Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities or an invitation to enter into any agreement to do any such things, nor is it calculated to invite any offer to acquire, purchase or subscribe for any securities.

This announcement and the listing document referred to herein have been published for information purposes only as required by 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) 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 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.*

*The material contained in this announcement is not for distribution or circulation, directly or indirectly, in or into the United States. This announcement is solely for the purpose of reference and does not constitute an offer to sell or the 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. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold in the United States, except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. No public offer of securities is to be made in the United States, Hong Kong or in any other jurisdiction where such an offering is restricted or prohibited. The Issuer does not intend to make any offering of securities described herein in the United States.*

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

PUBLICATION OF THE OFFERING CIRCULAR

DianJian Haiyu Limited (電建海裕有限公司)

(incorporated under the laws of the British Virgin Islands)

(the "Issuer")

U.S.$500,000,000 Subordinated Guaranteed Perpetual Securities
(the "Securities")
(Stock Code: 5144)
Unconditionally and Irrevocably Guaranteed by

(中國電力建設集團有限公司)
POWER CONSTRUCTION CORPORATION OF CHINA

(incorporated under the laws of the People's Republic of China)

(the "Guarantor")

This announcement is issued pursuant to Rule 37.39A of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**").

Please refer to the offering circular dated 7 April 2022 (the "**Offering Circular**") appended hereto in relation to the Securities. As disclosed in the Offering Circular, the Securities are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on the Hong Kong Stock Exchange on that basis.

The Offering Circular does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

19 April 2022

As at the date of this announcement, the directors of the Issuer are Lyu Yi and Dong Chenchen.

As at the date of this announcement, the members of the Standing Committee of Party of the Guarantor are Ding Yanzhang, Wang Bin, Li Yanming, Liu Yuan, Huang Pu and Yang Liang.

IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular (the "**Offering Circular**"), and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the Offering Circular. In accessing the 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 as a result of such access. You acknowledge that the access to the Offering Circular is intended for use by you only and you agree you will not forward or otherwise provide access to any other person.

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

THE SECURITIES AND THE GUARANTEE (EACH AS DESCRIBED HEREIN) HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES AND THE GUARANTEE MAY NOT BE OFFERED OR SOLD IN 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 REGULATION S UNDER THE SECURITIES ACT.

THE ATTACHED OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT 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. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of Your Representation: You have accessed the attached document on the basis that you have confirmed to DianJian Haiyu Limited (電建海裕有限公司) (the "**Issuer**"), Power Construction Corporation of China (the "**Guarantor**") and Standard Chartered Bank, ICBC International Securities Limited, ABCI Capital Limited, Agricultural Bank of China Limited Hong Kong Branch, Bank of China (Hong Kong) Limited, CCB International Capital Limited, China International Capital Corporation Hong Kong Securities Limited, China Securities (International) Corporate Finance Company Limited, CLSA Limited, CMBC Securities Company Limited, DBS Bank Ltd., Guotai Junan Securities (Hong Kong) Limited, The Hongkong and Shanghai Banking Corporation Limited and Mizuho Securities Asia Limited (together and acting in their various capacities, the "**Joint Lead Managers**") that: (1) you and any customer you represent are not located in the United States, (2) the electronic mail address that you gave us and to which this electronic mail has been delivered is not located in the United States, its territories or possessions, and (3) you consent to delivery of such Offering Circular and any amendments or supplements thereto by electronic transmission.

The attached document is being furnished in connection with an offering in offshore transactions outside the United States in compliance with Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this 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 this Offering Circular, 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 (the "**Securities**").

PRIIPs Regulation – Prohibition of sales to EEA retail investors – The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPs Regulation – Prohibition of sales to UK retail investors – The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (as modified or amended from time to time, the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Securities are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

The 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 neither the Issuer, the Guarantor, the Joint Lead Managers nor any of their affiliates, directors, officers, employees, representatives, agents and each person who controls any of them accepts any liability or responsibility whatsoever in respect of any such alteration or change to the Offering Circular distributed to you in electronic format or any difference between the Offering Circular distributed to you in electronic format and the hard copy version.

Restrictions: Nothing in this electronic transmission constitutes, and may not be used in connection with, an offer or an invitation by or on behalf of any of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee (as defined herein) or the Agents (as defined herein) to subscribe for or purchase any of the securities described therein, in any place where offers or solicitations are not permitted by law, 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 any Joint Lead Manager or any affiliate of a Joint Lead Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Joint Lead Manager or such affiliate on behalf of the Issuer and the Guarantor in such jurisdiction.

Any Securities will not be registered under the Securities Act and may not be offered or sold in the United States unless registered under the Securities Act or pursuant to an exemption from such registration. Access has been limited so that it shall not constitute a general solicitation in the United States or elsewhere. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the Securities described therein.

If you receive the Offering Circular by electronic mail, you should not reply by electronic mail to this Offering Circular, and you may not purchase any securities by doing so. Any reply electronic mail communications, including those you generate by using the "Reply" function on your electronic mail software, will be ignored or rejected.

You are responsible for protecting against viruses and other destructive items. If you receive this Offering Circular by electronic mail, your use of this electronic mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

STRICTLY CONFIDENTIAL

DIANJIAN HAIYU LIMITED
電建海裕有限公司

(incorporated under the laws of the British Virgin Islands)

U.S.$500,000,000 4.25 per cent. Subordinated Guaranteed Perpetual Securities unconditionally and irrevocably guaranteed by

中国电建
POWERCHINA

中國電力建設集團有限公司
POWER CONSTRUCTION CORPORATION OF CHINA*

(incorporated under the laws of the People's Republic of China)

Issue Price: 100.00 per cent.

The 4.25 per cent. subordinated guaranteed perpetual securities in the aggregate principal amount of U.S.$500,000,000 (the "**Securities**") will be issued by DianJian Haiyu Limited (電建海裕有限公司) (the "**Issuer**") and will be unconditionally and irrevocably guaranteed (the "**Guarantee**") by Power Construction Corporation of China (the "**Guarantor**" or the "**Company**"), a company incorporated under the laws of the People's Republic of China (the "**PRC**").

The Securities confer a right to receive distributions (each, a "**Distribution**") for the period from and including 14 April 2022 (the "**Issue Date**") at the applicable rate described below (the "**Distribution Rate**"). Subject to the provisions of the Securities relating to deferral of Distribution (see "*Terms and Conditions of the Securities – Distribution – Distribution Deferral*"), Distributions shall be payable semi-annually in equal instalments in arrear on 14 April and 14 October of each year (each, a "**Distribution Payment Date**") commencing on 14 October 2022.

Unless previously redeemed in accordance with the terms of the Securities, Distributions (i) from, and including, the Issue Date to, but excluding, 14 April 2027 (the "**First Call Date**") shall accrue on the outstanding principal amount of the Securities at a rate of 4.25 per cent. per annum; and (ii) (A) from, and including, the First Call Date, to, but excluding, the Reset Date falling immediately after the First Call Date and (B) from, and including, each Reset Date falling after the First Call Date, to, but excluding, the immediately following Reset Date, shall accrue on the outstanding principal amount of the Securities at the Relevant Reset Distribution Rate (except expressly provided to the otherwise, capitalised terms used herein shall have the meaning ascribed thereto in "*Terms and Conditions of the Securities*" (the "**Terms and Conditions of the Securities**")).

The Issuer may, at its sole discretion, elect to defer (in whole or in part) any Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date unless a Compulsory Distribution Payment Event has occurred. Any Distribution so deferred shall remain outstanding in full and constitute Arrears of Distribution. Each amount of Arrears of Distribution shall accrue distribution as if it constituted the principal of the Securities at the prevailing Distribution Rate and the amount of such distribution ("**Additional Distribution Amount**") with respect to Arrears of Distribution shall be calculated by applying the applicable Distribution Rate to the amount of the Arrears of Distribution as described in "*Terms and Conditions of the Securities – Distribution – Distribution Deferral – Cumulative Deferral*". The Issuer may further defer any Arrears of Distribution and Additional Distribution Amounts by complying with the specified notice requirements. The Issuer is not subject to any limit as to the number of times any Distribution and Arrears of Distribution can be deferred. See "*Terms and Conditions of the Securities – Distribution – Distribution Deferral – Cumulative Deferral*".

Upon the occurrence of a Change of Control Event, a Breach of Covenant Event and/or a Relevant Indebtedness Default Event (each as defined in the Terms and Conditions of the Securities and each a "**Step-Up Event**"), unless (i) an irrevocable notice in writing to redeem the Securities has been given by the Issuer to Holders, the Trustee and the Principal Paying Agent by the 30th day following the occurrence of a Step-Up Event; or (ii) such Step-Up Event is remedied by the 30th day following the occurrence of a Step-Up Event, the Distribution Rate will increase by 3.00 per cent. per annum with effect from (a) the next Distribution Payment Date immediately following the occurrence of such Step-Up Event or (b) if the date on which such event occurs is prior to the most recent preceding Distribution Payment Date, such Distribution Payment Date, **provided that** the maximum aggregate increase in the Distribution Rate shall be 3.00 per cent per annum. See "*Terms and Conditions of the Securities – Distribution – Increase in Distribution Rate following occurrence of certain events – Increase in Distribution Rate*". If following an increase in the Distribution Rate after a Step-Up Event, such Step-Up Event is cured or no longer exists, upon written notice of such facts being given to the Holders, the Trustee and the Principal Paying Agent, the Distribution Rate shall be decreased by 3.00 per cent. per annum with effect from (and including) the Distribution Payment Date immediately following the date falling 30 days after the date on which the Trustee receives notice of the cure of such Step-Up Event, **provided that** the maximum aggregate decrease in the Distribution Rate shall be 3.00 per cent. per annum, as further described in "*Terms and Conditions of the Securities – Distribution – Increase in Distribution Rate following occurrence of certain events – Decrease in Distribution Rate*".

If on any Distribution Payment Date, payment of all Distributions scheduled to be made on such date is not made in full, the restrictions as described in "*Terms and Conditions of the Securities – Distribution – Distribution Deferral – Restrictions in the case of Deferral*" shall apply.

The Securities will constitute direct, unconditional, subordinated and (subject to Condition 3(a) of the Terms and Conditions of the Securities) unsecured obligations of the Issuer and shall at all times rank *pari passu* among themselves and with any Parity Securities (as defined in the Terms and Conditions of the Securities) of the Issuer.

The Guarantee constitutes a direct, general, unconditional, subordinated and (subject to Condition 3(a) of the Terms and Conditions of the Securities) unsecured obligation of the Guarantor which will at all times rank at least *pari passu* with any Parity Securities of the Guarantor.

Payments on the Securities will be made without withholding or deduction for or on account of, any present or future Taxes of the British Virgin Islands, the PRC, any jurisdiction in which the Issuer and the Guarantor respectively is incorporated, any jurisdiction of residence for tax purposes of the Issuer and the Guarantor respectively or any political subdivision or any authority thereof or therein having power to tax (each, a "**Relevant Jurisdiction**") to the extent described in "*Terms and Conditions of the Securities – Taxation*".

The Securities are perpetual securities and have no fixed redemption date. The Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving not more than 60 nor less than 30 days' irrevocable notice (in accordance with Condition 15 of the Terms and Conditions of the Securities) at their principal amount (together with any Distribution accrued to (but excluding) the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) on (i) any date during the period commencing on (and including) 14 January 2027 (being the date that falls three months prior to the First Call Date) up to (and including) the First Call Date or (ii) any Distribution Payment Date after the First Call Date. The Securities may also be redeemed at the option of the Issuer in whole, but not in part, on giving not more than 60 nor less than 30 days' irrevocable notice (in accordance with Condition 15 of the Terms and Conditions of the Securities), at the relevant prices specified in "*Terms and Conditions of the Securities – Redemption and Purchase*" upon the occurrence of (a) certain changes affecting taxes of any Relevant Jurisdiction, (b) any change or amendment to the Relevant Accounting Standards or any change in the application or interpretation of the Relevant Accounting Standards, such that the Securities must not or must no longer be recorded as "equity" of the Guarantor pursuant to the Relevant Accounting Standards, (c) a Breach of Covenant Event, (d) a Relevant Indebtedness Default Event, (e) a Change of Control Event or (f) if at least 80 per cent. in principal amount of the Securities originally issued has already been redeemed or purchased and cancelled.

Pursuant to the Circular on Promoting the Reform of the Filing and Registration System on the Issuance of Foreign Debt by Enterprises of Foreign Debt (Fa Gai Wai Zi [2015] No. 2044) (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)) and any implementation rules, regulations, certificates, circulars or notices in connection therewith as issued by the NDRC from time to time (the "**NDRC Circular**") issued by the National Development and Reform Commission of the PRC ("**NDRC**") on 14 September 2015 which came into effect on the same day, the Guarantor has registered the issuance of the Securities with the NDRC and obtained a certificate from the NDRC dated 24 March 2022 evidencing such registration and which remains in full force and effect. The Guarantor will be required to file or cause to be filed with the NDRC the requisite information on the issuance of the Securities to the NDRC within ten PRC Business Days after the Issue Date.

The Guarantor undertakes that it will (i) execute a Deed of Guarantee (the "**Deed of Guarantee**"); (ii) register or cause to be registered with the State Administration of Foreign Exchange of the PRC (the "**SAFE**") the Deed of Guarantee (the "**Cross-border Security Registration**") in accordance with, and within the prescribed time period under, the Provisions on the Foreign Exchange Administration Rules on Cross-border Security 《跨境擔保外匯管理規定》 promulgated by SAFE on 12 May 2014 and effective from 1 June 2014 and the Guidelines for Implementing the Provisions on the Administration of Foreign Exchange of Cross-border Guarantee《跨境擔保外匯管理操作指引》promulgated by SAFE on 12 May 2014 (collectively, the "**SAFE Cross-border Security Registration**"); (iii) use all reasonable endeavours to complete the SAFE Cross-border Security Registration and obtain a registration record from SAFE on or before the Registration Deadline (being the day falling 90 PRC Business Days after the Issue Date); and (iv) ensure that the registration from SAFE in respect of the giving of the Guarantee remains in full force and effect for so long as the Securities remain outstanding.

PRIIPs Regulation – Prohibition of sales to EEA retail investors – The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPs Regulation – Prohibition of sales to UK retail investors – The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (as modified or amended from time to time, the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Securities are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

Investing in the Securities involves certain risks. See "*Risk Factors*" beginning on page 24 for a discussion of certain factors to be considered in connection with an investment in the Securities.

Investors should be aware that the Securities are perpetual in tenor, that distributions may be deferred in the manner set out in "*Terms and Conditions of the Securities – Distribution – Distribution Deferral*", that there are limited remedies for default under the Securities and that there are various other risks relating to the Securities, the Issuer, the Guarantor and the Group, their business and their jurisdictions of operations which investors should familiarise themselves with before making an investment in the Securities. For a discussion of these risks, see "*Risk Factors – Risks Relating to the Securities and the Guarantee*" beginning on page 49 of this Offering Circular.

The Securities and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (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. The Securities are being offered in offshore transactions outside the United States in reliance on Regulation S under the Securities Act. For a description of these and certain further restrictions on offers and sales of the Securities and the Guarantee 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 listing of the Securities 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 and the Guarantor confirm that the Securities are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer and the Guarantor confirm that the Securities 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 document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Securities on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Securities, the Issuer, the Guarantor or the Group or quality of disclosure in this document. 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 Securities will be represented by beneficial interests in the global certificate (the "**Global Certificate**") in registered form, which will be registered in the name of a nominee of, and shall be deposited on or about the Issue Date with a common depositary for, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream**"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for the Securities will not be issued in exchange for interests in the Global Certificate.

The Securities are expected to be rated "Baa2" by Moody's Investors Service, Inc. ("**Moody's**"). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. The Guarantor is rated "Baa1" by Moody's, "BBB+" by Standard & Poor's Ratings Services ("**S&P**") and "BBB+" by Fitch.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Standard Chartered Bank **ICBC International**

Joint Bookrunners and Joint Lead Managers

Agricultural Bank of China **Bank of China (Hong Kong)** **CCB International** **China International Capital Corporation** **China Securities International**

CLSA **CMBC Capital** **DBS Bank Ltd.** **Guotai Junan International** **HSBC** **Mizuho Securities**

This Offering Circular is dated 7 April 2022.

* *for identification only*

IMPORTANT NOTICE

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") for the purpose of giving information with regard to the Issuer, the Guarantor and the Guarantor's subsidiaries taken as a whole (collectively, the "**Group**"). Each of the Issuer and the Guarantor 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 statements herein misleading.

Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, 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 Offering Circular. The Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this Offering Circular and confirm, having made all reasonable enquiries, that to the best of their 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 the Offering Circular before investing. If in doubt, investors should consult their advisers.

Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that (i) this Offering Circular contains all material information with respect to the Issuer, the Guarantor and the Group and the Securities to be issued (including all information which, according to the particular nature of the Issuer, the Guarantor, the Group, the Securities and the Guarantee, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, the Guarantor and the Group and of the rights attaching to the Securities and the Guarantee), (ii) this Offering Circular does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, (iii) the statements of intention, opinion, belief or expectation contained in this Offering Circular are honestly and reasonably made or held and (iv) all reasonable enquiries have been made to ascertain such facts and to verify the accuracy of all such statements.

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Securities and giving of the Guarantee described in this Offering Circular. The distribution of this Offering Circular, the offering of the Securities and the giving of the Guarantee in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor, Standard Chartered Bank, ICBC International Securities Limited, ABCI Capital Limited, Agricultural Bank of China Limited Hong Kong Branch, Bank of China (Hong Kong) Limited, CCB International Capital Limited, China International Capital Corporation Hong Kong Securities Limited, China Securities (International) Corporate Finance Company Limited, CLSA Limited, CMBC Securities Company Limited, DBS Bank Ltd., Guotai Junan Securities (Hong Kong) Limited, The Hongkong and Shanghai Banking Corporation Limited and Mizuho Securities Asia Limited (together and acting in their various capacities, the "**Joint Lead Managers**") to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Securities and giving of the Guarantee or the distribution of this document in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Securities and the Guarantor giving the Guarantee, and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Securities and distribution of this Offering Circular, see "*Subscription and Sale*".

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular or any information supplied by the Issuer and the Guarantor or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any director, officer, employee, agent or affiliate of any such person. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Securities 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 Guarantor, the Group 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.

None of the Joint Lead Managers, the Trustee (as defined herein) or the Agents (as defined herein) has separately verified the information contained in this Offering Circular. None of the Joint Lead Managers, the Trustee or the Agents, or any director, officer, employee, agent or affiliate of any such person, makes any representation, warranty or undertaking, express or implied, or accepts any responsibility or liability, with respect to the accuracy or completeness of any of the information contained in this Offering Circular or any information supplied in connection with the Securities and the Guarantee. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers or the agents or any of their respective affiliates in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer, the Guarantor, the Group and the merit and risks involved in investing in the Securities. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Securities.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee nor the Agents, nor any director, officer, employee, agent or affiliate of any such person, accepts any responsibility for the contents of this Offering Circular or for any other statement made or purported to be made by a Joint Lead Manager, the Trustee or an Agent, or any director, officer, employee, agent or affiliate of any such person or on its behalf, in connection with the Issuer, the Guarantor, the Group, the issue and offering of the Securities or the giving of the Guarantee. Each of the Joint Lead Managers, the Trustee, the Agents and directors, officers, employees, agents and affiliates of such persons 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 Joint Lead Managers, the Trustee or the Agents undertakes to review the financial condition or affairs of the Issuer, the Guarantor or the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Securities of any information coming to the attention of the Joint Lead Managers, the Trustee or the Agents.

This Offering Circular may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation. This Offering Circular does not constitute an offer or an invitation to subscribe for or to purchase any Securities, is not intended to provide the basis of any credit or other evaluation, and should not be considered as a recommendation by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee, the Agents or any of them that any recipient of this Offering Circular should subscribe for or purchase any Securities. Each recipient of this Offering Circular shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer, the Guarantor and the Group with its own tax, legal and business advisers as it deems necessary.

Except as otherwise indicated in this Offering Circular, all non-Group specific statistics and data relating to the industry or to the economic development of certain regions within the PRC have been extracted or derived from publicly available information and industry publications. Such information has not been independently verified by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or by their respective directors and advisers, and none of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee, the Agents nor their respective directors and advisers makes any representation as to the correctness, accuracy or completeness of that information. In addition, third-party information providers who contributed to the publicly available information and industry publications may have obtained information from market participants and such information may not have been independently verified. Accordingly, such information should not be unduly relied upon.

PRIIPs Regulation – Prohibition of sales to EEA retail investors – The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPs Regulation – Prohibition of sales to UK retail investors – The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the SFA, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Securities are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

IN CONNECTION WITH THE ISSUE OF THE SECURITIES, ANY OF THE JOINT LEAD MANAGERS APPOINTED AND ACTING IN ITS CAPACITY AS STABILISATION MANAGER (THE "STABILISATION MANAGER") (OR PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER) MAY OVER-ALLOT SECURITIES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISATION MANAGER (OR PERSONS ACTING ON BEHALF OF A STABILISATION 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 SECURITIES 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 SECURITIES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE SECURITIES. ANY STABILISATION ACTION OR OVERALLOTMENT MUST BE CONDUCTED BY THE STABILISATION MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

This Offering Circular is provided solely for the purpose of enabling the recipient to consider purchasing the Securities. The investors or prospective investors should read this Offering Circular carefully before making a decision regarding whether or not to purchase the Securities. This Offering Circular cannot be used for any other purpose and any information in this Offering Circular cannot be disclosed to any other person. This Offering Circular is personal to each prospective investor and does not constitute an offer to any other person or to the public generally to purchase or otherwise acquire the Securities.

This Offering Circular summarises certain material documents and other information, and the Issuer, the Guarantor, the Joint Lead Managers refer the recipient of this Offering Circular to them for a more complete understanding of what is contained in this Offering Circular. In making an investment decision, the prospective investor must rely on its own judgment and examination of the Issuer, the Guarantor and the Group and the Terms and Conditions of the Securities, including the merits and risks involved. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Securities. None of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee nor the Agents are making any representations regarding the legality of an investment in the Securities under any law or regulation. The recipient of this Offering Circular should not consider any information in this Offering Circular to be legal, business or tax advice. Any investor or prospective investor should consult his/her/its own attorney, business adviser and tax adviser for legal, business and tax advice regarding an investment in the Securities.

WARNING

The contents of this Offering Circular have not been reviewed by any regulatory authority in the PRC, Hong Kong or elsewhere. Investors are advised to exercise caution in relation to the offer. If any investor is in any doubt about any of the contents of this document, that investor should obtain independent professional advice.

PRESENTATION OF FINANCIAL INFORMATION

The audited consolidated financial statements of the Group as at and for the years ended 31 December 2019 and 2020 were prepared in accordance with the generally accepted accounting principles in the PRC (the "**PRC GAAP**"). The Group has prepared English translations of its audited consolidated financial statements as set out elsewhere in this Offering Circular.

Neither the Joint Lead Managers nor the Trustee have independently verified or checked the accuracy of the English translations or can give any assurance that the information contained in the English translations of the Group's financial statements is accurate, truthful or complete.

CERTAIN TERMS AND CONVENTIONS

This Offering Circular has been prepared using a number of conventions, which investors should consider when reading the information contained herein. Unless indicated otherwise, in this Offering Circular all references to (i) the "**Issuer**" are to DianJian Haiyu Limited (電建海裕有限公司), (ii) the "**Guarantor**" or the "**Company**" are to Power Construction Corporation of China and (iii) the "**Group**" are to the Guarantor and its direct and indirect subsidiaries, taken as a whole.

Unless otherwise specified or the context otherwise requires, references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People's Republic of China, to the "**PRC**" or "**China**" are to the People's Republic of China, for the purpose of this Offering Circular only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan, to the "**U.S.**" or "**United States**" are to the United States of America, to "**CNY**", "**Renminbi**" or "**RMB**" are to the lawful currency of the PRC, and, to "**US$**", "**U.S.$**" or "**U.S. dollars**" are to the lawful currency of the United States of America.

Unless otherwise stated in this Offering Circular, all translations from Renminbi into U.S. dollars were made at the rate of CNY6.5250 to US$1.00, the noon buying rate in New York City for cable transfers payable in Renminbi on 31 December 2020. All such translations in this Offering Circular are provided solely for investors' convenience and no representation is made that the amounts referred to herein have been, could have been or could be converted into U.S. dollars or Renminbi, or *vice versa*, at any particular rate or at all. For further information relating to the exchange rates, see "*Exchange Rate Information*".

Any discrepancies in the tables included herein between the listed amounts and the totals thereof are due to rounding.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains forward-looking statements. The forward-looking statements contain information regarding, among other things, the Group's future operations, performance, financial condition, expansion plans and business strategy. These forward-looking statements are based on the Group's current expectations and projections about future events. Although the Group believes that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties and assumptions, including, among other things:

- implementation by the Group of its growth strategy and expansion plans;
- the supply and cost of raw materials;
- the continued availability of capital and financing including adequate external financing to the Group to conduct its business and service its debt;
- interest rates and foreign exchange rates, taxes and duties;
- the ability of the Group to control its costs;
- general economic and business conditions and competitive environment in the PRC and elsewhere;
- the ability of the Group to maintain its sales contracts with its major customers on terms commercially acceptable to the Group or at all;
- the Group's ability to finance and complete new projects on schedule and ability to manage its product development;
- interruptions in product production and delivery, natural disasters, industrial action, terrorist attacks and other events beyond the Group's control; and
- other factors, including those discussed in "*Risk Factors*".

The words "believe", "expect", "anticipate", "estimate", "intend", "plan", "seek" and similar words identify forward-looking statements. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding expected financial condition and 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 and profitability, planned projects and other matters as they relate to the Issuer, the Guarantor and/or the Group discussed in this Offering Circular regarding matters that are not historical fact. Although the Group believes that the expectations reflected in the forward-looking statements are reasonable, the Group can give no assurance that such expectations will prove correct. These forward-looking statements speak only as at the date of this Offering Circular. The Group undertakes no obligation, and expressly disclaims any obligation, to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise. In light of the foregoing and the risks, uncertainties and assumptions in "*Risk Factors*" and elsewhere in this Offering Circular, the forward-looking statements in this Offering Circular are not and should not be construed as assurances of future performance and the Issuer's, the Guarantor's and the Group's actual results could differ materially from those anticipated in those forward-looking statements.

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is incorporated in the British Virgin Islands ("**BVI**"). Any final and conclusive monetary judgment of a competent foreign court for a definite sum against a BVI company based upon the Securities (other than a court of jurisdiction to which the Reciprocal Enforcement of Judgments Act (1922) or the Foreign Judgments (Reciprocal Enforcement) Act (1964) applies, and neither Act applies to the courts of Hong Kong) may be the subject of enforcement proceedings in the courts of the BVI under the common law doctrine of obligation by action on the debt evidenced by the judgment of such competent foreign court. On general principles, such final and conclusive monetary judgment of a competent foreign court for a definite sum would be upheld by the BVI courts, **provided that**:

(i) the foreign court had jurisdiction in the matter and the BVI company either submitted to such jurisdiction or was resident or carrying on business within such jurisdiction and was duly served with process;

(ii) the judgment given by the foreign court was not in respect of penalties, taxes, fines or similar fiscal or revenue obligations;

(iii) the judgment was not obtained by fraud;

(iv) recognition or enforcement of the judgment would not be contrary to BVI public policy; and

(v) the proceedings pursuant to which judgment was obtained were not contrary to natural justice.

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SUMMARY

This summary does not contain all the information that may be important to you. You should read the entire Offering Circular, including "Risk Factors" and the financial statements and related notes thereto, before deciding to invest in the Securities.

OVERVIEW

The Group is a leading power construction company by revenue in the PRC, primarily engaged in the provision of surveying, engineering, constructing and operating services for hydropower, thermal power, new energy, power grid and other infrastructure projects in the PRC and overseas. In particular, since the 1950s, the Group has participated in over 65 per cent. of the construction of medium and large hydropower stations and water conservancy projects in the PRC; since the 1980s, the Group has participated in over 80 per cent. of the preliminary engineering planning, survey and design work for hydropower and water conservancy construction projects in the PRC. In addition, the Group also provides its services overseas, covering over 110 countries and regions as at 31 December 2020. In 2021, the Group was ranked 107th on the Fortune Global 500 list.

The Group conducts its business principally through the following five main business segments:

- **Construction contracting, engineering design and consultancy**: Construction contracting is one of the Group's traditional and core business segments. The Group is capable of providing customised and integrated contracting solutions and services to customers. The Group is a leading construction contractor in the PRC by revenue with a primary focus on hydropower projects. In addition to the Group's expertise in the hydropower field, the Group is also engaged in, and has developed expertise in, electricity generation using other forms of energy, including thermal power and wind power, and also engages in the power grid and other infrastructure construction businesses. The engineering design and consultancy business is also one of the traditional and core business segments of the Group. The Group's core expertise in this field is the provision of surveying, design, consulting and quality assessment services for projects in the fields of hydropower, thermal power, new energy and water environment treatment services.

- **Energy project investment and operations**: While developing the Group's construction contracting business, the Group has expanded into complementary businesses and developed synergies for organic growth. In particular, the Group has expanded into the business of investment and operation of hydropower, thermal power, wind power, photovoltaics and other renewable energy projects throughout the PRC, by leveraging its expertise and experience in its traditional business segments.

- **Equipment leasing and manufacturing**: The Group's equipment leasing and manufacturing business focuses on the manufacture of power generation sets, port cargo and material transportation equipment, power transmission and distribution equipment, pipes, special vehicles and welding equipment and leasing such equipment to clients.

- **Real estate development**: The Group is an integrated real estate developer and operator involved in land development, property development and property management for residential, office, retail and hotel properties. The Group principally develops mid-end to high-end residential properties as the segment's primary business with commercial properties, pension properties, hotels and industrial properties as the Group's secondary business. The Group implements a cross-regional development strategy across the PRC, focusing its real estate development business primarily in Beijing while expanding to more than 20 other cities in China, including Shanghai, Shenzhen, Nanjing, Wuhan, Changsha, Tianjin, Zhengzhou, Sanya and Linzhi. The Group also actively participates in the development and construction of affordable housing with local governments.

- **Other business**: The Group's other business segment principally includes other businesses such as project supervisory services, import and export of goods and raw materials, logistics services and fixed assets and property leasing services.

The Group primarily focuses on its construction contracting, engineering design and consultancy business, supported by its other four main business segments. In addition, the Group has generated revenue from businesses not included in its five main business segments, such as the import and export trading of goods and materials, logistics services and rental of fixed assets and properties. For the years ended 31 December 2018, 2019 and 2020, the Group's revenue from its five main business segments amounted to approximately RMB402.4 billion, RMB462.9 billion and RMB539.0 billion, respectively, and revenue from businesses not included in its five main business segments amounted to approximately RMB2.1 billion, RMB2.0 billion and RMB2.0 billion, respectively. As at 31 December 2020, the Group had total assets of RMB1,057.0 billion.

The table below outlines details of revenue of each of the Group's five main business segments:

	For the year ended 31 December					
	2018		**2019**		**2020**	
	Amount	*Percentage*	*Amount*	*Percentage*	*Amount*	*Percentage*
	(RMB in billions, except for percentages)					
Construction contracting, engineering design and consultancy	332.5	82.6%	381.2	82.3%	455.9	84.6%
Energy project investment and operations	15.3	3.8%	18.0	3.9%	19.7	3.7%
Equipment leasing and manufacturing	10.2	2.5%	12.1	2.6%	13.2	2.5%
Real estate development	21.2	5.3%	24.1	5.2%	22.8	4.2%
Other business	23.1	5.7%	27.6	6.0%	27.3	5.0%
Total	402.4	100.0%	462.9	100%	539.0	100%

For the years ended 31 December 2018, 2019 and 2020, the total value of new contracts entered into by the Group's main businesses amounted to RMB640.6 billion, RMB743.3 billion and RMB856.0 billion, respectively. As at 31 December 2018, 2019 and 2020, the backlog of the Group's main businesses amounted to RMB1,176.9 billion, RMB1,349.8 billion and RMB1,522.6 billion, respectively.

COMPETITIVE STRENGTHS

The Group believes that it possesses the following competitive strengths:

- Favourable policies from the PRC government ensuring the Group's continuous business development;
- A dominant market position with a sound reputation and an established brand in the PRC;
- Established international network and market position further boosted by the PRC government's "Go Global" and "Belt and Road initiative";
- A well-developed green and sustainable development structure;
- Integrated business model across various phases of infrastructure construction enhances operating efficiency and improves flexibility to capture development opportunities;
- Rigorous expertise, innovation ability and relatively high barriers of entry;

- Strong liquidity position and prudent financial management; and

- Professional management team and sound corporate governance.

BUSINESS STRATEGIES

The Group continues to follow the principle of global operation, sustainable development and efficiency in offering solutions to its PRC and foreign clients and contributing to the development of clean energy and environmentally-friendly practices. The Group will also promote sustainable global development and strive to become a world-leading construction company which is competitive and efficient in the power, water, environmental protection and infrastructure sectors. The Group intends to strengthen its dominant market position and enhance its future prospects through the following business strategies:

- Continue expanding the Group's international operations;

- Consolidate its leadership in the hydropower sector to improve profitability;

- Strategically foster green and sustainable development;

- Increase investment in research and development and innovation to maintain the leading market position; and

- Improve the Group's risk control system and project management to safeguard work quality and corporate reputation.

RECENT DEVELOPMENTS

Establishment of PowerChina North Investment Co., Ltd.

In January 2021, the Guarantor established a wholly-owned subsidiary, PowerChina North Investment Co., Ltd. (中國電建集團北方投資有限公司), with a registered capital of RMB5 billion. PowerChina North Investment Co., Ltd. will engage in regional investment coordination, high-end marketing and major project supervision with the goal to enhance the Group's overall competitiveness in the regional market and core competitiveness of subsidiaries in northern PRC. In April 2021, PowerChina North Investment Co., Ltd. became a wholly-owned subsidiary of PowerChina Limited.

Establishment of PowerChina South Investment Co., Ltd.

In January 2021, the Guarantor established a wholly-owned subsidiary, PowerChina South Investment Co., Ltd. (中國電建集團南方投資有限公司), with a registered capital of RMB5 billion. PowerChina South Investment Co., Ltd. will engage in construction contracting, water environment treatment services and equipment manufacturing. Following establishment, in the same month, PowerChina South Investment Co., Ltd. became a wholly-owned subsidiary of PowerChina Limited.

Issue of U.S.$500,000,000 3.08 per cent. senior guaranteed perpetual securities by Powerchina Roadbridge Group (British Virgin Islands) Limited (中電建路橋集團(英屬維爾京群島)有限公司) on 1 April 2021

On 1 April 2021, Powerchina Roadbridge Group (British Virgin Islands) Limited (中電建路橋集團(英屬維爾京群島)有限公司) ("**Powerchina Roadbridge**") issued U.S.$500,000,000 3.08 per cent. senior guaranteed perpetual securities (the "**Powerchina Roadbridge Securities**") which are unconditionally and irrevocably guaranteed by the Company. The Company indirectly owns 48.42 per cent equity interest in Powerchina Roadbridge as at the date of this Offering Circular.

Establishment of PowerChina Huazhong Investment Co., Ltd.

In January 2022, the Guarantor established a wholly-owned subsidiary, PowerChina Huazhong Investment Co., Ltd. (中國電建集團華中投資有限公司), with a registered capital of RMB5 billion. PowerChina Huazhong Investment Co., Ltd. will engage in real estate development and management, investment business and water environment treatment services. Following establishment, in the same month, PowerChina Huazhong Investment Co., Ltd. became a wholly-owned subsidiary of PowerChina Limited.

Asset swap agreement between PowerChina Limited and the Guarantor

On 5 January 2022, PowerChina Limited and the Guarantor signed an asset swap agreement, according to which PowerChina Limited intended to swap its real estate sector assets valued at approximately RMB24,718.81 million with high-quality power grid auxiliary industry-related assets held by Guarantor valued at approximately RMB24,653.46 million to address horizontal competition and optimise assets, with the difference in value of approximately RMB65.34 million to be paid by the Guarantor to PowerChina Limited in cash. The completion time is yet to be confirmed, subject to fulfilment of conditions precedent.

The third quarter report for the year 2021

The Group recently prepared its consolidated unreviewed third quarter financial statements for the period ended 30 September 2021 (the "**September 2021 Financial Information**"). For the avoidance of doubt, the September 2021 Financial Information is not and shall not be deemed to be incorporated by reference or otherwise included in this Offering Circular. Such information has not been subject to an audit or review by any independent auditor and does not provide the same quality of information associated with information that has been subject to an audit or review. The selected financial data explained below were extracted from the management accounts of the Guarantor, and are not to be, and should not be, taken as an indication of the expected financial condition or results of operations of the Guarantor for the full financial year ending 31 December 2021. None of the Joint Lead Managers or their respective affiliates, directors, employees and advisers has independently verified or checked the September 2021 Financial Information or can give any assurance that such information is accurate, truthful or complete.

In the September 2021 Financial Information, the Group recorded a decrease in non-current assets due within one year as at 30 September 2021 as compared to 31 December 2020, as a result of the increased payment from investment projects and decreased long-term receivables due within one year. The Group's notes receivables and accounts receivable financing decreased as at 30 September 2021 as compared to 31 December 2020, due to the expiration of acceptance bill and assignment of endorsement. As at 30 September 2021, the Group's short-term borrowings increased compared with 31 December 2020, mainly due to increased financing needs as a result of the Group's business scale expansion and investment growth. The Group's notes payable and account payable increased as at 30 September 2021 as compared to 31 December 2020, mainly due to project cost settlement with suppliers. The Group's other current liabilities increased as at 30 September 2021 as compared to 31 December 2020, as a result of the increase in short-term bonds payable. As at 30 September 2021, the Group's long-term borrowings and bonds payable increased as compared to 31 December 2020, due to increased financing needs as a result of the Group's business scale expansion and investment growth.

The Group's interest expense, selling expenses, administrative expenses, research and development fee and interest expense in financial expenses increased during the nine months ended 30 September 2021 as compared to the same period in 2020, mainly due to the expansion in the Group's business scale and loan scale. The Group's credit impairment loss increased during the nine months ended 30 September 2021 as compared to the same period in 2020, mainly due to the increase in impairment loss of other receivables.

THE OFFERING

The following summary contains some basic information about the Securities 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 Securities" and "Summary of Provisions Relating to the Securities in Global Form" shall have the same meanings in this summary. For a more complete description of the terms of the Securities, see "Terms and Conditions of the Securities" in this Offering Circular.

Issuer . . . . . DianJian Haiyu Limited (電建海裕有限公司).

Guarantor . . . . . Power Construction Corporation of China (中國電力建設集團有限公司).

Use of Proceeds . . . . . See the section entitled "*Use of Proceeds*".

Trustee . . . . . The Hongkong and Shanghai Banking Corporation Limited.

Principal Paying Agent . . . . . The Hongkong and Shanghai Banking Corporation Limited.

Registrar and Transfer Agent . . . The Hongkong and Shanghai Banking Corporation Limited.

Calculation Agent . . . . . The Hongkong and Shanghai Banking Corporation Limited.

Form . . . . . The Securities will be represented by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with a common depositary for, Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on and transfers thereof will be effected only through records maintained by Euroclear and Clearstream. Except as described herein, certificates for Securities will not be issued in exchange for beneficial interests in the Global Certificate.

Clearance and Settlement . . . . . The Securities are cleared through Euroclear and Clearstream and are settled in U.S. dollars only. The Securities have been accepted for clearance by Euroclear and Clearstream under the following codes:

	Common Code	**ISIN Code**
Securities	245541155	XS2455411558

Legal Entity Identifier 30030053J86AJARAGD28

Denomination . . . . . The Securities will be issued in registered form in the denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

Securities Offered . . . . . U.S.$500,000,000 4.25 per cent. Subordinated Guaranteed Perpetual Securities.

