loss portfolio based on overdue aging					
Other portfolio25	53,688,857.96	100.00			53,688,857.96

Category	December 31, 2021				
	Book balance		Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Total	53,688,857.96				53,688,857.96

(Continued)

Category	December 31, 2020				
	Book balance		Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Bad debt provision assessed individually					
Bad debt provision assessed by groups	217,173,647.39	100.00	5,348,763.71	2.53	211,824,883.68
Including： Expected credit loss portfolio based on overdue aging	155,327,143.02	71.52	5,348,763.71	3.57	149,978,379.31
Risk-free portfolio	61,846,504.37	28.48			61,846,504.37
Other portfolio	217,173,647.39	100.00	5,348,763.71	2.53	211,824,883.68
Total	217,173,647.39	100.00	5,348,763.71	2.53	211,824,883.68

.18Among groups, bad debt provision of accounts receivable assessed by risk groups

Overdue Age	December 31, 2022			December 31, 2021		
	Book balance	Bad debt provision	Proportion (%)	Book balance	Bad debt provision	Proportion (%)
Within 1 yr	23,886,199.32	119,431.00	0.50			
1-2yrs	3,936,226.95	196,811.34	5.00			
Total	27,822,426.27	316,242.34				

(Continued)

Overdue Age	December 31, 2020		
	Book balance	Bad debt provision	Proportion (%)
Within 1 yr			
1-2yrs			
Total			

1.3 Top five of account receivable based on debtors

December 31, 2022

Name of debtor	Ending balance	Proportion of total accounts receivable (%)	Bad debt provision
Yancheng Economic and Technological Development Zone	27,822,426.27	97.39	
Total	27,822,426.27	97.39	

December 31, 2021

Name of debtor	Ending balance	Proportion in total receivables (%)	Bad debt provision
Yancheng Power Supply Branch of State Grid Jiangsu Electric Power Co., Ltd	180,484,621.71	50.10	6,719,467.12
Yancheng Economicand technological Development Zone Comprehensive bonded Zone Management Office	81,743,927.18	22.69	408,719.64
Yancheng Economic and technological Development Zone Optoelectronic Industry Park Management Office	52,942,690.25	14.70	
Jiangsu Binhai Economic Development Zone Industrial Park	22,957,494.00	6.37	114,787.47
Dafeng Ecology Investment Development Corporation	6,202,553.30	1.72	31,012.77
Total	344,331,286.44	95.58	7,273,987.00

2. Other receivables

Item	December 31, 2022	December 31, 2021	December 31, 2020
Interest receivable	2,540,986.12		
Dividends receivable	29,800,000.00	17,677,666.41	17,477,666.41
Other receivables	350,815,986.99	1,274,877,225.96	1,017,828,574.60
Total	383,156,973.11	1,292,554,892.37	1,035,306,241.01

2.1 Interest receivable

Item（or investee）	December 31, 2022	December 31, 2021	December 31, 2020
Related party loan	2,540,986.12		
Total	2,540,986.12		

2.2 Dividends receivable

2.2.1 Dividends receivable

Item（or investee）	December 31, 2022	December 31, 2021	December 31, 2020
Jiangsu Guoxin Dazhong Wind Power Generation Co., Ltd	10,000,000.00	16,000,000.00	16,000,000.00
Jiangsu Yanfu Yinbao New Energy Co., Ltd	4,800,000.00	800,000.00	800,000.00
Yancheng Guoneng Guandong New Energy Development Co., Ltd		877,666.41	877,666.41
Jiangsu Xinneng Huanghai Wind Power Generation Co., Ltd	15,000,000.00		
Total	29,800,000.00	17,677,666.41	17,677,666.41

2.2.2 Important dividends receivable with an aging of over 1 year

Project（or invested unit）	Ending balance	Account age	Reasons for non-recovery	Whether the impairment occurs or not and its judgment basis
Jiangsu Guoxin Dazhong Wind Power Generation Co., Ltd	10,000,000.00	1-2yrs	Payment by installments	N
Total	10,000,000.00			

2.3 Other receivables

2.3.1 Disclosure by aging

Age	December 31, 2022	December 31, 2021	December 31, 2020
Within 1 yr	125,655,848.68	999,083,491.00	1,002,910,113.10
1-2yrs	74,021,726.15	153,059,556.96	14,209,864.82
2-3 yrs	108,659,603.78	16,524,701.00	96,156.49
3-4 yrs	15,262,686.59	106,209,477.00	505,698.18
4-5 yrs	27,216,121.79		
Total	350,815,986.99	1,274,877,225.96	1,017,721,832.59

2.3.2 Details of bad debt provision

Bad debt provision	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (not impaired)	Lifetime ECL (impaired)	
Opening balance				
Opening balance in the current period				
--Transfer to stage II				
--Transfer to stage III				
--Reverse to stage II				
--Reverse to stage I				
Provision				
Reversal				
Write-off				
Other changes				
Ending balance				