Guarantee	The Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment in full of all sums expressed to be from time to time payable by the Issuer under the Trust Deed and in respect of the Securities.
Issue Price	100.00 per cent.
Issue Date	14 April 2022.
Maturity Date	There is no maturity date.
Distribution	Subject to Condition 4(d) of the Terms and Conditions of the Securities, the Securities confer a right to receive distribution (each a "**Distribution**") from, and including, 14 April 2022 (the "**Issue Date**") at the Distribution Rate in accordance with Condition 4 of the Terms and Conditions of the Securities. Subject to Condition 4(d) of the Terms and Conditions of the Securities, Distribution shall be payable on the Securities semi-annually in equal instalments in arrear on 14 April and 14 October of each year (each, a "**Distribution Payment Date**"), commencing on 14 October 2022.
Rate of Distribution	Subject to any increase pursuant to Condition 4(e) of the Terms and Conditions of the Securities, the rate of distribution ("**Distribution Rate**") applicable to the Securities shall be: (i) in respect of each Distribution Payment Date, the period from, and including, the Issue Date to, but excluding, the First Call Date, the Initial Distribution Rate (being 4.25 per cent. per annum); and (ii) in respect of the period (A) from, and including the First Call Date, to, but excluding, the Reset Date falling immediately after the First Call Date, and (B) from, and including, each Reset Date falling after the First Call Date to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate. Pursuant to Condition 4(e) of the Terms and Conditions of the Securities, upon the occurrence of a Step-Up Event, unless (x) an irrevocable notice in writing to redeem the Securities has been given by the Issuer to Holders, the Trustee and the Principal Paying Agent by the 30th day following the occurrence of the relevant Step-Up Event or (y) the relevant Step-Up Event is remedied by the 30th day following the occurrence of such relevant Step-Up Event, the Distribution Rate will increase by 3.00 per cent. per annum with effect from (a) the next Distribution Payment Date immediately following the occurrence of the relevant Step-Up Event or (b) if the date on which the relevant Step-Up Event (as applicable) occurs is prior to the most recent preceding Distribution Payment Date, such Distribution Payment Date, provided that the maximum aggregate increase in the Distribution Rate shall be 3.00 per cent. per annum, as further described in "*Terms and Conditions of the Securities – Distribution – Increase in Distribution Rate following occurrence of certain events*".

Distribution Deferral	The Issuer may, at its sole discretion, elect to defer (in whole or in part) any Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving notice (an "**Optional Deferral Notice**") to the Holders, the Trustee and the Principal Paying Agent in writing not more than 10 nor less than five business days prior to the relevant Distribution Payment Date unless a Compulsory Distribution Payment Event has occurred (a "**Optional Deferral Event**").
Compulsory Distribution Payment Event	The Issuer may not elect to defer (in whole or in part) any Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date if during the three-month period ending on the day before the relevant Distribution Payment Date, either or both of the following have occurred: (a) a discretionary dividend, discretionary distribution or other discretionary payment has been declared or paid by the Issuer, the Guarantor or any of their respective Subsidiaries on or in respect of any Parity Securities or Junior Securities of the Issuer or the Guarantor (except (i) in relation to the Parity Securities of the Issuer or the Guarantor, as the case may be, on a *pro-rata* basis, or (ii) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants); (b) the Issuer, the Guarantor or any of their respective Subsidiaries has at its discretion redeemed, reduced, cancelled, bought back or otherwise acquired any Parity Securities or Junior Securities of the Issuer or the Guarantor (except (i) in relation to the Parity Securities of the Issuer or the Guarantor, as the case may be, on a *pro-rata* basis, (ii) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants, or (iii) as a result of the exchange or conversion of such Parity Securities for its Junior Securities).
No Obligation to Pay	The Issuer shall have no obligation to pay any Distribution (including any Arrears of Distribution and any Additional Distribution Amount) on any Distribution Payment Date if it validly elects not to do so in accordance with Condition 4(d)(i) of the Terms and Conditions of the Securities and notwithstanding the provisions of the Terms and Conditions of the Securities or the Trust Deed, the deferral of any Distribution payment in accordance with Condition 4(d) of the Terms and Conditions of the Securities shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 8 of the Terms and Conditions of the Securities) on the part of the Issuer or the Guarantor under the Guarantee or for any other purpose.

Cumulative Deferral	Any Distribution deferred pursuant to Condition 4(d) of the Terms and Conditions of the Securities shall constitute "Arrears of Distribution". The Issuer may, at its sole discretion, elect (in the circumstances set out in Condition 4(d)(i) of the Terms and Conditions of the Securities) to further defer (in whole or in part) any Arrears of Distribution by complying with the notice requirement applicable to any deferral of Distribution. The Issuer is not subject to any limit as to the number of times Distribution and Arrears of Distribution can be deferred except that Condition 4(d)(v) of the Terms and Conditions of the Securities shall be complied with until all outstanding Arrears of Distribution and Additional Distribution Amount have been paid in full. Each amount of Arrears of Distribution shall accrue distribution as if it constituted the principal of the Securities at the prevailing Distribution Rate and the amount of such distribution (the "**Additional Distribution Amount**") with respect to Arrears of Distribution shall be calculated by applying the applicable Distribution Rate to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in Condition 4 of the Terms and Conditions of the Securities. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added (for the purpose of calculating the Additional Distribution Amount accruing thereafter) to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.
Restrictions in the case of Deferral	If, on any Distribution Payment Date, payment of all Distribution payments scheduled to be made on such date (including any Distribution accrued but unpaid on the Securities, any Arrears of Distribution and any Additional Distribution Amount) is not made in full, neither the Issuer nor the Guarantor shall and each shall procure that none of their respective Subsidiaries shall: (a) declare or pay any discretionary dividends or distributions or make any other discretionary payment, and will procure that no discretionary dividend, distribution or other discretionary payment is made, on or in respect of any Parity Securities or Junior Securities of the Issuer or the Guarantor (except (i) in relation to the Parity Securities of the Issuer or the Guarantor, as the case may be, on a *pro-rata* basis, or (ii) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants); or (b) at its discretion redeem, reduce, cancel, buy-back or otherwise acquire for any consideration any Parity Securities or Junior Securities of the Issuer or the Guarantor (except (i) in relation to the Parity Securities of the Issuer or the Guarantor, as the case may be, on a *pro-rata* basis, (ii) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants, or (iii) as a result of the exchange or conversion of such Parity Securities for its Junior Securities),

in each case, unless and until (x) the Issuer has satisfied in full all outstanding Arrears of Distribution and Additional Distribution Amount; or (y) the Issuer is permitted to do so by an Extraordinary Resolution of the Holders.

For the avoidance of doubt, the Issuer's right of optional deferral pursuant to Condition 4(d)(i) of the Terms and Conditions of the Securities will not be affected solely as a result of the incurrence of any Parity Securities or Junior Securities.

In addition, the incurrence of any Parity Securities or Junior Securities itself will not constitute a non-compliance or non-performance by the Issuer or the Guarantor of any of the restrictions set out in Condition 4(d)(v) of the Terms and Conditions of the Securities. A non-discretionary payment on, or redemption of, Parity Securities or Junior Securities (such as a scheduled payment of principal and interest on such Parity Securities or Junior Securities, which the issuer thereof has no right to defer) does not constitute a non-compliance or non-performance by the Issuer or the Guarantor of any of the restrictions set out in Condition 4(d)(v) of the Terms and Conditions of the Securities.

Status of Securities and the Guarantee . . . . . .

The Securities constitute direct, unconditional, subordinated and (subject to Condition 3(a) of the Terms and Conditions of the Securities) unsecured obligations of the Issuer and shall at all times rank *pari passu* among themselves and with any Parity Securities of the Issuer. The rights and claims of the Holders in respect of the Securities are subordinated as provided in Condition 1 of the Terms and Conditions of the Securities.

The Guarantee constitutes a direct, general, unconditional, subordinated and (subject to Condition 3(a) of the Terms and Conditions of the Securities) unsecured obligation of the Guarantor which will, at all times rank at least *pari passu* with any Parity Securities of the Guarantor. The rights and claims of the Holders in respect of the Guarantee are subordinated as provided in Condition 1 of the Terms and Conditions of the Securities.

Ranking of claims in respect of the Securities . . . . . .

Subject to Applicable Law, in the event of the Winding-Up of the Issuer, the rights and claims of the Holders in respect of the Securities shall rank ahead of those persons whose claims are in respect of any Junior Securities of the Issuer, but shall be subordinated in right of payment to the claims of all present and future general creditors of the Issuer.

Ranking of claims in respect of the Guarantee . . . . . .

Subject to Applicable Law, in the event of the Winding-Up of the Guarantor, the rights and claims of the Holders in respect of the Guarantee shall rank ahead of those persons whose claims are in respect of any Junior Securities of the Guarantor, but shall be subordinated in right of payment to the claims of all present and future general creditors of the Guarantor.

Set-off – the Securities and the Guarantee	Subject to Applicable Law, no Holder may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Securities, and each Holder shall, by virtue of his holding of any Securities, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any Holder by the Issuer in respect of, or arising under or in connection with the Securities is discharged by set-off, such Holder shall, subject to Applicable Law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its Winding-Up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place. Subject to Applicable Law, no Holder may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Guarantor in respect of, or arising under or in connection with the Guarantee, and each Holder shall, by virtue of his holding of any Securities, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Guarantor. Notwithstanding the preceding sentence, if any of the amounts owing to any Holder by the Guarantor in respect of, or arising under or in connection with the Guarantee is discharged by set-off, such Holder shall, subject to Applicable Law, immediately pay an amount equal to the amount of such discharge to the Guarantor (or, in the event of its Winding-Up or administration, the liquidator or, as appropriate, administrator of the Guarantor) and, until such time as payment is made, shall hold such amount in trust for the Guarantor (or the liquidator or, as appropriate, administrator of the Guarantor) and accordingly any such discharge shall be deemed not to have taken place.
Negative Pledge	The Terms and Conditions of the Securities contain a negative pledge provision with certain limitations on the ability of the Issuer, the Guarantor and the Principal Subsidiaries (as defined in Condition 19 of the Terms and Conditions of the Securities) of the Guarantor to create or have outstanding any mortgage, charge, lien, pledge or other security interest upon, or with respect to, any of its present or future undertaking, assets or revenues (including any uncalled capital) to secure certain types of indebtedness, as set out in Condition 3(a) of the Terms and Conditions of the Securities.

Covenant in relation to NDRC Post-issue Information Report	The Guarantor undertakes to (i) file or cause to be filed with the NDRC the requisite information and documents within the prescribed time period after the Issue Date in accordance with the Circular on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Enterprises (國家發展改革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)) issued by the NDRC and which came into effect on 14 September 2015, as supplemented by the relevant document issued by the NDRC in relation to the annual foreign debt quota available to the Guarantor (where applicable) and any implementation rules, regulations, certificates, circulars or notices in connection therewith as issued by the NDRC from time to time (the "**NDRC Post-issue Information Report**"); and (ii) within 10 PRC Business Days after submission of such NDRC Post-issue Information Report, provide the Trustee with a certificate signed by any authorised signatory of the Guarantor confirming the submission of the NDRC Post-issue Information Report, together with any document(s) (if any) evidencing due filing with the NDRC.
Covenant in relation to SAFE Cross-border Security Registration	The Guarantor undertakes to (i) execute a Deed of Guarantee; (ii) register or cause to be registered with SAFE the Deed of Guarantee (the "**Cross-border Security Registration**") in accordance with, and within the prescribed time period under, the Provisions on the Foreign Exchange Administration Rules on Cross-border Security 《跨境擔保外匯管理規定》promulgated by SAFE on 12 May 2014 and effective from 1 June 2014 and the Guidelines for Implementing the Provisions on the Administration of Foreign Exchange of Cross-border Guarantee 《跨境擔保外匯管理操作指引》 promulgated by SAFE on 12 May 2014 (collectively, the "SAFE Cross-border Security Registration"), (iii) use all reasonable endeavours to complete the SAFE Cross-border Security Registration and obtain a registration record from SAFE on or before the Registration Deadline (being the day falling 90 PRC Business Days after the Issue Date), and (iv) ensure that the registration from SAFE in respect of the giving of the Guarantee remains in full force and effect for so long as the Securities remain outstanding.

Taxation	All payments of principal, premium (if any) and Distribution (including any Arrears of Distribution and any Additional Distribution Amount) in respect of the Securities, the Trust Deed and under the Guarantee by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdictions, unless the withholding or deduction of the Taxes is required by law. Where such withholding or deduction is required by law and is made by (i) the Issuer as a result of the Issuer being deemed to be a PRC tax resident, or (ii) the Guarantor, by or on behalf of the PRC or any political subdivision or authority therein or thereof having power to tax at a rate of up to (and including) the aggregate rate applicable on 7 April 2022 (the "**Applicable Rate**"), the Issuer or, as the case may be, the Guarantor will pay such additional amounts as will result in receipt by the Holders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required. In the event the Issuer or the Guarantor is required to make a deduction or withholding (i) by or on behalf of the PRC or any political subdivision or authority therein or thereof having power to tax in excess of the Applicable Rate; or (ii) by or within any Relevant Jurisdiction except the PRC, the Issuer or the Guarantor, as the case may be, shall pay such additional amounts (the "**Additional Tax Amounts**") as may be necessary in order that the net amounts received by the Holders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Securities in the absence of the withholding or deduction, except that no Additional Tax Amounts shall be payable in relation to any payment in respect of any Securities in the limited circumstances as further described therein.
Redemption for Tax Reasons	The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Principal Paying Agent and the Holders at their principal amount, together with any Distribution accrued to (but excluding) the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), in the event of certain changes affecting the taxes of any Relevant Jurisdiction, as further described in Condition 5(c) of the Terms and Conditions of the Securities.

Redemption for Change of Control	Following the occurrence of a Change of Control Event, the Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Principal Paying Agent and the Holders at (i) 101 per cent. of their principal amount together with Distribution accrued to (but excluding) the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), at any time before the First Call Date or (ii) their principal amount, together with Distribution accrued to (but excluding) the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), at any time on or after the First Call Date, as further described in Condition 5(e) of the Terms and Conditions of the Securities.
Redemption at the Option of the Issuer	The Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Principal Paying Agent and the Holders at their principal amount (together with any Distribution accrued to (but excluding) the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) on (i) any date during the period commencing on (and including) 14 January 2027 (being the date that falls three months prior to the First Call Date) up to (and including) the First Call Date or (ii) any Distribution Payment Date after the First Call Date. On expiry of any such notice as is referred to in Condition 5(b) of the Terms and Conditions of the Securities, the Issuer shall be bound to redeem the Securities on the relevant Call Date in accordance with Condition 5(b) of the Terms and Conditions of the Securities.
Redemption for Accounting Reasons	The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on the Issuer giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Holders and the Principal Paying Agent at their principal amount, together with Distribution accrued to (but excluding) the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), if, immediately before giving such notice, the Issuer satisfies the Trustee that as a result of any changes or amendments to the Relevant Accounting Standards, or any change in the application or interpretation of, the Relevant Accounting Standards, the Securities must not or must no longer be recorded as "equity" of the Guarantor pursuant to the Relevant Accounting Standards.
Redemption for Breach of Covenant Event	The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Principal Paying Agent and the Holders at their principal amount (together with any Distribution accrued to (but excluding) the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) upon the occurrence of a Breach of Covenant Event.

Redemption for a Relevant Indebtedness Default Event . . .	The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Principal Paying Agent and the Holders at their principal amount (together with any Distribution accrued to (but excluding) the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) upon the occurrence of a Relevant Indebtedness Default Event.
Redemption for minimum outstanding amount	The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Principal Paying Agent and the Holders at their principal amount (together with any Distribution accrued to (but excluding) the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) if prior to the date fixed for redemption at least 80 per cent. in principal amount of the Securities originally issued has been redeemed or purchased and cancelled.
Limited Rights to institute proceedings	No Holder shall be entitled to proceed directly against the Issuer or the Guarantor or to institute proceedings for the Winding-Up of the Issuer or the Guarantor or claim in the liquidation of the Issuer or the Guarantor or to prove in such Winding-Up unless the Trustee, having become so bound to proceed or being able to prove in such Winding-Up or claim in such liquidation, fails to do so within a reasonable period and such failure shall be continuing, in which case the Holder shall have only such rights against the Issuer or the Guarantor as those which the Trustee is entitled to exercise as set out in Condition 8 of the Terms and Conditions of the Securities.
Proceedings for Winding-up	If (i) there is a Winding-Up of the Issuer or the Guarantor, or (ii) the Issuer or the Guarantor shall not make payment in respect of the Securities or the Guarantee, as the case may be, for a period of 14 days or more after the date on which such payment is due, the Issuer and the Guarantor shall be deemed to be in default under the Trust Deed, the Guarantee and the Securities and the Trustee may, subject to the provisions of Condition 8(d) of the Terms and Conditions of the Securities, institute proceedings for the Winding-Up of the Issuer and/or the Guarantor and/or prove in the Winding-Up of the Issuer and/or the Guarantor and/or claim in the liquidation of the Issuer and/or the Guarantor for such payment.
Further Issues	Subject to compliance with Conditions 3(b) and 3(c) of the Terms and Conditions of the Securities, the Issuer may from time to time, without the consent of the Holders and in accordance with the Trust Deed, create and issue further securities either having terms and conditions the same as those of the Securities, or the same except for the date and amount of the first payment of Distribution, the NDRC Post-issue Information Report and the SAFE Cross-border Security Registration, which may be consolidated and form a single series with the outstanding Securities.

Governing Law	The Securities, the Deed of Guarantee, the Agency Agreement and the Trust Deed and any non-contractual obligations arising out of or in connection with the Securities, the Deed of Guarantee, the Agency Agreement and the Trust Deed are governed by, and will be construed in accordance with, English law.
Ratings	The Securities are expected to be rated "Baa2" by Moody's. Security ratings are not recommendations to buy, sell or hold the Securities. Ratings are subject to revision or withdrawal at any time by the rating agencies.
Listing	Application will be made to the Hong Kong Stock Exchange for the permission to deal in, and for listing of, the Securities by way of debt issues to Professional Investors only and it is expected that dealing in, and listing of, the Securities on the Hong Kong Stock Exchange will commence on 19 April 2022.
Selling Restrictions	The Securities will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See "*Subscription and Sale*" section of this Offering Circular.

SUMMARY FINANCIAL INFORMATION OF THE GROUP

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

The summary consolidated financial information of the Group as at 1 January 2019, 31 December 2019 and 31 December 2020 and for the years ended 31 December 2018, 2019 and 2020 as set forth below have been derived from its consolidated financial statements as at and for the years ended 31 December 2019 and 2020, respectively, which have been audited by Baker Tilly China Certified Public Accountants, its independent auditors for the relevant years, and included elsewhere in this Offering Circular. Historical results of the Group are not necessarily indicative of results that may be achieved for any future period.

Each of the consolidated financial statements of the Group as at and for the years ended 31 December 2019 and 2020 have been prepared and presented in accordance with PRC GAAP. The summary consolidated financial information as set forth below should be read in conjunction with, and is qualified in their entirety by reference to, the relevant consolidated financial statements of the Group and the notes thereto included elsewhere in this Offering Circular.

The Group has prepared English translations of its audited consolidated financial statements as set out elsewhere in this Offering Circular.

None of the Joint Lead Managers nor the Trustee have independently verified or checked the accuracy of the English translations or can give any assurance that the information contained in the English translations of the Group's financial statements is accurate, truthful or complete.

As advised by Baker Tilly China Certified Public Accountants, there are no material differences between PRC GAAP and the IFRS with respect to the determination of the Group's financial position as at 1 January 2019, 31 December 2019 and 31 December 2020 and results of operations for the years ended 31 December 2018, 2019 and 2020.

SUMMARY CONSOLIDATED INCOME STATEMENT

	Year ended 31 December			
	2018	**2019**	**2020**	**2020**
	(RMB in millions)			*(US$ in millions)*[1]
Total operating income	404,977.8	465,430.3	541,557.9	82,997.4
Operating income	404,532.2	464,922.4	541,057.0	82,920.6
Interest Income	441.0	506.1	500.7	76.7
Premiums earned	–	–	–	–
Fees and commission income	4.7	1.8	0.2	0.0
Total operating costs	389,007.5	448,182.8	521,282.3	79,890.0
Operating costs	350,447.3	404,463.4	470,663.8	72,132.4
Interest expenses	106.0	18.6	50.0	7.7
Fee and commission expenses	4.9	5.0	6.0	0.9
Refund of insurance claims	–	–	–	–
Net payments for insurance claims	–	–	–	–
Net provision for insurance contracts	–	–	–	–
Commissions on insurance policies	–	–	–	–
Cession charges	–	–	–	–
Business taxes and levies	3,013.6	2,994.0	2,831.1	433.9
Selling expenses	1,655.3	1,880.9	1,771.3	271.5
Administrative expenses	14,537.6	15,834.9	15,646.5	2,397.9
Research and development fee	11,771.0	14,267.5	19,123.0	2,930.7
Financial expenses	7,471.8	8,718.5	11,190.5	1,715.0
Including: Interest expense	11,111.7	11,882.2	11,741.1	1,799.4
Interest income	3,079.8	3,509.0	3,744.9	573.9
Exchange net losses (gains are indicated by "–")	(1,319.6)	(382.2)	2,376.2	364.2
Others	–	–	–	–
Add: Other income	119.0	565.8	713.6	109.4
Investment income (Losses are indicated by "–")	1,057.7	653.5	3,379.8	518.0
Including: Income from investments in associates and joint ventures	786.1	635.8	885.9	135.8
Income from derecognition of financial assets measured at amortized cost	–	(524.6)	(1,430.8)	(219.3)
Foreign exchange gains (Losses are indicated by "–")	2.2	1.1	(2.7)	(0.4)
Net exposure hedging income (Losses are indicated by "–")	–	–	–	–
Gains from changes in fair values (Losses are indicated by "–")	(7.7)	49.6	52.7	8.1
Credit impairment loss (Losses are indicated by "–")	–	(2,573.8)	(4,395.3)	(673.6)
Asset impairment loss (Losses are indicated by "–")	(3,879.6)	(1,212.6)	(2,365.1)	(362.5)
Assets disposal income (Losses are indicated by "–")	287.0	942.8	131.0	20.1

	Year ended 31 December			
	2018	**2019**	**2020**	**2020**
	(RMB in millions)			*(US$ in millions)*[1]
Operating profit (Losses are indicated by "–")	13,549.0	15,673.9	17,789.7	2,726.4
Add: Non-operating income	674.1	554.4	466.5	71.5
Including: Government subsidies	408.7	376.0	267.5	50.0
Less: Non-operating expenses	434.7	434.5	455.4	69.8
Total profit (Total Loss is indicated by "–")	13,788.4	15,793.9	17,800.7	2,728.1
Less: Income tax expenses	3,248.3	3,591.8	3,901.1	597.9
Net profit (Net loss is indicated by "–")	10,540.1	12,202.0	13,899.6	2,130.2
Total operating income	404,977.8	465,430.3	541,558.0	82,997.4
1. Classified by attribution of the ownership				
Net profit attributable to the parent company	5,317.2	5,338.9	4,751.3	728.2
Profit or loss attributable to minority interests	5,222.9	6,863.2	9,148.2	1,402.0
2. Classified by operation continuity				
Profit or loss of continuous operation	10,540.1	12,202.0	13,899.6	2,130.2
Profit or loss of discontinued operation	–	–	–	–
Net after-tax net of other comprehensive income	(379.0)	422.4	(1,146.5)	(1,757.1)
Net after-tax net of other comprehensive income attributable to owners of the parent company	(703.3)	240.0	(476.3)	(73.0)
1. Other comprehensive income not to be reclassified into profit or loss	(178.9)	284.5	446.6	68.4
(1) Changes as a result of remeasurement of the net defined benefit plan	(178.9)	325.6	169.3	25.9
(2) The shared portion of other comprehensive income of investee under equity method which cannot be reclassified into profit and loss in the future	–	–	–	–
(3) Changes in fair value of other equity instrument investments	–	(41.0)	277.3	42.5
(4) Changes in fair value of the company's own credit risk	–	–	–	–
(5) Others	–	–	–	–

	Year ended 31 December			
	2018	**2019**	**2020**	**2020**
	(RMB in millions)			*(US$ in millions)*[1]
2. Other comprehensive income reclassified into the profit or loss	(524.4)	(44.6)	(922.8)	(141.4)
(1) The shared portion of other comprehensive income of investee under equity method which can be reclassified into profit and loss in the future	40.6	7.2	(74.2)	(11.4)
(2) Changes in fair value of other debt investments	–	–	–	–
(3) Changes in fair value of Available for sale financial assets	(889.7)	–	–	–
(4) The amount of financial assets reclassified into other comprehensive income	–	–	–	–
(5) Held-to-maturity investments are reclassified as available-for-sale financial assets	–	–	–	–
(6) Provision for credit impairment of other debt investments	–	–	–	–
(7) Effective portion of gain or loss from cash flow hedge	4.7	(6.9)	(9.8)	(1.5)
(8) Foreign exchange financial statements translation difference	320.0	(43.5)	(851.1)	(130.4)
(9) Others	–	(1.3)	12.2	1.9
Net after-tax other comprehensive income attributable to minority shareholders	324.3	182.5	(670.3)	(102.7)
Total comprehensive income	10,161.1	12,624.5	12,753.0	19,545.0
Total comprehensive income attributable to owners of the parent	4,613.9	5,578.8	4,275.1	655.2
Total comprehensive income attributable to minority shareholders	5,547.2	7,045.6	8,477.9	1,299.3
Earnings per share:				
Basic earnings per share	–	–	–	–
Diluted earnings per share	–	–	–	–

(1) The translation of Renminbi amounts into US dollar amounts has been made at the rate of RMB6.5250 to US$1.00, the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 31 December 2020.

SUMMARY CONSOLIDATED BALANCE SHEET

	As at 1 January	As at 31 December		
	2019	2019	2020	2020
	(RMB in millions)			(US$ in millions)[1]
Current Assets				
Cash and bank balances	99,084.8	79,602.6	97,633.1	14,962.9
Balances with clearing agencies	–	–	–	–
Removal of funds	–	–	–	–
Tradable Financial assets	–	13.9	82.1	12.6
Financial asset measured by fair value through profit or loss	4.5	–	–	–
Derivative financial assets	1.8	3.7	7.3	1.1
Notes receivables	3,399.0	3,239.5	5945.8	911.2
Accounts receivable	68,757.2	81,564.9	86,040.6	13,186.3
Accounts receivable financing	2,759.8	3,298.2	4,254.3	652.0
Prepayments	31,701.0	42,556.8	48,099.0	7,371.5
Premium receivables	–	–	–	–
Accounts receivable reinsurance	–	–	–	–
The receivable reinsurance reserve	–	–	–	–
Other receivables	33,325.1	48,535.9	54,649.7	8,375.4
Financial assets purchased under resale agreements				
Inventories	164,206.8	191,066.3	139,830.9	21,430.0
Including: raw materials	9,395.1	12,403.0	12,556.8	1,924.4
Finished products	3,687.8	5,481.1	5,670.3	869.0
Contract assets	–	–	87,302.2	13,379.6
Available for sale assets	–	–	–	–
Non-current assets due within one year	13,421.2	14,588.8	6,057.2	928.3
Other current assets	15,543.6	14,346.2	16,167.9	2,477.8
Total current assets	432,204.9	478,816.9	546,070.1	83,688.9
Non-current Assets				
Loans and advances to customers	–	–	7.2	1.1
Creditor's investment	72.1	71.5	1.5	0.2
Available-for-sale financial assets	–	–	–	–
Other creditor's investment	–	–	–	–
Held-to-maturity investments	–	–	–	–
Long-term receivables	100,504.6	119,684.2	45,901.1	7,034.7
Long-term equity investments	14,084.6	18,107.8	27,498.5	4,214.3
Other equity instrument investment	11,723.6	12,318.1	15,117.1	2,316.8
Other non-current financial assets	115.3	161.3	193.8	29.7
Investment properties	2,816.7	3,173.4	3,352.7	513.8
Fixed assets	114,571.7	120,332.1	116,339.6	17,829.8
Construction in progress	16,288.6	14,448.4	15,425.0	2,364.0
Productive living assets	7.4	5.7	5.9	0.9
Oil and gas assets	–	–	–	–
Right-of-use assets	–	–	–	–
Intangible assets	146,084.7	187,896.9	208,362.8	31,933.0
Development expenditure	53.9	62.1	26.3	4.0
Goodwill	1,979.4	1,905.1	1,296.2	198.7
Long-term prepaid expenses	1,352.5	1,353.6	1,215.0	186.2
Deferred tax assets	4,223.4	4,819.6	5,205.1	797.7
Other non-current assets	3,486.0	5,661.0	70,961.6	10,875.3

	As at 1 January	As at 31 December		
	2019	2019	2020	2020
	(RMB in millions)			(US$ in millions)[1]
Including: physical assets reserve specifically authorized	–	–	–	–
Total non-current assets	417,364.3	490,000.7	510,909.4	78,300.3
Total assets	849,569.2	968,817.6	1,056,979.5	161,989.2
Current Liabilities				
Short-term borrowings	75,054.4	35,466.6	34,406.1	5,273.0
Loans from the central bank	–	–	–	–
Placements from banks and other financial institutions	–	–	–	–
Tradable financial liabilities	–	–	–	–
Financial liabilities measured by fair value through profit or loss	–	–	–	–
Derivative financial liabilities	2.8	18.7	39.5	6.1
Notes payable	17,963.4	22,688.2	27,864.0	4,270.3
Accounts payable	143,667.4	154,653.3	167,465.5	25,665.2
Advance from clients	120,858.0	143,456.2	384.2	58.9
Contract liabilities	–	–	143,840.5	22,044.5
Financial assets sold under repurchase agreements	–	–	–	–
Deposits and deposits with the industry	5.0	219.1	53.3	8.2
Customer brokerage deposits	–	–	–	–
Securities underwriting brokerage deposits	–	–	–	–
Employee benefits payable	3,146.3	3,128.0	3,041.8	466.2
Including: wages payable	1,060.0	1,077.8	925.1	141.8
Benefits payable	4.1	4.1	–	–
Bonus and welfare funds	–	–	–	–
Taxes payable	4,036.6	3,721.5	3,297.0	505.3
Including: taxes payable	3,995.6	3,672.1	3,408.1	522.3
Other payable	30,742.4	47,339.2	61,573.2	9,436.5
Handling charges and commissions payable	–	–	–	–
Cession insurance premiums payable	–	–	–	–
Available-for-sale financial liabilities	–	–	–	–
Non-current liabilities due within one year	26,633.7	26,314.2	28,176.4	4,318.2
Other current liabilities	7,675.0	16,986.9	19,410.7	2,974.8
Total current liabilities	429,785.1	453,991.7	489,552.3	75,027.2
Non-current Liabilities				
Provision for insurance contracts	–	–	–	–
Long-term borrowings	190,359.3	234,568.3	249,445.7	38,229.2
Bonds payable	18,193.4	21,612.4	16,652.7	2,552.1
Including: preferred stock	–	–	–	–
Perpetual capital securities	–	–	–	–
Lease liabilities	–	–	–	–
Long-term payables	8,737.3	10,033.4	9,366.2	1,435.4
Long-term employee benefits payable	8,102.0	7,197.6	6,594.1	1,010.6
Estimated liabilities	85.1	84.4	1,494.4	229.0
Deferred income	2,490.2	2,262.7	3,480.7	533.4
Deferred tax liabilities	850.0	1,009.2	1,274.9	195.4

	As at 1 January	As at 31 December		
	2019	2019	2020	2020
	(RMB in millions)			(US$ in millions)[1]
Other non-current liabilities	10,020.3	6,481.9	7,890.8	1,209.3
Including: special reserve fund	–	–	–	–
Total non-current liabilities	238,837.6	283,249.9	296,199.6	45,394.6
Total liabilities	668,622.7	737,241.6	785,751.9	120,421.7
Owner's equity				
Paid-in capital (share capital)	31,863.4	31,988.2	31,988.2	4,902.4
Government capital	31,863.4	31,988.2	31,988.2	4,902.4
State-owned capital	–	–	–	–
Collective capital	–	–	–	–
Private capital	–	–	–	–
Foreign capital	–	–	–	–
Deduct: capital redemption	–	–	–	–
Net paid-in capital	31,863.4	31,988.2	31,988.2	4,902.4
Other equity instrument	2,959.8	–	8,000.0	1,226.1
Including: preferred share	–	–	–	–
Perpetual bond	2,959.8	–	8,000.0	1,226.1
Capital reserve	20,271.4	19,680.6	21,644.2	3,317.1
Deduct: treasury shares	–	–	–	–
Other comprehensive income	(1,098.3)	(921.5)	(1,398.3)	214.3
Including: Translation difference arising on translation of financial statements denominated in foreign currencies	364.6	321.1	(530.0)	81.2
Special reserve	45.3	38.9	29.3	4.5
Surplus reserve	971.7	1,078.8	1,078.8	165.3
Including: statutory surplus reserve	971.7	1,078.8	1,078.8	165.3
Optional surplus reserve	–	–	–	–
Reserve fund	–	–	–	–
Enterprise development fund	–	–	–	–
Return investment by profit	–	–	–	–
General risk reserve	124.7	124.7	182.5	28.0
Unappropriated profit	23,628.9	26,529.3	30,295.9	4,643.1
Total owners' equity attributable to the company	78,767.0	78,519.1	91,820.6	14,072.1
Minority interests	102,179.5	153,057.0	179,407.1	27,495.3
Total owners' equity	180,946.5	231,576.0	271,227.7	41,567.5
Total liabilities and owners' equity	849,569.2	968,817.6	1,056,979.5	161,989.2

(1) The translation of Renminbi amounts into US dollar amounts has been made at the rate of RMB6.5250 to US$1.00, the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 31 December 2020.

Certain financial indicators

The following table includes certain figures relating EBITDA. EBITDA is not a standard measure under PRC GAAP, but is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of the Group's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, investors should consider, among other things, the components of EBITDA such as revenue and cost and the amount by which EBITDA exceeds capital expenditures and other charges. EBITDA have been included because it is believed that each is a useful supplement to cash flow data as a measure of the Group's performance and its ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Group's EBITDA to EBITDA presented by other companies because not all companies use the same definition.

	As at 1 January	As at 31 December		
	2019	2019	2020	2020
	(RMB in millions)			*(US$ in millions)*[1]
Total interest-bearing borrowings	312,150.2	328,445.1	332,349.0	50,934.7
Total capitalisation	493,096.7	560,021.1	603,576.7	92,502.2

	Year ended 31 December			
	2018	2019	2020	2020
	(RMB in millions)			*(US$ in millions)*[1]
EBITDA[2]	34,075.5	37,689.8	43,484.0	6,664.2
Interest expense[3]	11,111.7	11,882.2	11,741.1	1,799.4

Financial Ratios

	Year ended 31 December		
	2018	2019	2020
Total interest bearing borrowings/Total capitalisation	63.3%	58.6%	55.1%
EBITDA/Interest expense	3.1	3.2	3.7

(1) The translation of Renminbi amounts into US dollar amounts has been made at the rate of RMB6.5250 to US$1.00, the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 31 December 2020.

(2) EBITDA is calculated as revenue less cost of operations, interest expenses, service charge and commission fee, taxes and surcharges, operating expenses, general and administrative expenses, research and development expenses, and adding depreciation, amortization of intangible assets, amortization of long-term prepaid expenses and other current assets.

(3) Interest expenses included under financial expenses on the consolidated income statement.

RISK FACTORS

Prior to making any investment decision, prospective investors should consider carefully all of the information in this Offering Circular, including but not limited to the risks and uncertainties described below. The following factors are contingencies which may or may not occur and the Group is not in a position to express a view on the likelihood of any such contingency occurring. Any of the risks or uncertainties described below, as well as additional risks or uncertainties, including those which are not currently known to the Group or which the Group currently deems to be immaterial, may affect the Group's business, financial condition or results of operations or the Company's ability to fulfil its obligations under the Securities.

RISKS RELATING TO THE GROUP'S BUSINESS

The Group's businesses and expansion plans require substantial capital investment, and its prospects, financial condition and results of operations are subject to the availability of external financing as well as fluctuations in the costs of external financing.

The Group's business has been increasing steadily in recent years. Accordingly, the Group has an increasing need for capital investment. In addition, the Group's construction contracting business is capital intensive. The Group is a leading construction contractor in the PRC's hydropower, electricity and infrastructure industries with a primary focus on hydropower projects. The Group's construction contracting business typically involves construction contracts with a large contract value, a long construction period and substantial capital investment.

The Group requires external financing to support the growth and expansion of its business and is sensitive to the cost of capital of such financing. However, the Group's ability to obtain desirable external financing in the future is subject to a variety of factors, including but not limited to (i) obtaining the necessary PRC government approvals to raise capital for projects; (ii) its future financial condition, operating results and cash flows; and (iii) the general condition of the global and domestic financial markets and changes in monetary policy, bank interest rates and lending policies. In the event that its current resources are not sufficient for its needs, the Group may have to seek additional financing which may subject it to additional covenants or other restrictions. There can be no assurance that the Group will be able to raise the necessary capital to finance its planned capital expenditures on favourable or acceptable terms or at all. If it is unable to secure such financing, the Group may have to reduce its planned capital expenditures and delay or abandon its expansion plans, which in turn could materially and adversely affect its prospects, financial condition and results of operations.

The Company and certain of its subsidiaries have incurred, and may in the future continue to incur, substantial indebtedness.

The Company and certain of its subsidiaries have incurred, and may in the future continue to incur, a substantial amount of indebtedness, which the Group believes is in line with the size of its operations. Such indebtedness could have important consequences, including, but not limited to, increasing the Group's vulnerability to adverse general economic and industry conditions. In addition, financial and other restrictive covenants contained in the debt agreements entered into by the relevant member of the Group, may among other things, limit its ability to borrow additional funds.

Furthermore, if the Company or the relevant subsidiary is unable to comply with the restrictions and covenants in its current or future debt and other agreements, there could be a default under the terms of such agreements. In the event of a default under such agreements, the creditors could terminate their commitments to lend to the Company or the relevant subsidiaries, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Some of the financing arrangements entered into by the Company may contain cross-acceleration or cross-default provisions. As a result, a default under one debt agreement may cause the acceleration of debt or result in a default under other debt agreements. If the Group incurs substantial additional indebtedness in the future or if any of the above default events occurs, there is no assurance that the Group's assets and cash flow would be sufficient to repay in full all of such indebtedness, or that the Group would be able to find alternative financing on terms that are favourable or acceptable to it, or at all.

The Group may experience delays or defaults in realising accounts receivable and progress payments, or delays in the releases of or enforcement of bid bonds, advance payment bonds, performance bonds or retention bonds.

The Group generally tenders for a project through bidding. During the bidding, contracting, construction and maintenance periods, the Group may be required to provide certain types of bonds to guarantee its performance at different stages of a project, such as bid bonds at the bidding stage, advance payment bonds to guarantee the Group's refund of the advanced payment received from proprietors if it does not complete the project as required, performance bonds to guarantee the Group's performance at the construction stage and retention bonds, which typically expire at the end of the project maintenance period. The payment that the proprietors should make to the Group is regarded as its accounts receivables.

The Group may have a significant amount of accounts receivables at any particular date. As at 1 January 2019, 31 December 2019 and 31 December 2020, the Group's accounts receivables amounted to RMB68.76 billion, RMB81.56 billion and RMB86.04 billion, respectively, accounting for 8.09%, 8.42% and 8.14% of the Group's total assets, respectively. There can be no assurance that the Group's customers will perform their contractual obligations pursuant to the terms and conditions of the contracts and make full and timely payments for its services rendered or goods sold to them. In particular, general economic downturn or volatility may undermine the financial condition of the Group's customers and their ability to perform their contractual obligations, and therefore may adversely affect the Group's financial condition and results of operations.

Delays in accounts receivable, progress payments or the enforcement of various types of bonds by the Group's customers may significantly increase its working capital needs. If a customer defaults or delays in making its payments or becomes insolvent or is otherwise unable or unwilling to settle its outstanding payment in a timely manner or at all, it could also affect the Group's liquidity and reduce the capital resources that are otherwise available for other uses. The Group may file a claim for compensation of the loss that it incurs pursuant to its contracts but settlement of disputes generally takes up significant time as well as financial and other resources, and the outcome is often uncertain. In general, the Group makes provisions for doubtful debts, including those associated with accounts receivable, bills receivable, progress payments or non-releases of bid bonds, advance payment bonds, performance bonds or retention bonds, based on factors and circumstances relating to specific customers. There can be no assurance that the accounts receivable, bills receivable or progress payments will be remitted, or that the bid bonds, advance payment bonds, performance bonds or retention bonds will be released by the Group's customers to the Group on a timely basis, or at all, or that the Group will be able to efficiently manage the level of doubtful debts arising from such payment practice or enforcement of bonds. In view of this, the Group's liquidity may be constrained, its level of bad debts may increase and its capital needs may be heightened, thereby adversely affecting its prospects, financial condition and results of operations.