2.3.3 Top five other receivables based on debtors

Name of debtor	Nature	Ending balance	Proportion to the total ending balance of other receivables (%)	Bad debt provision
Yancheng State-owned Assets Investment Group Co., Ltd	Receivables	128,552,948.99	36.64	
Jiangsu Tulip Ecological Agriculture Co., Ltd	Receivables	94,469,544.54	26.93	
Yancheng Guoneng Xinao Energy Development Co., Ltd	Receivables	30,981,552.99	8.83	
Su Yin Financial Leasing Co., Ltd	Receivables	27,000,000.00	7.70	
Jic Leasing Company Limited	Receivables	13,000,000.00	3.71	
Total		294,004,046.52	83.81	

3. Long-term equity investment

December 31, 2022

Item	December 31, 2022			December 31, 2021		
	Book balance	Impairment	Carrying amount	Book balance	Impairment	Carrying amount
Subsidiaries	2,647,831,197.23		2,647,831,197.23	2,143,831,197.23		2,143,831,197.23
Associates and joint ventures	4,605,657,479.88		4,605,657,479.88	3,203,504,519.96		3,203,504,519.96
Total	7,253,488,677.11		7,253,488,677.11	5,347,335,717.19		5,347,335,717.19

December 31, 2020

Item	December 31, 2020		
	Book balance	Impairment	Carrying amount
Subsidiaries			
Associates and joint ventures	4,687,160,007.97		4,687,160,007.97
Total	4,687,160,007.97		4,687,160,007.97

3.1 Investment in subsidaries

Investee	December 31, 2021	Increase in the current period	Decrease in the current period	December 31, 2022	Provision in the current period	Ending balance of impairment provision
Yancheng Guoheng New Energy Co., Ltd	15,000,000.00			15,000,000.00		
Yancheng Natural Gas Development and Utilization Co., Ltd	250,666,847.00			250,666,847.00		
Yancheng Guotou	1,296,967,843.23					

Investee	December 31, 2021	Increase in the current period	Decrease in the current period	December 31, 2022	Provision in the current period	Ending balance of impairment provision
Industrial Real Estate Co., Ltd				1,296,967,843.23		
Yancheng Guoneng Xinao Energy Development Co., Ltd	6,000,000.00			6,000,000.00		
Jiangsu Tulip Ecological Agriculture Co., Ltd	1,159,842.00			1,159,842.00		
Jiangsu Yancheng Clean Energy Development Co., Ltd	294,000,000.00	504,000,000.00		798,000,000.00		
Yancheng Guotou Natural Gas Pipeline Network Co., Ltd	280,036,665.00			280,036,665.00		
Total	2,143,831,197.23	504,000,000.00		2,647,831,197.23		

3.2 Investment in joint ventures and associates

Investee	December 31, 2021	Increase/decrease in the current period								December 31, 2022	Ending balance of impairment provisions of impairment
		Increasing investment	Decrease investment	Investment profit or loss recognized under equity method	Other compreh en-sive income adjustm ent	Other changes in equity	Declaration of cash dividends or profits	Provis ion for impair ment	Others		
Joint ventures											
Subtotal											
Associates											
Jiangsu Yanfu Yinbao New Energy Co., Ltd	35,794,482.53			3,821,069.24			4,800,000.00			34,815,551.77	
Jiangsu Guoxin Dazhong Wind Power Generation Co., Ltd	80,607,925.32			13,269,585.39						93,877,510.71	
Datang Dafeng Wind Power Development Co., Ltd	147,348,121.35			22,950,598.88						170,298,720.23	
Yancheng Trina Solar Guoneng PV Science & Technology Co., Ltd	434,847,182.54			49,094,773.53			24,500,000.00			459,441,956.07	
Jiangsu Xinneng Huanghai Wind Power Generation Co.,	105,019,226.45			19,181,788.58			15,000,000.00			109,201,015.03	

Ltd											
Jiangsu Xinneng Xinyang Wind Power Generation Co., Ltd	77,784,764.86			18,521,681.24						96,306,446.10	
State Power Investment Group Xiangshui New Energy Co., Ltd	131,282,482.27			20,868,483.16						152,150,965.43	
Three Gorges New Energy Yancheng Dafeng Co., Ltd	868,589,869.01	135,000,000.00		156,735,066.67						1,160,324,935.68	
CNOOC Funing Thermal Power Co., Ltd	37,299,648.38	222,561.37		-1,842,930.11						35,679,279.64	
Sheyang Longyuan Wind Power Co., Ltd	513,568,914.70			65,960,529.27						579,529,443.97	
Yancheng Dafeng Runneng New Energy Co., Ltd	3,600,000.00									3,600,000.00	
China Resources New Energy (Yancheng) Co., Ltd	34,861,902.55			3,382,581.46						38,244,484.01	
Jiangsu Wangneng Smart Energy Co., Ltd	6,400,000.00									6,400,000.00	
Longyuan Guoneng Offshore Wind Power (Yancheng)	184,500,000.00	220,500,000.00		97,643,940.48						502,643,940.48	

Co., Ltd											
Longyuan Yancheng New Energy Development Co., Ltd	266,700,000.00	205,800,000.00		89,775,312.41						562,275,312.41	
Huaneng Sheyang New Energy Power Generation Co., Ltd	185,300,000.00	138,700,000.00		94,867,918.35						418,867,918.35	
Jiangsu Nengtou Coastal Power Generation Co., Ltd	90,000,000.00	20,000,000.00								110,000,000.00	
Jiangsu Guoxinbin Haigang Power Generation Co., Ltd		72,000,000.00								72,000,000.00	
Subtotal	3,203,504,519.96	792,222,561.37		654,230,398.55			44,300,000.00			4,605,657,479.88	
Total	3,203,504,519.96	792,222,561.37		654,230,398.55			44,300,000.00			4,605,657,479.88	

December 31, 2021

Project name	December 31, 2020	Changes for the current period								December 31, 2021
		Additional investment	Decrease in investment	Investment income or losses recognized under equity method	Adjustment to other comprehensive income	Other equity changes	Declared cash dividend or profit	Provision for impairment	Others	
(1)Joint ventures										

(2)Associates										
Jiangsu New Energy Development Co., Ltd	718,875,373.73		37,963,466.66	70,506,485.23			39,673,116.99		-711,745,275.31	
Jiangsu Yanfu Yinbao New Energy Co., Ltd	30,685,405.21			5,909,077.32			800,000.00			35,794,482.53
Jiangsu Guoxin Dazhong Wind Power Generation Co., Ltd	61,853,132.95			18,754,792.37						80,607,925.32
Datang Dafeng Wind Power Development Co., Ltd	120,737,263.00			26,610,858.35						147,348,121.35
Yancheng Trina Solar Guoneng PV Science & Technology Co., Ltd	398,608,521.48			36,238,661.07						434,847,182.55
Jiangsu Xinneng Huanghai Wind Power Generation Co., Ltd	83,900,000.00			21,119,226.45						105,019,226.45
Jiangsu Fenggang Natural Gas Co., Ltd	7,923,524.38		7,923,524.38							

Jiangsu Xinneng Xinyang Wind Power Generation Co., Ltd	48,600,000.00			29,184,764.86						77,784,764.86
State Power Investment Group Xiangshui New Energy Co., Ltd	101,420,000.00			29,862,482.27						131,282,482.27
Three Gorges New Energy Yancheng Dafeng Co., Ltd	665,390,000.00	174,000,000.00		89,199,869.01			60,000,000.00			868,589,869.01
CNOOC Funing Thermal Power Co., Ltd	29,751,955.00	7,525,483.63		22,209.76						37,299,648.39
Sheyang Longyuan Wind Power Co., Ltd	390,000,000.00			123,568,914.70						513,568,914.70
Yancheng Dafeng Runneng New Energy Co., Ltd	900,000.00	2,700,000.00								3,600,000.00
China Resources New Energy (Yancheng) Co., Ltd	28,520,300.00			6,341,602.55						34,861,902.55
Jiangsu Wangneng Smart Energy Co., Ltd	6,400,000.00									6,400,000.00

Longyuan Guoneng Offshore Wind Power (Yancheng) Co., Ltd	103,500,000.00	81,000,000.00								184,500,000.00
Huaneng Sheyang New Energy Power Generation Co., Ltd	100,300,000.00	85,000,000.00								185,300,000.00
Longyuan Yancheng New Energy Development Co., Ltd		130,700,000.00				136,000,0 00.00				266,700,000.00
Jiangsu Nengtou Coastal Power Generation Co., Ltd		90,000,000.00								90,000,000.00
Yancheng Xinao Gas Company Limited	34,461,793.93	5,000,000.00		10,125,467.67			10,200,000.00			39,387,261.60
Yancheng Xinao Comprassed Natural Gas Company Limited	18,860,511.04			-1,417,490.83						17,443,020.21
Subtotal	2,950,687,780.72	575,925,483.63	45,886,991.04	466,026,920.78		136.000,000.00	110,673,116.99		-711,745,275.31	3,260,334,801.78
Total	2,950,687,780.72	575,925,483.63	45,886,991.04	466,026,920.78		136,000,000.00	110,673,116.99		-711,745,275.31	3,260,334,801.78

4. Operating income and costs of sales

4.1 Basic information

Item	Amount incurred in 2022		Amount incurred in 2021	
	Income	Cost	Income	Cost
Principal operating activities	21,945,247.69		21,661,688.18	924,528.30
Other business	1,226,415.10			
Total	23,171,662.79		21,661,688.18	924,528.30

(Continued)

Item	Amount incurred in 2020	
	Income	Cost
Principal operating activities	4,233,076.50	620,082.67
Other business		
Total	4,233,076.50	620,082.67

4.2 Top five of operating income by client

Client	Income amount	Proportion of all the income (%)
Yancheng Economic and Technological Development Zone	21,945,247.69	94.71
Total	21,945,247.69	94.71

5. Investment income

Item	Amount incurred in 2022	Amount incurred in 2021	Amount incurred in 2020
Income from long-term equity instrument investments under equity method	654,230,398.55	457,318,943.92	1,755,332.81
Investment income on disposal of long-term equity instrument investments		111,142,539.45	198,450,260.46
Dividend income from holding investments in other equity instruments	6,889,000.00		
Investment income from wealth management products		132,302.77	
Total	661,119,398.55	568,593,786.14	200,205593.27

XIII. Approval of financial statements

The financial statements of the company for this year have been approved and reported by the board of directors.