If the Group is unable to accurately estimate and control its costs or the scope of work the Group is required to perform, its profitability could be adversely affected.

Construction contracts entered into by the Group typically provide for a fixed-project or fixed-unit price, though prices may be subject to adjustments due to specific terms. This will depend on the context of each project, including the price adjustment estimated during the bidding stage, the transfer of price adjustment risks to the suppliers, and the plans and management of cost increase. The Group is typically responsible for all costs incurred under a construction contracting project, and its ability to make a profit is largely dependent on its ability to effectively estimate and control these costs. The amount of total costs the Group expects to incur on a project is influenced by a variety of assumptions, including those about future economic conditions, cost and availability of subcontractors, labour, equipment and raw materials, subcontractors' performance and specifications, construction and technical standards to be applied, as well as factors such as climate conditions and changes in project scope and conditions, many of which are beyond the Group's control. The Group cannot guarantee that it will not encounter cost overruns or delays in its current and future construction contracting projects. If such cost overruns or delays occur, its costs could exceed its budget, especially to the extent the increases in costs were not anticipated or not factored into the fixed prices under its contract. The Group may be required to pay liquidated damages in accordance with its contractual obligations, which may in turn result in a consequential reduction in, or elimination of, any profits from its construction contracting contracts or may even lead to losses, which could materially adversely affect its business, financial condition and results of operations.

In addition, the scope of work which the Group is required to perform in relation to a construction contracting contract is also subject to change as envisaged in the contractual provision for change order. Proprietors may require the Group to perform extra work which is beyond the scope and price of the work which has already been previously agreed upon pursuant to the change orders. While such change orders can be profitable, they may also result in disputes over whether the work performed is beyond the pre-agreed scope of work, or over the price to be paid for such extra work. Even when a proprietor agrees to pay for the extra work, the Group may be required to fund the cost of such work for a lengthy period of time until the change order is approved to be funded by the proprietor. There can be no assurance that the Group will be able to recover its costs for additional work the Group undertakes on its contracts, whether in full or at all, which may lead to business disputes or may otherwise adversely affect its business, financial condition and results of operations.

Fluctuations in foreign currency exchange rates could adversely affect the Group's business.

The Group's functional currency is Renminbi, and a major portion of its cost of sales is denominated in Renminbi. The Group conducts a certain part of its business overseas, and these business contracts may be denominated in foreign currencies. The Group is therefore subject to risks associated with foreign currency exchange rate fluctuations on its foreign currency-denominated business. Furthermore, the Securities will be denominated in U.S. dollars and the Company, as the Guarantor, is required to settle all payments of principal and distribution under the Guarantee in U.S. dollars. Therefore, the devaluation of Renminbi against U.S. dollar may also adversely affect the Company's ability to perform its obligations under the Guarantee.

The value of Renminbi is subject to changes in the PRC's governmental policies and to international economic and political developments. In recent years, the PRC government has relaxed its currency policy and Renminbi is now permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies, with the PRC government introducing further changes to the exchange rate system in 2012 and 2014. On 11 August 2015, the PBOC announced to reform the central parity quotations of Renminbi against the U.S. dollar by authorizing market-makers to provide central parity quotations to the China Foreign Exchange Trading Center with reference to the interbank foreign exchange market closing rate on the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates. On the same day, the central parity of Renminbi against the U.S. dollar depreciated by nearly 2% as compared to 10 August 2015. In January and February 2016, Renminbi experienced further fluctuations in value against the U.S. dollar. In 2017, the Renminbi depreciated as against the U.S. dollar and continued to fluctuate in 2018 and early 2019. Against the backdrop of uncertain trade and global economy, the PBOC authorised the China Foreign Exchange Trade System and National Interbank Funding Centre on 8 August 2019 to publish the central parity rate of the Renminbi as against the U.S. dollar in the interbank exchange market, which was U.S.$1.00 to RMB7.0039. That was the first time the value of the Renminbi as against the U.S. dollar fell below RMB7.00 per a U.S. dollar since 2008. With the development of the foreign exchange market and progress towards interest rate liberalisation and Renminbi internationalisation, the PRC government may in the future announce further changes to the exchange rate system. Fluctuations in the value of Renminbi could adversely affect the value of the Group's foreign currency-denominated transactions along with the value of the cash flow generated from its foreign currency-denominated operations, thereby adversely affecting its profitability. This may also have an adverse effect on the Group's plans to expand its international operations.

The Group may seek to reduce its foreign exchange rate risk by entering into various hedging arrangements, including foreign currency swaps and forward contracts. However, there can be no assurance that the Group will be able to reduce its foreign currency risk exposure relating to its foreign currency denominated assets and liabilities in an effective manner. In addition, there are limited instruments available for the Group to reduce its foreign currency risk exposure at reasonable costs.

The Group conducts a certain part of its business in foreign countries and regions that are subject to foreign economic, regulatory, social and political uncertainties and sanctions.

As at 31 December 2020, the Group's business covers over 110 countries and regions in the world, including some developing countries. See "*Description of the Group – Overseas Business*" for details of the Group's overseas business. The Group conducts its business in some countries in Asia, Africa, the Americas, Europe, and Australasia, where economic, regulatory, social and political conditions are often subject to instability and uncertainties. Its business is therefore subject to constantly changing international economic, regulatory, social and political conditions, as well as local conditions in the jurisdictions in which the Group conducts business. Conducting business in the international marketplaces also exposes the Group to a number of risks, including:

- political risks, including risks of loss due to civil unrest, acts of terrorism, acts of war, regional and global political or military tensions, and strained or altered foreign relations related to the PRC or other relevant countries;

- economic, financial and market instability and credit risks, including those relating to potential deterioration of the credit markets and other economic conditions in other countries;

- changes in foreign government regulations or policies;

- dependence on foreign governments or entities controlled by such foreign governments for electricity, water, telecommunications, transportation, other utilities and/or infrastructural needs;

- unfamiliarity with local operating and market conditions, which could result in unfavourable consequences such as inaccurate bidding prices for projects;

- lack of understanding of local construction, taxation, labour, customs and other laws, regulations, standards and other requirements;

- risks and uncertainties associated with using foreign workers and subcontractors in connection with the Group's overseas operations, including adverse labour conditions or strikes;

- preferential treatments or corruptive business practices;

- tax increases or adverse tax policies;

- trade protectionism, trade restrictions or embargoes;

- sanctions (economic or otherwise) imposed by certain countries or self-regulated organisations against the Group's transactions with other countries, individuals or entities which may limit its ability to conduct business with such countries, individuals or entities, or to obtain funding for certain overseas projects;

- stringent environmental protection laws;

- expropriation and nationalisation of the Group's assets in foreign countries;

- lack of a well-developed or independent legal system in the foreign countries in which the Group operates or conducts business, which may create difficulties in the enforcement of contractual or legal rights;

- foreign currency controls and fluctuations; and

- natural disaster.

In addition, the Group (including certain employees, affiliates and persons acting on behalf of the Company and other members of the Group) has in the past engaged in, and is currently engaged in, power plant and infrastructure construction contracting projects and low-cost housing projects located in, or involving counterparties organised under the laws of, operating or resident in, certain countries that are or have been targeted by various economic sanctions imposed by the United States and other governments and organisations, including but not limited to Iran, Iraq, Cuba, Venezuela, Liberia, Belarus, Sudan, South Sudan, Democratic Republic of Congo, Zimbabwe, Burundi, Myanmar, Russia and Ukraine. Although the Group's overall operations and activities in these countries in aggregate represent less than 3 per cent. of its consolidated total revenues as at and for the year ended 31 December 2020, the Company cannot predict the interpretation or implementation of the sanctions by the relevant governments or organisations or any policy by any applicable jurisdiction with respect to any current or future activities of the Group in these jurisdictions, including the imposition of new sanctions.

Since December 2019, the outbreak of COVID-19 has widely affected China and other countries and territories in the world. Severe quarantine and travel restriction policies have been implemented in China and various other countries and regions across the world to combat the outbreak of COVID-19. On 31 January 2020, the World Health Organisation declared the COVID-19 outbreak as a "Public Health Emergency of International Concern". On 11 March 2020, the World Health Organisation declared COVID-19 as a "pandemic". While COVID-19 vaccines have been developed and made available by a number of biopharmaceutical manufacturers, there remains uncertainty regarding the efficacy, safety and durability of such vaccines. The outbreak of COVID-19 has severely interrupted economic activities, both in China and around the world. Whilst the Group has adopted certain preventive measures and contingency plans in light of the current COVID-19 outbreak, there can be no assurance that these can be effective to combat or prevent the current or any future epidemic outbreaks. Furthermore, although China has been relatively successful thus far in containing the spread of COVID-19, there can be no assurance that there will not been any resurgence of COVID-19 in the future. The resurgence of the COVID-19 outbreak (if any) could have a material adverse impact on China's economy, the global economy and financial markets in general, which will in turn have a material and adverse effect on the Group's business, financial condition and results of operations. In addition, as there is significant uncertainty relating to future developments of the COVID-19 pandemic, the Group may not be able ascertain the full impact on its financial or operational results due to COVID-19.

In some of the high-risk locations where the Group has employees, business or operations, it may incur additional costs in safeguarding its personnel and assets, and its measures aimed at protecting its personnel and assets overseas may not always be sufficient and effective. To the extent that its overseas business or operations are affected by unexpected and adverse foreign economic, regulatory, social and political conditions, it may experience project disruptions, losses of assets and personnel and other indirect losses that could adversely affect its business, financial condition and results of operations.

The Group may not be able to recover construction expenditures and financing costs from proprietors under the BT and the EPC business models.

The Group adopts innovative business models such as the BT and the EPC business models. In a BT business model, the contractor undertakes the financing of construction expenditures and transfers the project back to the proprietor upon completion and inspection for acceptance and the proprietor will pay the contractor for such construction expenditures, financing costs and return on project in instalments pursuant to relevant agreements. Similarly, in an EPC business model, the contractor undertakes the financing of engineering, procurement and contraction expenditures and the proprietor normally pays the contractor for such expenditures, financing costs and return on project in instalments pursuant to the relevant agreements. The BT and EPC business models involve large amounts of capital expenditure and take years to complete. There can be no assurance that the Group is able to receive such construction expenditures and financing costs on time, or at all, which may adversely affect the business performance, financial condition and prospect of the Group.

In addition, laws in the PRC in respect of the BT and EPC business models are relatively new and still evolving. The level of protection and means of enforcement of contractors' rights in the PRC may differ from those in other jurisdictions. Enforcement of the Group's rights as contractor under the BT and EPC business models could be costly. In circumstances where the Group is not paid for the construction, expenditures and financing costs and the Group initiates legal actions against the proprietor for the payments, the legal procedures can be lengthy and costly and the Group may not be fully compensated, or at all.

The Group relies on subcontractors to a certain extent to complete its construction contracting projects and property development projects.

The Group subcontracts work to one or more subcontractors. Once the Group has been awarded a construction contracting contract or initiates a property development project, it may engage subcontractors to carry out different parts of such contract or project. Subcontracting allows the Group to play to its strengths in specialisation and its turnkey capability, reduces the need to employ a large workforce, including skilled labour in different specialised areas and semi-skilled labour, and increases flexibility and cost effectiveness in executing contracts. The Group maintains a regularly updated list of qualified and reliable subcontractors and enters into subcontracting agreements with them which generally reflect the terms and conditions of its main contracts with the proprietors.

Nevertheless, the Group may not be able to monitor the performance or control the quality of these subcontractors as directly and efficiently as with its own staff. In addition, qualified subcontractors may not always be readily available when the Group's subcontracting needs arise. If the Group is unable to engage and retain qualified subcontractors, its ability to complete the engineering contracting projects could be impaired. If a subcontractor fails to provide services as required under a subcontracting contract for any reason, the Group may be required to source these services on a delayed basis or elsewhere, or at a price higher than anticipated, which could adversely impact the profitability of the Group's construction contracting business. If a subcontractor's performance does not meet the Group's standards, the quality of the project may be affected, which could harm the reputation and business prospects of the Group, and potentially expose the Group to litigation and damages claims.

The Group is subject to risks associated with volatility in the prices of construction equipment, machinery and raw materials.

For the Group's construction contracting business, the Group typically procures construction equipment, machinery and supplies, such as cement, steel, logs and sands, from third-party suppliers and subcontracts work to third-party subcontractors. The Group generally does not maintain long-term contracts with its suppliers and subcontractors. It typically enters into contracts with its suppliers and subcontractors on a project-by-project basis in view of the requirements and specifications of individual projects. Increases in the prices of construction equipment, machinery and supplies as well as fluctuations in the subcontracting costs may increase the cost of procuring equipment and raw materials and engaging subcontractors and hence materially and adversely affect the Group's profitability and results of operations. If equipment and raw materials reach certain price levels, the continued undertaking of certain projects may become less profitable or even unprofitable. Some of the Group's construction contracting contracts contain price adjustment clauses, which allow the Group to reclaim additional costs incurred as a result of unexpected increases in equipment and raw material costs. However, even with the price adjustment clauses, the significance and relative impact of factors affecting the prices of equipment and raw materials and subcontracting costs are difficult to predict or quantify, which may cause difficulty in the Group's project budgeting and eventually may have a material adverse impact on its business, financial condition and results of operations. The Group may not be able to transfer the increase in costs of its procurement to the proprietors. As such, the Group's business, financial condition and results of operations may be adversely affected.

The construction of power plants is subject to certain risks beyond the Group's control, which may affect the timely completion of the construction projects.

The construction of power plants presents substantial development and construction risks. Power plant construction projects are time-consuming, complicated and require significant capital investment. The Group may be subject to significant construction delays and interruptions, or construction cost increases as a result of a variety of factors including, but not limited to, delays by sub-contractors, delivery failure or delays by suppliers, failure or shortage of equipment, materials or labour, work stoppages, accidents and labour disputes, and unforeseen engineering, design, environmental, regulatory or geological problems.

If the Group is unable to complete the projects as planned, the costs incurred in connection with such projects may not be recoverable. Even if the Group completes these projects, as a result of project delays, cost overruns, changes in market circumstances or other reasons, it may not be able to achieve the intended economic benefits or demonstrate the commercial viability of these projects, which may materially and adversely affect its results of operations, financial condition and growth prospects.

The Group may not be able to maintain proper inventory levels for its operations.

The Group considers a number of factors when it manages the inventory levels for its construction contracting business (such as construction raw materials), including inventory holding costs, its product portfolio, the preferences and purchasing trends of its customers, and prompt delivery and sufficiency of its products in response to customers' requests. If it is unable to efficiently sell its products or fails to manage its odd-lot inventory, it may be subject to inventory write-downs, expiration of products or increase in inventory holding costs. In addition, if the Group underestimates consumer demand for its products or if its suppliers fail to provide products in a timely manner, it may experience inventory shortages. Such inventory shortages might result in unfilled customer orders and have a negative impact on customer relationships. There can be no assurance that the Group will be able to maintain proper inventory levels and such failure may have an adverse effect on its business, financial condition and results of operations.

The construction of hydropower, wind and solar power plants are dependent on natural conditions.

The Group's construction projects for hydropower, wind and solar power plants are subject to the availability of locations with suitable weather conditions or appropriate terrain. Accordingly, the number of feasible sites available may be limited, particularly as growth in the number of power plants can restrict the number of sites available for additional plants. If these constraints on the establishment of hydropower, wind and solar power plants were to intensify, or if the sites ultimately chosen to develop do not perform as expected, this could have a material adverse effect on the business of the Group's clients and, in turn, on the Group's business, financial performance and further growth.

The Group's construction contracting contracts that are signed and pending to be effective may encounter delays in becoming effective or may not become effective.

Construction contracting contracts that the Group enters into are usually subject to some conditions precedent which are required to be fulfilled before these contracts can become effective, such as advance payment of contract value and obtaining of financing or governmental approvals, and some of these conditions precedent are beyond the Group's control. Any delay of the effective dates of these contracts could potentially expose the Group to significant risks associated with foreign currency fluctuations and uncertainty in equipment and raw material costs once they become effective, which may materially adversely impact the budget and profitability. Signed and pending to be effective contract value is not a measure defined by generally accepted accounting principles, and is not counted towards the Group's revenue, completed projects, ongoing projects, backlog or newly effective contract value. As such, the signed and pending to be effective contract value is not and should not be deemed to be indicative of the Group's future business performance. There is no assurance that these contracts will not encounter delays in becoming effective or will become effective at all, and, in the event that they do, these contracts may not be as profitable as the Group originally expected and hence may have a material adverse effect on the business prospects, future earnings and eventually the results of operations of the Group.

Backlog of the Group is subject to unexpected adjustments and cancellations and may, therefore, not be indicative of the Group's future results of operations.

Backlog is not a measure defined by generally accepted accounting principles and backlog may not be indicative of future operating results. The Group's methodology for determining backlog may not be comparable to the methodologies used by other companies in determining their backlog. The contract value of a project or other transaction represents the amount as at the relevant date the Group expects to receive assuming its performance is in accordance with the terms of the contract. As at 31 December 2020, the backlog of the Group's main businesses amounted to RMB1,522.6 billion. However, this figure is based on the assumption that the relevant contracts will be performed in full in accordance with their terms. The Group's construction contracting contracts may be subject to project cancellations or change of order by proprietors or other force majeure which may affect the project progress. Such cancellations or change of order of any one or more sizeable contracts or a force majeure event may have a substantial and immediate effect on the backlog of the Group, could reduce the amount of its backlog and the revenues and profits that the Group can actually generate, and pose pressure on its working capital. In addition, projects may also remain in the Group's backlog for an extended period of time. There is no assurance that the amount estimated in the Group's backlog will be realised in a timely fashion, or at all, or that, even if they are realised, will result in profits. As a result, investors should not unduly rely on the Group's backlog information presented in this Offering Circular as an indicator of the future earnings, results of operations or prospects of the Group.

The Group's business is vulnerable to downturns in the general economy and industries in which the Group operates or serves.

Demand for the Group's business depends on the general level of activity and growth in the industries in which the Group operates and serves, especially the power sector for the construction contracting business. Factors which may influence the performance and growth of these industries include, but are not limited to, general economic conditions, interest rates, exchange rates, inflation, government policies for the industries, demographic trends, political stability and consumer confidence.

The Group's business, results of operations and financial condition are materially affected by economic conditions in China, which are in turn affected by the global economic conditions. While some economies have resumed growth since the global financial crisis, the outlook for the world economy and financial markets remains uncertain. For instance, several countries in Europe have faced difficulties in refinancing sovereign debt, and the Chinese economy has experienced a slowdown in overall economic growth, which has led to reduced economic activity. It is uncertain whether various macroeconomic measures and monetary policies adopted by the Chinese government will be effective in sustaining the growth rate of the Chinese economy.

The U.S.-China trade conflict and the United States' increase in tariffs on Chinese exports has already resulted in the instability of the market, which has weakened the markets and lowered the confidence of consumers, as well as reduced economic growth expectations around the world. Although the Group does not have substantial direct business connection with the United States, the Group cannot guarantee that these tariffs and worsening trade relations between the United States and China will not have a material adverse effect on their business.

In addition, United Kingdom's withdrawal from the European Union may result in adverse effects on global economic conditions and stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to fund their capital and liquidity requirements and operate in certain financial markets. These factors could in turn have adverse effects on the Group's business, financial conditions and results of operations.

Furthermore, on 12 March 2020, the World Health Organisation declared COVID-19 as a global pandemic. The COVID-19 pandemic has resulted in many countries, including China, Japan, the United States, members of the European Union and the United Kingdom, declaring a state of emergency and imposing extensive business and travel restrictions with a view to containing the pandemic. Widespread reductions

in consumption, industrial production and business activities arising from the COVID-19 pandemic will significantly disrupt the global economy and global markets and is likely to result in a global economic recession. In addition, COVID-19 has 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. As the COVID-19 pandemic continues to adversely affect business activities globally, governments and central banks across the world have introduced or are planning fiscal and monetary stimulus measures including direct subsidies, tax cuts, interest rates cuts, quantitative easing program and suspension or relaxation of prudential bank capital requirements. These measures aim to contain the economic impact of the COVID-19 pandemic, stabilise the capital markets and provide liquidity easing to the markets. addition, the PRC regulators have promulgated a series of measures to encourage PRC financial institutions to increase financial support to business and consumers to combat the challenges arising from the COVID-19 outbreak.

The growth of the Group's businesses depends significantly upon the continuation of economic development and growth in the PRC. The PRC has experienced rapid economic development in the past decade, but there is no assurance that such growth will continue at such rates either in the PRC generally or in the particular areas in which the Group's operations and investments are located. A sustained period of slower growth in the PRC could have a material adverse effect on the Group's financial condition, results of operations and prospects. In the past, the PRC government has implemented administrative measures to restrain economic growth rates that were considered unsustainably high and to calm inflation fears, such as restrained financing policies, reduced fiscal expenditures or adjustment in tax policies. Such actions may result in an economic slowdown which could have negative macro-economic effects in the PRC and PRC-related markets.

The Group's construction contracting business is largely dependent on the level of public spending on infrastructure in the countries in which it currently or potentially undertakes construction contracting contracts.

The Group's construction contracting business is largely dependent on the level of public infrastructure spending by the relevant government or governmental agencies (including entities administered and financed by such agencies) of the countries in which it currently or potentially operates. Its construction contracting business largely depends on continued spending by the relevant government or governmental agencies to, among others, improve the living standards of its own people and sustain local economic development. Various factors can affect the nature, scale, location and timing of a government's public investment plans in these infrastructure sectors. These factors may include different governments' policies and priorities regarding their economies, regulations, and general conditions and prospects of their overall economies. Any significant reduction in the relevant government's public budgets and change in fiscal policies relating to infrastructure could have a material adverse effect on the Group's business, financial condition and results of operations. The government's fiscal and monetary policies which affect the availability of credit and funding for projects, deregulation to encourage private sector participation in the transportation infrastructure sector and the general condition and prospects of the overall economy can affect the nature, scale, location and timing of the government's public investment plans in these infrastructure sectors.

Any failure to maintain an effective quality control system could have a material adverse effect on the Group's business and operations.

The quality of the services that the Group provides and the products that the Group trades is one of the factors critical to its success. In order to sustain such success, the Group needs to continue to maintain an effective quality control system for its business, particularly for its construction contracting business. The effectiveness of its quality control system depends significantly on a number of factors, including a timely update of the quality control system to suit the ever-changing business needs, training programmes as well as its ability to ensure that the Group's quality control policies and guidelines are adhered to. Any failure or deterioration of its quality control system could result in defects in the Group's services, which in turn may jeopardise its reputation, reduce demands for the Group's services or even subject the Group to contractual or product liabilities and other claims. Any such claims, regardless of whether they are

ultimately successful, could cause the Group to incur significant costs, harm its reputation and/or result in significant disruption to its operations. Furthermore, if any of such claims were ultimately successful, the Group could be required to pay substantial monetary damages or penalties, which could have a material adverse impact on its business, financial condition and results of operations.

The Group may be subject to product liability exposure which could harm its reputation and materially adversely affect the business, financial condition and results of operations of the Group.

Potential product liability claims can be filed if equipment and machinery the Group employs for its construction contracting projects fail to perform as expected, or are proven to be defective, or if their use causes, results in, or is alleged to have caused or resulted in personal injuries, project delays or damages or other adverse effects. Any product liability claim, whether relating to personal injuries or project delays or damages, or related regulatory actions, could prove costly and time-consuming to defend and could potentially harm the reputation of the Group. If successful, product liability claims may require the Group to pay substantial damages which may not be sufficiently covered by the claims that the Group is entitled to against the manufacturers or suppliers. The Group may not be fully compensated, or at all, for the damages arising from such product liability claims from the insurance policies available to it.

Moreover, a material design, manufacturing or quality-related failure or defect in equipment and machinery that the Group employs for its construction contracting projects, or other safety issues, could each warrant a request for repair or replacement which may result in increased product liability claims. If the local authorities decide that the equipment or machinery fails to conform to applicable quality and safety requirements and standards, the Group could be subject to regulatory actions. Violation of local laws and regulations relating to product quality and safety may subject the Group to fines, penalties and prohibition to market or trade. In case of defects, the Group may be required to repair or replace the defective products, equipment or machinery and effect any modification to render them safe before they can be distributed again on the market or employed in a project, which may also lead to significant expenses. Criminal liability can be triggered by violations of the general obligation to offer safe products or can arise from significant damages caused to the users of any defective products.

Any acquisitions or strategic investments the Group undertakes may not be successful or may not achieve the Group's anticipated economic results or commercial viability and may negatively impact the results of operations and financial condition of the Group.

The Group has acquired, been in the process of acquiring and may in the future acquire other business or companies whose assets, capabilities and strategies the Group believes are complementary to and are likely to enhance or expand its business operations. Acquisitions and strategic investments involve numerous risks, including those relating to market conditions, policies and regulations of the PRC and other relevant jurisdictions, potential financing pressures, difficulties in retaining and assimilating personnel and integrating the operations and corporate culture of the acquired business, diversion of management's attention and other resources, insufficient or lack of experience and knowledge in the industry and market in which the acquired business operate and availability of technology.

The Group may not be able to identify suitable targets for acquisition or strategic investment. Extensive pre-feasibility studies on potential acquisition or strategic investment may require significant capital outlays and may not ultimately be implemented or generate any profits. Even if the Group does identify suitable targets for acquisition or strategic investment, it may not complete those transactions on terms commercially acceptable to the Group or at all, or it may fail to obtain the required governmental and other approvals for such acquisitions or strategic investments. Moreover, actual costs for acquisition or strategic investment of the Group may exceed its original budgets due to reasons such as delays in schedule, increases in funding costs and changes in original acquisition or investment plan. Acquisitions or strategic investments may result in the incurrence and inheritance of debts and other liabilities, assumption of potential legal liabilities in respect of the acquired business or investments, and incurrence of impairment charges relating to goodwill and other intangible assets, any of which could harm the financial condition and results of operations of the Group. As a result, there can be no assurance that the Group will be able to achieve the objective of any acquisition or strategic investment, the desired level of operational integration or its investment return target.

The Group may not be able to effectively manage and coordinate the operations of its numerous subsidiaries.

As at 31 December 2020, the Company had over 900 direct and indirect subsidiaries located across the PRC and other jurisdictions, whose financial results have been included in the Group's consolidated financial statements. The large scale and scope of its operations make central coordination of the Group's business activities a challenging task. The ability of the Company's management to manage and coordinate the Group's business operations and implement its business strategies, policies and internal control measures across the entire Group may be adversely affected by various factors, including a large number of employees, geographical and jurisdictional differences, costs, level of control over its subsidiaries and other factors. If the Group is not able to manage and coordinate the Group's business operations and implement its business strategies, policies and internal control measures across the entire Group, its business, financial condition, results of operations and prospects may be adversely affected.

The Group may encounter unforeseen or unforeseeable difficulties and uncertainties in its expansion into potential new markets and sectors.

Construction contracts the Group enters into are usually considered key projects of the relevant government in a country or region where these projects are located. These governments have different ways of managing their economic and governmental policies. Hence the Group may encounter unforeseen or unforeseeable difficulties and uncertainties in its expansion into potential new markets. Expansion into new sectors and markets has inherent risks, including risks relating to insufficient operating experience in such sectors and markets and changes in governmental policies and regulations and other adverse developments affecting such sectors and markets. Expansion may also significantly stretch the capital, personnel and management resources of the Group and, as a result, it may fail to manage its growth effectively, which in turn could have a material adverse impact on the business, financial condition, results of operations and prospects of the Group. In addition, there may be many established incumbent players in these sectors and markets which already enjoy significant market share, and it may be difficult for the Group to win market share from them. Furthermore, some of the overseas markets that the Group is targeting may have a high barrier of entry for foreign players. There can be no assurance that the expansion plans of the Group will materialise or be successful and failure of which may adversely affect the business performance, financial condition and prospect of the Group.

The Group faces significant competition in certain markets in which it operates, which could adversely affect its business.

The Group faces significant competition in certain markets in which it operates. Its competition comes from various sources, including large state-owned enterprises and leading international companies, as well as potential new competitors.

The Group's PRC competitors may have certain advantages over the Group in terms of design, construction capability and management experience while being able to provide services which are still competitively priced. The Group's market position depends on its ability to anticipate and respond to various competitive factors, including pricing strategies adopted by its competitors, changes in customer preferences and its access to capital and financing resources. Its foreign competitors may have greater financial, technical, management or other resources and may provide a wider range of services than it does, and could possibly form mergers or joint ventures with some of its domestic competitors or other foreign competitors to its detriment. Suppliers or subcontractors may merge with its competitors which may limit its choices of suppliers and subcontractors and hence the flexibility of its overall project execution capabilities. In addition, as the Group's business grows, it needs to manage relationships with great number of customers, suppliers, contractors, service providers, lenders and other third parties, which may not be as well managed as its competitors.

There can be no assurance that the Group's current or potential competitors will not offer services or products comparable with or superior to those that the Group offers at the same or lower prices or adapt more quickly than it does to evolving customer preferences, industry trends or changing market conditions. Increased competition may result in price reductions, reduced profit margins and loss of market share.

The Group is subject to operational risks and occupational hazards in the course of its business operations and could harm its reputation and cause it to incur substantial costs.

Due to the nature of construction work involved in the Group's construction contracting business, its projects may involve certain operational risks and occupational hazards, including operations on aerial platforms, underground construction, use of heavy machinery, and working with flammable and explosive materials. The Group ensures compliance with the requisite safety requirements and standards. Despite that, it is subject to the inherent risks of these activities, such as geological catastrophes, toxic gas, risk of equipment failure, industrial accidents, fire and explosion. These dangerous activities may result in personal injury and loss of life, damage to or destruction of properties and equipment, and environmental damage and pollution, any of which could result in the delay in its construction contracting projects, suspension of its operations and imposition of civil or criminal liabilities. The Group may also be subject to claims, resulting from the subsequent use of facilities, infrastructure and other engineering works in which it has been involved, from proprietors or other third parties.

The Group normally seeks to lower its exposure to potential claims associated with its construction contracting business through contractual limitations of liabilities, indemnities from proprietors, subcontractors and suppliers, and purchase of construction, installation and engineering all-risks insurance, third-party liability insurance and enhancement of internal control. These measures, however, may not always be effective due to various factors, many of which may be out of its control. For example, in some of the jurisdictions in which the Group operates, including the PRC, the Group assumes environmental and workers' compensation liabilities as a matter of law and may not be limited through contracts and insurance policies; proprietors may not have adequate financial resources to satisfy their indemnity obligations to the Group; and losses may derive from risks not covered in the Group's indemnity agreements.

In addition, in the Group's operation, the Company may not be able to detect or prevent employee misconduct, including misconduct by senior management, which may harm the Group's reputation and business. The Company's knowledge of the investigation is limited to the public information in the PRC. The Group has reiterated the importance of establishing a corruption prevention and penalisation system and issued an implementation measures in relation to such a plan in order to strengthen its ability to prevent, detect and penalise similar and other misconduct. There is no assurance that the Company is able to detect or prevent such misconduct in a timely fashion, or at all.

Furthermore, any harm caused by its operations could damage its reputation and relationship with the governmental authorities, regulators and its clients, which may materially hinder its chance to obtain new business and clients.

The Group's insurance policies may not be sufficient.

Although the Group maintains insurance coverage in amounts that the Group believes are consistent with its risk of loss and the customary practice in the relevant industry, there is no assurance that the insurance taken on by the Group is sufficient. Insurance policies, in particular, have become increasingly expensive and the Group may not be able to obtain insurance against some risks on commercially reasonable terms, or at all. Moreover, there may be circumstances where the Group is not fully covered or compensated, or at all, under insurance policies for environmental liability, business interruption, loss of profit, or other liabilities or losses arising from disruptions of operations, industrial accidents, demonstrations or other activities by its employees or third parties. Typical insurance coverage obtained by the Group as contractors include insurance for employer liability insurance, personal injury, business property and motorcar damage.

If the Group fails to adequately protect itself or third parties against these potential liabilities, it could incur substantial costs for these potential liabilities which could have an adverse effect on its business, financial condition and results of operations.

The Group may not be able to successfully develop or adopt new technologies in a timely manner.

The markets for the Group's contracting businesses may change rapidly because of changes in customer requirements, technological innovations, new product instructions, prices, industry standards and domestic and international economic factors. New products and technology may render existing services or technology obsolete, excessively costly or otherwise unmarketable. If the Group is unable to introduce and integrate new technologies into its contracting services in a timely and cost-effective manner, its competitive position will suffer and its prospects for growth will be impaired, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Regulatory changes and the uncertainties associated with the reform of the PRC's power industry may adversely affect the Group's energy project investment and operations business and results of operations.

The Group's power plants are subject to extensive regulations by the PRC government, and provincial and local authorities and agencies, which regulate many aspects of the power operations, including the connection and dispatch of electricity generation, the setting of on-grid and retail tariffs, compliance with power grid control and dispatch directives, and environmental, safety and health standards and emissions controls. The PRC's power generation industry has undergone and will continue to undergo regulatory reform. For example, the on-grid tariff is heavily regulated in the PRC, the Group's electricity power business has been and will continue to be subject to the regulations, in particular those related to the on-grid tariff, that may be promulgated by the PRC government from time to time. The compliance costs, liabilities and requirements associated with these regulations can have a significant impact on the Group's electricity power business and accordingly the Group's overall operating results. In addition, constructions projects for power plants may be affected or discontinued as a result of a change in environmental policy by the PRC government. There can be no assurance that future regulatory reform in the PRC power sector will not have a material adverse effect on the Group's business, financial condition or results of operations.

The PRC property market is cyclical, and the Group's real estate development activities are susceptible to significant fluctuations.

The PRC property market is, and is expected to continue to be, cyclical. In recent years, prices of residential properties in major PRC cities have experienced rapid and significant growth. However, there can be no assurance that oversupply and falling property prices will not recur in the PRC property market, and the recurrence of such problems could adversely affect the Group's real estate development business and financial condition.

The cyclical property market in the PRC affects the timing for both the acquisition of sites and the sale of completed development properties. This cyclicality, combined with the lead time required for the completion of projects and the sale of properties, means that the results of operations relating to real estate development activities may be susceptible to significant fluctuations from year to year.

To the extent that supply in the overall property market significantly exceeds demand, the Group's real estate development businesses may be subject to significant downturns and disruptions in the market for a sustained period. Alternatively, if a serious downturn in regional or global market conditions should occur, this may seriously affect and disrupt the property market in the PRC. If any of these events were to occur, the financial condition and results of operations of the Group's real estate development business may be materially and adversely affected.

The Group's real estate development business is subject to PRC government regulations and policies on the acquisitions of sites for development, including restrictive measures to cool the property market.

The Company is one of the 16 central enterprises whose real estate development business is one of their respective main businesses as approved by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC ("**SASAC**"). The Group is engaged in the development of residential properties, and derives a certain amount of its revenue from the sale of residential properties that it has developed in the PRC. Its revenue stream is dependent on its ability to complete and sell its property developments. To maintain or grow its business in the future, it will be required to replenish its land reserve with suitable sites for developments. Its ability to identify and acquire a sufficient number of suitable sites is subject to a number of factors that are beyond its control.

The PRC government controls substantially all of the country's land supply and adopts a number of initiatives to regulate the means by which property developers obtain land sites for property developments. As a result, the PRC government's land supply policies affect the Group's ability to acquire land use rights for sites it identifies and the costs of any acquisition. Although these regulations do not prevent privately held land use rights from being traded in the secondary market, the PRC government's policy to grant state-owned land use rights through a bidding system is likely to increase the acquisition cost of land reserves generally in the PRC. If the Group fails to acquire sufficient land reserves in a timely manner and at acceptable prices, or at all, its business prospects, financial condition and results of operations may be materially and adversely affected.

Furthermore, the PRC government has adopted other measures to control the growth of China's residential property sector and to promote the development of affordable housing. For instance, many cities have promulgated measures to restrict the number of properties a household is allowed to purchase and the cities where the Group's property projects are located may promulgate similar restrictive measures in the near future. Any such measures further intensify the competition in the PRC among property developers and could have a material adverse effect on the Group's property business, financial condition or results of operations.

In the first half of 2020, the PBOC emphasised adhering to the principle that "houses are used for living, not for speculation" and the requirements of "not using real estate as a short-term means to stimulate the economy," so as to maintain the continuity, consistency and stability of real estate financial policies. In August 2020, the PBOC and the Ministry of Housing and Urban-Rural Development (the "**MOHURD**") jointly held a meeting which emphasised the importance of market-oriented, regular and transparent financing rules applicable to real estate developers in cultivating a sustainable, stable and healthy development of real estate market. The PBOC and the MOHURD formulated the "Three Red Lines" policy to monitor the leverage ratio and regulate the ability of the real estate enterprises to incur additional debt. The "Three Red Lines" refer to certain financial metrics of a real estate enterprise: (i) the liabilities to assets ratio after excluding advances received from customers shall not exceed 70%; (ii) the net gearing ratio shall not exceed 100%; and (iii) cash to short-term borrowing ratio shall not be less than one. The real estate enterprises that fail to meet three targets shall not increase the amount of interest-bearing borrowings; the real estate enterprises that fail to meet two targets may increase the amount of interest-bearing borrowings by 5% each year; the real estate enterprise that fail to meet one target may increase the amount of interest-bearing borrowings by 10% each year; and the real estate enterprises that meet all three targets may increase the amount of interest-bearing borrowings by 15% each year. All real estate enterprises will have to meet all three requirements by the end of 2023. There is no assurance that the PRC government will not further restrict the ability of the real estate enterprises to obtain additional financings, or the Group's business, financial condition and results of operation will not be adversely affected as a result of these adjustment. Given that real estate development business only accounted for approximately 5% of the Group's total operating income for the years ended 31 December 2018, 2019 and 2020, as of the date of this Offering Circular, the Group believes that its business and results of operations has not been materially and adversely affected by the above policy. However, there is no assurance that the real estate enterprises will continue to meet the "Three Red Lines" targets and their ability to incur additional financings will not be restricted. If the Group failed to secure adequate financing or renew its existing credit facilities prior to its expiration, or if the PRC government adopts further restrictive credit policies in the future, the Group's business, financial condition and results of operations may be materially and adversely affected.

The relocation of local residents and local businesses on the sites where the Group's projects are located may result in delays in its development and/or increases in its development costs.

Some of the property development projects undertaken by the Group involved the relocation of local residents and local businesses located on the land required for such projects. There can be no assurance that the relocation of local residents or businesses will proceed smoothly or that they will agree to the relocation compensation. In addition, the amount of compensation to be paid is subject to PRC governmental regulation and can be changed at any time. If any local resident or business is not satisfied with the relocation compensation and refuses to move, it may result in delays in the Group's development or construction schedules and/or increases in its development or construction costs, any of which could have a material adverse effect on its business, financial condition and results of operations.

The Group's operations are subject to external risks such as natural disasters, contagious diseases and accidents.

Natural disasters, catastrophes, outbreaks of contagious disease, epidemics or other events could result in severe personal death or injury, property damage and environmental damage, and disturbance of all levels of business in the areas where the Group operates, which may curtail the Group's operations, cause delays in estimated completion dates for projects, increase the costs associated with the Group's operations, reduce its ability to operate and materially and adversely affect its cash flows and, accordingly, adversely affect its ability to service debt.

The Group's operations and financial condition could also be materially and adversely affected by any outbreak, epidemic and/or pandemic of (or the escalation and/or intensification of any outbreak, epidemic and/or pandemic of) infectious or contagious diseases and/or other adverse public health developments in the PRC or elsewhere. In particular, the outbreak of the novel coronavirus, COVID-19, in the PRC, Hong Kong and other countries has led to business suspension, travel and other restrictions, labour shortages and supply or delivery chain constraints in the PRC, Hong Kong and globally. It is difficult to predict the level of impact of the outbreak of COVID-19 on the PRC and global economies and there can be no assurance that it would not have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

If any of the Group's developments is damaged by severe weather or any other disaster, accident, catastrophe, outbreaks of contagious diseases or other events, the Group's operations may be significantly interrupted and the Group's financial condition and results of operation may be materially and adversely affected.

The Group's projects are subject to risks of material adverse impact due to acts of terrorism.