Yancheng State-Owned Energy Investment Co.,Ltd

April 28th, 2023

APPENDIX A — FORM OF IRREVOCABLE STANDBY LETTER OF CREDIT

The following sets forth the form of the Irrevocable Standby Letter of Credit that the LC Bank will issue on or before the Issue Date in connection with the offering of the Bonds. See Condition 4(b) of the Terms and Conditions of the Bonds for details of when the Trustee (as beneficiary on behalf of the holders of the Bonds) is required to make a drawing under the Irrevocable Standby Letter of Credit.

FM: BANK OF BEIJING CO., LTD., NANJING BRANCH, TRANSACTION BANKING DEPT.

ADDRESS: 22/F, NO. 190 HEXI STREET, JIANYE DISTRICT, NANJING, CHINA, 210019

DATE: 8 DECEMBER 2023

TO BENEFICIARY: CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED (SWIFT: CCBQHKAX, FACSIMILE NUMBER: +852 3918 6976) (THE "**BENEFICIARY**" OR "**YOU**") IN ITS CAPACITY AS TRUSTEE (THE "**TRUSTEE**", WHICH EXPRESSION SHALL INCLUDE ANY SUCCESSOR OR CO-TRUSTEE OR TRANSFEREE), WHOSE PRINCIPAL OFFICE AS AT THE DATE HEREOF IS SITUATED AT 3/F, CCB TOWER, 3 CONNAUGHT ROAD CENTRAL, CENTRAL, HONG KONG FOR ITSELF AND ON BEHALF OF THE HOLDERS (THE "**BONDHOLDERS**") OF THE CNY385,000,000 3.85 PER CENT. CREDIT ENHANCED BONDS DUE 2026 (THE "**BONDS**") (CMU INSTRUMENT NUMBER: BOAKFB23034 / ISIN: HK0000971488 / COMMON CODE: 272847541) TO BE ISSUED BY YANCHENG STATE-OWNED ENERGY INVESTMENT CO., LTD (THE "**ISSUER**") AND TO BE CONSTITUTED BY A TRUST DEED DATED 11 DECEMBER 2023 (THE '**ISSUE DATE**") BETWEEN THE ISSUER AND THE TRUSTEE (AS AMENDED, RESTATED, REPLACED AND/OR SUPPLEMENTED FROM TIME TO TIME, THE "**TRUST DEED**").

DEAR SIRS,

RE: OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. [*NUMBER*]

AT THE REQUEST OF OUR CUSTOMER, THE ISSUER, WE, BANK OF BEIJING CO., LTD., NANJING BRANCH (THE "**ISSUING BANK**", "**OUR**", "**US**" OR "**WE**"), HEREBY ISSUE OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. [*NUMBER*] IN YOUR FAVOUR, AND FOR THE ACCOUNT OF THE ISSUER, IN RESPECT OF AND IN CONNECTION WITH THE TERMS AND CONDITIONS OF THE BONDS APPENDED TO THE TRUST DEED (THE "**CONDITIONS**") AND THE TRUST DEED. THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS MADE AVAILABLE BY US FOR PAYMENT AGAINST OUR RECEIPT OF A DEMAND SUBSTANTIALLY IN THE FORM SET OUT IN APPENDIX A-1 PRESENTED IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT (A "**DEMAND**") STATING THAT (1) THE ISSUER HAS FAILED TO COMPLY WITH CONDITION 4(B) OF THE CONDITIONS (THE "**PRE-FUNDING CONDITION**") IN RELATION TO PRE-FUNDING THE AMOUNT THAT IS REQUIRED TO BE PRE-FUNDED UNDER THE CONDITIONS AND/OR FAILED TO PROVIDE THE REQUIRED CONFIRMATIONS (AS DEFINED IN THE CONDITIONS) IN ACCORDANCE WITH THE PRE-FUNDING CONDITION OR (2) AN EVENT OF DEFAULT (AS DEFINED IN CONDITION 10 OF THE CONDITIONS) HAS OCCURRED AND THE BENEFICIARY, AS TRUSTEE FOR ITSELF AND ON BEHALF OF THE BONDHOLDERS, HAS GIVEN NOTICE TO THE ISSUER THAT THE BONDS ARE IMMEDIATELY DUE AND PAYABLE IN ACCORDANCE WITH THE CONDITIONS.

SUBJECT TO THE TERMS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, WE UNCONDITIONALLY AND IRREVOCABLY UNDERTAKE TO YOU THAT, ON OR AFTER THE ISSUE DATE AND FOLLOWING RECEIPT BY US OF A DEMAND BY 5:00 P.M. (BEIJING TIME) PRESENTED BY YOU IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT ON A BUSINESS DAY ON OR AFTER THE ISSUE DATE AND ON OR BEFORE THE EXPIRY DATE (AS DEFINED BELOW), WE SHALL BY 11:00 A.M. (BEIJING TIME) ON THE FOURTH BUSINESS DAY AFTER THE BUSINESS DAY ON WHICH WE RECEIVE SUCH DEMAND (OR IF SUCH DEMAND IS RECEIVED AFTER 5:00 P.M. (BEIJING TIME) ON A BUSINESS DAY, THEN BY 11:00 A.M. (BEIJING TIME) ON THE FIFTH BUSINESS DAY AFTER THE BUSINESS DAY ON WHICH WE RECEIVE SUCH DEMAND), PAY TO OR TO THE ORDER OF THE BENEFICIARY THE AMOUNT IN RENMINBI IN IMMEDIATELY AVAILABLE AND CLEARED FUNDS SPECIFIED IN THE DEMAND TO THE ACCOUNT SPECIFIED IN THE DEMAND. "**BUSINESS DAY**" MEANS A DAY (OTHER THAN A SATURDAY, A SUNDAY OR A PUBLIC HOLIDAY) ON WHICH COMMERCIAL BANKS AND FOREIGN EXCHANGE MARKETS ARE GENERALLY OPEN FOR BUSINESS IN HONG KONG AND BEIJING.

OUR AGGREGATE LIABILITY UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE EXPRESSED AND PAYABLE IN RENMINBI AND SHALL NOT IN ANY CIRCUMSTANCES EXCEED CNY399,611,250 (THE "**MAXIMUM LIMIT**"), AN AMOUNT REPRESENTING ONLY (I) THE AGGREGATE PRINCIPAL AMOUNT OF THE BONDS PLUS INTEREST PAYABLE FOR ONE INTEREST PERIOD (AS DEFINED IN THE CONDITIONS) IN ACCORDANCE WITH THE CONDITIONS AND (II) CNY7,200,000 BEING THE MAXIMUM AMOUNT PAYABLE UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT FOR ANY FEES, COSTS, EXPENSES, INDEMNITY PAYMENTS AND ALL OTHER AMOUNTS PAYABLE BY THE ISSUER UNDER OR IN CONNECTION WITH THE BONDS, THE TRUST DEED, THE AGENCY AGREEMENT (AS DEFINED IN THE TRUST DEED) AND/OR ANY OTHER TRANSACTION DOCUMENT RELATING TO THE BONDS.

SUBJECT TO THE TERMS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, OUR OBLIGATION TO PAY TO YOU IS UNCONDITIONAL, IRREVOCABLE AND ABSOLUTE AND ANY DEMAND BY YOU UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE HONOURED WITHOUT ANY FURTHER ENQUIRY AS TO YOUR RIGHTS TO MAKE SUCH DEMAND.

THIS IRREVOCABLE STANDBY LETTER OF CREDIT TAKES EFFECT FROM THE ISSUE DATE AND SHALL REMAIN VALID AND IN FULL FORCE UNTIL 5:00 P.M. (BEIJING TIME) ON 11 JANUARY 2027 (THE "**EXPIRY DATE**") AND SHALL EXPIRE AT THE PLACE OF THE ISSUING BANK. AFTER THE EXPIRY DATE, OUR LIABILITY UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT WILL BE IMMEDIATELY DISCHARGED AND RELEASED EXCEPT FOR ANY DEMAND VALIDLY PRESENTED UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT ON OR BEFORE THE EXPIRY DATE THAT REMAINS UNPAID.

PAYMENT WILL BE EFFECTED AFTER OUR RECEIPT OF A DEMAND PRESENTED IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT, WHICH IS PRESENTED ON OR AFTER THE ISSUE DATE AND ON OR BEFORE 5:00 P.M. (BEIJING TIME) ON THE EXPIRY DATE.

ANY DEMAND UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS TO BE PRESENTED BY WAY OF AN AUTHENTICATED SWIFT PRESENTED BY OR ON BEHALF OF YOU AS TRUSTEE FOR YOURSELF AND ON BEHALF OF THE BONDHOLDERS TO US (SWIFT: BJCNCNBJNJG) ON OR BEFORE 5:00 P.M. (BEIJING TIME) ON THE EXPIRY DATE WITHOUT THE NEED TO PHYSICALLY PRESENT AN ORIGINAL OF THAT DEMAND AT OUR COUNTER, PROVIDED THAT IN THE EVENT THAT THE SWIFT SYSTEM IS NOT AVAILABLE FOR ANY