A number of the Group's projects are located in regions that are subject to political unrest and heightened risks of terrorism or other politically motivated attacks. Any acts of terrorism in such regions may have a materially adverse impact on the feasibility or continuity of such projects. There is no assurance that acts of terrorism against the Group, or acts of terrorism materially affecting its projects, will not take place in the future. Such acts, if sufficiently severe, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. The Group's insurance policies may not adequately cover for any loss suffered by the Group's business as a result of any acts of terrorism. See "*Risk Factors – Risks Relating to the Group's Business – The Group's insurance policies may not be sufficient*".

The Group's continued success is dependent on it being able to hire and retain qualified personnel.

The growth of the Group's business operation is dependent upon the continued service of its senior management team. The industry experience, expertise and contributions of its executive directors and other members of its senior management are essential to its continuing success. The Group will require an increasing number of experienced and competent executives in the future to implement its business and growth plans. If the Group were to lose the services of any of the Group's key management members or were unable to train or recruit and retain personnel with equivalent qualifications at any time, the management and growth of its business could be adversely affected.

The Group's future success is dependent upon its ability to train, attract and retain high-quality personnel, including executive officers, business development personnel and project managers and key qualified personnel, who have the necessary and required experience and expertise to conduct its business. Particularly, its success in the construction contracting business is largely attributable to the qualified and experienced engineering designers, engineers and other business personnel that it has been able to train, attract and retain in the past. The Group may periodically experience difficulties in recruiting suitable personnel. It may lose these persons to its competitors who are able to offer more competitive packages, or it may have to significantly increase its related staff costs.

Competition for competent personnel in general is intense in the PRC and other markets where the Group operates its business. There can be no assurance that the Group will be able to maintain an adequate skilled labour force necessary for it to execute its business or to perform other corporate activities, nor can the Group guarantee that staff costs will not increase as a result of a shortage in the supply of skilled personnel. If the Group fails to attract and retain personnel with suitable managerial, technical or marketing expertise or maintain an adequate labour force on a continuous basis, its business and operations could be adversely affected and its future growth and expansions may be inhibited.

The Group may not be able to adequately protect its intellectual property rights, which could reduce its competitiveness.

The Group relies on a combination of copyrights and patents to protect its intellectual properties. There can be no assurance that the measures the Group have taken will be sufficient to prevent any misappropriation of its intellectual properties. In the event that the measures taken by the Group or the protection afforded by law do not adequately safeguard its intellectual property rights, it could suffer losses in revenues and profits due to competing sales of products and services that exploit its intellectual properties. Furthermore, there can be no assurance that any of the intellectual property rights of the Group will not be challenged by third parties. Adverse rulings in any litigation or proceedings on intellectual property rights could result in the loss of the proprietary rights of the Group and subject it to substantial liabilities, or even disrupt the business and operation of the Group. Intellectual property laws in the PRC are still evolving and the level of protection and means of enforcement of intellectual property rights in the PRC differ from those in other jurisdictions. Enforcement of the Group's intellectual property rights could be costly, and the Group may not be able to immediately detect unauthorised use of its intellectual properties and take the necessary steps to enforce its rights over such properties.

The Group's businesses are required to comply with the environmental protection regimes.

The Group's construction contracting business can have a significant environmental impact, and consequently is subject to stringent environmental laws and regulations in the countries in which the Group operates. For example, in the PRC, the PRC government has been increasing its environmental protection standards and strengthening environmental law enforcement, in particular in respect of coal-fired power plants. Failure to adhere to the terms of environmental licences and regulations may also result in penalties or, in extreme cases, the inability to operate or termination of the relevant operation. Licence terms or regulations may also be changed at short notice and it may be difficult to comply with the amended terms in a timely fashion or without significant cost. The Group believes that most of its subsidiaries' business is in compliance with the requirements of existing environmental protection laws and regulations. However, there can be no assurance that the Company's subsidiaries will not encounter problems in obtaining required licences and approvals for the operation and development of its business or in fulfilling the conditions of such licences and approvals from time to time. If any subsidiary of the Group fails to obtain approvals in respect of its operations or fails to fulfil the conditions of those licences, approvals or permits, it may be subject to fines or penalties or be required to halt construction or operations of some of its plants, and the Group's business strategies may not proceed on schedule and the business, financial condition and results of operations of the Group may be adversely affected.

The Group's operations require certain permits, licenses, qualifications and certificates inside and outside the PRC, the loss of which can significantly hinder its business and operations, and it is subject to periodic inspections, examinations, inquiries and audits by regulatory authorities.

The Group is required to obtain and maintain valid permits, licenses and certificates from various governmental authorities to conduct its business, including, among others, business license for an enterprise as a legal person, tax registration certificates, organisation code certificates, construction contracting certificates, import and export licenses and tender agency qualification certificates inside and outside the PRC. The Group must comply with the restrictions and conditions imposed by various levels of governmental agencies to maintain its permits, licenses, qualifications and certificates. If it fails to comply with any of the regulations or satisfy any of the conditions required for the maintenance of its permits, licenses, qualifications and certificates, its permits, licenses, qualifications and certificates could be temporarily suspended or even revoked, or the renewal thereof, upon expiry of their original terms, may be delayed or rejected, which could materially adversely impact its business, financial condition and results of operations.

In order to ensure the Group's compliance with the restrictions and conditions required for maintaining its permits, licenses, qualifications and certificates for its business and operations, the governmental authorities at various levels conduct routine or special inspections, examinations, inquiries and audits on it. The Group may be subject to suspension or revocation of the relevant permits, licenses or certificates, fines or other penalties due to any non-compliance uncovered as a result of such inspections, examinations, inquiries and audits. There can be no assurance that the Group will be able to maintain or renew its existing permits, licenses, qualifications and certificates or obtain future permits, licenses, qualifications and certificates required for its continued operations on a timely basis or at all. In the event that it fails to comply with applicable laws and regulations or fail to maintain, renew or obtain the necessary permits, licenses, qualifications or certificates, its business and results of operations may be adversely affected.

The Group is subject to litigation risks.

In the ordinary course of the business of the Group, claims involving proprietors, clients, suppliers and subcontractors may be brought against the Group or by the Group. Claims may be brought against the Group for alleged defective or incomplete work, liabilities for defective products, personal injuries and deaths, damage to or destruction of property, breaches of warranty, late completion of projects, termination of contracts or delayed payments to its suppliers or subcontractors. The Group may also bring claims against counterparties to preserve or enforce its contractual rights. The claims and charges may involve actual damages and contractually-agreed-upon liquidated sums. If the Group is found to be liable on any of the claims, it would have to incur a loss against earnings to the extent a reserve had not been established for the matter in its financial statements, or to the extent the claims were not sufficiently covered by the insurance coverage of the Group. Claims brought by the Group against proprietors may include claims for additional costs incurred in excess of current contractual provisions arising out of project delays and changes in the initial scope of work. Both claims brought against the Group and by the Group, if not resolved through negotiation or mediation, are often subject to lengthy and expensive litigation or arbitration proceedings. Amounts ultimately realised from project or other claims by the Group could differ materially from the balances included in the financial statements, resulting in a loss against earnings of the Group to the extent profit has already been accrued on a project or other contract. Charges and write-downs associated with claims brought against the Group have a material adverse impact on the financial condition, results of operations and cash flow of the Group. Moreover, legal proceedings resulting in judgments or findings against the Group may harm its reputation and damage its prospects for future contract awards and business.

The Group may not be able to detect and prevent fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties.

The Group may be exposed to fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties that could subject it to litigation, financial losses and sanctions imposed by governmental authorities, as well as affecting its reputation. In addition, the Group's employees, representatives, agents, customers or other third parties may be subject to investigations by the PRC authorities, whose occurrence or outcome may be difficult to predict.

Potential misconduct 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;
- engaging in improper activities such as receiving or offering bribes to counterparties;
- misappropriation of funds;
- conducting transactions that exceed authorised limits;
- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities;
- engaging in unauthorised or excessive transactions to the detriment of the Group's customers; and
- otherwise not complying with applicable laws or the Group's internal policies and procedures.

In particular, according to an announcement issued by the National Audit Office of the PRC (the "**NAO**") on 23 June 2017 (the "**June 2017 Announcement**"), based on the NAO's audit on the Group's financial results for the year ended 31 December 2015, the Group was exposed to various defects including those relating to (1) financial reporting and bookkeeping, (2) the implementation of major national policies of the PRC government, (3) the Group's internal control systems and some of its strategic decisions, and (4) the implementation of directives related to disciplinary matters issued by the PRC government.

Specifically, PowerChina Limited (中國電力建設股份有限公司), a listed subsidiary of the Group, was named by NAO for certain deficiencies in the areas at its internal control systems and some of its strategic decisions, such as its investment in a coalfield.

As at the date of this Offering Circular, the Group has not received any further enquiries from the PRC governmental authorities on its improvement measures and, to the best knowledge of the Group and the Guarantor, none of the Guarantor's or the Group's directors or senior management has been subject to litigation or investigation from the PRC governmental authorities as a result of the June 2017 Announcement. The NAO's findings of various deficiencies identified in the June 2017 Announcement have drawn the senior management's great attention and the management intends to, and has also improved certain internal policies and measures to strictly follow the NAO's recommendations for rectification of those deficiencies to further improve the Group's internal control, corporate governance and risk management mechanisms. However, there can be no assurance that there will not be prolonged or broadened investigations or on what the results or impact of such investigations will be, nor that such investigations would not have a material and adverse effect on the Group.

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 noncompliance or suspicious transactions in a timely manner if at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions the Group takes to prevent and detect such activities may not be effective. There can be no assurance that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it may cause negative publicity as a result, and could have a material and adverse effect on the Group's businesses, financial condition and results of operations.

The reporting and disclosure standards applicable to the Company may differ significantly from those applicable to companies with equity securities listed on a stock exchange and only limited financial information of the Company will be made available to Holders.

Shares in the Company are not listed on any stock exchange. As a result, the Company is not bound by any continuing obligations similar to those imposed on companies with equity securities listed on the other stock exchanges.

Further, the Company is not bound by any continuing obligation as regards publication of non-public price sensitive information, major transactions/very substantial transactions or connected transactions, nor is it subject to any code as regards corporate governance. Although the Company will be required to provide to the Trustee copies of the audited annual financial statements of the Group, and if such statements shall be in the Chinese language, together with an English translation, so long as any of the Securities remain outstanding, as set out in Condition 3(d) of the Terms and Conditions of the Securities, the Company cannot provide any assurance that the level of publicly available information in relation to the Issuer, the Company or the Group, or the information disclosed by the Company on an ongoing basis, will be equivalent to that available or disclosed in relation to companies with equity securities listed on any stock exchange.

The Group's auditor, Baker Tilly China Certified Public Accountants, had been subject to regulatory investigations.

Baker Tilly China Certified Public Accountants ("**Baker Tilly**"), the Guarantor's existing independent auditor, is a registered accounting firm in the PRC supervised by relevant PRC regulatory agencies, including the MOF and the CSRC. Baker Tilly was previously investigated by CSRC in connection with its provision of audit services for certain PRC companies. As a result of such investigations, CSRC has issued warning notices to Baker Tilly and certain employees of Baker Tilly on improving internal controls and audit procedures. In July 2017, Baker Tilly received the Warning Decision regarding Baker Tilly China Certified Public Accountants (Special General Partnership) No. [2017] 17 (《關於對天職國際會計師事務所(特殊普通合夥)採取出具警示函措施的決定》([2017]17號)) (the "**Decision**") from CSRC Fujian branch, regarding its audit of the 2015 and 2016 financials of another PRC company, Kaiying Internet Co., Ltd. (愷英網路股份有限公司) ("**Kaiying Internet**"). Pursuant to the Decision, CSRC Fujian branch issued a warning letter to Baker Tilly, as Kaiying Internet's auditor, in connection with certain of its breaches of PRC securities law during the course of its audit of Kaiying Internet's financial statements as at and for the years ended 31 December 2015 and 2016. In May 2020, Baker Tilly received another Warning Decision from CSRC Fujian branch regarding Baker Tilly's audit of the 2017 and 2018 financials of Kaiying Internet. Pursuant to the Decision, CSRC Fujian branch issued a warning letter to Baker Tilly, as Kaiying Internet's auditor, in connection with certain of its breaches of PRC securities law during the course of its audit of Kaiying Internet's financial statements as at and for the years ended 31 December 2017 and 2018. Baker Tilly has confirmed that (a) none of the team members involved in the above audit are involved in the issuance of the Securities, (b) as at the date of this Offering Circular, Baker Tilly has completed all the rectifications as requested by CSRC Fujian branch and has submitted a report in respect thereof to CSRC Fujian branch, and the CSRC Fujian branch has not conducted any further investigation and made any further adverse decision or imposed any penalty on Baker Tilly, and (c) it believes that the Decision, or any further adverse decision or potential penalty, if any, would not, individually or in aggregate, have a material adverse effect on Baker Tilly or on the issuance of the Securities.

Furthermore, Baker Tilly has confirmed that the aforementioned regulatory actions are not related to its serving as the Guarantor's auditor, and do not (i) disqualify Baker Tilly from participating in this offering as the Guarantor's auditor, (ii) have any impact on Baker Tilly's audit opinions for the Guarantor's financial statements as at and for the years ended 31 December 2019 and 2020, or (iii) have any impact on Baker Tilly in continuing to provide audit services to the Guarantor.

There can be no assurance that these regulatory actions would not subject Baker Tilly or any of its management, officers or employees to other sanctions imposed by other PRC authorities or suspension of business operations by CSRC and/or other authorities. Such further sanctions, revocations and suspensions may restrict Baker Tilly from providing audit services or other services to the Group. Regulatory actions against Baker Tilly, including the Decision, may nevertheless adversely affect investors' confidence in companies and financial statements audited by Baker Tilly, including those of the Group. There can also be no assurance that there will not be any further regulatory investigations conducted by regulatory authorities on Baker Tilly.

RISKS RELATING TO THE PRC

The Group's business, financial condition, results of operations and prospects could be adversely affected by a slowdown in the PRC economy and other market considerations outside of the Group's control.

Substantially most of the Group's assets are located in the PRC, and substantially most of the Group's revenue is derived and sourced from the PRC. Accordingly, the Group's results of operations, financial position and prospects are significantly subject to the economic, political and legal developments of the PRC.

Uncertainty and adverse changes in the PRC economy could affect the industries in which the Group operates, and in turn decrease the opportunities for developing the Group's businesses, increase costs and decrease the availability of potential sources of financing, and increase the Group's exposure to material losses from its investments, any of which could have a material adverse effect on the Group's financial condition and results of operations. Changes in the shareholding structure of the Guarantor may affect market sentiment on the Group which could in turn, have a material adverse effect on the Group's prospects and results of operations.

PRC economic, political and social conditions, as well as government policies, could affect the Group's business.

The economy of the PRC differs from the economies of most developed countries in many respects, including, but not limited to:

- political structure;
- level of government involvement;
- level of development;
- growth rate;
- foreign exchange;
- control of foreign exchange; and
- allocation of resources.

While the PRC economy has grown significantly in the past 30 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also negatively affect the Group's operations. For example, the Group's financial condition and results of operations may be adversely affected by the PRC government's control over capital investments or any changes in tax regulations or foreign exchange controls that are applicable to the Group. The PRC economy has been transitioning from a planned economy to a market-oriented economy. For the past three decades, the PRC government has implemented economic reform measures emphasising utilisation of market forces in the development of the PRC economy. Although the Company believes these reforms will have a positive effect on the Group's overall and long-term development, it cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any adverse effect on the Group's current or future business, results of operations or financial condition.

The operations of the Group may be affected by inflation and deflation within the PRC.

Economic growth in the PRC had historically been accompanied by periods of high inflation. Increasing inflation rates were due to many factors beyond the Group's control, such as rising food prices, rising production and labour costs, high lending levels, PRC and foreign government policies and regulations as well as movements in exchange rates and interest rates. It is impossible to accurately predict future inflationary trends. If inflation rates rise beyond the Group's expectations, the Group may be unable to increase the prices of its services and products in amounts that are sufficient to cover its increasing operating costs. Further inflationary pressures within the PRC may have a material adverse effect on the Group's business, financial condition or results of operations.

Recently, concerns have arisen over deflationary pressures in the PRC as a result of weak domestic demand and slow economy. The inflation rates within the PRC have been on a downward trend in recent years. A prolonged period of deflation may result in falling profits, closure of plants and shrinking employment and incomes by companies and individuals, any of which could adversely affect the Group's business, financial condition or 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 the PRC, 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, the PRC 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 (including the Circular of the Ministry of Finance on Issues relevant to the Regulation on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (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 "**MOF Circular**") promulgated on 28 March 2018 and which took effect on the same day and 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,發改外資[2018]706號) (the "**Joint Circular**") promulgated on 11 May 2018 and which took effect on the same day) 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 some time 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.

It may be difficult to effect service of process or enforce any judgments obtained from non-PRC courts against the Group or its directors and senior management who reside in the PRC.

Substantially all of the Group's assets are located within the PRC. In addition, most of the Group's directors and senior management reside within the PRC, and assets of the directors and senior management may also be located within the PRC. As a result, it may not be possible to effect service of process outside the PRC upon most of the Group's 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 the PRC or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of other requirements. However, the PRC 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 non-PRC courts against the Group, the Company, any of their respective directors or senior management in the PRC.

The PRC government has no obligations under the Securities.

The PRC government is not an obligor and Securityholders and/or Holders shall have no recourse to the PRC government in respect of any obligation arising out of or in connection with the Securities or the Guarantee in lieu of the Issuer or the Guarantor. This position has been reinforced by the MOF Circular and the Joint Circular. Both Circulars are relatively new, and because of the limited volume of published decisions, the interpretation and enforcement of these laws and regulations involve uncertainties. The PRC government as the ultimate shareholder of the Guarantor only has limited liability in the form of its equity contribution in the Guarantor. As such, the PRC government does not have any payment obligations under the Securities or the Guarantee. The Securities are solely to be repaid by the Issuer (and the Guarantee by the Guarantor) as independent legal persons. In addition, any ownership or control by the PRC government does not necessarily correlate to, or provide any assurance as to, any of the Issuer's or the Guarantor's financial condition. Therefore, investors should base their investment decision only on the financial condition of the Issuer, the Guarantor and the Group and base any perceived credit risk associated with an investment in the Securities only on the Group's own financial information reflected in its financial statements.

The PRC Government's control over foreign currency conversion may limit the Group's foreign exchange transactions.

Currently, RMB still cannot be freely converted into any foreign currency, and conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, the Group will have sufficient foreign exchange to meet its foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by the Group do not require advance approval from SAFE, but the Group is required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the requisite licences to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by the Group, however, must be approved in advance by SAFE or registered with SAFE upon approval of, or filing with, other competent authorities, including NDRC and MOFCOM.

In addition, any insufficiency of foreign exchange may restrict the Group's ability to obtain sufficient foreign exchange to satisfy any other foreign exchange requirements. If the Group fails to obtain approval from SAFE to convert RMB into any foreign exchange for any of the above purposes, its capital expenditure plans, and even the business, operating results and financial condition of the Group, may be materially adversely affected.

The Group's labour costs may increase for reasons such as the implementation of the PRC Labour Contract Law or inflation in the PRC.

The PRC Labour Contract Law (中華人民共和國勞動合同法) became effective on 1 January 2008 in the PRC and was amended on 28 December 2012. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts and dismissal of employees. Pursuant to the PRC Labour Contract Law, the employer is required to make compensation payment to a fixed-term contract employee when the term of their employment contract expires, unless the employee does not agree to renew the contract even though the conditions offered by the employer for renewal are the same as or better than those stipulated in the current employment contract. In general, the amount of compensation payment is equal to the monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer. A minimum wage requirement has also been incorporated into the PRC Labour Contract Law. In addition, unless otherwise prohibited by the PRC Labour Contract Law or objected to by the employees themselves, the employer is also required to enter into non-fixed-term employment contracts with employees who have previously entered into fixed-term employment contracts for two consecutive terms.

In addition, under the Regulations on Paid Annual Leave for Employee (職工帶薪年休假條例), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to paid annual leave ranging from 5 to 15 days, depending on the length of the employees' work time. Employees who consent to waive such vacation at the request of employers shall be compensated an amount equal to three times their normal daily salaries for each vacation day being waived. As a result of the PRC Labour Contract Law and the Regulations on Paid Annual Leave for Employees, the Group's labour costs (inclusive of those incurred by contractors) may increase.

Further, under the PRC Labour Contract Law, when an employer terminates its PRC employees' employment, the employer may be required to compensate them for such amount which is determined based on their length of service with the employer, and the employer may not be able to efficiently terminate non-fixed-term employment contracts under the PRC Labour Contract Law without cause. In the event the Group decides to significantly change or decrease its workforce, the PRC Labour Contract Law could adversely affect its ability to effect these changes in a cost-effective manner or in the manner that the Group desires, which could result in an adverse impact on the Group's businesses, financial condition and results of operations.

Further, if there is a shortage of labour or for any reason the labour cost in the PRC rises significantly, the costs of production of the Group's products is likely to increase. This may in turn affect the selling prices of the products and services, which may then affect the demand of such products and services and thereby adversely affect the Group's sales and financial condition. Increase in costs of raw materials and other components required for the Group's business operation may cause similar adverse effects, particularly if the Group is unable to identify and employ other appropriate means to reduce the costs. In such circumstances, the profit margin may decrease and the financial results may be adversely affected.

In addition, inflation in the PRC has increased in recent years. Inflation in the PRC increases the costs of labour and the costs of raw materials the Group must purchase for production. Rising labour costs may increase the Group's operating costs and partially erode the cost advantage of the Group's PRC-based operations and therefore negatively impact the Group's profitability.

RISKS RELATING TO THE ISSUER AND THE GUARANTOR

The Issuer is a special purpose vehicle with no business activities of its own and will be dependent on funds from its affiliates to make payments under the Securities.

The Issuer is an indirect subsidiary of the Guarantor formed for the purposes of issuing securities. The net proceeds of the issue of the Securities would be used for repayment of the Group's offshore indebtedness. The Issuer does not and will not have any net assets other than such on-lent loans and its ability to make payments under the Securities depends on timely payments under such loans. In the event that the affiliates of the Issuer do not make such payments due to limitation in such loans or other agreements, lack of available cash flow or other factors, the Issuer's ability to make payments under the Securities could be adversely affected.

Claims by the holders of the Securities seeking to enforce the Guarantee are structurally/effectively subordinated to other debt.

Payments under the Guarantee are structurally or effectively subordinated to the debt and other liabilities of the Guarantor's subsidiary companies. The effect of this subordination is that, in the event of a bankruptcy, liquidation, dissolution, reorganisation or similar proceeding involving the Issuer, the assets of the affected entity could not be used to pay investors until after, if the affected entity is the Guarantor's subsidiary, all other claims against such subsidiary, including trade payables, have been fully paid.

The Securities and the Guarantee are unsecured obligations.

The Securities and the Guarantee are unsecured obligations of the Issuer and the Guarantor respectively. The repayment of the Securities and payment under the Guarantee may be adversely affected if:

- the Issuer or the Guarantor enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer's or the Guarantor's future secured indebtedness or other unsecured indebtedness;
- there is an acceleration of any of the Issuer's or the Guarantor's indebtedness;
- there is not enough foreign currency from domestic commercial banks for the Guarantor to purchase to fulfil its payment obligations under the Guarantee; or
- the foreign exchange authority adopts more stringent controls over cross-border foreign exchange.

If any of these events were to occur, the Issuer's or the Guarantor's assets may not be sufficient to pay amounts due on the Securities.

Neither the Issuer nor the Guarantor is listed on a recognised stock exchange and therefore there may be limited information on the Issuer and the Guarantor which is publicly available.

The Issuer and the Guarantor are private companies and they are not required under the BVI or PRC laws and regulations to publish their financial statements or make periodic public announcements. Therefore, there may be less publicly available information about the Issuer and the Guarantor than is regularly made available by publicly listed companies in England, Hong Kong and other countries. Corporate governance rules and internal control measures required of a listed company complying with applicable listing rules are not mandatorily applied to the Issuer and the Guarantor. As such, in making an investment decision, investors must rely upon their own examination of the Issuer and Guarantor, the terms of the offering and the financial information in this Offering Circular.

The Issuer or the Guarantor may be unable to redeem the Securities.

On certain dates, including the occurrence of any of the events set out in "*Terms and Conditions of the Securities – Redemption and Purchase*". If such an event were to occur, the Issuer or, as the case may be, the Guarantor may not have sufficient cash on hand and may not be able to arrange financing to redeem the Securities in time, or on acceptable terms, or at all, which may also constitute a default under the terms of other indebtedness of the Guarantor.

Certain facts and statistics and information relating to the Group are derived from publications not independently verified by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or their respective advisors.

Facts and statistics in this Offering Circular relating to the PRC's economy and the industries in which the Group operates and information relating to the Group are derived from publicly available sources. While each of the Issuer and the Guarantor has taken reasonable care to ensure that the facts and statistics or information relating to the Group presented is accurately extracted from such sources, such facts, statistics and information has not been independently verified by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or their respective advisors and, therefore, none of them makes any representation as to the accuracy of such facts and statistics or information, 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 with facts and statistics produced for other economies and should not be unduly relied upon.

The insolvency laws of the BVI, the PRC and other local insolvency laws may differ from those of another jurisdiction with which the holders of the Securities are familiar.

As the Issuer is incorporated under the laws of the BVI and the Guarantor is incorporated under the laws of the PRC, any insolvency proceeding relating to the Issuer or the Guarantor would likely involve BVI insolvency laws and PRC insolvency laws, respectively, 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 Securities are familiar.

The Guarantor's subsidiaries, jointly controlled entities and associated companies are subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to the Guarantor, its jointly controlled entities and associated companies.

As a holding company, the Guarantor depends on the receipt of dividends and the interest and principal payments on intercompany loans or advances from its subsidiaries, jointly controlled entities and associated companies to satisfy its obligations, including its obligations under the Securities and the Guarantee. The ability of the Guarantor's subsidiaries, jointly controlled entities and associated companies to pay dividends and make payments on intercompany loans or advances to their shareholders is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of these companies, applicable laws and restrictions contained in the debt instruments of such companies. The Guarantor cannot assure that its subsidiaries, jointly controlled entities and

associated companies will have distributable earnings or will be permitted to distribute their distributable earnings to it as it anticipates, or at all. In addition, dividends payable to it by these companies are limited by the percentage of its equity ownership in these companies. Some portfolio companies may conclude that it is in the best interest of their shareholders to retain earnings, if any, for use in the operation and expansion of their businesses. The shareholders or the board of directors of a portfolio company (as the case may be) have the power to determine whether to pay dividends based on conditions then existing, including such company's earnings, financial condition and capital requirements, as well as economic and other conditions the shareholders or the board may deem relevant. In particular, the Guarantor does not maintain complete control over its jointly controlled entities or associates in which it might hold a minority interest. Further, if any of these companies raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such shares would not be available to the Guarantor to make payments on the Securities. These factors could reduce the payments that the Guarantor receives from its subsidiaries, jointly controlled entities and associated companies, which would restrict its ability to meet its payment obligations under the Securities and the Guarantee.

PRC laws and regulations permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations. The PRC subsidiaries, jointly controlled entities and associated companies of the Guarantor are also required to set aside a portion of their post tax profits according to PRC accounting standards and regulations to fund certain reserves that are not distributable as cash dividends. In addition, starting from 1 January 2008, dividends paid by such PRC subsidiaries, jointly controlled entities and associated companies to their non-PRC parent companies will be subject to a 10 per cent. withholding income tax, unless there is a tax treaty between the PRC and the jurisdiction in which the overseas parent company is incorporated which specifically exempts or reduces such withholding income tax. Pursuant to a double tax avoidance arrangement between Hong Kong and the PRC together with related implementation rules, if a non-PRC parent company is a Hong Kong resident and directly holds a 25 per cent. or more interest in a PRC enterprise for at least 12 consecutive months immediately prior to receiving the dividends, and subject to certain other requirements, this withholding income tax rate may be lowered to 5 per cent. According to the Administrative Measures for Entitlement of Non-resident Taxpayer to Agreement Treatment (《非居民納稅人享受協定待遇管理辦法》), which became effective on 1 January 2020, any eligible non-resident taxpayer meeting specified conditions may be entitled to the favourable tax treatment when it files a tax return or makes a withholding declaration through a withholding agent, subject to the follow-up administration by the relevant PRC tax authority. During the follow-up administration, the PRC tax authorities shall verify if the non-resident taxpayer is eligible for the favourable tax treatment, and if the non-resident taxpayer is deemed not eligible for favourable tax treatment, the non-payment or underpayment of the tax shall be required to be paid up by the non-resident taxpayer. The Guarantor cannot provide assurance that the PRC tax authorities will grant approvals on the 5% withholding income tax rate on dividends received by it or its subsidiaries, jointly controlled entities and associated companies in Hong Kong from their respective PRC subsidiaries, jointly controlled entities and associated companies. As a result of such factors, the Guarantor could face difficulties in making payments required by the Securities or satisfying obligations under the Guarantee.

RISKS RELATING TO THE MARKET GENERALLY

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The Securities have no current active trading market and may trade at a discount to their initial offering price and/or with limited liquidity.

The Securities will be new securities which may not be widely distributed and for which there is currently no active trading market (unless, in the case of any particular tranche, such tranche is to be consolidated with and form a single series with a tranche of Securities which is already issued). If the Securities are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer and the Guarantor. If the Securities are trading at a discount, investors may not be able to receive a favourable price for their Securities, and in some circumstances investors may

not be able to sell their Securities at all or at their fair market value. Although an application will be made for the Securities to be admitted to listing on the Hong Kong Stock Exchange, there is no assurance that such application will be accepted, that any particular tranche of Securities will be so admitted or that an active trading market will develop. In addition, the market for investment grade and crossover grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Securities. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular tranche of Securities.

Exchange rate risks and exchange controls may result in investors receiving less distributions or principal than expected.

The Issuer will pay principal and distributions on the Securities in U.S. dollars (the "**Specified Currency**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency equivalent yield on the Securities, (2) the Investor's Currency equivalent value of the principal payable on the Securities and (3) the Investor's Currency equivalent market value of the Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less distributions or principal than expected, or no distribution or principal.

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

Investment in the Securities involves the risk that subsequent changes in market interest rates may adversely affect the value of the Securities.

The credit ratings assigned to the Securities may not reflect all risks.

The Securities are expected to be rated "Baa2" by Moody's. The rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

The ratings of the Securities may be downgraded or withdrawn.

The Securities are expected to be rated "Baa2" by Moody's. The ratings represent only the opinions of the rating agencies and their assessment of the ability of the Issuer and the Guarantor to perform their respective obligations under the Securities and the Trust Deed and credit risks in determining the likelihood that payments will be made when due under the Securities. Ratings are not recommendations to buy, sell or hold the Securities and may be subject to suspension, reduction or withdrawn at any time. Neither the Issuer nor the Guarantor is obligated to inform holders of the Securities if the ratings are lowered or withdrawn. Each rating should be evaluated independently of the other rating. A downgrade or withdrawal of the ratings may materially and adversely affect the market price of the Securities and the Issuer's ability to access the debt capital markets.

RISKS RELATING TO THE SECURITIES AND THE GUARANTEE

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

The Securities are complex financial instruments and may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Securities unless it has the expertise (either alone or with the help of a

financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of such Securities and the impact this investment will have on the potential investor's overall investment portfolio.

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

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

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

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities;

(iv) understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant indices and financial markets; and

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

The Securities are perpetual securities and investors have no right to require redemption.

The Securities are perpetual and have no maturity date. The Issuer is under no obligation to redeem the Securities at any time and the Securities can only be disposed of by sale. Holders who wish to sell their Securities may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the Securities. Therefore, Holders should be aware that they may be required to bear the financial risks of an investment in the Securities for an indefinite period of time.

The Issuer's obligations under the Securities and the Guarantor's obligations under the Guarantee are subordinated.

The Issuer's obligations under the Securities constitute its direct, unconditional, subordinated and (subject to Condition 3(a) of the Terms and Conditions of the Securities) unsecured obligations. Subject to applicable law in the event of the Winding-Up of the Issuer, the rights and claims of the Holders in respect of the Securities shall rank ahead of those persons whose claims are in respect of any Junior Securities of the Issuer with respect to the Securities, but shall be subordinated in right of payment to the claims of all other present and future general creditors of the Issuer, other than the claims of holders of any of the Parity Securities of the Issuer.

The Guarantor's obligations under the Guarantee constitute its direct, general, unconditional, subordinated and (subject to paragraph Condition 3(a) of the Terms and Conditions of the Securities) unsecured obligations. Subject to applicable law in the event of the Winding-Up of the Guarantor, the rights and claims of the Holders in respect of the Guarantee shall rank ahead of those persons whose claims are in respect of any Junior Securities of the Guarantor with respect to the Securities, but shall be subordinated in right of payment to the claims of all other present and future general creditors of the Guarantor, other than the claims of holders of any of the Parity Securities of the Guarantor.

In the event of a shortfall of funds on a Winding-Up of the Issuer or the Guarantor, there is a real risk that an investor in the Securities will lose all or some of its investment and will not receive a full return of the principal amount of the Securities or any unpaid Distributions, Arrears of Distribution or Additional Distribution Amounts with respect to the Securities.

Holders may not receive Distribution payments if the Issuer elects to defer Distribution payments under the Terms and Conditions of the Securities.

The Issuer may, at its sole discretion and subject to certain conditions, elect to defer any scheduled Distribution on the Securities for any period of time. The Issuer is not subject to any limits as to the number of times Distributions can be deferred pursuant to the Terms and Conditions of the Securities, subject to compliance with certain restrictions and notwithstanding any increase in the Distribution Rate which may be provided for under the Terms and Conditions of the Securities.

Although, following a deferral, Arrears of Distributions are cumulative, subject to the Terms and Conditions of the Securities, the Issuer may defer their payment for an indefinite period of time by delivering the relevant deferral notices to the Holders. Any such deferral of Distribution shall not constitute a default for any purpose. Each of the Issuer and the Guarantor is subject to certain restrictions in relation to the payment of discretionary dividends on its Junior Securities and its Parity Securities, the discretionary redemption and repurchase of its Parity Securities or Junior Securities until any outstanding Arrears of Distribution and Additional Distribution Amount are satisfied or save in certain specified situations as further described in the Terms and Conditions of the Securities. Such restrictions on discretionary payments act as the main deterrent against deferral of Distribution on the Securities.

There is no assurance as to the effectiveness of such restrictions as a deterrent against deferral of Distribution, and such effectiveness may be limited and uncertain. Any deferral of Distribution will likely have an adverse effect on the market price of the Securities. In addition, as a result of the Distribution deferral provision of the Securities, the market price of the Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the Group's financial condition.

The Securities may be redeemed at the Issuer's option on the First Call Date and on each Distribution Payment Date after the First Call Date or the occurrence of certain other events.

The Securities are redeemable at the option of the Issuer on the First Call Date and on each Distribution Payment Date after the First Call Date at their principal amount together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount).

In addition, the Issuer also has the right to redeem the Securities upon the occurrence of a Step-Up Event. The Securities may also be redeemed at the option of the Issuer if at least 80 per cent. in principal amount of the Securities originally issued has already been cancelled. The date on which the Issuer elects to redeem the Securities may not accord with the preference of individual Holders. This may be disadvantageous to the Holders in light of market conditions or the individual circumstances of the Holders of the Securities. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Securities.

There are limited remedies for non-payment under the Securities.

Any scheduled Distribution will not be due if the Issuer elects to defer that Distribution pursuant to the Terms and Conditions of the Securities. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute winding-up proceedings is limited to circumstances where payment has become due and the Issuer and the Guarantor fail to make the payment when due. The only remedy against the Issuer and the Guarantor available to the Trustee or (where the Trustee has failed to proceed against the Issuer and the Guarantor as provided in the Terms and Conditions of the Securities) any Holder for recovery of amounts in respect of the Securities following the occurrence of a payment default after any sum becomes due in respect of the Securities will be instituting winding-up proceedings and/or proving and/or claiming in winding-up proceedings in respect of any of the Issuer's and the Guarantor's payment obligations arising from the Securities and the Guarantee.

The Securities confer Holders with limited rights upon the occurrence of a Step-Up Event.

The Securities confer Holders with limited rights upon the occurrence of a Step-Up Event. The Issuer may, at any time, on giving irrevocable notice to the Trustee, the Agents and Holders, redeem in whole, but not in part of the Securities if any of such events occurs. The Issuer is, however, not obliged to redeem the Securities upon the occurrence of any of such events under the Securities. If the Issuer elects not to redeem the Securities upon the occurrence of such events, the Distribution Rate will increase by a certain percentage per annum pursuant to Condition 4(e) of the Terms and Conditions of the Securities.

The Issuer may raise other capital which affects the price of the Securities.

The Issuer may, from time to time, and without prior consent of the Holders and in accordance with the Trust Deed, create and issue further securities (see "*Terms and Conditions of the Securities – Further Issues*") or otherwise raise additional capital through the issue of other securities or other means as the Group may consider necessary. Other than certain restrictions on issuing certain secured indebtedness or guaranteed indebtedness as set out in Condition 3(a) of the Terms and Conditions of the Securities, there is no restriction, contractual or otherwise, on the amount or type of securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Holders on a winding-up of the Issuer or may increase the likelihood of a deferral of Distributions under the Securities. The issue of any such securities or the incurrence of any such other liabilities might also have an adverse impact on the trading price of the Securities and/or the ability of Holders to sell their Securities.

Legal investment considerations may restrict certain investments.

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 (i) the Securities are legal investments for it, (ii) the Securities can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Securities under any applicable risk-based capital or similar rules.

The Company's payment obligations are structurally subordinated to liabilities, contingent liabilities and obligations of the Company's subsidiaries.

The Company owns assets and conducts its business operations through its subsidiaries. The Securities will not be guaranteed by any current or future subsidiaries. The Company's primary assets are ownership interests in and its loans to its subsidiaries. Accordingly, the Company's ability to make payments pursuant to the Guarantee will depend upon the receipt of principal and interest payments on the intercompany loans and distributions of dividends from the Company's subsidiaries.

Creditors, including trade creditors of the Company's subsidiaries and any holders of the preferred shares in such entities, would have a claim on the Company's subsidiaries' assets that would be prior to the claims of the holders of the Securities. As a result, the Company's payment obligations under the Guarantee will be structurally subordinated to all existing and future obligations of the Company's subsidiaries, and all claims of creditors of the Company's subsidiaries will have priority as to the assets of such entities over the Company's claims and those of the Company's creditors, including holders of the Securities.

The Securities will not be guaranteed by any of the Issuer's and the Guarantor's subsidiaries, and the Issuer and the Guarantor may not have direct access to the assets of such subsidiaries unless these assets are transferred by dividend or otherwise to the Issuer or the Guarantor. The ability of such subsidiaries to pay dividends or otherwise transfer assets to the Issuer and the Guarantor is subject to various restrictions under applicable law. Each of the Issuer's and the Guarantor's subsidiaries are separate legal entities that have no obligation to pay any amounts due under the Securities or the Guarantee or make any funds available therefore, whether by dividends, loans or other payments.

The Issuer's and the Guarantor's right to receive assets of any of the Issuer's and the Guarantor'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 or the Guarantor are creditors of that subsidiary). Consequently, the Securities and the Guarantee will be effectively subordinated to all liabilities, including trade payables and lease obligations, of any of the Issuer's and the Guarantor's subsidiaries, other than the Issuer, and any subsidiaries that the Issuer or the Guarantor may in the future acquire or establish.

The Securities and the Guarantee are the Issuer's and the Guarantor's unsecured obligations, respectively, and will (i) rank equally in right of payment with all the Issuer's and the Guarantor's other present and future unsecured indebtedness; (ii) be effectively subordinated to all of the Issuer's and the Guarantor'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 and the Guarantor's present and future subordinated obligations. 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. In the event of the Issuer's or the Guarantor's bankruptcy, insolvency, liquidation, reorganisation, dissolution or other winding up, or upon any acceleration of the Securities, these assets will be available to pay obligations on the Securities only after all other debt secured by these assets has been repaid in full. Any remaining assets will be available to the Holders rateably with all of the Issuer's or the Guarantor's other unsecured creditors, including trade creditors. If there are not sufficient assets remaining to pay all these creditors, then all or a portion of the Securities then outstanding would remain unpaid.