REASON, YOU (THE BENEFICIARY) MAY INSTEAD PRESENT A COPY OF THE DEMAND TO US VIA FACSIMILE TRANSMISSION AT +86 025 8228 6704 AND SUCH DEMAND SHALL BE SIGNED BY OR ON BEHALF OF YOU AS TRUSTEE AND ACCOMPANIED BY A COPY OF A LIST OF AUTHORISED SIGNATORIES OF THE TRUSTEE, FOLLOWED BY A STATEMENT VIA AUTHENTICATED SWIFT PRESENTED IN ACCORDANCE WITH THIS STANDBY LETTER OF CREDIT ON THE NEXT BUSINESS DAY ON WHICH THE SWIFT SYSTEM IS AVAILABLE STATING THAT THE LIST OF AUTHORISED SIGNATORIES PROVIDED IS VALID AND EFFECTIVE. IN THE CASE OF A PRESENTATION OF A DEMAND BY WAY OF FACSIMILE TRANSMISSION IN THE CIRCUMSTANCE STATED ABOVE, YOU SHALL ARRANGE FOR THE ORIGINAL DEMAND TO BE DELIVERED AS SOON AS REASONABLY PRACTICABLE THEREAFTER VIA COURIER AT OUR COUNTER AT OUR ADDRESS (AS SPECIFIED ABOVE) DURING OUR NORMAL BRANCH OPENING HOURS. FOR THE AVOIDANCE OF DOUBT, THE DEMAND SHALL BE RECEIVED FOR ALL PURPOSES OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND WE SHALL START PROCESSING THE DEMAND UPON RECEIPT OF THE DEMAND SENT TO US BY WAY OF FACSIMILE TRANSMISSION. IF THERE IS ANY DISCREPANCY OR AMBIGUITY BETWEEN THE ORIGINAL DEMAND AND THE DEMAND SENT BY WAY OF FACSIMILE TRANSMISSION, THE FACSIMILE VERSION SHALL PREVAIL.

ONLY ONE DRAWING UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS PERMITTED.

ALL CHARGES ARE FOR THE ACCOUNT OF THE ISSUER AND, FOR THE AVOIDANCE OF DOUBT, ARE NOT FOR THE ACCOUNT OF THE BENEFICIARY.

NOTWITHSTANDING THE MAXIMUM LIMIT, ALL PAYMENT UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE MADE IN RENMINBI AND FOR VALUE ON THE DATE SPECIFIED IN THE DEMAND IN IMMEDIATELY AVAILABLE AND CLEARED FUNDS WITHOUT ANY DEDUCTION OR WITHHOLDING FOR OR ON ACCOUNT OF TAX, SET-OFF, COUNTER-CLAIM OR OTHERWISE. IN THE EVENT THAT ANY DEDUCTION OR WITHHOLDING IS REQUIRED BY LAW, THE ISSUING BANK SHALL PAY SUCH ADDITIONAL AMOUNTS AS WILL RESULT IN RECEIPT BY THE TRUSTEE FOR ITSELF AND THE BONDHOLDERS OF SUCH AMOUNTS AS WOULD HAVE BEEN RECEIVED BY IT HAD NO SUCH DEDUCTION OR WITHHOLDING BEEN SO REQUIRED BY LAW.

THE BENEFICIARY'S RIGHTS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT MAY BE TRANSFERRED OR RE-TRANSFERRED IN WHOLE OR IN PART TO ANY ADDITIONAL OR REPLACEMENT TRUSTEE APPOINTED AS CONTEMPLATED IN THE TRUST DEED IN RESPECT OF THE BONDS SUBJECT ONLY TO AT LEAST 15 DAYS' PRIOR NOTICE HAVING BEEN GIVEN TO US BY OR ON BEHALF OF YOU AS TRUSTEE FOR YOURSELF AND THE BONDHOLDERS BY AUTHENTICATED SWIFT, OR IN THE EVENT THAT THE SWIFT SYSTEM IS NOT AVAILABLE FOR ANY REASON BY LETTER TO US AT OUR ADDRESS (AS SPECIFIED ABOVE). THE NOTIFICATION OF TRANSFER SHALL SPECIFY THE TRANSFEREE, THE AMOUNT OF TRANSFER AND THE EFFECTIVE DATE OF SUCH TRANSFER. MULTIPLE TRANSFERS ARE PERMITTED, SUBJECT TO AS PROVIDED IN THIS PARAGRAPH.

OUR OBLIGATIONS AND LIABILITIES UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE INDEPENDENT. THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS NOT SUBJECT TO ANY CONTRACT, AGREEMENT, CONDITION OR QUALIFICATION. WE MAY NOT TRANSFER, ASSIGN OR NOVATE ANY OF OUR OBLIGATIONS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT.

NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND ARTICLE 36 OF UCP600 (AS DEFINED BELOW), IN THE UNEXPECTED EVENT THAT WE ARE CLOSED WHEN YOU WISH TO PRESENT A DEMAND HEREUNDER ON THE DAY AND AT THE TIME A DEMAND IS ABLE TO BE PRESENTED IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT, WE AGREE THAT YOU CAN PRESENT THE DEMAND BY AUTHENTICATED SWIFT OR IN THE EVENT THAT THE SWIFT SYSTEM IS NOT AVAILABLE FOR ANY REASON, BY PRESENTING A COPY OF THE DEMAND VIA FACSIMILE TRANSMISSION TO US AT +86 025 8228 6704 FROM THE DATE WE PROVIDE WRITTEN NOTIFICATION TO YOU OF OUR RESUMPTION OF OUR BUSINESS. PROVIDED THAT IF WE ARE CLOSED ON THE EXPIRY DATE, THE EXPIRY DATE SHALL BE AUTOMATICALLY EXTENDED BY, AND SUCH PRESENTATION SHALL BE MADE WITHIN, FIVE BUSINESS DAYS AFTER THE DATE ON WHICH WE NOTIFY YOU BY AUTHENTICATED SWIFT, OR IN THE EVENT THAT THE SWIFT SYSTEM IS NOT THEN AVAILABLE FOR ANY REASON VIA FACSIMILE TRANSMISSION (USING THE SWIFT ADDRESS OR, AS THE CASE MAY BE, THE FACSIMILE NUMBER SET OUT ABOVE FOR YOU AS BENEFICIARY) OF OUR RESUMPTION OF OUR BUSINESS. IN THE CASE OF A PRESENTATION OF A DEMAND BY WAY OF FACSIMILE TRANSMISSION IN THE CIRCUMSTANCE STATED ABOVE, YOU SHALL ARRANGE FOR THE ORIGINAL DEMAND TO BE DELIVERED AS SOON AS REASONABLY PRACTICABLE THEREAFTER VIA COURIER AT OUR COUNTER AT OUR ADDRESS (AS SPECIFIED ABOVE) DURING OUR NORMAL BRANCH OPENING HOURS. FOR THE AVOIDANCE OF DOUBT, THE DEMAND SHALL BE RECEIVED FOR ALL PURPOSES OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND WE SHALL START PROCESSING THE DEMAND SENT TO US UPON RECEIPT OF THE DEMAND BY WAY OF FACSIMILE TRANSMISSION. IF THERE IS ANY DISCREPANCY OR AMBIGUITY BETWEEN THE ORIGINAL DEMAND AND THE DEMAND SENT BY WAY OF FACSIMILE TRANSMISSION, THE FACSIMILE VERSION SHALL PREVAIL. THE ABOVE UNEXPECTED EVENT ONLY REFERS TO THE CASE OF FORCE MAJEURE SPECIFIED IN ARTICLE 36 OF THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (2007 REVISION), INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 600 ("**UCP600**").

ANY SETTLEMENT OR DISCHARGE BETWEEN US AS ISSUING BANK AND YOU AS TRUSTEE FOR YOURSELF AND THE BONDHOLDERS AND BENEFICIARY SHALL BE CONDITIONAL UPON NO PAYMENT TO YOU BY THE ISSUER OR ANY OTHER PERSON ON THE ISSUER'S BEHALF BEING AVOIDED (BY VIRTUE OF ANY LAWS OR REGULATIONS RELATING TO BANKRUPTCY, INSOLVENCY, RECEIVERSHIP, LIQUIDATION OR SIMILAR LAWS OF GENERAL APPLICATION FOR THE TIME BEING IN FORCE) AND, IN THE EVENT OF ANY SUCH PAYMENT BEING SO AVOIDED, YOU SHALL BE ENTITLED TO RECOVER THE AMOUNT BY WHICH SUCH PAYMENT IS SO AVOIDED FROM US SUBSEQUENTLY AS IF SUCH SETTLEMENT OR DISCHARGE HAD NOT OCCURRED.

EXCEPT TO THE EXTENT IT IS INCONSISTENT WITH THE EXPRESS TERMS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS SUBJECT TO UCP600.

THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND ANY NON-CONTRACTUAL OBLIGATIONS ARISING OUT OF OR IN CONNECTION WITH IT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED IN ACCORDANCE WITH, ENGLISH LAW. NO PERSON SHALL HAVE ANY RIGHT TO ENFORCE ANY TERM OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT UNDER THE CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999. THE COURTS OF HONG KONG SHALL HAVE EXCLUSIVE JURISDICTION TO SETTLE ANY DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND THE COURTS OF HONG KONG ARE THE MOST APPROPRIATE AND CONVENIENT COURTS TO SETTLE ANY DISPUTE AND, ACCORDINGLY, THAT WE WILL NOT ARGUE THAT ANY OTHER

COURTS ARE MORE APPROPRIATE OR CONVENIENT. IN CASE OF ANY DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT, WE AGREE THAT THE DOCUMENTS WHICH START ANY LEGAL ACTION OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND ANY OTHER DOCUMENTS REQUIRED TO BE SERVED IN RELATION TO SUCH ACTION OR PROCEEDINGS IN HONG KONG MAY BE SERVED ON US BY BEING DELIVERED TO US AT BOB SCOTIA INTERNATIONAL ASSET MANAGEMENT COMPANY LIMITED AT UNIT 3301, 33/F, THE CENTER 99 QUEEN'S ROAD CENTRAL, HONG KONG WHOM WE HAVE APPOINTED AS OUR PROCESS AGENT. IF FOR ANY REASON WE CEASE TO HAVE SUCH PROCESS AGENT IN HONG KONG, WE WILL PROMPTLY APPOINT A SUBSTITUTE PROCESS AGENT AND NOTIFY THE BENEFICIARY OF SUCH APPOINTMENT WITHIN 30 DAYS OF SUCH CESSATION. NOTHING HEREIN SHALL AFFECT THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

APPENDIX A-1
FORM OF DEMAND

TO: BANK OF BEIJING CO., LTD., NANJING BRANCH, TRANSACTION BANKING DEPT.