The Issuer's ability to make payments under the Securities will depend on timely payments under on lent loans of the proceeds from the issue of the Securities to the Guarantor and its subsidiaries.

The Issuer is an indirect subsidiary of Power Construction Corporation of China, Ltd. (中國電力建設股份有限公司, SH: 601669, "**PowerChina Limited**") formed for the principal purpose of issuing securities and will on-lend the entire proceeds from the issue of the Securities to onshore or overseas members of the Group. The Guarantor directly owns 58.34 per cent. equity interest in PowerChina Limited. The Issuer does not and will not have any net assets other than such on lent loans and its ability to make payments under the Securities depends on timely payments under such loans. In the event that the Guarantor and its subsidiaries do not make such payments due to limitation in such loans or other agreements, lack of available cash flow or other factors, the Issuer's ability to make payments under the Securities may be adversely affected.

The Trustee may request the Holders to provide an indemnity and/or security and/or prefunding to its satisfaction.

In certain circumstances (including giving of notice to the Issuer and the taking of enforcement steps pursuant to Condition 8(c) of the Terms and Conditions of the Securities), the Trustee may (at its sole discretion) request Holders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of Holders. The Trustee will not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed 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 law, it will be for the Holders to take such actions directly.

If the Guarantor fails to complete the post-issuance report to the NDRC in connection with the Securities, NDRC may impose penalties or other administrative procedures on the Guarantor.

On 14 September 2015, the NDRC promulgated the NDRC Circular pursuant to which if a PRC enterprise or an offshore branch or enterprise controlled by a PRC enterprise wishes to issue bonds outside of the PRC with a tenor of more than one year, such PRC enterprise must, in advance of issuing such bonds, file certain prescribed documents with the NDRC and obtain the Enterprise Foreign Debt Filing Certificate (企業發行外債備案登記證明) from the NDRC in respect of such issue. According to the NDRC Circular, the NDRC will decide whether to accept a submission within five working days upon receipt of the submission and is expected to issue a decision on the submission within seven working days after it accepts the submission. The enterprise must also report certain details of the bonds to the NDRC within ten business days upon the completion of the bond issue.

The NDRC Circular is silent on the legal consequences of non-compliance with the pre-issue registration requirement. In the worst case scenario, it might become unlawful for the Issuer to perform or comply with any of their respective obligations under the Securities. Similarly, there is no clarity on the legal consequences of non-compliance with the post-issue notification requirement under the NDRC Circular.

On 18 December 2015, the NDRC issued the Guidelines on Overseas Corporate Bond Issuance (企業境外發行債券指引) (the "**Guideline**"), which further strengthened the compliance of registration requirements under the NDRC Circular, and provides that companies, underwriters, law firms and other intermediary institutions that fail to comply with registration requirements and commit to maliciously report foreign debt percentage and provide fake information might be put on the blacklist of dishonest persons and sanctioned by the PRC government. However, the Guideline does not provide details as to how to implement such blacklist and measures of sanction that the government will take.

Although the Guarantor has registered the issuance of the Securities with the NDRC and obtained a certificate from the NDRC dated 24 March 2022 evidencing such registration and which remains in full force and effect, since the NDRC Circular is new and without any detailed implementation procedures, its interpretation may involve significant uncertainty, which may adversely affect the enforceability and/or effective performance of the Securities. Furthermore, there is no assurance that the NDRC will not issue further implementation rules or notices that may require additional steps in terms of the registration or provide sanctions or other administrative procedures the NDRC may impose if not in compliance with such pre-issuance registration or post-issuance report required by the NDRC Circular. If the Guarantor does not report the post-issuance information with respect to the Securities within the timeframe as provided under the NDRC Circular, the NDRC may impose sanctions or other administrative procedures on the Guarantor that may have a material adverse impact to its business, financial condition or results of operations.

If the Guarantor fails to complete the SAFE registration in connection with the Guarantee, there may be hurdles for cross-border payment under the Guarantee.

Under the Guarantee, the Guarantor will undertake to guarantee the due payment of all sums expressed to be payable by the Issuer due under the Securities and the Trust Deed.

The Guarantor is required to register or cause to be registered with SAFE the Deed of Guarantee in accordance with, and within the prescribed time period under, the Provisions on the Foreign Exchange Administration Rules on Cross-border Security《跨境擔保外匯管理規定》promulgated by SAFE on 12 May 2014 and effective from 1 June 2014 and the Guidelines for Implementing the Provisions on the Administration of Foreign Exchange of Cross-border Guarantee 《跨境擔保外匯管理操作指引》promulgated by SAFE on 12 May 2014 (together, the "**Cross-border Guarantee Rules**"). Although the non-registration does not render the Guarantee ineffective or invalid under PRC law, SAFE may impose penalties on the Guarantor if the Guarantor fails to complete the SAFE registration. Further, there may be hurdles at the time of remittance of funds (if any cross-border payment is to be made by the Guarantor under the Guarantee) as domestic banks may require evidence of SAFE registration in connection with the Guarantee in order to effect such remittance. The Guarantor intends to register the Guarantee as soon as

practicable and in any event before the Registration Deadline (being 90 PRC Business Days after the Issue Date). If the registration is not completed on or before the Registration Deadline, each holder of the Securities will have the right to request the Issuer to redeem all of that holder's Securities and will need to rely on the Issuer to source sufficient funds to fully discharge its obligations under the Securities. Prior to the performance or discharge of its obligations under the Guarantee, the Guarantor is also required to complete a verification process with banks for each remittance under the Guarantee.

The interpretation of the Cross-border Guarantee Rules may involve uncertainty, which may adversely affect the enforceability of the Guarantee in the PRC. In addition, the administration of the Cross-border Guarantee Rules may be subject to a certain degree of executive and policy discretion by SAFE. There is no assurance that the registration of the Guarantee with SAFE can be completed or that the registration with SAFE obtained by the Guarantor will not be revoked or amended in the future or that future changes in PRC laws and regulations will not have a negative impact on the validity and enforceability of the Guarantee in the PRC.

The Terms and Conditions of the Securities contain provisions which may permit their modification without the consent of all investors.

The Terms and Conditions of the Securities contain provisions for calling meetings (including by way of conference call using a videoconference platform) of Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

The Terms and Conditions of the Securities also provide that the Trustee may (but shall not be obliged to), without the consent of Holders, authorise or waive any proposed breach or breach of the Securities or of any of the provisions of the Deed of Guarantee, the Trust Deed or the Agency Agreement (the "**Agency Agreement**") (in each case, other than a proposed breach or breach relating to the subject of a Reserved Matter (as defined in the Terms and Conditions of the Securities)) if, in the sole and absolute opinion of the Trustee, the interests of the Holders will not be materially prejudiced thereby.

The Securities may be represented by a Global Certificate and holders of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System(s).

The Securities may be represented by a Global Certificate. Such Global Certificate will be lodged with the Euroclear and Clearstream (the "**Clearing Systems**"). Except in the circumstances described in the relevant Global Certificate, investors will not be entitled to receive definitive certificates. The Clearing Systems will maintain records of the beneficial interests in the Global Certificate. While the Securities are represented by a Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems. While the Securities are represented by a Global Certificate, the Issuer will discharge its payment obligations under the Securities by making payments to the relevant paying agent for distribution to their account holders. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the Clearing Systems to receive payments under the Securities. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate. Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by the Clearing Systems to appoint appropriate proxies.

There is a lack of public market for the Securities.

The Securities are a new issue of securities for which there is currently no trading market. Although application will be made to the Hong Kong Stock Exchange for permission to deal in, and for listing of, the Securities by way of debt issues to Professional Investors only, there can be no assurance that such listing will be maintained, or that, if listed, an active trading market will develop. If such a market were to develop, the Securities could trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the operations of the Issuer, the Guarantor and the rest of the Group and the market for similar securities. The Joint Lead Managers are not obliged to make a market in the Securities and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Joint Lead Managers.

One or more initial investors may subscribe for a material proportion of the aggregate principal amount of the Securities.

One or more initial investors may subscribe for a material proportion of the aggregate principal amount of the Securities. If such an event occurs, any holder of a significant portion of or majority of the aggregate principal amount of the Securities may be able to exercise certain rights and powers on its own, which will be binding on all holders of the Securities and control the outcome of votes on such matters. Any such holder of a significant percentage of the Securities, even if less than a majority, will be able to exercise certain rights and powers and will have significant influence on matters voted on by holders of Securities. Additionally, the existence of any such significant holder of Securities may reduce the liquidity of the Securities in the secondary trading market. If any such holder of Securities sells a material amount of the aggregate principal amount of the Securities at any one time, it may materially and adversely affect the trading price of the Securities.

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

The price and trading volume of the Securities may be highly volatile. Factors such as variations in each of the Group's sales revenues, earnings and cash flows and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies could cause the price of the Securities to change. Any such developments may result in large and sudden changes in the volume and price at which the Securities will trade. There is no assurance that these developments will not occur in the future.

Changes in accounting standards may impact the Group's financial condition or the characterisation of the Securities.

The Ministry of Finance of the PRC has issued and may in the future issue more new and revised standards and interpretations. Such factors may require adoption of new accounting policies. There can be no assurance that the adoption of new accounting policies or new PRC GAAP will not have a significant impact on the Group's financial condition and results of operations. In addition, any change or amendment to, or any change or amendment to any interpretation of, PRC GAAP may result in the reclassification of the Securities such that the Securities must not or must no longer be recorded as "equity" of the Company, and will give the Issuer the right to elect to redeem the Securities. See "*Risk Factors – Risks Relating to the Securities and the Guarantee – The Securities may be redeemed at the Issuer's option on the First Call Date and on each Distribution Payment Date after the First Call Date or the occurrence of certain other events*".

The insolvency laws of the BVI, the PRC, and other local insolvency laws may differ from those of another jurisdiction with which the Holders are familiar.

As the Issuer and the Guarantor are incorporated under the laws of the BVI and the PRC, respectively, any insolvency proceeding relating to the Issuer or the Guarantor would likely involve insolvency laws of the BVI and the PRC, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the Holders are familiar.

Investment in the Securities is subject to exchange rate risks.

The value of the U.S. dollar against the Hong Kong dollar and other foreign currencies fluctuates and is affected by changes in the United States and international political and economic conditions and by many other factors. The Issuer will make all payments of distribution, principal and premium (if any) with respect to the Securities in U.S. dollars. As a result, the value of these U.S. dollar payments may vary with the prevailing exchange rates in the marketplace. If the value of the U.S. dollar depreciates against the Hong Kong dollar, Renminbi or other applicable foreign currency between them, the value of investors' investment in Hong Kong dollar, Renminbi or other applicable foreign currency terms will have declined.

Investment in the Securities is subject to interest rate risks.

Investment in the Securities, which carry a fixed rate of interest, involves the risk that subsequent changes in market interest rates may adversely affect the value of the Securities. The Securities will carry a fixed interest rate. Consequently, the trading price of the Securities will vary with the fluctuations in the U.S. dollar interest rates.

The Securities are redeemable in the event of certain withholding taxes being applicable.

As of the date of this Offering Circular, payments of premium (if any) and interest on the Securities by or on behalf of the Guarantor under the Guarantee may be subject to a 10 per cent. withholding tax in the PRC, in respect of which the Guarantor will pay additional amounts so that, after deducting or withholding such tax, Holders will receive the amounts of premium (if any) and interest which would otherwise have been receivable in the absence of such deduction or withholding. The Guarantor will account directly to the PRC authorities with respect to such taxes.

No assurances are made by the Issuer or the Guarantor as to whether or not payments on the Securities may be made without withholding taxes or deductions applying from the Issue Date on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of or within, inter alia, the Relevant Jurisdiction. Although pursuant to the Terms and Conditions of the Securities, the Issuer or the Guarantor, as the case may be, is required to gross up payments on account of any such withholding taxes or deductions, the Issuer also has the right to redeem the Securities at any time in the event it or the Guarantor has or will become obliged to pay additional amounts on account of any existing or future withholding or deduction in the BVI or in the PRC (only when such withholding or deduction is in excess of Applicable Rate (as defined in the Terms and Conditions of the Securities) for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within a Relevant Jurisdiction as a result of any change in, or amendment to, the laws or regulations of such Relevant Jurisdiction, or any change in the application or official interpretation of such laws or regulations (including but not limited to a decision by a court of competent jurisdiction), which change or amendment becomes effective after 7 April 2022.

The Group may issue additional Securities in the future.

The Group may, from time to time, and without the consent of the Holders create and issue further Securities (See "*Terms and Conditions of the Securities – 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 Securities.

Gains on the transfer of the Securities may become subject to income taxes under PRC tax laws.

Under the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules, as amended from time to time, any gain realised on the sale, transfer or redemption of Securities by non-PRC resident enterprise or individual holders may be subject to PRC enterprise income tax ("**EIT**") or PRC individual income tax ("**IIT**") if such gains are considered as income derived from sources within the PRC. According to the arrangement between the PRC and Hong Kong for the avoidance of double taxation, Holders who are residents of Hong Kong, including enterprise and individual holders, may be exempted from EIT or IIT on capital gains derived from a sale or exchange of the Securities if such capital gains are not connected with an office or establishment that the Holders have in the PRC and all the other relevant conditions are satisfied. However, uncertainty remains as to whether the gain realised from the transfer of the Securities by non-PRC resident enterprise holders would be treated as income derived from sources within the PRC and be subject to the EIT or IIT. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Law, the PRC Individual Tax Law and its relevant implementing rules.

Therefore, if a non-PRC resident enterprise or individual holders are required to pay PRC income tax on gains derived from the transfer of the Securities, such EIT is currently levied at the rate of 10 per cent. of gains realised (provided that such non-resident enterprises do not establish offices or premises in the PRC, or where there are offices and premises so established, there is no real connection between the capital gains and such offices or premises established by the non-resident enterprises) and such IIT is currently levied at the rate of 20 per cent. of gain realised (with deduction of reasonable expenses), unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC resident enterprise holders or individual holders of the Securities reside that reduces or exempts the relevant EIT or IIT, the value of their investment in the Securities may be materially and adversely affected.

Additional procedures may be required to be taken to hear English law governed matters in 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 matters.

The Terms and Conditions of the Securities and the 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, Hong Kong courts may require certain additional procedures to be taken. 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", 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. 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. As compared to other similar debt securities issuances in the international capital market where the relevant securityholders would not typically be required to submit to an exclusive jurisdiction, the Holders 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.

TERMS AND CONDITIONS OF THE SECURITIES

The following, subject to amendment and save for the paragraphs in italics, are the Terms and Conditions of the Securities, which will be endorsed on the definitive Certificates evidencing the Securities.

The U.S.$500,000,000 4.25 per cent. subordinated guaranteed perpetual securities (the "**Securities**", which expression includes any further securities issued pursuant to Condition 14 (*Further Issues*) and forming a single series therewith) of DianJian Haiyu Limited (電建海裕有限公司) (the "**Issuer**") was authorised by a resolution of the Board of Directors of the Issuer passed on 1 April 2022. The Securities are guaranteed by Power Construction Corporation of China (中國電力建設集團有限公司) (the "**Guarantor**") pursuant to a deed of guarantee dated 14 April 2022 (the "**Deed of Guarantee**"). The giving of the Deed of Guarantee was authorised by resolutions of the Party Committee Meeting (黨委會) of the Guarantor passed on 29 May 2020 and the authorisation decisions made by the Chairman of the Guarantor on 16 February 2022. The Securities are constituted by, are subject to, and have the benefit of, a trust deed dated 14 April 2022 (as amended, restated, replaced or supplemented from time to time, the "**Trust Deed**") between the Issuer, the Guarantor and The Hongkong and Shanghai Banking Corporation Limited as trustee (the "**Trustee**", which expression includes all persons for the time being the trustee or trustees appointed under the Trust Deed) and are the subject of an agency agreement dated 14 April 2022 (as amended, restated, replaced or supplemented from time to time, the "**Agency Agreement**") between the Issuer, the Guarantor, The Hongkong and Shanghai Banking Corporation Limited as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Securities), The Hongkong and Shanghai Banking Corporation Limited as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Securities), the transfer agent named therein (the "**Transfer Agent**", which expression includes any successor or additional transfer agent appointed from time to time in connection with the Securities), the other paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Securities) and the Trustee. References herein to the "**Agents**" are to the Registrar, the Principal Paying Agent, the Transfer Agents, the Paying Agents and the Calculation Agent and any reference to an "**Agent**" is to any one of them. Certain provisions of these Conditions are summaries of the Deed of Guarantee, the Trust Deed and the Agency Agreement and are subject to their detailed provisions. The Holders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Deed of Guarantee, the Trust Deed and the Agency Agreement applicable to them. Upon prior written notice and satisfactory proof of holding, copies of the Deed of Guarantee, the Trust Deed and the Agency Agreement are available to Holders during normal business hours (being 9.00 a.m. to 3.00 p.m. Monday to Friday except for public holidays) at the registered office for the time being of the Trustee, being at the date hereof Level 24, HSBC Main Building, 1 Queen's Road Central, Hong Kong, or may be provided by email to such Holder.

All capitalised terms not defined in these Conditions have the meanings ascribed to them in the Trust Deed.

1. FORM, DENOMINATION, STATUS, RANKING AND GUARANTEE

(a) *Form, Denomination and Title:* The Securities are in registered form in the denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (each, an "**Authorised Denomination**").

(b) *Status of the Securities:* The Securities constitute direct, unconditional, subordinated and (subject to Condition 3(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* among themselves and with any Parity Securities of the Issuer. The rights and claims of the Holders in respect of the Securities are subordinated as provided in this Condition 1.

(c) *Guarantee*: The Guarantor will, pursuant to the Trust Deed and the Deed of Guarantee unconditionally and irrevocably guarantee the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Securities and under the Trust Deed. This guarantee (the "**Guarantee**") constitutes a direct, general, unconditional, subordinated and (subject to Condition 3(a)) unsecured obligation of the Guarantor which will at all times rank at least *pari passu* with any Parity Securities of the Guarantor. The rights and claims of the Holders in respect of the Guarantee are subordinated as provided in this Condition 1.

(d) *Ranking of claims in respect of the Securities:* Subject to Applicable Law, in the event of the Winding-Up of the Issuer, the rights and claims of the Holders in respect of the Securities shall rank ahead of those persons whose claims are in respect of any Junior Securities of the Issuer, but shall be subordinated in right of payment to the claims of all present and future general creditors of the Issuer.

(e) *Ranking of claims in respect of the Guarantee:* Subject to Applicable Law, in the event of the Winding-Up of the Guarantor, the rights and claims of the Holders in respect of the Guarantee shall rank ahead of those persons whose claims are in respect of any Junior Securities of the Guarantor, but shall be subordinated in right of payment to the claims of all present and future general creditors of the Guarantor.

(f) *Set-off – the Securities:* Subject to Applicable Law, no Holder may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Securities, and each Holder shall, by virtue of his holding of any Securities, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any Holder by the Issuer in respect of, or arising under or in connection with the Securities is discharged by set-off, such Holder shall, subject to Applicable Law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its Winding-Up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.

(g) *Set-off – the Guarantee:* Subject to Applicable Law, no Holder may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Guarantor in respect of, or arising under or in connection with the Guarantee, and each Holder shall, by virtue of his holding of any Securities, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Guarantor. Notwithstanding the preceding sentence, if any of the amounts owing to any Holder by the Guarantor in respect of, or arising under or in connection with the Guarantee is discharged by set-off, such Holder shall, subject to Applicable Law, immediately pay an amount equal to the amount of such discharge to the Guarantor (or, in the event of its Winding-Up or administration, the liquidator or, as appropriate, administrator of the Guarantor) and, until such time as payment is made, shall hold such amount in trust for the Guarantor (or the liquidator or, as appropriate, administrator of the Guarantor) and accordingly any such discharge shall be deemed not to have taken place.

*Upon issue, the Securities will be evidenced by a global Certificate (the "**Global Certificate**") substantially in the form scheduled to the Trust Deed. The Global Certificate will be registered in the name of a nominee for, and deposited with, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**") and will be exchangeable for definitive Certificates only in the circumstances set out therein.*

2. REGISTER, TITLE AND TRANSFERS

(a) *Register*: The Registrar will maintain a register (the "**Register**") outside of the United Kingdom in respect of the Securities in accordance with the provisions of the Agency Agreement. In these Conditions, the "**Holder**" of a Security means the person in whose name such Security is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Holder**" shall be construed accordingly. A certificate (each, a "**Certificate**") will be issued to each Holder in respect of its registered holding. Each Certificate will be numbered serially with an identifying number which will be recorded in the Register.

(b) *Title*: The Holder of each Security shall (except as ordered by a court of competent jurisdiction or otherwise required by law) be treated as the absolute owner of such Security for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Certificate) and no person shall be liable for so treating such Holder.

(c) *Transfers*: Subject to Conditions 2(f) and 2(g) below, a Security may be transferred upon surrender of the relevant Certificate, with the endorsed form of transfer duly completed and executed, at the specified office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Security may not be transferred unless the principal amount of Securities transferred and (where not all of the Securities held by a Holder are being transferred) the principal amount of the balance of Securities not transferred are Authorised Denominations. Where not all the Securities represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Securities will be issued to the transferor. No transfer of title to a Security will be valid unless and until entered on the Register.

Transfers of interests in the Securities evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

(d) *Registration and delivery of Certificates*: Within seven business days of the surrender of a Certificate in accordance with Condition 2(c) above, the Registrar will register the transfer in question and deliver a new Certificate of a like principal amount to the Securities transferred to each relevant Holder at its specified office or (as the case may be) the specified office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this Condition 2 (*Register, Title and Transfers*), "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its specified office.

(e) *No charge*: The transfer of a Security will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(f) *Closed periods*: No Holders may require the transfer of a Security to be registered:

(i) during the period of 15 days ending on (and including) the due date for any redemption of that Securities; or

(ii) during the period of ten days ending on (and including) any Record Date (as defined in Condition 6(a)).

(g) *Regulations concerning transfers and registration*: All transfers of Securities and entries on the Register are subject to the detailed regulations concerning the transfer of Securities scheduled to the Trust Deed. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be made available for inspection (free of charge) by the Registrar to any Holder who requests in writing a copy of such regulations.

3. NEGATIVE PLEDGE AND OTHER COVENANTS

(a) *Negative Pledge*:

So long as any of the Securities remains outstanding (as defined in the Trust Deed):

(A) the Issuer will not create or have outstanding any mortgage, charge, lien, pledge or other security interest (each a "**Security Interest**") upon, or with respect to, any of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any of its Relevant Indebtedness, unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

I. all amounts payable by it under the Securities and the Trust Deed are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee; or

II. such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (A) as the Trustee in its absolute discretion deems not materially less beneficial to the interests of the Holders or (B) as is approved by an Extraordinary Resolution (which is defined in the Trust Deed); and

(B) the Guarantor will not, and the Guarantor will ensure that none of the Principal Subsidiaries will, create or have outstanding any Security Interest upon, or with respect to, any of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any of its Relevant Indebtedness, unless the Guarantor, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, take any and all action necessary to ensure that:

I. all amounts payable by it under the Guarantee are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee; or

II. such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (A) as the Trustee in its absolute discretion deems not materially less beneficial to the interests of the Holders or (B) as is approved by an Extraordinary Resolution.

(b) *Information Report to NDRC*:

The Guarantor undertakes to:

I. file or cause to be filed with the NDRC the requisite information and documents within the prescribed time period after the Issue Date in accordance with the NDRC Circular (the "**NDRC Post-issue Information Report**"); and

II. within 10 PRC Business Days after submission of such NDRC Post-issue Information Report set out in this Condition 3(b)(I), provide the Trustee with a certificate (substantially in the form scheduled to the Trust Deed) signed by any authorised signatory of the Guarantor confirming the submission of the NDRC Post-issue Information Report, together with any document(s) (if any) evidencing due filing with the NDRC.

The Trustee shall have no obligation to monitor and ensure the completion of the filing of the NDRC Post-issue Information Report on or before the deadline referred to above or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the NDRC Post-issue Information Report, and shall not be liable to the Holders or any other person for not doing so.

(c) *Undertakings in relation to the Guarantee*:

The Guarantor undertakes that it will (i) execute a Deed of Guarantee; (ii) register or cause to be registered with SAFE (as defined below) the Deed of Guarantee (the **Cross-border Security Registration**) in accordance with, and within the prescribed time period under, the Provisions on the Foreign Exchange Administration Rules on Cross-border Security《跨境擔保外匯管理規定》 promulgated by SAFE on 12 May 2014 and effective from 1 June 2014 and the Guidelines for Implementing the Provisions on the Administration of Foreign Exchange of Cross-border Guarantee 《跨境擔保外匯管理操作指引》 promulgated by SAFE on 12 May 2014 (collectively, the "**SAFE Cross-border Security Registration**"); (iii) use all reasonable endeavours to complete the SAFE Cross-border Security Registration and obtain a registration record from SAFE on or before the Registration Deadline; and (iv) ensure that the registration from SAFE in respect of the giving of the Guarantee remains in full force and effect for so long as the Securities remain outstanding.

The Trustee shall have no obligation or duty to monitor or ensure the registration of the Deed of Guarantee with SAFE on or before the Registration Deadline or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the SAFE Cross-border Security Registration, and shall not be liable to any Holders or any other person for not doing so.

(d) *Financial Statements*: So long as any Security remains outstanding, the Guarantor shall send to the Trustee as soon as they are available but in any event within 180 calendar days after the end of each financial year, three copies of its consolidated financial statements of the Group in respect of such financial year (including at least a consolidated income statement, consolidated balance sheet, consolidated statement of changes in owners' equity and consolidated cash flow statement) (audited by a nationally recognised firm of independent accountants designated by SASAC) prepared and presented in accordance with PRC Accounting Standards, and if such statements shall be in the Chinese language, together with an English translation of the same translated by (A) a nationally recognised firm of independent accountants designated by SASAC or (B) a professional translation service provider and checked by a nationally recognised firm of independent accountants designated by SASAC, together with a certificate signed by a director of the Guarantor certifying that such translation is complete and accurate The Trustee shall not be required to review any financial statements furnished or delivered to it as contemplated in this Condition 3(d) and, if the same shall not be in the English language, shall not be required to translate or request or obtain an English language translation of the same or to investigate or verify the accuracy of any translation of any financial statements furnished or delivered to it as contemplated in this Condition 3(d), and the Trustee shall not be liable to any Holder or any other person for not doing so.

4. DISTRIBUTION

(a) *Distribution*: Subject to Condition 4(d), the Securities confer a right to receive distribution (each a "**Distribution**") from, and including, the Issue Date at the Distribution Rate in accordance with this Condition 4 (*Distribution*). Subject to Condition 4(d), Distribution shall be payable on the Securities semi-annually in equal instalments in arrear on 14 April and 14 October of each year (each, a "**Distribution Payment Date**"), commencing on 14 October 2022.

Distributions in respect of any Security shall be calculated per U.S.$1,000 in principal amount of the Securities (the "**Calculation Amount**"). The amount of Distribution payable per Calculation Amount for any period shall be equal to the product of the applicable Distribution Rate, 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).

If any Distribution is required to be calculated in respect of a period of less than a full half-year, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each.

(b) *Rate of Distribution*: Subject to any increase pursuant to Condition 4(e), the rate of distribution ("**Distribution Rate**") applicable to the Securities shall be:

(i) in respect of each Distribution Payment Date, the period from, and including, the Issue Date to, but excluding, 14 April 2027 (the "**First Call Date**"), the Initial Distribution Rate; and

(ii) in respect of the period (A) from, and including the First Call Date, to, but excluding, the Reset Date falling immediately after the First Call Date, and (B) from, and including, each Reset Date falling after the First Call Date to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate.

(c) *Distribution Accrual:* Unless otherwise provided for in these Conditions, each Security will cease to confer the right to receive any Distribution from and including the due date for redemption unless, upon surrender of the relevant Definitive Certificate, payment of principal is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, Distribution shall continue to accrue as provided in the Trust Deed. In such latter event, it will continue to bear Distribution at such rate (both before and after judgment) until whichever is the earlier of (i) the date on which all sums due in respect of such Security up to that day are received by or on behalf of the relevant Holder and (ii) the day which is three business days after the Principal Paying Agent or the Trustee has notified the Holders that it has received all sums due in respect of the Securities up to such third business day (except to the extent that there is a failure in the subsequent payment to the relevant Holders under these Conditions).

(d) *Distribution Deferral*:

(i) *Optional Deferral*: The Issuer may, at its sole discretion, elect to defer (in whole or in part) any Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving notice (an "**Optional Deferral Notice**") to the Holders (in accordance with Condition 15 (*Notices*), the Trustee and the Principal Paying Agent in writing not more than 10 nor less than five business days prior to the relevant Distribution Payment Date unless a Compulsory Distribution Payment Event has occurred (an "**Optional Deferral Event**").

(ii) *No obligation to pay*: The Issuer shall have no obligation to pay any Distribution (including any Arrears of Distribution and any Additional Distribution Amount) on any Distribution Payment Date if it validly elects not to do so in accordance with Condition 4(d)(i).

(iii) *Requirements as to Notice*: Each Optional Deferral Notice delivered to the Trustee and the Principal Paying Agent shall be accompanied by a certificate substantially in the form set out in the Trust Deed signed by any authorised signatory of the Issuer confirming that no Compulsory Distribution Payment Event has occurred. The Trustee and the Principal Paying Agent shall be entitled, without being liable to the Holders or any other Person, to conclusively rely on such certificate without investigation and to accept such certificate as sufficient evidence of the occurrence of an Optional Deferral Event in which event it shall be conclusive and binding on the Holders.

(iv) *Cumulative Deferral*: Any Distribution deferred pursuant to this Condition 4(d) shall constitute "**Arrears of Distribution**". The Issuer may, at its sole discretion, elect (in the circumstances set out in Condition 4(d)(i)) to further defer (in whole or in part) any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of Distribution. The Issuer is not subject to any limit as to the number of times Distribution and Arrears of Distribution can be deferred pursuant to this Condition 4(d) except that Condition 4(d)(v) shall be complied with until all outstanding Arrears of Distribution and Additional Distribution Amount have been paid in full.

Each amount of Arrears of Distribution shall accrue distribution as if it constituted the principal of the Securities at the prevailing Distribution Rate and the amount of such distribution (the "**Additional Distribution Amount**") with respect to Arrears of Distribution shall be calculated by applying the applicable Distribution Rate to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the foregoing provisions of this Condition 4 (*Distribution*). The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added (for the purpose of calculating the Additional Distribution Amount accruing thereafter) to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

(v) *Restrictions in the case of Deferral*: If, on any Distribution Payment Date, payment of all Distribution payments scheduled to be made on such date (including any Distribution accrued but unpaid on the Securities, any Arrears of Distribution and any Additional Distribution Amount) is not made in full, neither the Issuer nor the Guarantor shall and each shall procure that none of their respective Subsidiaries shall:

I. declare or pay any discretionary dividends or distributions or make any other discretionary payment, and will procure that no discretionary dividend, distribution or other discretionary payment is made, on or in respect of any Parity Securities or Junior Securities of the Issuer or the Guarantor (except (i) in relation to the Parity Securities of the Issuer or the Guarantor, as the case may be, on a *pro-rata* basis, or (ii) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants); or

II. at its discretion redeem, reduce, cancel, buy-back or otherwise acquire for any consideration any Parity Securities or Junior Securities of the Issuer or the Guarantor (except (i) in relation to the Parity Securities of the Issuer or the Guarantor, as the case may be, on a *pro-rata* basis, (ii) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants, or (iii) as a result of the exchange or conversion of such Parity Securities for its Junior Securities),

in each case, unless and until (x) the Issuer has satisfied in full all outstanding Arrears of Distribution and Additional Distribution Amount; or (y) the Issuer is permitted to do so by an Extraordinary Resolution of the Holders.

For the avoidance of doubt, the Issuer's right of optional deferral pursuant to Condition 4(d)(i) (*Optional Deferral*) will not be affected solely as a result of the incurrence of any Parity Securities or Junior Securities.

In addition, the incurrence of any Parity Securities or Junior Securities itself will not constitute a non-compliance or non-performance by the Issuer or the Guarantor of any of the restrictions set out in this Condition 4(d)(v). A non-discretionary payment on, or redemption of, Parity Securities or Junior Securities (such as a scheduled payment of principal and interest on such Parity Securities or Junior Securities, which the issuer thereof has no right to defer) does not constitute a non-compliance or non-performance by the Issuer or the Guarantor of any of the restrictions set out in this Condition 4(d)(v).

(vi) *Satisfaction of Arrears of Distribution by payment:*

The Issuer:

I. may satisfy any Arrears of Distribution and Additional Distribution Amount (in whole or in part) at any time by giving notice of such election to the Holders (in accordance with Condition 15 (*Notices*)), the Trustee and the Principal Paying Agent in writing not more than 10 nor less than five business days prior to the proposed payment date specified in such notice (which notice shall be irrevocable and shall oblige the Issuer to pay the relevant Arrears of Distribution and Additional Distribution Amounts, on the payment date specified in such notice); and

II. in any event shall satisfy any outstanding Arrears of Distribution and Additional Distribution Amount (in whole but not in part) on the earliest of:

(1) the date of redemption of the Securities in accordance with the redemption events set out in Condition 5 (*Redemption and Purchase*);

(2) the next Distribution Payment Date following the occurrence of a breach of Condition 4(d)(v) or the occurrence of a Compulsory Distribution Payment Event;

(3) a Winding-Up of the Issuer or the Guarantor; and

(4) the date of any substitution or variation in accordance with Condition 12(c) (*Substitution or Variation*).

Any partial payment of outstanding Arrears of Distribution and any Additional Distribution Amount by the Issuer shall be shared by the Holders of all outstanding Securities on a *pro-rata* basis.

(vii) *No default*: Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of any Distribution payment in accordance with this Condition 4(d) shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 8 (*Non-payment*)) on the part of the Issuer or the Guarantor under the Guarantee or for any other purpose.

(e) *Increase in Distribution Rate following occurrence of certain events*:

(i) *Increase in Distribution Rate:* Upon the occurrence of a Step-Up Event, unless (x) an irrevocable notice in writing to redeem the Securities has been given by the Issuer to Holders (in accordance with Condition 15 (*Notices*)), the Trustee and the Principal Paying Agent pursuant to Condition 5 (*Redemption and Purchase*) by the 30th day following the occurrence of the relevant Step-Up Event or (y) the relevant Step-Up Event is remedied by the 30th day following the occurrence of such relevant Step-Up Event, the Distribution Rate will increase by 3.00 per cent. per annum with effect from (a) the next Distribution Payment Date immediately following the occurrence of the relevant Step-Up Event or (b) if the date on which the relevant Step-Up Event (as applicable) occurs is prior to the most recent preceding Distribution Payment Date, such Distribution Payment Date, provided that the maximum aggregate increase in the Distribution Rate pursuant to this Condition 4(e) shall be 3.00 per cent. per annum. For the avoidance of doubt, any increase in the Distribution Rate pursuant to this Condition 4(e) is separate from and in addition to any increase in the Distribution Rate pursuant to Condition 4(b)(ii).

Any increase in the Distribution Rate pursuant to this Condition 4(e) shall be notified by the Issuer to the Holders (in accordance with Condition 15 (*Notices*)), the Trustee and the Agents in writing no later than the 30th day following the occurrence of the relevant Step-Up Event.

(ii) *Decrease in Distribution Rate*: If following an increase in the Distribution Rate after a Step-Up Event, such Step-Up Event is cured or no longer exists, upon written notice of such facts being given to the Holders (in accordance with Condition 15 (*Notices*)), the Trustee and the Principal Paying Agent, the Distribution Rate shall be decreased by 3.00 per cent. per annum with effect from (and including) the Distribution Payment Date immediately following the date falling 30 days after the date on which the Trustee receives notice of the cure of such Step-Up Event provided that the maximum aggregate decrease in the Distribution Rate pursuant to this Condition 4(e) shall be 3.00 per cent. per annum.

5. REDEMPTION AND PURCHASE

(a) *No fixed redemption*: The Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (without prejudice to Condition 8 (*Non-payment*)), only have the right to redeem or purchase them in accordance with the following provisions of this Condition 5 (*Redemption and Purchase*).

(b) *Redemption at the option of the Issuer*: The Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving not more than 60 nor less than 30 days' irrevocable notice (in accordance with Condition 15 (Notices)) to the Trustee, the Principal Paying Agent and the Holders at their principal amount (together with any Distribution accrued to (but excluding) the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) on (i) any date during the period commencing on (and including) 14 January 2027 (being the date that falls three months prior to the First Call Date) up to (and including) the First Call Date or (ii) any Distribution Payment Date after the First Call Date (each, a "**Call Date**"). On expiry of any such notice as is referred to in this Condition 5(b), the Issuer shall be bound to redeem the Securities on the relevant Call Date in accordance with this Condition 5(b).

(c) *Redemption for tax reasons*: The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' irrevocable notice (in accordance with Condition 15 (*Notices*)) to the Holders to the Trustee and the Principal Paying Agent at their principal amount (together with any Distribution accrued to (but excluding) the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) if, immediately before giving such notice, the Issuer satisfies the Trustee that:

(i) (A) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of any Relevant Jurisdiction, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 7 April 2022; and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

(ii) (A) the Guarantor has or (if a demand was made under the Guarantee) would become obliged to pay Additional Tax Amounts as provided or referred to in Condition 7 (*Taxation*) or the Guarantee, as the case may be, as a result of any change in, or amendment to, the laws or regulations of any Relevant Jurisdiction, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 7 April 2022 and (B) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it (this paragraph (ii) and the paragraph (i) above, each a "**Gross-up Event**");

provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts if a payment in respect of the Securities were then due or (as the case may be) a demand under the Guarantee were then made.

Prior to the publication of any notice of redemption pursuant to this Condition 5(c), the Issuer shall deliver or procure that there is delivered to the Trustee:

I. a certificate signed by any authorised signatory of the Issuer stating that the circumstances referred to in (i)(A) and (i)(B) above prevail and setting out the details of such circumstances or (as the case may be) a certificate signed by any authorised signatory of the Guarantor stating that the circumstances referred to in (ii)(A) and (ii)(B) above prevail and setting out details of such circumstances; and

II. an opinion in form and substance satisfactory to the Trustee of independent legal advisers or accounting firm of recognised standing to the effect that the Issuer or (as the case may be) the Guarantor has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment.

The Trustee and the Agents shall be entitled, without being liable to Holders or any other Person, to conclusively rely on such certificate and opinion without investigation and to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out in (i)(A) and (i)(B) or (as the case may be) (ii)(A) and (ii)(B) above, in which event they shall be conclusive and binding on the Holders.

Upon the expiry of any such notice period as is referred to in this Condition 5(c), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(c).

(d) *Redemption for accounting reasons*: The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on the Issuer giving not more than 60 nor less than 30 days' irrevocable notice (in accordance with Condition 15 (*Notices*)) to the Trustee, the Holders and the Principal Paying Agent at their principal amount together with Distribution accrued to (but excluding) the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount) if, immediately before giving such notice, the Issuer satisfies the Trustee that as a result of any changes or amendments to PRC Generally Accepted Accounting Principles or any other generally accepted accounting standards that may be adopted by the Guarantor for the purposes of preparing its consolidated financial statements (the "**Relevant Accounting Standards**"), or any change in the application or interpretation of, the Relevant Accounting Standards, the Securities must not or must no longer be recorded as "**equity**" of the Guarantor pursuant to the Relevant Accounting Standards (an "**Accounting Event**").

Prior to the publication of any notice of redemption pursuant to this Condition 5(d), the Issuer shall deliver or procure that there is delivered to the Trustee:

(A) a certificate, signed by any authorised signatory of the Guarantor, stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to so redeem have occurred and that such Accounting Event cannot be avoided by the Issuer (or, as the case may be, the Guarantor) taking reasonable measures available to it; and

(B) an opinion, in form and substance satisfactory to the Trustee, of the Guarantor's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standards or any change in the application or interpretation of the Relevant Accounting Standards, is due to take effect, provided, however that no notice of redemption may be given under this Condition 5(d) earlier than 90 days prior to the date on which the relevant change or amendment to the Relevant Accounting Standards is due to take effect in relation to the Issuer and/or the Guarantor.

Upon the expiry of any such notice as is referred to in this Condition 5(d), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(d) provided that such date for redemption shall be no earlier than the last day before the date on which the Securities must not or must no longer be so recorded as "**equity**" of the Guarantor pursuant to the Relevant Accounting Standards.