ADDRESS: 22/F, NO. 190 HEXI STREET, JIANYE DISTRICT, NANJING, CHINA, 210019

[*DATE*]

DEAR SIRS,

RE: DEMAND UNDER THE IRREVOCABLE STANDBY LETTER OF CREDIT NO. [*NUMBER*] IN RESPECT OF THE CNY385,000,000 3.85 PER CENT. CREDIT ENHANCED BONDS DUE 2026 (THE "BONDS") ISSUED BY YANCHENG STATE-OWNED ENERGY INVESTMENT CO., LTD (THE "ISSUER")

THE UNDERSIGNED IS A DULY AUTHORISED PERSON OF CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED WHICH IS HEREBY MAKING A DEMAND ON BEHALF OF CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED (THE "**BENEFICIARY**") AS TRUSTEE (THE "**TRUSTEE**") FOR ITSELF AND ON BEHALF OF THE BONDHOLDERS UNDER YOUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. [*NUMBER*] (THE "**IRREVOCABLE STANDBY LETTER OF CREDIT**"). CAPITALISED TERMS USED HEREIN BUT NOT DEFINED SHALL HAVE THE MEANINGS GIVEN TO THEM IN THE IRREVOCABLE STANDBY LETTER OF CREDIT.

1. THIS DEMAND IS MADE IN CONNECTION WITH THE FOLLOWING:

   ❑ THE ISSUER HAS FAILED TO COMPLY WITH CONDITION 4(B) OF THE CONDITIONS (THE "**PRE-FUNDING CONDITION**") IN RELATION TO PRE-FUNDING THE AMOUNT THAT IS REQUIRED TO BE PRE-FUNDED UNDER THE CONDITIONS AND/OR FAILED TO PROVIDE THE REQUIRED CONFIRMATIONS (AS DEFINED IN THE CONDITIONS) IN ACCORDANCE WITH THE PRE-FUNDING CONDITION; OR

   ❑ AN EVENT OF DEFAULT (AS DEFINED IN CONDITION 10 OF THE CONDITIONS) HAS OCCURRED AND THE BENEFICIARY, AS TRUSTEE FOR ITSELF AND ON BEHALF OF THE BONDHOLDERS, HAS GIVEN NOTICE TO THE ISSUER THAT THE BONDS ARE IMMEDIATELY DUE AND PAYABLE IN ACCORDANCE WITH THE CONDITIONS.

2. WE HEREBY DEMAND YOU TO PAY CNY[*AMOUNT*] REPRESENTING (I) CNY[*AMOUNT*] BEING THE AGGREGATE PRINCIPAL AMOUNT OF THE OUTSTANDING BONDS PLUS INTEREST ACCRUED TO THE DATE WHEN THE BONDS CEASE TO BEAR INTEREST PURSUANT TO THE CONDITIONS AND (II) CNY[*AMOUNT*] FOR FEES, COSTS, EXPENSES, INDEMNITY PAYMENTS AND ALL OTHER AMOUNTS PAYABLE BY THE ISSUER UNDER OR IN CONNECTION WITH THE BONDS, THE TRUST DEED, THE AGENCY AGREEMENT AND/OR ANY OTHER TRANSACTION DOCUMENT RELATING TO THE BONDS.

3. WE HEREBY REQUEST YOU TO PAY THE AMOUNTS STATED IN PARAGRAPH 2 ABOVE AFTER YOU RECEIVE THIS DEMAND IN ACCORDANCE WITH THE IRREVOCABLE STANDBY LETTER OF CREDIT.

4. THE PROCEEDS OF THE DRAWING UNDER THIS DEMAND ARE TO BE CREDITED TO THE FOLLOWING ACCOUNT:

(INSERT ACCOUNT DETAILS)

FOR AND ON BEHALF OF
CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

AS BENEFICIARY

BY: ____________________________

NAME: ____________________________

TITLE: ____________________________

BY: ____________________________

NAME: ____________________________

TITLE: ____________________________

ISSUER

Yancheng State-Owned Energy Investment Co., Ltd
(鹽城市國能投資有限公司)
First Floor (B), No. 669 Century
Avenue Yancheng City
Jiangsu Province, PRC

TRUSTEE

China Construction Bank (Asia)
Corporation Limited
(中國建設銀行(亞洲)股份有限公司)
28/F, CCB Tower, 3 Connaught Road Central
Central, Hong Kong

CMU LODGING PAYING AGENT AND TRANSFER AGENT

China Construction Bank (Asia)
Corporation Limited
(中國建設銀行(亞洲)股份有限公司)
28/F, CCB Tower, 3 Connaught Road Central
Central, Hong Kong

REGISTRAR

China Construction Bank (Asia)
Corporation Limited
(中國建設銀行(亞洲)股份有限公司)
28/F, CCB Tower, 3 Connaught Road Central
Central, Hong Kong

PRE-FUNDING ACCOUNT BANK AND LC PROCEEDS ACCOUNT BANK

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