The Trustee and the Agents shall be entitled, without being liable to the Holders or any other Person, to conclusively rely on such certificate and opinion and to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in (A) and (B) of this Condition 5(d), in which event it shall be conclusive and binding on the Holders.

(e) *Redemption for Change of Control*: The Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving not more than 60 nor less than 30 days' irrevocable notice (in accordance with Condition 15 (*Notices*)) to the Trustee, the Principal Paying Agent and the Holders at:

(i) 101 per cent. of their principal amount together with Distribution accrued to (but excluding) the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), at any time before the First Call Date; or

(ii) their principal amount, together with Distribution accrued to (but excluding) the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), at any time on or after the First Call Date,

if a Change of Control Event occurs.

Prior to the publication of any notice of redemption pursuant to this Condition 5(e), the Issuer shall deliver or procure that there is delivered to the Trustee a certificate, signed by any authorised signatory of the Guarantor, stating that the circumstances referred to above in this Condition 5(e) prevail and setting out the details of such circumstances.

The Trustee and the Agents shall be entitled, without being liable to the Holders or any other Person, to conclusively rely on such certificate without investigation and accept such certificate as sufficient evidence of the satisfaction of the circumstances set out above, in which event it shall be conclusive and binding on the Holders. Upon the expiry of any such notice as is referred to in this Condition 5(e), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(e).

(f) *Redemption for a Breach of Covenant Event*: The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' irrevocable notice (in accordance with Condition 15 (*Notices*)) to the Trustee, the Principal Paying Agent and the Holders at their principal amount (together with any Distribution accrued to (but excluding) the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) upon the occurrence of a Breach of Covenant Event.

Upon the expiry of any such notice as is referred to in this Condition 5(f), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(f).

So long as the Securities are represented by a Global Certificate, the right of a Holder to redeem the Securities following the occurrence of a Step-Up Event will be effected in accordance with the rules of the relevant clearing systems.

(g) *Redemption for a Relevant Indebtedness Default Event*: The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' irrevocable notice (in accordance with Condition 15 (*Notices*)) to the Trustee, the Principal Paying Agent and the Holders at their principal amount (together with any Distribution accrued to (but excluding) the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) upon the occurrence of a Relevant Indebtedness Default Event.

Upon the expiry of any such notice as is referred to in this Condition 5(g), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(g).

(h) *Redemption for minimum outstanding amount*: The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' irrevocable notice (in accordance with Condition 15 (*Notices*)) to the Trustee, the Principal Paying Agent and the Holders at their principal amount (together with any Distribution accrued to (but excluding) the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) if prior to the date fixed for redemption at least 80 per cent. in principal amount of the Securities originally issued has been redeemed or purchased and cancelled.

Upon the expiry of any such notice as is referred to in this Condition 5(h), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(h).

(i) *No other redemption*: The Issuer shall not be entitled to redeem the Securities otherwise than as provided in Conditions 5(a) to (h) above. The Securities so purchased, while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle such 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 12.

(j) *Purchase*: The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase the Securities in the open market or otherwise and at any price.

(k) *Cancellation*: All Securities so redeemed or purchased by the Issuer, the Guarantor or any of their respective Subsidiaries shall be cancelled and may not be reissued or resold.

(l) *No duty to monitor*: None of the Trustee nor any of the Agents shall be obliged to take any steps to ascertain whether a Step-Up Event or an Accounting Event has occurred or to monitor the occurrence of any Step-Up Event or Accounting Event, and shall not be liable to the Holders or any other person for not doing so.

(m) *Calculations*: Unless specified otherwise in these Conditions, the Trust Deed or the Agency Agreement, neither the Trustee nor any Agents shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption or for verifying the accuracy, validity and/or genuineness of any documents in relation thereto or in connection thereto, and none of them shall be liable to the Holders or any other person for not doing so.

6. PAYMENTS

(a) *Method of payment*: Payment of principal, premium (if any) and Distribution due on the Securities will be made by transfer to the registered account of the Holder. Payment of principal, premium (if any) and payments of Distribution due otherwise than on a Distribution Payment Date will only be made against surrender of the relevant Definitive Certificate during normal business hours (being between 9.00 a.m. and 3.00 p.m. Monday to Friday except for public holidays) at the specified office of any Agent. Distribution due on a Distribution Payment Date will be paid on the due date for the payment of Distribution to the Holder shown on the Register at the close of business on the fifth business day before the payment of Distribution (the "**Record Date**"). Payment of all other amounts will be made as provided in these Conditions.

If an amount which is due on the Securities is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.

(b) *Registered accounts*: For the purposes of this Condition, a Holder's "**registered account**" means the U.S. dollar account maintained by a Holder with a bank which process payments in U.S. dollars and identified as such in the Register.

(c) *Payment initiation*: Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a business day, for value on the first following day which is a business day) will be initiated on the due date for payment (or, if it is not a business day, the immediately following business day) or, in the case of a payment of principal or premium (if any) or a payment of Distribution due otherwise than on a Distribution Payment Date, if later, on the business day on which the relevant Definitive Certificate is surrendered at the specified office of an Agent.

(d) *Payments subject to fiscal laws*: All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to (i) the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (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 7) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Holder in respect of such payments.

(e) *Delay in payment*: Holders will not be entitled to any Distribution or other payment for any delay after the due date in receiving the amount due if the due date is not a business day or if the Holder is late in surrendering its Definitive Certificate (if required to do so).

*Whilst the Securities are evidenced by the Global Certificate, each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business (of the relevant clearing system) on the Clearing System Business Day before the due date for such payment, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive, except 25 December and 1 January).*

7. TAXATION

All payments of principal, premium (if any) and Distribution (including any Arrears of Distribution and any Additional Distribution Amount) in respect of the Securities, the Trust Deed and under the Guarantee by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdictions, unless the withholding or deduction of the Taxes is required by law.

Where such withholding or deduction is required by law and is made by (i) the Issuer as a result of the Issuer being deemed to be a PRC tax resident, or (ii) the Guarantor, by or on behalf of the PRC or any political subdivision or authority therein or thereof having power to tax at a rate of up to (and including) the aggregate rate applicable on 7 April 2022 (the "**Applicable Rate**"), the Issuer or, as the case may be, the Guarantor will pay such additional amounts as will result in receipt by the Holders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required.

In the event the Issuer or the Guarantor is required to make a deduction or withholding (i) by or on behalf of the PRC or any political subdivision or authority therein or thereof having power to tax in excess of the Applicable Rate; or (ii) by or within any Relevant Jurisdiction except the PRC, the Issuer or the Guarantor, as the case may be, shall pay such additional amounts (the "**Additional Tax Amounts**") as may be necessary in order that the net amounts received by the Holders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Securities in the absence of the withholding or deduction, except that no Additional Tax Amounts shall be payable in relation to any payment in respect of any Security:

(i) presented for payment by or on behalf of a Holder who is liable to the Taxes in respect of such Security by reason of his having some connection with the British Virgin Islands or the PRC other than the mere holding of the Security; or

(ii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a Holder would have been entitled to such Additional Tax Amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a business day (as defined in paragraph (c) of the definition thereof in Condition 19); or

(iii) to, or to a third party on behalf of, a Holder who would not be otherwise liable for or subject to such withholding or deduction by making a declaration of identity, non-residence or other similar claim for exemption to the relevant tax authority if, after having been duly requested to make such a declaration or claim, such Holders fails to do so within any applicable period prescribed by such relevant tax authority.

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which such payment first becomes due and (2) if the full amount payable has not been received by the Principal Paying Agent in accordance with the terms of the Agency Agreement on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Holders.

Any reference in these Conditions to principal, premium (if any) or Distribution, Arrears of Distribution or Additional Distribution Amount shall be deemed to include any Additional Tax Amounts in respect of such principal, premium (if any) or Distribution, Arrears of Distribution or Additional Distribution Amount (as the case may be) which may be payable under this Condition 7 (*Taxation*) or any undertaking given in addition to or in substitution of this Condition 7 (*Taxation*) pursuant to the Trust Deed.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, assessment or government charge referred to in this Condition 7 or in connection with the Securities or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer, the Guarantor or the Holders or any other person to pay such tax, duty, assessment or government charges or be responsible to provide any notice or information in relation to the Securities in connection with payment of such tax, duty, assessment or government charges imposed by or in any jurisdiction.

8. NON-PAYMENT

(a) *Non-payment when due*: Notwithstanding any of the provisions below in this Condition 8 (*Non-payment*), the right to institute proceedings for Winding-Up of the Issuer and/or the Guarantor is limited to circumstances where payment has become due and is unpaid. In the case of any Distribution, such Distribution will not be due if the Issuer has elected to defer that Distribution in accordance with Condition 4(d).

(b) *Proceedings for Winding-Up*:

(i) If (A) there is a Winding-Up of the Issuer, or (B) the Issuer shall not make payment in respect of the Securities or under the Trust Deed, for a period of 14 days or more after the date on which such payment is due, the Issuer shall be deemed to be in default under the Trust Deed and the Securities and the Trustee may, subject to the provisions of Condition 8(d), institute proceedings for the Winding-Up of the Issuer and/or prove in the Winding-Up of the Issuer and/or claim in the liquidation of the Issuer for such payment.

(ii) Without prejudice to this Condition 8(b)(ii), if (A) there is a Winding-Up of the Guarantor, or (B) the the Guarantor shall not make payment in respect of the Guarantee or under the Trust Deed, for a period of 14 days or more after the date on which such payment is due, the Guarantor shall be deemed to be in default under the Trust Deed and the Guarantee and the Trustee may, subject to the provisions of Condition 8(d), institute proceedings for the Winding-Up of the Guarantor and/or prove in the Winding-Up of the Guarantor and/or claim in the liquidation of the Guarantor for such payment.

(c) *Enforcement*: Without prejudice to Condition 8(b) but subject to the provisions of Condition 8(d), the Trustee may at its discretion and without notice to the Issuer or the Guarantor take any steps and/or actions and/or institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce any term or condition binding on the Issuer and/or the Guarantor under the Trust Deed, the Guarantee or the Securities (other than any payment obligation of the Issuer and/or the Guarantor under or arising from the Securities, the Guarantee or the Trust Deed, including, without limitation, payment of any principal, premium (if any) or Distribution (including any Arrears of Distribution and any Additional Distribution Amount) in respect of the Securities, including any damages awarded for breach of any obligations) and in no event shall the Issuer or the Guarantor, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it. If default is proved in respect of any specified Security, such proof should be sufficient evidence that the same default has been made as regards all other Securities.

(d) *Entitlement of Trustee*: The Trustee shall not be obliged to take any of the actions referred to in Condition 8(b) or Condition 8(c) above against the Issuer or the Guarantor to enforce the terms of the Trust Deed, the Guarantee or the Securities unless (a) it shall have been so requested by an Extraordinary Resolution or in writing by the Holders of at least 25 per cent. of the aggregate principal amount of the Securities then outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction in accordance with the Trust Deed.

(e) *Right of Holders*: No Holder shall be entitled to proceed directly against the Issuer or the Guarantor or to institute proceedings for the Winding-Up of the Issuer or the Guarantor or claim in the liquidation of the Issuer or the Guarantor or to prove in such Winding-Up unless the Trustee, having become so bound to proceed or being able to prove in such Winding-Up or claim in such liquidation, fails to do so within a reasonable period and such failure shall be continuing, in which case the Holder shall have only such rights against the Issuer or the Guarantor as those which the Trustee is entitled to exercise as set out in this Condition 8 (*Non-payment*).

(f) *Extent of Holders' remedy*: No remedy against the Issuer or the Guarantor, other than as referred to in this Condition 8 (*Non-payment*), shall be available to the Trustee or the Holders, whether for the recovery of amounts owing in respect of the Securities, the Guarantee or under the Trust Deed or in respect of any breach by the Issuer or the Guarantor of any of their respective other obligations under or in respect of the Securities, the Guarantee or the Trust Deed.

9. PRESCRIPTION

Claims in respect of principal, premium (if any) and Distribution, Arrears of Distribution or Additional Distribution Amount will become prescribed unless made within 10 years (in the case of principal) and five years (in the case of Distribution) from the Relevant Date, as defined in Condition 7.

10. REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and requirements of stock exchange or other relevant authority, at the specified office of the Registrar or such other Paying Agent or the Transfer Agent, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Holders, 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 and otherwise. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

11. TRUSTEE AND AGENTS

Under the Trust Deed, the Trustee is entitled to be indemnified and/or pre-funded and/or secured to its satisfaction and relieved from responsibility in certain circumstances and to be paid its fees, costs, expenses and indemnity payments in priority to the claims of the Holders. In addition, the Trustee, its directors and officers are entitled to enter into business transactions with the Issuer, the Guarantor and any entity relating to the Issuer or the Guarantor or any other Person without being accountable for the same (including any profit therefrom) to the Holders or any Person. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Holders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

In the exercise of its powers and discretions under these Conditions, the Deed of Guarantee and the Trust Deed, the Trustee will have regard to the interests of the Holders as a class and will not be responsible for any consequence for individual Holders of Securities as a result of such Holders being connected in any way with a particular territory or taxing jurisdiction or with regard to such Holders' particular circumstances.

The Trustee may act on the advice, opinion or report of or any information obtained from any lawyer, valuer, accountant, auditor, surveyor, banker, broker, auctioneer, or other expert (whether obtained by the Issuer, the Guarantor, the Trustee or otherwise, whether or not addressed to the Trustee, and whether or not the advice, opinion, report or information, or any engagement letter or other related document, contains a monetary or other limit on liability or limits the scope and/or basis of such advice, opinion, report or information). The Trustee may accept and shall be entitled to rely (without further investigation or enquiry) on any report, confirmation, certificate or advice and such report, confirmation, opinion, certificate or advice shall be binding on the Issuer, the Guarantor and the Holders, and the Trustee will not be responsible to anyone for any liability occasioned by so acting.

In acting under the Agency Agreement and in connection with the Securities, the Agents act solely as agents of the Issuer, the Guarantor and (to the extent provided therein) the Trustee and do not assume any obligations or responsibilities towards or relationship of agency or trust for or with any of the Holders or any third parties.

The initial Agents and their initial specified offices are listed below. The Issuer and the Guarantor reserve the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar principal paying agent and additional or successor paying agents and transfer agents; *provided, however, that* the Issuer and the Guarantor shall at all times maintain (a) a principal paying agent and a registrar and (b) a paying agent and a transfer agent.

Notice of any change in any of the Agents or in their specified offices shall promptly be given to the Holders.

Neither the Trustee nor the Agents shall be required to monitor or supervise compliance with the provisions of the Trust Deed, the Guarantee, the Agency Agreement or these Conditions or to take any steps to ascertain whether an Enforcement Event has occurred or to monitor the occurrence of any Step-Up Event or of any event under Condition 5 that may trigger the option or obligation of redemption, and shall not be liable to the Issuer, the Guarantor, the Holders or any other Person for not doing so.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Deed of Guarantee, the Agency Agreement or the Conditions to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to seek directions from the Holders by way of an Extraordinary Resolution or clarification of any directions, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Guarantor, the Holders or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification as a result of seeking such direction or clarification from the Holders or in the event that no direction or clarification is given to the Trustee by the Holders.

Each Holder 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 the Guarantor and the Trustee shall not at any time have any responsibility for the same and each Holder shall not rely on the Trustee in respect thereof.

12. MEETINGS OF HOLDERS; MODIFICATION AND WAIVER

(a) *Meetings of Holders*: The Trust Deed contains provisions for convening meetings (including by way of conference call) of Holders to consider matters relating to the Securities, including the modification of any provision of these Conditions, the Deed of Guarantee or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantor (acting together) or by the Trustee and shall be convened by the Trustee upon the request in writing of Holders holding not less than 10 per cent. of the aggregate principal amount of the outstanding Securities subject that the Trustee shall have been indemnified and/or pre-funded and/or secured to its satisfaction. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. of the aggregate principal amount of the outstanding Securities or, at any adjourned meeting, one or more persons being or representing Holders whatever the principal amount of the Securities held or represented; *provided, however, that* at any meeting the business of which includes the modification of certain proposals (including any proposal to (i) modify the circumstances in which the Securities may be redeemed or the circumstances in which Distribution (including any Arrears of Distribution or Additional Distribution Amounts) are payable or may be deferred or (ii) to reduce or cancel the principal amount of, or Distribution (including any Arrears of Distribution or Additional Distribution Amounts) on or to vary the method of calculating the Distribution Rate or to reduce the Distribution Rate in respect of the Securities (other than as provided under these Conditions) or (iii) to change the currency of payments under the Securities or (iv) to amend the terms of the Guarantee or (v) to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**")), may only be sanctioned by an Extraordinary Resolution passed at a meeting of Holders at which one or more persons holding or representing not less than two-thirds or, at any adjourned meeting, one-third of the aggregate principal amount of the outstanding Securities form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Holders, whether present or not.

The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of Holders holding not less than 90 per cent. of the aggregate principal amount of the Securities outstanding, or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the Holders of not less than 90 per cent. of the aggregate principal amount of Securities outstanding, shall, in each case, be effective as an Extraordinary Resolution. An Extraordinary Resolution passed by the Holders will be binding on all the Holders, whether or not they are present at any meeting, and whether or not they voted on the resolution.

(b) *Modification and waiver*: The Trustee may (but shall not be obliged to), without the consent of the Holders, agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of these Conditions, the Agency Agreement, the Deed of Guarantee or the Trust Deed (in each case, other than in respect of a Reserved Matter) or determine, without any such consent as aforesaid, that any Enforcement Event shall not be treated as such, where, in any such case, it is not, in the sole and absolute opinion of the Trustee, materially prejudicial to the interests of Holders so to do or may agree (but shall not be obliged to), without any such consent as aforesaid, to any modification of these Conditions, the Securities, the Deed of Guarantee, the Trust Deed or the Agency Agreement which is of a formal, minor or technical nature or to correct a manifest error or an error which, in the opinion of the Trustee, is proven. Any such modification shall be binding on the Holders and any such modification shall be notified to the Holders in accordance with Condition 14 as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Holders as a class (but shall not have regard to any interests arising from circumstances particular to individual Holders whatever their number) and, in particular but without limitation, shall not have regard to the consequence of any such exercise for individual Holders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Holder be entitled to claim, from the Issuer, the Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Holders except to the extent already provided for in Condition 7 and/or any undertaking or covenant given in addition to, or in the substitution for, Condition 7 pursuant to the Trust Deed.

Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Holders in accordance with Condition 15 as soon as practicable thereafter.

(c) *Substitution or variation:* If a Special Event has occurred and is continuing, then the Issuer may at its option, subject to Condition 4 (*Distribution*) (without any requirement for the consent or approval of the Holders) and subject to it having satisfied the Trustee immediately prior to the giving of any notice referred to in this Condition 12(c) (*Substitution or variation*) that the provisions of this Condition 12(c) (*Substitution or variation*) have been complied with, and having given not more than 60 days' nor less than 30 days' irrevocable notice in accordance with Condition 15 (*Notices*), to the Holders, and in writing to the Trustee and the Principal Paying Agent at any time either (i) substitute all, but not some only, of the Securities for, or (ii) vary the terms of the Securities with the effect that they remain or become (as the case may be), Qualifying Securities, and the Trustee shall (subject to the following provisions of this Condition 12(c) (*Substitution or Variation*) and subject to the receipt by it of the certificate in English of an authorised signatory of the Issuer referred to in the definition of Qualifying Securities, on which the Trustee may rely absolutely) agree to such substitution or variation. Any such substitution or variation agreed to by the Trustee as aforesaid shall be binding on the Holders.

Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Securities in accordance with this Condition 12(c) (*Substitution or variation*). In connection therewith, any outstanding Arrears of Distribution (including any Additional Distribution Amount) shall be satisfied in full in accordance with the provisions of Condition 4(d)(vi) (*Satisfaction of Arrears of Distribution by payment*).

In connection with any substitution or variation in accordance with this Condition 12(c) (*Substitution or Variation*), the Issuer shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.

Any such substitution or variation in accordance with the foregoing provisions of this Condition 12(c) (*Substitution or variation*) shall not be permitted if any such substitution or variation would itself give rise to a Special Event with respect to the Securities or the Qualifying Securities.

13. ENFORCEMENT

The Trustee may at any time, at its sole and absolute discretion and without notice, institute such proceedings and/or other steps or action (including lodging an appeal in any proceedings) as it thinks fit to enforce its rights under the Deed of Guarantee, the Trust Deed and the Agency Agreement and in respect of the Securities, but it shall not be bound to do so unless:

(i) it has been so requested in writing by the Holders of at least 25 per cent. of the aggregate principal amount of the outstanding Securities or has been so directed by an Extraordinary Resolution; and

(ii) it has been indemnified and/or prefunded and/or provided with security to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including but not limited to legal expenses) and liabilities which may be incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions.

No Holder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

14. FURTHER ISSUES

Subject to compliance with Condition 3(b) (*Information Report to NDRC*) and Condition 3(c) (*Undertakings in relation to the Guarantee*), the Issuer may from time to time, without the consent of the Holders and in accordance with the Trust Deed, create and issue further securities either having terms and conditions the same as those of the Securities, or the same except for the date and amount of the first payment of Distribution, the NDRC Post-issue Information Report and the SAFE Cross-border Security Registration, which may be consolidated and form a single series with the outstanding Securities. The Issuer may from time to time, with the consent of the Trustee (acting on an Extraordinary Resolution), create and issue other series of Securities having the benefit of the Trust Deed.

15. NOTICES

Notices to Holders will be valid if (i) made in writing in English and mailed to them by uninsured mail at their addresses in the Register maintained by the Registrar; or (ii) published in a leading English language daily newspaper having general circulation in Asia (which is expected to be the South China Morning Post). Any such notice will be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made.

So long as the Global Certificate is held on behalf of Euroclear and Clearstream any notice to the Holders shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

16. CURRENCY INDEMNITY

If any sum due from the Issuer or the Guarantor in respect of the Securities, the Guarantee, the Trust Deed or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer or the Guarantor, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Securities, the Guarantee or the Trust Deed, the Issuer and the Guarantor shall indemnify the Trustee and each

Holder, on the written demand of the Trustee or such Holder addressed to the Issuer and the Guarantor and delivered to the Issuer and the Guarantor, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which the Trustee or such Holder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of each of the Issuer and the Guarantor and shall give rise to a separate and independent cause of action.

17. GOVERNING LAW AND JURISDICTION

(a) *Governing law*: The Securities, the Deed of Guarantee, the Agency Agreement and the Trust Deed and any non-contractual obligations arising out of or in connection with the Securities, the Deed of Guarantee, the Agency Agreement and the Trust Deed are governed by, and will be construed in accordance with, English law, except that the subordination provisions applicable to (i) the Issuer set out in Condition 1(b) (*Form, Denomination, Status, Ranking and Guarantee – Status of the Securities*), Condition 1(d) (*Form, Denomination, Status, Ranking and Guarantee – Ranking of claims in respect of the Securities*) and Condition 1(f) (*Form, Denomination, Status, Ranking and Guarantee – Set-off – the Securities*) and clauses 7.1 and 7.3 of the Trust Deed shall be governed by, and construed in accordance with, the laws of the British Virgin Islands and (ii) the Guarantor set out in Condition 1(c) (*Form, Denomination, Status, Ranking and Guarantee – Guarantee*), Condition 1(e) (*Form, Denomination, Status, Ranking and Guarantee – Ranking of claims in respect of the Guarantee*), Condition 1(g) (*Form, Denomination, Status, Ranking and Guarantee – Set-off – the Guarantee*) and clauses 7.2 and 7.4 of the Trust Deed shall be governed by, and construed in accordance with, the laws of the PRC.

(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 Securities, the Deed of Guarantee, the Agency Agreement and the Trust Deed and accordingly any legal action or proceedings arising out of or in connection with the Securities, the Deed of Guarantee, the Agency Agreement and the Trust Deed ("**Proceedings**") may be brought in such courts. Each of the Issuer and the Guarantor irrevocably submits to the exclusive jurisdiction of the courts of Hong Kong and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

(c) *Service of Process*: Each of the Issuer and the Guarantor hereby irrevocably appoints Sinohydro (Hong Kong) Holding Limited (中國水電(香港)控股有限公司) to accept service of process in Hong Kong in respect of any Proceedings at Room 4010-12, 40/F, Convention Plaza Office Tower, 1 Harbour Road, Wanchai, Hong Kong. Each of the Issuer and the Guarantor undertakes that in the event of such agent ceasing so to act it will appoint another person as its agent for that purpose. Nothing in this clause shall affect the right to serve process in any other manner permitted by law.

(d) *Immunity*: To the extent that each of the Issuer and the Guarantor may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer and the Guarantor, as the case may be, or their respective assets or revenues, each of the Issuer and the Guarantor agrees not to claim and irrevocably waive such immunity to the full extent permitted by the laws of such jurisdiction.

18. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Security, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

19. DEFINITIONS

In these Conditions:

"**Accounting Event**" has the meaning ascribed to it in Condition 5(d);

"**Additional Distribution Amount**" has the meaning ascribed to it in Condition 4(d)(iv);

"**Additional Tax Amounts**" has the meaning ascribed to it in Condition 7;

"**Applicable Law**" means any applicable law or applicable regulation including, but not limited to: (i) any domestic or foreign statute, constitution, rule, judicial interpretation or directive (whether or not having the force of law); (ii) any rule, custom or practice and/or the requirements of any Authority, stock exchange, clearing house or central book-entry settlement system, trading registration, central depositary system or self-regulatory organisation by which any party is/are bound or accustomed to comply; (iii) any agreement between any Authorities; and (iv) any customary agreement between any Authority and any party that is applicable;

"**Arrears of Distribution**" has the meaning ascribed to it in Condition 4(d)(iv);

"**Authority**" means any government, quasi-government, administrative, regulatory, supervisory, prosecuting, tax authority or body, court, or tribunal in any jurisdiction;

"**Board of Directors**" means the board of directors elected or appointed by the relevant shareholders of the Issuer or the Guarantor, as applicable, to manage the business of the Issuer or the Guarantor, or any committee of such board duly authorised to take the action purported to be taken by such committee;

"**Breach of Covenant Event**" means the occurrence of a (a) Covenant Breach and (b) the Trustee or the Holders holding at least 25 per cent. of the aggregate principal amount of the outstanding Securities giving notice in writing to the Issuer that the Distribution Rate will be adjusted in accordance with Condition 4(e)(i) (*Increase in Distribution Rate*) unless the Securities are redeemed in accordance with Condition 5(f) (*Redemption for a Breach of Covenant Event*);

"**business day**" means: (a) in respect of Condition 2 (*Register, Title and Transfers*), a day (other than a Saturday, Sunday or public holiday) on which banks are open for business in the city in which the specified office of the Registrar or (as the case may be) such Transfer Agent with whom a definitive Certificate is deposited in connection with a transfer or exchange, is located; (b) in respect of Condition 4 (*Distribution*), any day (other than a Saturday, Sunday or public holiday), on which banks are open for general business (including dealings in foreign currencies) in Hong Kong, the PRC and New York; and (c) in respect of Condition 6 (*Payments*) and Condition 7 (*Taxation*), a day (other than a Saturday, Sunday or public holiday) on which banks are open for general business (including dealings in foreign currencies) in Hong Kong, the PRC and New York and on which banks and foreign exchange markets are open for business in the place in which the specified office of the Registrar is located and, in the case of presentation of a Certificate, in the place in which the Certificate is presented and where payment is to be made by transfer to a registered account, on which foreign exchange transactions may be carried on in U.S. dollars in New York City;

"**Calculation Agent**" means The Hongkong and Shanghai Banking Corporation Limited, or if there is no rate under the heading that represents the average for the week ending two New York business days prior to each Reset Date for calculating the Relevant Reset Distribution Rate under Condition 4(b)(ii) appearing in the most recently published statistical release designated "H.15(519)" (weblink: http://www.federalreserve.gov/releases/h15/), any calculation agent appointed from time to time selected by the Issuer or the Guarantor (at the expense of the Issuer, failing which the Guarantor) and notified in writing to the Trustee, or any other successor calculation agent appointed from time to time selected by the Issuer or the Guarantor (at the expense of the Issuer, failing which the Guarantor) and notified in writing to the Trustee;

"**Call Date**" has the meaning ascribed to it in Condition 5(b);

"**Change of Control Event**" means subject to Condition 4(e)(ii), the occurrence of Change of Control (as defined below);

"**Change of Control**" means (i) the SASAC (as defined below) or any other agency as designated by the State Council of the PRC or any Person directly or indirectly wholly owned by the SASAC or such other agency together ceases to Control (as defined below), directly or indirectly, the Guarantor or (ii) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of the Guarantor's assets to any Other Person or Persons, acting together, except where such Person(s) is/are Controlled (as defined below), directly or indirectly, by the SASAC or any such agency;

"**Comparable Treasury Issue**" means the U.S. Treasury security selected by the Issuer as having a maturity of five years that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a maturity of five years;

"**Comparable Treasury Price**" means:

(a) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third New York business day preceding the relevant Reset Date, as set forth in the daily statistical release (of any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities"; or

(b) if such release (or any successor release) is not published or does not contain such prices on such New York business day, (i) the average of the Reference Treasury Dealer Quotations for the relevant Reset Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (ii) if fewer than three such Reference Treasury Dealer Quotations are available, the average of all such quotations,

if the Comparable Treasury Price cannot be determined in accordance with the above provisions, the Treasury Rate as at the last preceding Reset Date;

"**Compulsory Distribution Payment Event**" means that, during the three-month period ending on the day before the relevant Distribution Payment Date, either or both of the following have occurred:

(a) a discretionary dividend, discretionary distribution or other discretionary payment has been declared or paid by the Issuer, the Guarantor or any of their respective Subsidiaries on or in respect of any Parity Securities or Junior Securities of the Issuer or the Guarantor (except (i) in relation to the Parity Securities of the Issuer or the Guarantor, as the case may be, on a *pro-rata* basis, or (ii) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants); or

(b) the Issuer, the Guarantor or any of their respective Subsidiaries has at its discretion redeemed, reduced, cancelled, bought back or otherwise acquired any Parity Securities or Junior Securities of the Issuer or the Guarantor (except (i) in relation to the Parity Securities of the Issuer or the Guarantor, as the case may be, on a *pro-rata* basis, (ii) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants, or (iii) as a result of the exchange or conversion of such Parity Securities for its Junior Securities);

"**Control**" means (where applicable): (i) the ownership or control of more than 50 per cent. of the Voting Rights of the issued share capital of a Person or (ii) the nomination or designation of no less than 50 per cent. of the members then in office of a Person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise or (iii) the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a Person or (iv) where a Person is a Subsidiary (direct or indirect) of the other Person. For the avoidance of doubt, a Person is deemed to Control another Person so long as it fulfills one of the four foregoing requirements and the terms "**Controlling**" and "**Controlled**" have meaning correlative to the foregoing;

"**Covenant Breach**" means a non-compliance and/or non-performance by the Issuer and/or the Guarantor of any one or more of its obligations and covenants set out in Condition 3 (*Negative Pledge and Other Covenants*));

"**Distribution**" has the meaning ascribed to it in Condition 4(a) and include Arrears of Distribution and Additional Distribution Amount (if any) whether or not so specified in these Conditions;

"**Distribution Payment Date**" has the meaning ascribed to it in Condition 4(a);

"**Distribution Rate**" has the meaning ascribed to it in Condition 4(b);

"**Enforcement Event**" means an event described in Condition 8(a), being payment becoming due and unpaid, or Condition 8(b), being a Winding-Up of the Issuer or the Guarantor;

"**First Call Date**" has the meaning ascribed to it in Condition 4(b)(i);

"**Group**" means the Guarantor and its Subsidiaries, taken as a whole;

"**Gross-up Event**" means an event defined in Condition 5(c);

"**Guarantee**" has the meaning ascribed to it in Condition 1(c);

"**Holder**" has the meaning ascribed to it in Condition 2(a);

"**Hong Kong**" means the Hong Kong Special Administrative Region of the PRC;

"**Independent Investment Bank**" means an independent investment bank of international repute (acting as an expert) selected and appointed by the Issuer or the Guarantor (at the expense of the Issuer, failing which the Guarantor) and notified in writing to the Trustee and the Calculation Agent);

"**Initial Distribution Rate**" means 4.25 per cent. per annum;

"**Issue Date**" means 14 April 2022;

"**Junior Securities**" means (a) in respect of the Issuer, (i) any class of the Issuer's share capital (including without limitation any preference shares) and (ii) any instrument or security issued, entered into or guaranteed by the Issuer, which ranks, or is expressed to rank, by its terms or by operation of law, junior to the obligations of the Issuer under the Securities; and (b) in respect of the Guarantor, (i) any class of the Guarantor's share capital (including without limitation any preference shares) and (ii) any instrument or security issued, entered into or guaranteed by the Guarantor, which ranks, or is expressed to rank, by its terms or by operation of law, junior to the obligations of the Guarantor under the Guarantee;

"**Macau**" means the Macau Special Administrative Region of the PRC;

"**NDRC**" means the National Development and Reform Commission of the PRC;

"**NDRC Circular**" means the Circular on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Enterprises (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)) issued by the NDRC and which came into effect on 14 September 2015, as supplemented by the relevant document issued by the NDRC in relation to the annual foreign debt quota available to the Guarantor (where applicable) and any implementation rules, regulations, certificates, circulars or notices in connection therewith as issued by the NDRC from time to time;

"**Optional Deferral Event**" has the meaning ascribed to it in Condition 4(d);

"**Optional Deferral Notice**" has the meaning ascribed to it in Condition 4(d);

"**Other Persons**" means any Person who does not or do not have, and would not be deemed to have, Control of the Guarantor on the Issue Date;

"**Parity Securities**" means (a) in respect of the Issuer, any instrument or security issued, entered into or guaranteed by the Issuer, which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Securities; and (b) in respect of the Guarantor, any instrument or security issued, entered into or guaranteed by the Guarantor, which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Guarantee;

"**Person**" means 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 Standing Committee of Party (黨委常委會) of the Guarantor or any other governing board;

"**PRC**" means the People's Republic of China, which, solely for the purposes of these Conditions, excludes Hong Kong, Macau and Taiwan;

"**PRC Accounting Standards**" means the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC on 15 February 2006, and the Application Guidance for Accounting Standards for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter, as amended from time to time;

"**PRC Business Day**" means a day (other than a Saturday, Sunday or a public holiday) on which banks in Beijing, the PRC are not authorised or obliged by law or executive order to be closed;

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

(a) whose revenues (consolidated in the case of a Subsidiary which has Subsidiaries) attributable to the Guarantor, as shown by its latest audited income statement are at least five per cent. of the consolidated revenues of the Guarantor and its consolidated Subsidiaries as shown by the latest published audited income statement of the Guarantor and its consolidated Subsidiaries; or

(b) whose profits before tax (consolidated in the case of a Subsidiary which has Subsidiaries) attributable to the Guarantor, as shown by its latest audited income statement are at least five per cent. of the consolidated profits before tax of the Guarantor and its consolidated Subsidiaries as shown by the latest published audited income statement of the Guarantor and its consolidated Subsidiaries, including, for the avoidance of doubt, the Guarantor and its consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of associated entities and after adjustment for minority interests; or

(c) whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Guarantor, as shown by its latest audited balance sheet, are at least five per cent. of the consolidated total assets of the Guarantor and its consolidated Subsidiaries as shown by the latest published audited consolidated balance sheet of the Guarantor and its consolidated Subsidiaries, including the investment of the Guarantor and its consolidated Subsidiaries in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Guarantor and of associated companies and after adjustment for minority interests; or

(d) to which is transferred the whole or substantially the whole of the business, undertaking and assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that (i) the Principal Subsidiary which so transfers its business, undertaking and assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the business, undertaking and assets are so transferred shall forthwith become a Principal Subsidiary and (ii) on or after the date on which the first published audited accounts (consolidated, if appropriate) of the Guarantor prepared as of a date later than such transfer are issued, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined 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) or (c) above:

(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 Guarantor relate, the reference to the then latest consolidated audited accounts of the Guarantor and its Subsidiaries for the purposes of the calculation above shall, until consolidated audited accounts of the Guarantor 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 Guarantor and its Subsidiaries 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 Guarantor or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, revenue, profit before tax or total assets of the Guarantor and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Guarantor for the purposes of preparing a certificate thereon to the Trustee;

(iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its revenue, profit before tax 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 Guarantor for the purposes of preparing a certificate thereon to the Trustee; 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 Guarantor, 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 Guarantor;

"**Proceedings**" has the meaning ascribed to it in Condition 17;

"**Qualifying Securities**" means securities that

(a) have terms not materially less favourable to an investor than the terms of the Securities, and provided that certification to such effect (and confirming that the conditions set out in (i) to (iv) below of this definition have been satisfied) of (a) any authorised signatory of the Issuer and (b) an Independent Investment Bank, shall have been delivered to the Trustee prior to the substitution or variation of the relevant Securities upon which certificates the Trustee shall rely absolutely), provided that (i) they are issued by the Issuer or any majority-owned direct or indirect Subsidiary of the Guarantor; (ii) they are unconditionally and irrevocably guaranteed by the Guarantor; and (iii) they shall rank pari passu on a Winding-Up with the Securities, shall preserve the Holders' rights to any Arrears of Distribution, any Additional Distribution Amount and any other payment that has accrued with respect to the relevant securities, and shall contain terms which provide at least for the same Distribution Rate, Distribution Payment Dates and redemption events, from time to time applying to the Securities and otherwise have substantially identical (as reasonably determined by the Issuer and an Independent Investment Bank) terms to the Securities, save where any modifications to such terms are required to be made to avoid the occurrence of a Gross-Up Event or, as the case may be, an Accounting Event; and

(b) are listed on The Stock Exchange of Hong Kong Limited or such other stock exchange of international standing;

"**Reference Treasury Dealer**" means each of any three investment banks of recognised standing that is a primary U.S. Government securities dealer in The City of New York, selected by the Issuer or the Guarantor (at the expense of the Issuer, failing which the Guarantor);

"**Reference Treasury Dealer Quotations**" means, with respect to each Reference Treasury Dealer and any Reset Date, the average as determined by an Independent Investment Bank, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Bank by such Reference Treasury Dealer at 5:00 p.m. (New York time) on the third business day (as defined in Condition 19 pursuant to Condition 4) preceding such Reset Date;

"**Register**" has the meaning ascribed to it in Condition 2(a);

"**Registration Deadline**" means the day falling 90 PRC Business Days after the Issue Date;

"**Relevant Accounting Standards**" has the meaning ascribed to it in Condition 5(d);

"**Relevant Indebtedness**" means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) in the form of or represented by any notes, bonds, debentures, debenture stock, loan stock, certificates of deposit or other similar securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market issued outside the PRC and (ii) any guarantee or indemnity of any such indebtedness;

"**Relevant Indebtedness Default Event**" means the occurrence of one or more of the following events: (i) any Relevant Indebtedness of the Issuer, the Guarantor, any of the Guarantor's Principal Subsidiaries becomes due and repayable prematurely by reason of any default or an event of default (howsoever described), or (ii) the Issuer, the Guarantor, any of the Guarantor's Principal Subsidiaries fails to make any payment in respect of any Relevant Indebtedness on the due date for payment or, as the case may be, within any originally applicable grace period; (iii) any security given by Issuer, the Guarantor, any of the Guarantor's Principal Subsidiaries for any Relevant Indebtedness becomes enforceable; or (iv) default is made by Issuer, the Guarantor, any of the Guarantor's Principal Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Relevant Indebtedness of any other person, provided that the aggregate amount of such Relevant Indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this provision have occurred equals or exceeds U.S.$80,000,000 or its equivalent in other currencies;

"**Relevant Jurisdiction**" means the British Virgin Islands, the PRC, any jurisdiction in which the Issuer or the Guarantor is incorporated, any jurisdiction of residence for tax purposes of the Issuer or the Guarantor or any political subdivision or any authority thereof or therein having power to tax;

"**Relevant Reset Distribution Rate**" means a rate of distribution expressed as a percentage per annum equal to the sum of (a) the initial spread of 1.575 per cent., (b) the Treasury Rate and (c) a margin of 3.00 per cent. per annum;

"**Reset Date**" means the First Call Date and each day falling every five calendar years after the First Call Date;

"**SAFE**" means the State Administration of Foreign Exchange of the PRC;

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

"**Special Event**" means a Gross-Up Event, an Accounting Event or any combination of the foregoing;

"**Step-Up Event**" means the occurrence of any of a Change of Control Event, a Breach of Covenant Event and/or a Relevant Indebtedness Default Event;

"**Subsidiary**" means, in relation to any Person, means, any company (i) in which that Person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or (ii) 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;

"**Treasury Rate**" means the rate notified by the Calculation Agent to the Issuer and the Holders (in accordance with Condition 15 (*Notices*)) in per cent. per annum equal to the yield, under the heading that represents the average for the week ending two New York business days prior to each Reset Date for calculating the Relevant Reset Distribution Rate under Condition 4(b)(ii), appearing in the most recently published statistical release designated "*H.15(519)*" (weblink: http://www.federalreserve.gov/releases/h15/) or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded US Treasury securities adjusted to constant maturity under the caption "**Treasury constant maturities**" for the maturity corresponding to the Comparable Treasury Issue. If such release (or any successor release) is not published during the week preceding the relevant date for calculation or does not contain such yields, "**Treasury Rate**" means the rate in per cent. per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the applicable Reset Date under Condition 4(b);

"**Voting Rights**" means the right generally to vote at a general meeting of shareholders of the Person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency, and any such voting power shall therefore be excluded for the purpose of this definition); and

"**Winding-Up**" means a final and effective court order or effective resolution by a competent authority in the respective jurisdiction of the Issuer or the Guarantor for the winding-up, liquidation or similar proceedings in respect of the Issuer or the Guarantor (as applicable).

SUMMARY OF PROVISIONS RELATING TO THE SECURITIES IN GLOBAL FORM

The Global Certificate contains provisions which apply to the Securities while they are in global form, some of which modify the effect of the Terms and Conditions of the Securities set out in this Offering Circular. The following is a summary of those provisions.

1. ACCOUNTHOLDERS

For so long as all of the Securities or any part thereof are represented by the Global Certificate and the Global Certificate is held on behalf of a clearing system, each person (other than another clearing system) who is for the time being shown in the records of Euroclear or Clearstream (as the case may be) as the holder of a particular aggregate principal amount of such Securities (each an "**Accountholder**") (in which regard any certificate or other document issued by Euroclear or Clearstream (as the case may be) as to the aggregate principal amount of such Securities standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such aggregate principal amount of such Securities (and the expression "**Holders**" and references to "**holding of Securities**" and to "**holder of Securities**" shall be construed accordingly) for all purposes other than with respect to payments on such Securities, the right to which shall be vested, as against the Issuer, the Guarantor and the Trustee, solely in the nominee for the relevant clearing system (the "**Relevant Nominee**") in accordance with and subject to the terms of the Global Certificate. Each Accountholder must look solely to Euroclear or Clearstream, as the case may be, for its share of each payment made to the Relevant Nominee.

2. CANCELLATION

Cancellation of any Securities following its redemption or purchase by the Issuer, the Guarantor or any of their respective Subsidiaries will be effected by reduction in the aggregate principal amount of the Securities in the register of Holders and by the annotation of the appropriate schedule to the Global Certificate.

3. PAYMENTS

Payments of principal, premium (if any) and interest in respect of Securities represented by the Global Certificate will be made if no further payment falls to be made in respect of the Securities, against surrender of the Global Certificate to or to the order of the Registrar or such other Agent as shall have been notified to the holder of the Global Certificate for such purpose.

Each payment will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date of payment, where "**Clearing System Business Day**" means Monday to Friday, inclusive except 25 December and 1 January.

Distributions of amounts with respect to book-entry interests in the Securities held through Euroclear or Clearstream will be credited, to the extent received by the Registrar, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures.

A record of each payment made will be endorsed on the appropriate schedule to the Global Certificate by or on behalf of the Registrar and shall be *prima facie* evidence that payment has been made.

4. NOTICES

For so long as all of the Securities are represented by the Global Certificate and the Global Certificate is held on behalf of a clearing system, notices to Holders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled Accountholders in substitution for notification as required by the Terms and Conditions of the Securities. Any such notice shall be deemed to have been given to the Holders on the day on which such notice is delivered to the clearing system as aforesaid.

Whilst any Securities held by a Holder are represented by the Global Certificate, notices to be given by such Holder may be given by such Holder to the Principal Paying Agent through Euroclear and/or Clearstream, as the case may be, in such a manner as the Principal Paying Agent and Euroclear and/or Clearstream, as the case may be, may approve for this purpose.

5. REGISTRATION OF TITLE

Registration of title to Securities in a name other than that of the Relevant Nominee will not be permitted unless Euroclear or Clearstream, as appropriate, notifies the Issuer that it is unwilling or unable to continue as a clearing system in connection with the Global Certificate, or that it has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or that it has announced an intention permanently to cease business or has in fact done so, and in each case a successor clearing system approved by the Trustee is not appointed by the Issuer within 90 days after receiving such notice from Euroclear or Clearstream. In these circumstances title to a Security may be transferred into the names of holders notified by the Relevant Nominee in accordance with the Terms and Conditions of the Securities, except that Certificates in respect of Securities so transferred may not be available until 21 days after the request for transfer is duly made.

The Registrar will not register title to the Securities in a name other than that of the Relevant Nominee for a period of 15 calendar days preceding the due date for any payment of principal, premium (if any) or interest in respect of the Securities.

6. TRANSFERS

Transfers of book-entry interests in the Securities will be effected through the records of Euroclear, Clearstream and their respective participants in accordance with the rules and procedures of Euroclear, Clearstream and their respective direct and indirect participants.

USE OF PROCEEDS

The Issuer estimates that the net proceeds from this offering of the Securities, after deducting the fees and commissions and other estimated expenses payable in connection with this offering, will be approximately US$498.0 million. The net proceeds will be used for repayment of the Group's offshore indebtedness.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the Group's consolidated capitalisation and indebtedness as at 31 December 2020 and as adjusted to give effect to the issue of the Securities offered hereby. This table should be read in conjunction with the Group's audited consolidated financial statements and the accompanying notes, which is included elsewhere in this Offering Circular.

	As at 31 December 2020			
	Actual		As adjusted for the issue of the Securities	
	(RMB in millions)	*(US$ in millions)*[3]	*(RMB in millions)*	*(US$ in millions)*[3]
Short-term interest-bearing borrowings				
Short-term borrowings	34,406.1	5,273.0	34,406.1	5,273.0
Non-current liabilities due within one year				
Long-term loans due within one year	18,568.3	2,845.7	18,568.3	2,845.7
Bond payable due with one year	7,986.4	1,224.0	7,986.4	1,224.0
Other current liabilities				
Short-term financing bill	5,289.8	810.7	5,289.8	810.7
Total short-term interest-bearing borrowings	66,250.6	10,153.3	66,250.6	10,153.3
Long-term interest-bearing borrowings				
Long-term borrowings	249,445.7	38,229.2	249,445.7	38,229.2
Bonds payable	16,652.7	2,552.1	16,652.7	2,552.1
Total long-term interest-bearing borrowings	266,098.4	40,781.4	266,098.4	40,781.4
Equity				
Net paid-in capital	31,988.2	4,902.4	31,988.2	4,902.4
Other equity instrument	8,000.0	1,226.1	11,262.5	1,726.1
Incl:				
Perpetual bond	8,000.0	1,226.1	8,000.0	1,226.1
Securities to be issued[1]	–	–	3,262.5	500.0
Capital reserve	21,644.2	3,317.1	21,644.2	3,317.1
Less:				
Other comprehensive income	(1,398.3)	(214.3)	(1,398.3)	(214.3)
Special reserve	29.3	4.5	29.3	4.5
Surplus reserve	1,078.8	165.3	1,078.8	165.3
General risk reserve	182.5	28.0	182.5	28.0
Unappropriated profit	30,295.9	4,643.0	30,295.9	4,643.0
Total owner's equity attributable to the company	91,820.6	14,072.1	95,083.1	14,572.1
Minority interests	179,407.1	27,495.3	179,407.1	27,495.3
Total owners' equity	271,227.7	41,567.5	274,490.2	42,067.5
Total capitalisation[2]	603,576.7	92,502.2	606,839.2	93,002.2

(1) Refer to the aggregate principal amount of the Securities before deducting the commissions and estimated offering expenses.

(2) Total capitalisation equals the sum of the short-term interest-bearing borrowings, the long-term interest-bearing borrowings and the total owner's equity.

(3) The translation of Renminbi amounts into US dollar amounts has been made at the rate of RMB6.5250 to US$1.00, the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 31 December 2020.

In 2021 and 2022, the Group incurred further short-term borrowings and long-term borrowings. Since 31 December 2020, the Group's long-term borrowings and bonds payable increased significantly due to increased financing needs as a result of the Group's business scale expansion and investment growth.

Except as otherwise disclosed above, there has been no material changes to the capitalisation and indebtedness of the Group since 31 December 2020.

DESCRIPTION OF THE ISSUER

FORMATION

DianJian Haiyu Limited (電建海裕有限公司), in which the Guarantor indirectly owns 57.94 per cent. equity interest as at the date of this Offering Circular, was incorporated as a business company with limited liability on 5 May 2017 in the British Virgin Islands under the BVI Business Companies Act 2004. The Issuer's registration number is 1944231. Its registered office is located at Ritter House, Wickhams Cay II, Road Town, Tortola VG1110, British Virgin Islands.

CORPORATE ACTIVITIES

As at the date of this Offering Circular, the Issuer has not engaged, since its incorporation, in any material activities other than entering into arrangements for the proposed issuance of the Securities and the issuance of guaranteed notes and securities, including the (i) U.S.$500,000,000 3.50 per cent. guaranteed senior perpetual securities issued on 14 June 2017; (ii) U.S.$300,000,000 3.00 per cent. notes due 2022 issued on 20 June 2019; (iii) U.S.$500,000,000 4.30 per cent. guaranteed senior perpetual securities issued on 20 June 2019; and (iv) U.S.$300,000,000 3.45 per cent. guaranteed senior perpetual securities issued on 29 September 2020.

DIRECTORS

The directors of the Issuer as at the date of this Offering Circular are Yi Lyu and Chenchen Dong.

SHARE CAPITAL

As at the date of this Offering Circular, the maximum number of shares which the Issuer is authorised to issue is 50,000 ordinary shares with no par value. One ordinary share has been issued for the Issuer. None of the equity securities of the Issuer is listed or dealt on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought.

FINANCIAL INFORMATION OF THE ISSUER

As at the date of this Offering Circular, the Issuer has not published, and does not propose to publish, any of its accounts since the Issuer is not required to do so under the laws of the British Virgin Islands. However, the Issuer is required to keep such accounts and records as its directors consider necessary or desirable in order to reflect the financial position of the Issuer with reasonable accuracy.

DESCRIPTION OF THE GROUP

OVERVIEW

The Group is a leading power construction company by revenue in the PRC, primarily engaged in the provision of surveying, engineering, constructing and operating services for hydropower, thermal power, new energy, power grid and other infrastructure projects in the PRC and overseas. In particular, since the 1950s, the Group has participated in over 65 per cent. of the construction of medium and large hydropower stations and water conservancy projects in the PRC; since the 1980s, the Group has participated in over 80 per cent. of the preliminary engineering planning, survey and design work for hydropower and water conservancy construction projects in the PRC. In addition, the Group also provides its services overseas, covering over 110 countries and regions as at 31 December 2020. In 2021, the Group was ranked 107th on the Fortune Global 500 list.

The Group conducts its business principally through the following five main business segments:

- **Construction contracting, engineering design and consultancy**: Construction contracting is one of the Group's traditional and core business segments. The Group is capable of providing customised and integrated contracting solutions and services to customers. The Group is a leading construction contractor in the PRC by revenue with a primary focus on hydropower projects. In addition to the Group's expertise in the hydropower field, the Group is also engaged in, and has developed expertise in, electricity generation using other forms of energy, including thermal power and wind power, and also engages in the power grid and other infrastructure construction businesses. The engineering design and consultancy business is also one of the traditional and core business segments of the Group. The Group's core expertise in this field is the provision of surveying, design, consulting and quality assessment services for projects in the fields of hydropower, thermal power, new energy and water environment treatment services.

- **Energy project investment and operations**: While developing the Group's construction contracting business, the Group has expanded into complementary businesses and developed synergies for organic growth. In particular, the Group has expanded into the business of investment and operation of hydropower, thermal power, wind power, photovoltaics and other renewable energy projects throughout the PRC, by leveraging its expertise and experience in its traditional business segments.

- **Equipment leasing and manufacturing**: The Group's equipment leasing and manufacturing business focuses on the manufacture of power generation sets, port cargo and material transportation equipment, power transmission and distribution equipment, pipes, special vehicles and welding equipment and leasing such equipment to clients.

- **Real estate development**: The Group is an integrated real estate developer and operator involved in land development, property development and property management for residential, office, retail and hotel properties. The Group principally develops mid-end to high-end residential properties as the segment's primary business with commercial properties, pension properties, hotels and industrial properties as the Group's secondary business. The Group implements a cross-regional development strategy across the PRC, focusing its real estate development business primarily in Beijing while expanding to more than 20 other cities in China, including Shanghai, Shenzhen, Nanjing, Wuhan, Changsha, Tianjin, Zhengzhou, Sanya and Linzhi. The Group also actively participates in the development and construction of affordable housing with local governments.

- **Other business**: The Group's other business segment principally includes other businesses such as project supervisory services, import and export of goods and raw materials, logistics services and fixed assets and property leasing services.

The Group primarily focuses on its construction contracting, engineering design and consultancy business, supported by its other four main business segments. In addition, the Group has generated revenue from businesses not included in its five main business segments, such as the import and export trading of goods and materials, logistics services and rental of fixed assets and properties. For the years ended 31 December 2018, 2019 and 2020, the Group's revenue from its five main business segments amounted to approximately RMB402.4 billion, RMB462.9 billion and RMB539.0 billion, respectively, and revenue from businesses not included in its five main business segments amounted to approximately RMB2.1 billion, RMB2.0 billion and RMB2.0 billion, respectively. As at 31 December 2020, the Group had total assets of RMB1,057.0 billion.

The table below outlines details of revenue of each of the Group's five main business segments:

	For the year ended 31 December					
	2018		2019		2020	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
	(RMB in billions, except for percentages)					
Construction contracting, engineering design and consultancy	332.5	82.6%	381.2	82.3%	455.9	84.6%
Energy project investment and operations	15.3	3.8%	18.0	3.9%	19.7	3.7%
Equipment leasing and manufacturing	10.2	2.5%	12.1	2.6%	13.2	2.5%
Real estate development	21.2	5.3%	24.1	5.2%	22.8	4.2%
Other business	23.1	5.7%	27.6	6.0%	27.3	5.0%
Total	402.4	100.0%	462.9	100%	539.0	100%

For the years ended 31 December 2018, 2019 and 2020, the total value of new contracts entered into by the Group's main businesses amounted to RMB640.6 billion, RMB743.3 billion and RMB856.0 billion, respectively. As at 31 December 2018, 2019 and 2020, the backlog of the Group's main businesses amounted to RMB1,176.9 billion, RMB1,349.8 billion and RMB1,522.6 billion, respectively.

HISTORY, MAJOR MILESTONES AND KEY AWARDS

The Company was established on 29 September 2011 as a wholly state-owned company in the PRC, and is under the direct supervision of SASAC. The Company's formation was a result of a restructuring and consolidation of Sinohydro Corporation (中國水利水電建設集團公司), HydroChina Corporation (中國水電工程顧問集團公司), certain subsidiaries under the supervision of State Grid Corporation of China (國家電網公司) and China Southern Power Grid Corporation Limited (南方電網公司) as approved by the State Council of the PRC. The subsidiaries formerly under the supervision of State Grid Corporation of China and China Southern Power Grid Corporation Limited, which were consolidated into the Company, provide surveying, designing, construction and equipment manufacturing services for the power sector in numerous provinces and regions of the PRC.

Both of Sinohydro Corporation and HydroChina Corporation have a history dating back to the 1950s. Sinohydro Corporation was established in 2003 after a reorganisation of its predecessor Hydropower Construction Bureau (水力發電建設總局), an entity primarily engaged in hydropower survey, design and construction and other associated entities. HydroChina Corporation was established in 2003 after a reorganisation of its predecessor Hydropower Planning Bureau (水利水電規劃設計總局), a government authority responsible for hydropower development and construction and other associated entities.

The following table sets out the key milestones and awards of the Group:

2018	The Group ranked 182nd on the Fortune Global 500 list.
	The Group ranked 41st on the Top 500 Chinese Companies.
	The Group ranked 6th on the Engineering New-Record Top 250 Global Contractors list.
2019	The Group ranked 161st on the Fortune Global 500 list.
	The Group ranked 42nd on the Top 500 Chinese Companies.
	The Group ranked 5th on the Engineering New-Record Top 250 Global Contractors list.
2020	The Group ranked 157th on the Fortune Global 500 list.
	The Group ranked 41st on the Top 500 Chinese Companies.
	The Group ranked 5th on the Engineering New-Record Top 250 Global Contractors list.
2021	The Group ranked 107th on the Fortune Global 500 list.
	The Group ranked 33rd on the Top 500 Chinese Companies.
	The Group ranked 5th on the Engineering New-Record Top 250 Global Contractors list.

RECENT DEVELOPMENTS

Establishment of PowerChina North Investment Co., Ltd.

In January 2021, the Guarantor established a wholly-owned subsidiary, PowerChina North Investment Co., Ltd. (中國電建集團北方投資有限公司), with a registered capital of RMB5 billion. PowerChina North Investment Co., Ltd. will engage in regional investment coordination, high-end marketing and major project supervision with the goal to enhance the Group's overall competitiveness in the regional market and core competitiveness of subsidiaries in northern PRC. In April 2021, PowerChina North Investment Co., Ltd. became a wholly-owned subsidiary of PowerChina Limited.

Establishment of PowerChina South Investment Co., Ltd.

In January 2021, the Guarantor established a wholly-owned subsidiary, PowerChina South Investment Co., Ltd. (中國電建集團南方投資有限公司), with a registered capital of RMB5 billion. PowerChina South Investment Co., Ltd. will engage in construction contracting, water environment treatment services and equipment manufacturing. Following establishment, in the same month, PowerChina South Investment Co., Ltd. became a wholly-owned subsidiary of PowerChina Limited.

Issue of U.S.$500,000,000 3.08 per cent. senior guaranteed perpetual securities by Powerchina Roadbridge Group (British Virgin Islands) Limited (中電建路橋集團(英屬維爾京群島)有限公司) on 1 April 2021

On 1 April 2021, Powerchina Roadbridge Group (British Virgin Islands) Limited (中電建路橋集團(英屬維爾京群島)有限公司) ("**Powerchina Roadbridge**") issued U.S.$500,000,000 3.08 per cent. senior guaranteed perpetual securities (the "**Powerchina Roadbridge Securities**") which are unconditionally and irrevocably guaranteed by the Company. The Company indirectly owns 48.42 per cent equity interest in Powerchina Roadbridge as at the date of this Offering Circular.

Establishment of PowerChina Huazhong Investment Co., Ltd.

In January 2022, the Guarantor established a wholly-owned subsidiary, PowerChina Huazhong Investment Co., Ltd. (中國電建集團華中投資有限公司), with a registered capital of RMB5 billion. PowerChina Huazhong Investment Co., Ltd. will engage in real estate development and management, investment business and water environment treatment services. Following establishment, in the same month, PowerChina Huazhong Investment Co., Ltd. became a wholly-owned subsidiary of PowerChina Limited.

Asset swap agreement between PowerChina Limited and the Guarantor

On 5 January 2022, PowerChina Limited and the Guarantor signed an asset swap agreement, according to which PowerChina Limited intended to swap its real estate sector assets valued at approximately RMB24,718.81 million with high-quality power grid auxiliary industry-related assets held by Guarantor valued at approximately RMB24,653.46 million to address horizontal competition and optimise assets, with the difference in value of approximately RMB65.34 million to be paid by the Guarantor to PowerChina Limited in cash. The completion time is yet to be confirmed, subject to fulfilment of conditions precedent.

The third quarter report for the year 2021

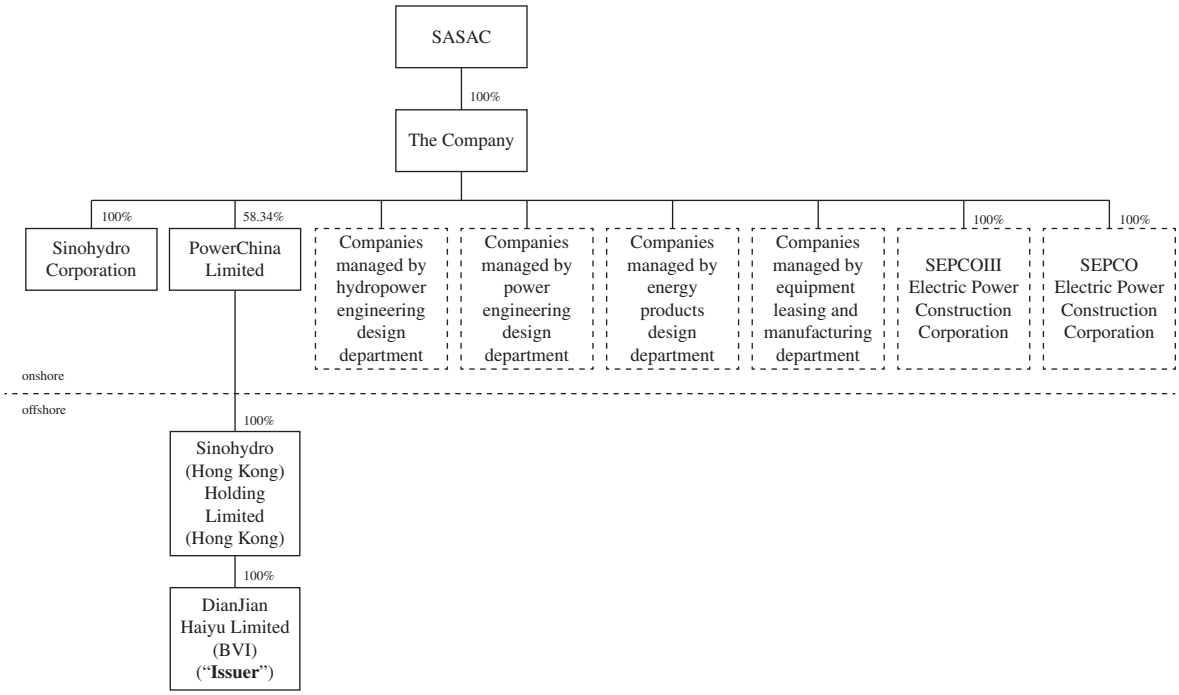
The Group recently prepared its consolidated unreviewed third quarter financial statements for the period ended 30 September 2021 (the "**September 2021 Financial Information**"). For the avoidance of doubt, the September 2021 Financial Information is not and shall not be deemed to be incorporated by reference or otherwise included in this Offering Circular. Such information has not been subject to an audit or review by any independent auditor and does not provide the same quality of information associated with information that has been subject to an audit or review. The selected financial data explained below were extracted from the management accounts of the Guarantor, and are not to be, and should not be, taken as an indication of the expected financial condition or results of operations of the Guarantor for the full financial year ending 31 December 2021. None of the Joint Lead Managers or their respective affiliates, directors, employees and advisers has independently verified or checked the September 2021 Financial Information or can give any assurance that such information is accurate, truthful or complete.

In the September 2021 Financial Information, the Group recorded a decrease in non-current assets due within one year as at 30 September 2021 as compared to 31 December 2020, as a result of the increased payment from investment projects and decreased long-term receivables due within one year. The Group's notes receivables and accounts receivable financing decreased as at 30 September 2021 as compared to 31 December 2020, due to the expiration of acceptance bill and assignment of endorsement. As at 30 September 2021, the Group's short-term borrowings increased compared with 31 December 2020, mainly due to increased financing needs as a result of the Group's business scale expansion and investment growth. The Group's notes payable and account payable increased as at 30 September 2021 as compared to 31 December 2020, mainly due to project cost settlement with suppliers. The Group's other current liabilities increased as at 30 September 2021 as compared to 31 December 2020, as a result of the increase in short-term bonds payable. As at 30 September 2021, the Group's long-term borrowings and bonds payable increased as compared to 31 December 2020, due to increased financing needs as a result of the Group's business scale expansion and investment growth.

The Group's interest expense, selling expenses, administrative expenses, research and development fee and interest expense in financial expenses increased during the nine months ended 30 September 2021 as compared to the same period in 2020, mainly due to the expansion in the Group's business scale and loan scale. The Group's credit impairment loss increased during the nine months ended 30 September 2021 as compared to the same period in 2020, mainly due to the increase in impairment loss of other receivables.

GROUP STRUCTURE

The following simplified group structure chart indicates the shareholder structure of the Issuer, the Company and its major subsidiaries as at the date of this Offering Circular:



COMPETITIVE STRENGTHS

The Group believes that it possesses the following competitive strengths:

Favourable policies from the PRC government ensuring the Group's continuous business development

The Company is a state-owned enterprise under the direct supervision of SASAC, with an operating history dating back to the 1950s. Out of the six members of the senior management team of the Company, six were appointed by SASAC. The Company's formation was a result of a restructuring and consolidation of Sinohydro Corporation, HydroChina Corporation, certain subsidiaries under the supervision of State Grid Corporation of China and China Southern Power Grid Corporation Limited as approved by the State Council of the PRC. The subsidiaries formerly under the supervision of State Grid Corporation of China and China Southern Power Grid Corporation Limited, which were consolidated into the Company, provide surveying, designing, construction and equipment manufacturing services for the power sector in numerous provinces and regions of the PRC. The Company benefits from the efforts of consolidating the state's resources in the power sector.

The Group maintains its strategic position in the PRC's infrastructure construction industry. Since the 1950s, the Group has participated in over 65 per cent. of the construction of medium and large hydropower stations and water conservancy projects in the PRC; since the 1980s, the Group has participated in over 80 per cent. of the preliminary engineering planning, survey and design work for hydropower and water conservancy construction projects in the PRC. As at 31 December 2020, the Group has nine national research institutions, 92 provincial research institutions, 11 post-doctoral stations. In addition, the Group has been engaged in the formulation and standardisation of technical standards and procedures for hydropower and wind power industries in China. The Group is also one of the main parties formulating the PRC railway project standards.

Capitalising on its long history with the PRC government and being a state-owned enterprise, the Group is well positioned to leverage on the close sino-foreign cooperative relationships between the PRC and other developing countries with governmental and regulatory assistance and benefits which are favourable to the Group's business. Over the years, the Group's involvement in and undertaking of a wide range of cross-border contracting projects have further strengthened such governmental ties, which is advantageous to its business development. In China, the Group is also involved in various significant construction projects, such as the Three Gorges Water Control Project, the South-to-North Water Diversion Project, the Beijing-Shanghai High-Speed Railway, the Argentina Jujuy Gauchari photovoltaic power station, Wudongde hydropower station, Lianghekou Hydropower Station and Jiangxi Highway. Further, the Group completed survey and planning work for construction projects along the Yangtze River, Yellow River, Huai River, Pearl River and other inland and border rivers.

The Group has benefited from the PRC government's key policy initiatives, such as the "West-East Electricity Transfer Project" and "South-to-North Water Diversion Project", as part of the PRC government's "Great Western Development Strategy", which brings various development opportunities to the Group in Western China. The overall goal of the Group during the Fourteenth Five-year Plan ("十四五"規劃) is to become a leading enterprise with global competitiveness by setting out certain targets and plans aimed at (i) strengthening the low-carbon green industry and optimising the energy and power business; (ii) developing water resources and environmental protection; and (iii) expanding the Group's urban construction and infrastructure operations. Besides promoting the integrated development of the above businesses and business model innovation, the Group also focuses on the development of real estate and financial operations, acceleration of strategic emerging businesses, and the building of a risk-resistant business portfolio.

A dominant market position with a sound reputation and an established brand in the PRC

The Group is a dominant hydropower construction contractor and engineering designer in China. In 2020, the Group obtained a level "A" grading for the comprehensive evaluation of results of operation conducted by SASAC. The Group has won numerous awards and built up an established reputation from its proven track record. In 2021, the Group was ranked 107th on the Fortune Global 500 list. As at 31 December 2020, the Group has been awarded 112 state-level Science and Technology Progress awards, and 1,717 provincial level Science and Technology Progress awards. The Group's strengths in its key business segments include:

- ***Construction contracting, engineering design and consultancy***: Since the 1950s, the Group has participated in over 65 per cent. of medium and large hydropower stations and water conservancy construction projects in the PRC; the Group has also participated in approximately 60 per cent. of the new energy development projects and approximately 50 per cent. of the thermal power station construction projects in the PRC. Since the 1980s, the Group has participated in over 80 per cent. of the preliminary engineering planning, survey and design work for hydropower and water conservancy construction projects in the PRC. The Group has also participated in approximately 50 per cent. of the engineering and design projects for wind power stations.

- ***Energy project investment and operations***: As at 31 December 2020, the Group had a total commissioned installed capacity of approximately 16,549.3MW, including 13,375.3MW in the domestic market and 3,174.0MW in the overseas market.

- ***Equipment leasing and manufacturing***: The Group's equipment leasing and manufacturing business involves over 2,000 sets of equipment. In addition, the Group was accredited with the status of a qualified participant in the financial leasing pilot project led by the Ministry of MOFCOM and the State Administration of Taxation, which allowed non-financial institutions in the PRC to participate in the financial leasing business. The Group is a leading manufacturer of power station auxiliary components in the PRC. The Group believes it is ranked in the top three in the domestic PRC market in terms of production capacity in producing iron tower and steel structure. The Group also has an annual production capability of sandstone which exceeds 100 million tonnes.

- ***Real estate development***: The Group has established its real estate development business presence in various first-tier cities, building up strong brand recognition in Shenzhen, Beijing, Shanghai, Guangzhou, Tianjin, Guiyang, Wuhan, Nanjing, Chengdu, Zhengzhou, Kunming, Sanya and Changsha by participating in various real estate development projects in these regions.

- ***Other business***: The Group's other business segment principally includes other businesses such as project supervisory services, import and export of goods and raw materials, logistics services and fixed assets and property leasing services.

The Group also experienced strong growth in its non-core business segments. The Group won the bid for Zhongshan – Kaiping Expressway and a number of major expressway, light rail traffic and other infrastructure projects, and made a breakthrough in the urban water and environmental protection and ecological management sector.

Established international network and market position further boosted by the PRC government's "Go Global" and "Belt and Road initiative"

The Group is one of the largest contractors by revenue in the world. As at 31 December 2020, the Group had a large business network spanning over 110 countries and regions worldwide. In 2021, based on the Engineering New-Record's top 150 global design firms list and the Engineering New-Record's top 250 global contractors list, the Group ranked 1st and 5th, respectively, which was a first globally in the energy sector. In 2021, based on the Engineering New-Record's top 225 international design firm list in terms of total design-specific revenue regardless of where the projects were located, the Group ranked 16th.

The Group gained extensive experiences and risk control capabilities in international operations. In 2020, the Group's international operations generated operating income of RMB95.9 billion throughout the year, and a newly signed contract value for overseas projects of approximately RMB253.1 billion. In light of the PRC government's "Go Global" and "Belt and Road Initiative", the Group accelerated its international market developments by emphasising on high-end markets. The Group has been appointed by the PRC Government and other overseas governments to implement national or regional energy, power, water conservancy and hydropower, new energy and other development plans in more than 132 countries. As at 31 December 2020, the Group is involved in 2,024 projects in 48 countries covered by the "Belt and Road Initiative". The Group is involved in the development of the China-Pakistan Economic Corridor, the Asian Railway Interconnect, Southern Laos River Cascade Hydropower Station, Indonesia Masakazu High Speed Rail, Venezuela kavre fuel gas station and other major projects.

A well-developed green and sustainable development structure

The Group has utilised its expertise in new energy sectors in green and sustainable development and supported new energy industry advancements, including wind power and photovoltaic power generation. The Group also set up an international new energy solution platform to facilitate the signing of new energy project contracts. The Group established PowerChina Renewable Energy Development Co., Ltd. (中電建新能源集團有限公司) in 2021 to accelerate development of the new energy business.

The Group also participates in the construction of innovative green power systems, including the construction of pumped storage hydropower stations in the PRC such as Fengning Pumped Storage Hydropower Station (丰寧抽水蓄能電站), Beijing Ming Tombs Pumped Storage Hydropower Station (北京十三陵抽水蓄能電站) and Zhejiang Tian Huangping Pumped Storage Hydropower Station (浙江天荒坪抽水蓄能電站). The Group has also actively promoted green mining strategy (綠色礦山), made applications for green mining certification in provincial and state level projects and engaged in landmark projects such as the Luoyang comprehensive resource utilisation and green industry base demonstration project (洛陽資源綜合利用及綠色產業基地示範項目). In 2020, the Group signed contracts for participation in over ten key new energy projects, such as three 200MW photovoltaic projects in Zambia, a 310MW offshore wind project in Binh Dai and a 550MW photovoltaic project in Loc Ninh in Vietnam. In 2021, the Group issued a series of green financing products such as carbon neutrality products, asset-backed securities products and green leasing asset-backed securities products with aggregate issue size of approximately RMB5.7 billion.

Integrated business model across various phases of infrastructure construction enhances operating efficiency and improves flexibility to capture development opportunities

The Group has an integrated business model that offers comprehensive services across various phases of infrastructure construction, covering planning and survey, design and consultancy, supervision, construction and installation, procurement and manufacturing and operation and maintenance. The Group believes that its integrated business model allows it to maximise its profit along the entire project construction process, mitigate the risks associated with operating a single service line and avoid the negative impact of a downturn in the economic cycle. The integrated business model also allows the Group to have the flexibility to readily capture development opportunities and enhance its operating efficiency and competitiveness.

Rigorous expertise, innovation ability and relatively high barriers of entry

With over 70 years of operation in the industry and involvement in various key power station design and construction projects, both in China and overseas, the Group has accumulated extensive experience and expertise, developed internationally advanced technologies and demonstrated strong research and development ability in the design and construction of hydropower, thermal power and power grid projects.

The Group has an extensive presence in hydropower and water conservancy projects in China and overseas. In addition, the Group has developed advanced technologies in hydropower and water conservatory projects and other construction projects, and established itself as a leader in technologies in earth excavation, electrical equipment manufacturing and installation, dam construction technology and similar areas. The Group is also able to provide general contracting services. In order to increase its technological prowess and enhance its core competitiveness, the Group, through various projects including the Xiluodu Hydropower Station, the Xiangjia Dam Hydropower Station, the Jinping Hydropower Station 1, the Waterfall Channel Hydropower Station, the Middle Route Shahe Flume Project and the Middle Route Connection Project of the South-to-North Water Diversion Project, the Beijing-Shanghai High-speed Railway Project and the Shenzhen Metro Project, continued its key technology research and developments in the hydropower, water, railway, highway, urban rail and bridge sectors. Such technological advances include the high density concrete plate dam shock resistant technology, extra deep complex layer drilling technology, super high side slope construction technology, key diversion technologies (for South-to-North Water Diversion Project), key high-speed railway construction technology, shield tunneling type selection and shield tunneling technologies (for Line 7 of Shenzhen Metro Project), all of which further promote the technical level and production efficiency of the Group in various business sectors.

By implementing the innovation-oriented strategy, the Group made great progress in its innovation and technological transformation capability. In 2020, the Group won 3 state-level science and technology progress awards and 471 provincial level science and technology progress awards, and owned 18,393 patents and 3,006 software copyrights, including 2,953 innovation patents. In the power sector, the Group maintained its leading position and developed a number of core and cutting-edge technologies. In the infrastructure sector, the Group has also established its leading position in key highway construction and shield tunnelling control technologies.

As at 31 December 2020, the Group has nine national research institutions, 92 provincial research institutions and 11 post-doctoral stations. The Group believes that its advantages in terms of experience and expertise, technology and project execution ability allow it to be efficient and effective, to increase its profits and to provide higher value-added services.

In addition, partially as a result of the high standards required in the business operation in terms of qualification, machinery and equipment, advanced technologies, management and qualified personnel, the barriers of entry to the construction contracting business are relatively high. Enterprises with less experience or which are smaller in size are likely to find it difficult to enter this market. This has enabled the Group to maintain a dominant market presence in the power plant construction contracting business, in particular in the hydropower construction contracting field.

Strong liquidity position and prudent financial management

The Group has a strong liquidity position supported by access to various sources of capital. The Group principally obtains its funding through bank loans and bonds issuances, as well as from the equity capital market in the PRC. The Group has entered into strategic cooperation agreements with various PRC financial institutions, including Bank of China, Industry and Commercial Bank of China, China Construction Bank, Bank of Communications of China, China CITIC Bank, The Export-Import Bank of China, China Development Bank, Ping An Insurance (Group) Company of China, Ltd., Agricultural Bank of China and China Minsheng Bank. As at 31 December 2020, the Group had obtained credit lines of around RMB1,400.1 billion in aggregate from more than ten state-owned banks and other banks in China, out of which over RMB688.7 billion remained unutilised as at the same date. The Group also actively participates in the international debt capital markets since 2014.

In addition, the Group monitors and controls its indebtedness and relevant financial ratios to lower its risks in relation to its indebtedness through well-managed loan maturities and across a range of currencies. The Group also implements central management of its cash to increase the efficiency of cash utilisation and lower the overall financing costs.

Professional management team and sound corporate governance

The Group is managed by a team of experienced professionals. The Group has a strong commitment to continue to build an experienced management team with an innovative and international focus. The senior management of the Company has more than 30 years of experience on average with proven track records in several business segments of the Group.

The Group has established prudent corporate governance and effective risk management systems to reduce its exposure to various risks inherent in the industries and areas in which the Group operates. The Standing Committee of Party (黨委常委會) is currently the decision-making body responsible for making key decisions of the Company. The Group has established a prudent and integrated risk management system to ensure that it understands, measures, monitors and mitigates the various risks arising from its operations. Policies and guidelines have been developed to identify, analyse, appraise and monitor the changing risks that the Group faces. The Company has established a legal and risk management department to supervise the overall risk management and internal control of the Group.

BUSINESS STRATEGIES

The Group continues to follow the principle of global operation, sustainable development and efficiency in offering solutions to its PRC and foreign clients and contributing to the development of clean energy and environmentally-friendly practices. The Group will also promote sustainable global development and strive to become a world-leading construction company which is competitive and efficient in the power, water, environmental protection and infrastructure sectors. The Group intends to strengthen its dominant market position and enhance its future prospects through the following business strategies:

Continue expanding the Group's international operations

In response to the PRC government's "Go Global" and "Belt and Road Initiative", the Group intends to further expand its presence in the overseas markets. The Group intends to further develop its international operations through expanding its international business scope from traditional contracting services to areas such as mining, integrated coal mining and coal-fired power generation, as well as new energy resources development. The Group may consider acquisition if proper targets are identified.

Meanwhile, the Group intends to solidify and strengthen its leading position in the international contracting market. Leveraging its integrated business model, competitive cost structure, and strong research and development capabilities, the Group believes that it is well positioned to benefit from the growing demand for qualified contractors and to maintain a strong growth momentum in the industry.

Consolidate its leadership in the hydropower sector to improve profitability

The Group intends to further consolidate its leading position in the value chain of the hydropower sector, by focusing on the sections with high value-added products/services, in order to improve the Group's profitability. The Group will seize the business opportunities arising from the development of major hydropower, thermal power and new energy projects, strengthen its competitive advantages and increase its market share by drawing on its extensive expertise in the relevant industries. In addition, under the principle of energy-saving and environmental protection, the Group will increase its investment expenses in innovation and development to improve the quality of its traditional products and ensure sustainable development of its traditional businesses by utilizing new intelligent interconnection technologies. The Group believes enhancing its services in this business segment through increased investment in its comprehensive project planning, research and development, and design will improve its profitability.

Strategically foster green and sustainable development

During the Fourteenth Five-year Plan ("十四五"規劃) period, the Group aims to continue to focus on and improve its operations in green and sustainable business, such as via implementing new energy safety strategies, consolidating resources, promoting smart water conservancy, utilising green infrastructure materials, supporting hydropower-water-city integration, and focusing on hydropower development, wind power and solar energy storage and smart energy development. The Group plans to actively participate in the green and sustainable ecological construction in the PRC and focus on the three key areas of clean and low-carbon energy, water environment treatment and sustainable city development. The Group also participates in ecological environment protection projects, such as key projects in the Yangtze River and the Huang River, and national water network construction in the PRC. The Group is committed to playing an important role in supporting national coordinated development projects, such as the Sichuan-Tibet railway and the western sea-land channel construction.

Increase investment in research and development and technology innovation to maintain the leading market position

The Group believes that its use of advanced technologies and its continued upgrade of equipment are vital to maintaining and further developing of its competitiveness. The Group plans to further promote its development in technology and establish innovative operating systems and platforms. The Group intends to continue to invest in its research and development efforts and technology innovation, focusing on developing technologies and equipment that are critical to enhancing the Group's development in renewable energy, particularly in water resources development and management, and developing proprietary key technologies, particularly in the area of development of renewable energy. In line with the market trend of "Internet Plus", the Group plans to integrate its traditional construction service with modern information technology. The Group will closely monitor the industry trend and communicate with its clients from time to time so that it can refine and adjust its investments in research and development to maximise its return.

Improve the Group's risk control system and project management to safeguard work quality and corporate reputation

The Group has adopted a strategy of developing its position as a leader in the international renewable energy development and construction industry, particularly in the hydropower sector, as a key player in infrastructure construction in the international market, as a leader in the power sector and in water resources development projects in China, and as an important enterprise in the PRC real estate market. The Group will continue to reinforce its risk control system and project management by overseeing various essential stages of the development process led by itself, its subsidiaries and third-party contractors. The Group believes that its active involvement in the business processes helps to ensure quality and punctual delivery of products to customers, which contributes to the continuous maintenance and improvement of its corporate reputation.

CONSTRUCTION CONTRACTING, ENGINEERING DESIGN AND CONSULTANCY

Construction contracting is one of the Group's traditional and core business. The Group provides customised and integrated contracting solutions and services to customers. The Group is a leading construction contractor by revenue in the PRC, with a primary focus on hydropower projects. Beyond its expertise in the hydropower field, the Group is also engaged in, and has developed expertise in, electricity generation using other forms of energy, including thermal power and wind power, and has also sought to engage in the infrastructure construction business. Since the 1950s, the Group has participated in over 65 per cent. of the construction of medium and large hydropower stations and water conservancy projects in the PRC. The Group was mandated for approximately 50 per cent. of thermal power stations construction projects and 60 per cent. of new energy construction projects in the PRC.

The Group's core expertise in the engineering design and consultancy includes provision of surveying, design, consulting, and quality assessment services for projects in the fields of hydropower, thermal power and new energy, with a particular focus on and expertise in hydropower projects. Since the 1980s, the Group has participated in over 80 per cent. of the preliminary engineering planning, surveying and designing work for hydropower and water conservancy projects in the PRC. The Group believes that it benefits, and will continue to benefit, from the PRC government's policy initiatives in strategically developing the central-western and north-eastern regions of China and the increased urbanisation of such regions.

As a general contractor, the Group typically assumes responsibility for overall project management and supervision, including design and quality control and the provision of technical services. The Group employs its project management department, which includes engineers and specialised technicians, to act as the project manager and to monitor the construction of each phase of a project. This ensures that the work is carried out in conformity with technical specifications, the Group's quality and safety standards and the proposed construction schedule.

The Group also participates in infrastructure construction, including constructing a number of high-speed railways such as the Beijing-Shanghai High-Speed Railway with a total mileage of more than 1,300 kilometers, investing in the building of metro lines such as Shenzhen Metro Line 7 and Chengdu Metro Line 18 and highways such as Sichuan-Qiongming Highway and Yunnan-Jinhong Highway, and participating in the construction of various subways in Singapore, Sao Paulo, Dhaka, Wuhan, Guangzhou, Changsha, Harbin and other cities. The Group also designed and constructed a number of comprehensive municipal engineering and construction projects in Tianjin, Chengdu, Xi'an, Zhengzhou and other cities. Further, the Group participated in the construction of the Qatar Doha New International Airport and other airports in cities including Beijing, Shanghai, Guangzhou and Xiamen, as well as the building of the first designated airport runway for Airbus A380.

The Group also engages in water environment treatment and has extensive construction planning and execution experience in water resource utilisation, water environment repair and treatment, water supply, shipping, seawater desalination and other environment related projects.

For the years ended 31 December 2018, 2019 and 2020, the revenue of the Group's construction contracting, engineering design and consultancy business amounted to RMB332.5 billion, RMB381.2 billion and RMB455.9 billion, respectively, representing approximately 82.6 per cent., 82.3 per cent. and 84.6 per cent. of the Group's total revenue from its main businesses for the same periods, respectively. For the same periods, gross profit of the Group's construction contracting business amounted to RMB37.5 billion, RMB41.3 billion and RMB48.8 billion, respectively, representing approximately 70.2 per cent., 69.1 per cent. and 70.1 per cent. of the Group's total gross profit from its main businesses for the same periods, respectively.

Hydropower construction contracting

The Group's experience, expertise and know-how in the development of hydropower and water conservancy projects in the PRC have established the Group as a leader in the PRC's hydropower industry and additionally contributed to China's leading position in the hydropower industry in terms of installed capacity in the world. Since the 1950s, the Group has participated in over 65 per cent. of the construction of medium and large hydropower stations and water conservancy projects in China, with a total installed capacity exceeding 200,000MW. Landmark projects of the Group include the Three Gorges Water Control Project, Xiaolangdi Water Control Project, First Phase of South-to-North Water Transfer Project and the hydropower stations at Longtan and Ertan. In 2015, the Group entered into an EPC contract in relation to the Yangfanggou Hydropower Plant, the first major hydropower plant under the EPC model in PRC.

The Group has benefited from the PRC government's key policy initiatives, such as the "West-East Electricity Transfer Project" and "South-to-North Water Diversion Project", as part of the PRC government's "Great Western Development Strategy", which brings various attractive development opportunities to the Group in Western China. The overall goal of the Group during the Fourteenth Five-year Plan ("十四五"規劃) is to become a leading enterprise with global competitiveness by setting out certain targets and plans aimed at (i) strengthening the low-carbon green industry and optimising the energy and power business; (ii) developing water resources and environmental protection; and (iii) expanding the Group's urban construction and infrastructure operations. Besides promoting the integrated development of the above businesses and business model innovation, the Group also focuses on the development of real estate and financial operations, acceleration of strategic emerging businesses, and the building of a risk-resistant business portfolio. The Group's expertise and involvement in major policy initiatives have resulted in a steady increase in revenue for its hydropower construction contracting business.

The table below sets out certain representative projects of the Group's hydropower construction contracting business as at 31 December 2020:

Project Name	Brief Description
Middle Route Project of the South-to-North Water Diversion (南水北調中線工程)	This project was a large-scale water diversion project, channeling a portion of the Yangtze River to the Northern and Northwestern regions of China.
Xiangjiaba Hydropower Station (向家壩水電站)	This power station is powered by large 800MW hydroelectric generating sets, and ranks among the largest hydropower stations in the PRC and the world.
Three Gorges Water Control Project (三峽水利樞紐工程)	This project was a pivotal waterworks project with the integrated functions of flood control, power generation and navigation. It has a total reservoir capacity of 39.3 billion cubic metres. There are 26 combined flow generation units on the ground level with an aggregate installed capacity of 18,200 MW, making this project the biggest hydropower project in the world and the biggest construction project ever undertaken in China. The Company contracted to build the major dam, water transmission tunnels, canal locks, facilities on both banks, underground facilities, mixer system, artificial aggregate system, the coffer dam works, metal structures and generation units. This project received the National Award for Outstanding Welding Works and the China Award for Power Technology in 2002. In 2009, it received the Top 100 Classical and Masterpiece Works Undertaken in the Sixty Years Since Establishment of the PRC award.

Project Name	Brief Description
Xiaolangdi Water Control Project (小浪底水利樞紐工程)	This project has a total reservoir capacity of 12.65 billion cubic metres and an installed capacity of 1,800 MW. In 2009, it received the Top 100 Classical and Masterpiece Works Undertaken in the Sixty Years Since Establishment of the PRC award, as well as the Award for Outstanding Water Project presented by the China Water Engineering Association.
Longtan Hydropower Station (龍灘水電站)	This project was named as a Roller Compacted Concrete Project International Milestone in 2007 and received the gold medal in the Sichuan Province Tianfu Cup for Construction Works in 2008.
Ertan Hydropower Station (二灘水電站)	This project received the grand prize in the 6th Assessment for the Zhan Tianyou Civil Engineering Award in 2005.
Shuibuya Hydropower Station (水布垭水電站)	This project was awarded the Hubei Province Premium Grade Prize for Technological Advancement in 2007 and the Zhan Tianyou Civil Engineering Award in 2009.
Gongbo Gorge Hydropower Station (公伯峽水電站)	This project received the Luban Prize for Construction Works in China and the China Award for Outstanding Engineering Quality of Electricity Projects and the Zhan Tianyou Civil Engineering Award in 2007 as well as the gold prize in the China Award for Outstanding Engineering Quality in 2009.
Tai'an Pumped Storage Hydropower Station (泰安抽水蓄能電站)	This project was awarded the Luban Prize for Construction Works in China and the China Award for Outstanding Engineering Quality of Electricity Projects in 2009.
Zipingpu Pivotal Waterworks Project (紫坪鋪水利樞紐工程)	This project was named an International Milestone Project in 2009.
Hongjiadu Hydropower Station (洪家渡水電站)	This project was awarded the Luban Prize for Construction Works in China and also the grand prize in the 8th Assessment for the Zhan Tianyou Civil Engineering Award in 2008.

Thermal power and new energy construction contracting

In addition to the Group's expertise in the hydropower field, the Group is also engaged in, and has developed expertise in, power generation using other forms of energy, including thermal power, wind power and photovoltaic energy. Most of the Group's members conducting thermal power and new energy construction contracting business are accredited with the qualification of Grade One Power Projects General Contractor (電力工程施工總承包一級資質). In particular, the Group has received several awards such as the Luban Award, National Gold Prize in Quality (國家質量獎金獎), Excellent Engineering Enterprise in Power Construction at the national level (全國電力建設優秀施工企業), Excellent Enterprise in Construction Project Quality Management at the national level (全國工程建設質量管理優秀企業) and AAA Credit Enterprise in Construction Industry at the national level (全國建築業AAA級信用企業).

The table below set out certain representative projects of the Group's thermal power and new energy construction contracting business as at 31 December 2020:

Project Name	Brief Description
Jiangsu Rudong Offshore Wind Power Plant (江蘇如東近海風力發電廠)	This offshore wind power project had a total installed capacity of 150MW, coupled with a 100kV offshore booster station.
Longyangxia Complementary 320MW Photovoltaic-HydroPower Station (龍羊峽水光互補320兆瓦光伏電站)	This project involved the construction of a large complementary photovoltaic-hydro power station, improving the development and utilization of renewable energy resources through coordinated operation of hydropower station and photovoltaic power station.
Kaiyuan Power Plant 2x300 MW Project (開遠電廠2x300兆瓦工程)	This project was China's first localised 300 MW circulating fluidised bed boiler project recognised by the NDRC. The project received the China Award for Outstanding Engineering Quality of Electricity Projects and the Luban Prize in 2007.
Ningxia Lingwu Power Plant Phase II – 2x1,000 MW Project (寧夏靈武電廠二期2x1,000兆瓦工程)	The Group believes this was the world's first project for an ultra-supercritical air-cooling coal-fired generation unit of the 1,000 MW scale. The project has been nominated for the Outstanding Engineering Quality Award of China.
Tianjin Beijiang 2x1,000 MW Generation Unit (天津北疆2x1,000兆瓦機組)	This project was among the first pilot cyclical economy units of China and received the China Award for Outstanding Engineering Quality of Electricity Projects in 2011.
Sichuan Baima 1x600 MW Circulating Fluidised Bed Demonstration Project (四川白馬1x600兆瓦迴圈流化床示範工程)	This project was a demonstration project for 600 MW circulating fluidised beds in China.
Pingdingshan Luyang Power Plant Phase I 2x1,000 MW Project (平頂山魯陽電廠一期2x1,000兆瓦工程)	This project utilises what the Group believes to be the biggest "TI" boiler in China. It received the National Award for Outstanding Welding Works and the Award for Outstanding Hoisting Assembly Works awarded by the China Association of Engineering, Construction and Welding in 2011 and the China Award for Outstanding Engineering Quality of Electricity Projects in 2012.
Qinbei Power Plant Phase I Project (沁北電廠一期工程項目)	The Group believes this was China's first localisation support project for 600 MW supercritical coal-fired generation units. It received the China Award for Outstanding Engineering Quality for Electricity Projects and the Luban Prize in 2006.
Huaneng Gong Hexian photovoltaic power generation projects	The Group believes these were China's first 10 million kilowatts of photovoltaic power generation projects.
Zhejiang Jiangxia Power Plant	The Group believes this was China's first tidal power plant.

Infrastructure construction contracting

The Group is also engaged in the infrastructure construction contracting business. It provides comprehensive services to its customers, including surveying, designing, manufacturing, construction and logistics. The Group has been involved in a series of landmark projects across a wide variety of infrastructural fields, including railways, roads and airports. The Group participated in the construction of "Belt and Road Initiative" key projects including the Sino-Laos railway and the Ya Wan high-speed railway.

The table below sets out certain representative projects of the Group's infrastructure construction contracting business as at 31 December 2020:

Project Name	Brief Description
Yushu Post-Earthquake Reconstruction Projects (玉樹災後重建項目群)	This large-scale series of projects comprised 97 construction projects to build over 1,000 housing units for farmers and herdsmen affected by the earthquake.
Shenzhen Metro Line No. 7 Project (深圳地鐵7號線)	This project was one of the key projects under the Shenzhen Rail Transit Phase-III Program.
Quzhou-Changshan Railway in Zhejiang Province (浙江衢常線鐵路工程)	This railway has a total length of 42.613 km.
Beijing-Shanghai High-Speed Railway (京滬高速鐵路)	This is one of the longest high-speed railways under construction in the world, with the total construction mileage exceeding 1,300 km.
New Passenger Line of the Nanjing-Hangzhou Railway (新建南京至杭州鐵路客運專線工程)	This is a high-speed railway newly built by the then Ministry of Railways and governments of Jiangsu Province and Zhejiang Province to satisfy the fast growing demand for an inter-city railroad network in the Yangtze River Delta.
Terminal Concourse for the New Guiyang-Guangzhou Railway (新建貴陽至廣州鐵路站前工程)	This is an important inter-regional railroad linking southwest China and the coastal southern China area.
Yanshan-Pingyuanjie Highway (硯山至平遠街高速公路工程)	This 67.13 km long highway was a major passage linking Yunnan Province with the coastal region of Guangxi Province. The project received the silver prize in the China's Award for Outstanding Engineering Quality in 2006.
Mianxian-Ningqiang Highway (勉縣至寧強高速公路工程)	This project was an important part of the National Trunk Highway No. G040 linking Erlianhaote and Hekou, one of the five south-north passages planned by the PRC government. It was a priority transportation infrastructure project under the Tenth Five-Year Plan of Shaanxi Province. This project received the silver prize in the China's Award for Outstanding Engineering Quality in 2007.
Hanjiang River Bridge-Gate Project (漢江橋閘工程)	The overall work volume of this project makes it the second largest bridge-gate in the world and the biggest one of its kind in China. It received the Luban Prize for Construction Works in China in 2008. All of the works of this project were undertaken by the Company.
He An Highway (合安高速公路工程)	He An Highway was a priority project under the Ninth Five-Year Plan of the PRC.

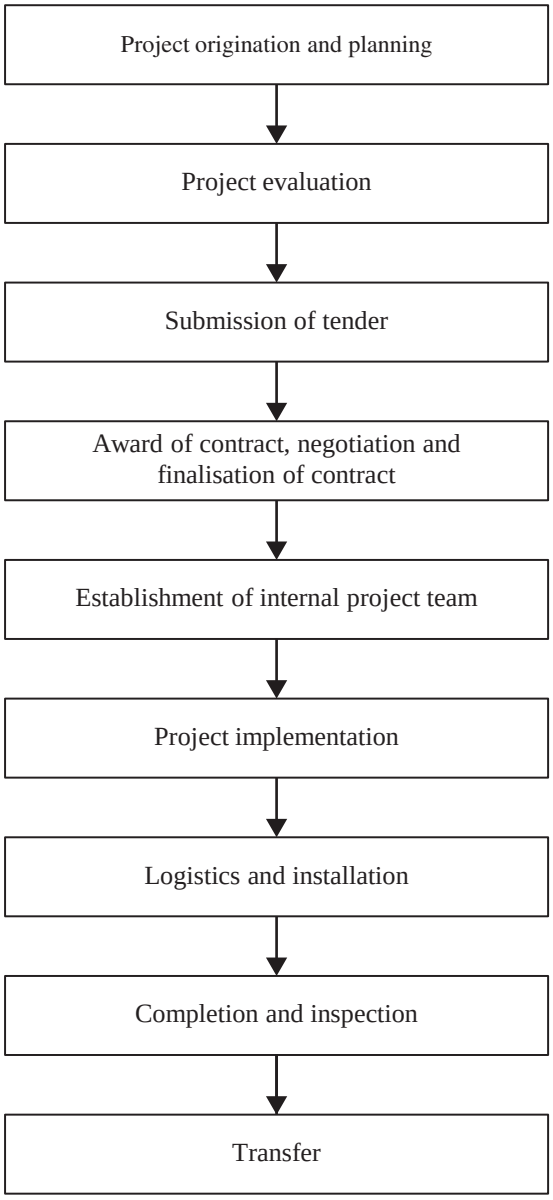
Project Name	Brief Description
Hechi (Shuiren) to Nanning Highway in Guangxi (廣西河池(水任)至南寧高速公路工程).	This project was an important part of the "Two North-South and Two East-West Trunk Highways" and "Three Important Road Sections" planned by the PRC government, and also a passage linking China to the countries of the Association of Southeast Asian Nations. It received Grade I Prize for Outstanding Surveying Works and Grade II Prize for Outstanding Design for Highway Building awarded by the Ministry of Communications of China in 2007-2008.
Songming-Daibu Highway (嵩待高速公路工程)	This is an important highway linking Yunnan Province to Southwest Asian countries and South Asian countries. It is also an important section of the National Trunk Highway No. GZ40 in Yunnan Province and of the Chongqing-Kunming Highway (No. G85).
Fu An Feeder Road to Fuding-Ningde Highway (福寧高速公路福安連接線工程)	Fuding-Ningde Highway in Fujian Province forms an important part of the coastal national trunk highway extending from Tongjiang to Sanya. It is one of the highway sections that involve complex highway construction work in the PRC.
Wuyishan-Shaowu Highway in Fujian Province (福建武邵高速公路)	This 91.72 km long project is an important part of the highway network (including three running in the north-south direction and four in the east-west direction) in Fujian Province and is also a feeder line to the planned Beijing-Taipei Highway and the Fuzhou-Yinchuan Highway. It was built by the Company under a turnkey contract.
National Highway No. 318 Qionglai-Mingshan Highway (國道318線邛崍至名山高速公路). .	This was the first BOT highway project in the Chengdu-Chongqing Economic Zone approved to be set up by the State Council of China. The Company undertook this project on the basis of a BOT contract.
Guangzhou Metro No. 2 and No. 3 Lines (廣州地鐵二號線和三號線工程)	The Guangzhou Metro No. 2 Line project utilised a number of sophisticated technologies used in China and across the globe.
Tianjin Metro No. 2 Line (天津地鐵2號線工程)	Tianjin Metro No. 2 Line is the east-west trunk line of the fast railroad system of Tianjin Municipality.
Xi'an Fast Railroad No. 2 Line, Phase I Project (西安市城市快速軌道交通二號線一期工程)	Xian Metro No. 2 Line provides a major passenger passage for Xi'an City running in the south-north direction.
Pudong International Airport, Shanghai (上海浦東國際機場工程)	Pudong International Airport in Shanghai is one of the three largest international airports in the Greater China region together with Beijing Capital International Airport and Hong Kong International Airport. This project received the gold cup in the National Demonstration Municipal Projects Award in 2006, as well as the Top 100 Classical and Masterpiece Works Undertaken in the Sixty Years Since Establishment of the PRC award and the silver prize in the China Award for Outstanding Engineering Quality in 2009.
Jieyang Chaoshan Airport Project (揭陽潮汕機場工程)	Designed to be a medium-sized domestic airport, this was a priority construction project under the Eleventh Five- Year Plan of Guangdong Province.
Kunming New Airport Project (昆明新機場工程)	This was the only large hub airport approved to be built under the Eleventh Five-Year Plan of the PRC.

Business models and processes

General contractor business model

As a general contractor, the Group is typically responsible for the entire construction process (apart from design) in relation to each individual project. Apart from the Group's infrastructure construction contracting business, individual projects are typically obtained by submitting tenders for the provision of services on a turnkey basis, and, according to the needs of each specific project, the Group may engage subcontractors to engage in specific processes required for each individual project.

The general business process of the Group's construction contracting business is illustrated by the diagram below:



Project origination, planning and project evaluation

As part of its project origination process, the Group instructs its technical, business, financial and risk management teams upon receiving details of a potential project. The teams then compile information on factors such as the nature, size, and scope of the project, technical requirements, financing requirements, payment terms, personnel allocation, economic and technical risks, and anticipated length of construction, in order to arrive at a preliminary strategy and assessment.

Tender process and award of contract

The Group prepares for the submission of a tender either through itself or a subsidiary. Pre-qualification proposals and technical and commercial specifications and requirements will be prepared as part of the submission of tender documents. When tendering for a project, a bid bond (in the form of a letter of guarantee) is usually required as a guarantee. The amount of the bid bond is generally for a fixed amount, or a percentage of the bid price, which is variable according to the requirement of the bid document.

After the submission of the Group's tender documents, and the evaluation process, the Group may be awarded the project and invited to negotiate the terms of the contract.

The tender process in the PRC typically takes two to three months and the tender process overseas typically takes approximately six months.

Contracts entered into by the Group typically provide for a fixed-project or fixed-unit price, though prices may be subject to adjustments depending on the specific terms of each contract. Price adjustment provisions are also negotiated to avoid fluctuations and volatility in raw material prices. Contracts entered into typically contain a complete timetable and govern the entire life cycle of a contracting project.

For hydropower construction projects, the Group adopts the standard terms commonly used in the industry. Such standard terms usually involve:

- *Progress payments*

Generally, a monthly payment will be made based on the project's progress during the same month.

- *Retention money*

A certain percentage of the progress payment will typically be retained, half of which will be returned to the Group after the transfer of the project, and the other half of which will be returned to the Group after the expiration of the warranty.

- *Changes to the scope of project*

Scope of work in a project may be increased, decreased or cancelled and the nature and standard of work may be amended during the project construction.

- *Project warranty*

The warranty period normally commences from the project completion date specified in the project transfer certificate for a period of one year.

Project implementation

In order to carry out the work in accordance with the agreed timeline, price and scope of work as set out in the tender documents and contracts, the Group utilises a comprehensive set of internal control systems to manage and control each stage of a project, including project planning, project implementation, financial management, labour management, monitoring of equipment and materials, quality and cost control, safety measures and compliance, and certification. If proprietors request any modification to the scope of work during the construction phase, the price and/or project timetable are adjusted after further negotiations.

Project completion, inspection and transfer

Upon completion of the project in accordance with the terms of the contract, the Group typically submits an application (containing a project completion report) for examination by the project supervisory agency appointed by the proprietor. The proprietor would generally be invited to inspect the project. When the proprietor is satisfied, the Group is provided with a construction transfer certificate, to be signed by the proprietor or a representative and such certificate demonstrates the completion of the project.

Generally, the Group provides a contractual maintenance period of 12 months from the date the construction transfer certificate is issued for the project. During this maintenance period, the Group is generally liable in accordance with the terms of the contract for any defective repairs work.

The duration for each step of the business process (except for the maintenance period, which generally lasts for 12 months after project transfer) and the entire business process varies depending on the nature of each project (e.g. the complexity and technical requirements of the project), as well as circumstances beyond the Group's control. It typically takes five to seven years for the Group to complete a construction contracting project.

Project payment

During bidding, the Group is typically required to provide a bid bond, which will be released upon winning the bid and signing the contract. After winning a bid, the Group typically requires the proprietor to make an advance payment equal to a certain percentage of the total contract amount; in return, the Group procures a bank to issue an advance payment bond in the proprietor's favour to guarantee the Group's refund of the advance payment if it does not complete the project pursuant to the contract terms. As the project progresses, the proprietor typically makes progress payments to the Group with reference to the amount of work completed at specific milestone dates. From time to time, the Group may be required to commit cash and other resources to the project prior to receiving full payment from the proprietor to cover certain expenditures on the project as they are incurred. To safeguard the performance of its obligations under the contract, the Group is generally required by the proprietor to provide a performance bond. Such performance bond will typically expire around the date of signing the provisional acceptance certificate (the "**PAC**") for the relevant project and delivery of the project to the proprietor. After the signing of the PAC, a retention bond is usually retained by the proprietor and will generally expire at the end of the maintenance period, typically 12 months after a construction transfer certificate is issued. Where a project is financed by an export sellers' credit, the Group, as the contractor, typically will provide funding to a project principally with loans and credit facilities provided by financial institutions and to a lesser extent with the Group's own financial resources, such that the proprietor will make payment to it on a deferred basis.

BT business model and other business models

Besides the Group's general contractor business model, the Group is further involved in business models such as the BOT business model, BT business model, the EPC business model and, since 2016, the PPP business model, especially in relation to its infrastructure construction projects where the Group collaborates with governments and proprietors (either in the PRC or overseas). Under the BOT business model, a private entity receives a concession from the private or public sector to finance, construct and

operate a facility as provided in the concession contract. Under the BT business model, the contractor undertakes the financing of construction expenditures and to transfer the project back to the proprietor upon completion. Upon conducting its quality inspections, the proprietor will pay the contractor for the contractor's construction expenditures, financing costs and returns in instalments, pursuant to relevant BT agreements. The terms of such BT agreements typically provide the contractor with a sum equal to the total investment plus a return. Under the EPC business model, the contractor designs the installation, procures the necessary materials and constructs the project, either directly or through subcontracting part of the work. The proprietor is generally responsible for the financing under the EPC model. Under the PPP business model, a government agency and a private entity formed a cooperative arrangement to provide a public asset or service, in which the private party bears significant risk and management responsibility. Both entities are going to invest in the projects. For the projects which the Company is involved in, the government agency usually has a 51% stake and the Company has a 49% stake.

BT projects undertaken by the Group can principally be divided into two stages, namely the project development stage and the project repurchase stage. The Company acts as, or sets up, a project management company to be responsible for the provision or procurement of investment and financing, the carrying out of the construction works and the subsequent transfer of the completed project. Meanwhile, the proprietor or promoter is responsible for securing the required approvals for the project, general planning and other preliminary work, tender invitations, provision of design documents and repurchasing the works from the project management company. The repurchase period commences after project completion and quality checks.

Under the EPC business model, the contractor designs the installation, procures the necessary materials and constructs the project, either directly or through subcontracting part of the work. The proprietor is generally responsible for the financing under the EPC model.

Procurement

Procurement for the Group's construction contracting business includes the procurement of construction equipment, machinery and supplies. Depending on the stipulations and requirements of the contract, the Group's procurement policy can generally be divided into (1) procurement by proprietor and (2) procurement by contractor. The proprietor is typically responsible for the procurement of major and specialised equipment and key construction materials in the Group's construction contracting projects, and the Group is principally responsible for the purchase of supplies and other general construction equipment and machinery.

Procurement by proprietor

The proprietor is typically responsible for the procurement of major and specialised equipment and key construction materials in the Group's construction contracting projects. A typical project will adopt one of the following procurement methods:

By tender: the proprietor invites tenders and then enters into a procurement contract with the retained supplier. Supplies are then allocated by the proprietor to the contractor on a compensatory basis with payments deductible.

By list of approved suppliers: qualified suppliers are identified by the proprietor, which then submit tenders that are conducted by the contractor. The chosen supplier will then proceed to enter into a procurement contract with the contractor. Payments will be made by the contractor to such supplier directly.

Procurement by contractor

Where procurement is to be undertaken by the contractor directly, the Group will seek to procure raw materials independently. Costs incurred in procurement will form part of the project costs and the proprietor will not separately pay for the procurement costs.

The Group centralises such procurement processes into a two-tier system. The Equipment and Supplies Department of the Company represents the first tier, responsible for all procurement matters within the Group which exceed a certain volume or scale. Projects of a smaller scale that require lesser volumes of procurement will be transferred to the second tier of the Group's procurement process, where subsidiaries are in charge of procurement tenders for equipment and supplies (provided that these are conducted within the parameters and terms of reference provided by the Company).

Pricing policies

The Group usually participates in competitive bidding for its contracts. The Group also enters into contracts through negotiation under which the price is generally determined by several factors including prevailing local market economic conditions, specifications of the products or the services it provides, the volume of the business and length of the contracts. When the Group's actual construction costs exceed the contract price, the Group, as the general contractor, typically bears the losses if such losses are attributable to the general contractor under the contract terms; if they are attributable to the proprietors or are due to unexpected reasons, the proprietors or the insurance companies, as the case may be, generally bear the losses.

Engineering Design and Consultancy

The Group has established a leading reputation in the domestic market and has reached what it believes to be an advanced level globally in certain fields, such as coal-fired plants, ultra-high- voltage interchange of directing and alternating current and ultra-supercritical units. The Group has an engineering design institute which is responsible for managing the technologies in hydropower, wind power and solar power industries in China.

Hydropower projects

The Group provides a broad range of technical services, ranging from surveying, design, consultancy, testing and monitoring, to hydropower and water conservancy projects. Landmark projects include the hydropower planning of the Yangtze River, Yellow River, Huai River and Pearl River, Guizhou Beipanjiang Guangzhao Hydropower Station, Ankang Hydropower Station, Xiluodu Hydropower Project, Baihetan Hydropower Station, Yangfanggou Hydropower Station, Wudongde Hydropower Station, Huang Deng Hydropower Station, Xin'anjiang River Hydropower Station, and the Third Phase of the Huaneng – Shangan Power Station.

The Group's scope of work is dependent on the specifications and requirements of each given project. Examples of the scope of work include feasibility studies, topographic mapping of hydropower and water resources, geological exploration and studies, collection and analysis of hydrological data, design and installation of electrical equipment, environmental impact assessments and solutions, resettlement programme planning, project cost estimates, construction drawings and drafting reports.

Thermal power projects

The Group provides planning, investigation, consulting, supervision, general contracting and design services for thermal power generation and power transmission, and distribution projects. The Group provides technical services covering thermal power project planning, investigation and design, project safety appraisal and acceptance, construction cost account and analysis, environmental impact assessment, environmental protection project design, labour safety and industrial hygiene appraisal, project consultation and review, construction supervision, software development, and project bidding agent service.

The Group has carried out planning and research work in the following areas: regional power markets, power consumption, power supply and grid planning, energy planning, electricity transmission from western areas to East China, trans-regional network connection, and structural upgrading, and optimisation for the power sector. Since 1980, the Group has undertaken more than 10% of the thermal power plant preplanning, survey and design projects in PRC. The Group has carried out planning, investigation, designing, and consultation on over 100 power projects in various countries.

New energy projects

In addition to its capacities in hydropower and thermal power, the Group provides consultancy expertise in an array of new energy projects, such as wind power, nuclear power, natural gas, waste power, solar power and biomass power. In particular, the Group has developed its expertise in the wind power sector. The Group has participated in the survey and design of over 50% of the country's wind power projects and has been engaged in the engineering design and construction of various wind-power stations of 10,000-MW level. The Group was also engaged in the construction of the solar photovoltaic project in Shanghai using advanced technology, which was put in trial operation in 2007. The Group believes it was the first commercial megawatt-class solar photovoltaic power plant in China.

The following table sets out certain representative engineering design and consultancy business projects of the Group as at 31 December 2020:

Project Name	**Brief Description**
Ethiopia Adama Wind Farm (俄比亞阿達瑪風電場)	This was a pioneer overseas wind power project adopting Chinese standards and technology, which won the best practice of green development in international energy cooperation award from the Belt and Road Energy Partnership. It has 136 wind turbines installed and a total installed capacity of 204MW. The Company has also undertaken wind and solar power planning to aid Ethiopia.
Jinsha River Xiluodu Hydropower Station (金沙江溪洛渡水電站)	Located at the main stream of the Jinsha River, which runs through Leibo County of Sichuan Province and Yongshan County of Yunnan Province. Total installed capacity: 12,600 MW. Average annual power generation: 57.12 billion KWh.
Jinsha River Xiangjia Dam Hydropower Station (金沙江向家壩水電站)	Located at the lower stream of the Jinsha River, which runs through Shuifu County of Yunnan Province (on the right bank) and Yibin County of Sichuan Province (on the left bank). Total installed capacity: 6,400 MW. Average annual power generation: 30.75 billion KWh. This project won the PRC's Top Engineering Consultancy Award in 2007.
Yalong River Jinping Hydropower Station II, Sichuan Province (四川雅礱江錦屏二級水電站)	Located between Yanyuan County and Muli County in Sichuan Province, in the Liangshan Autonomous Prefecture for the Yi ethnic minority group. It is one of the world's highest arch dams. Total installed capacity: 3,600 MW. Average annual power generation: 17.41 billion KWh.
Langcang River Nuozhadu Hydropower Station, Yunnan Province (雲南瀾滄江糯紮渡水電站)	Located at the main stream of the Yalong River in Sichuan Province, in the Liangshan Autonomous Prefecture for the Yi ethnic minority group. Total installed capacity: 4,400 MW. Average annual power generation: 24.99 billion KWh. Located in the middle to lower reach of the Lancang River. Installed capacity: 5,850 MW.
Hongshui River Longtan Hydropower Station, Guangxi Province (廣西紅水河龍灘水電站)	Located in the Hydropower Base that lies across the Nanpan River and the Hongshui River. Installed capacities for the earlier and later stages are 4,200 MW and 6,300 MW, respectively, whilst the respective average annual power generations are 15.67 KW and 18.71 billion KW. This project won the second prize in the PRC's Top Engineering Consultancy Award in 2002 and the landmark prize in the Fifth International Conference on Roller Compacted Concrete Dams in 2007.

Project Name	Brief Description
Waterfall Channel Hydropower Station at Dadu River, Sichuan Province (四川大渡河瀑布溝水電站)	Located at the Dadu River. Total installed capacity: 3,300 MW. Average annual power generation: 14.58 billion KWh.
Beipan River Guangzhao Hydropower Station, Guizhou Province (貴州北盤江光照水電站)	Located in the border area between Qinglong County and Guanling County in Guizhou Province. Total installed capacity: 1,040 MW. Average annual power generation: 2.75 billion KWh. This project won national prizes such as the Top Design Achievement Award among the PRC's engineering and development projects in 2012 and the third prize in the National Energy Technological Advancement Awards in 2010.
The Ming Tombs Pumped Storage Power Station, Beijing (北京十三陵抽水蓄能電站)	Installed capacity: 800 MW. Designed annual power generation: 1.25 billion KWh. This project won the silver prize in the Tenth National Distinguished Engineering Design Awards in 2002 and the silver prize in the Ninth National Distinguished Engineering Exploration Awards in 2004.
Tianhuangping Pumped Storage Power Station, Zhejiang Province (浙江天荒坪抽水蓄能電站)	Located in Anji County, Zhejiang Province. Total installed capacity: 1,800 MW. In 2005, this project won the gold prize in the Eleventh National Distinguished Engineering Design Awards and the gold prize in the Ninth National Distinguished Engineering Exploration Awards.
Tongbai Pumped Storage Power Station, Zhejiang Province (浙江桐柏抽水蓄能電站)	Located in Tiantai County, Zhejiang Province. Installed capacity: 1,200 MW. Average annual power generation: 2.118 billion KWh. In 2008, this project won the bronze prize in the engineering exploration category in the National Distinguished Engineering Exploration and Design Awards, the silver prize in the engineering design category in the National Distinguished Engineering Exploration and Design Awards, and the silver prize in National Quality Engineering.
Hongping Pumped Storage Power Station, Jiangxi Province (江西洪屏抽水蓄能電站)	Located in Jingan County, Jiangxi Province. Total installed capacity: 2,400 MW. This project won the PRC's Top Engineering Consultancy Achievement Award in 2010.
Xianju Pumped Storage Power Station, Zhejiang Province (浙江仙居抽水蓄能電站)	Located in Xianju County, Zhejiang Province. Total installed capacity: 1.5 million KW, one of the largest stand-alone pumped storage power stations in the PRC. Design annual power generation: 2.5125 billion KWh.
Luyang No. 2 Power Plant, Pingdingshan (平頂山魯陽第二發電廠)	Installed capacity: 2 x 1,000 MW. This project won the PRC's Top Engineering Consultancy Achievement Award in 2008 and the Power Industry's Top Engineering Design Award in 2011.
Yuzhou Power Plant Phase II (禹州電廠二期)	This project won the second prize in the Engineering Design in the Power Industry Award in 2011.
Guodian's Bulian Power Plant in Inner Mongolia (國電內蒙古布連發電廠)	Installed capacity: 2 x 660 MW.

Project Name	Brief Description
Xiangjiaba-Shanghai ±800 kV High Voltage DC Transmission Line Project (向家壩-上海800千伏特高壓直流輸電線路工程) . . .	One of the world's highest voltage-range, highest transmission-capacity, longest transmission-distance and most technically advanced DC transmission facilities. This project won the Power Industry's Top Engineering Design Award in 2010.
Jiyuan 500 kV Transformer Substation (濟源500千伏變電站).	Received the award of one national patent for invention and six patents for utility models. This project won the Power Industry's Top Engineering Design Award in 2011.
Mengzi 110 kV Transformer Substation, Shanghai (上海蒙自110千伏變電站)	The Company believes that employing eight intelligent technologies, this is the first operational intelligent transformer substation in the nationwide power grid. This project won the Power Industry's Top Design Award in 2009.
State Grid Corporation of China's Large-scale Wind-Solar Storage and Transmission Integration Hybrid Power Generation Demonstration Project (國網公司大型風光儲輸一體化聯合發電示範工程).	The Company believes that this was the world's first project of its kind. Its power storage helps to optimise the wind-solar hybrid power generation.
Plan for Wind Power Bases Producing Tens of Thousands of KW (千萬千瓦級風電基地規劃).	The nine wind power bases are located in Hebei Province, East Mongolia, West Mongolia, Jilin Province, Gansu Province, Shandong Province, Jiangsu Province, Xinjiang Uygur Autonomous Region and Heilongjiang Province.

Water environment treatment

With the advantages from the favourable policies of the PRC government, in particular its "Beautiful China" policy, the Group has further developed its water environment treatment business. The Group has extensive construction planning and execution experience in water resource utilisation, water environment repair and treatment, water supply, shipping, seawater desalination and other environment related projects. The Group has participated in landmark projects such as Beijing Liuhai water treatment project (北京六海水務治理項目), Qiantang River Basin sewage treatment (錢塘江流域污水處理項目), East Taihu River water treatment project (東太湖水務治理項目), Huangpu River water treatment project (黃埔江水務治理項目), Xi'an Fengdong Comprehensive treatment project (西安灃東綜合治理), Kunming water supply project (昆明市供水工程), Chengdu Xinglong Lake water treatment project (成都興隆湖治理), Xiong'an Fuhe River wetland water purification project (雄安府河河口濕地水質淨化工程), Cao'e River comprehensive remediation project (曹娥江河道綜合整治工程), Qiandao Lake water supply project (千島湖配供水工程), Beijing Yongding River Lianshi Lake river ecological restoration project (北京永定河蓮石湖河道生態修復工程) and Shenzhen Maozhou River comprehensive water environment treatment project (茅洲河流域水環境綜合整治工程). The Group won the bid for the Shenzhen Maozhou River comprehensive water environment treatment project (茅洲河流域水環境綜合整治工程) and achieved major breakthroughs in the field of comprehensive water environment treatment and management. The Group also participates in the investment and operation in projects relating to marine and environmental protection, seawater desalination, mining resources development, port construction and waterway dredging.

As a key player in the water treatment of the Shenzhen Maozhou River, the Group has customised comprehensive treatment plans for different rivers and watersheds. The Group also developed technology which was used in the world's largest river and lake sediment industrial disposal projects, and participated in the river remediation project in the Padma River in Bangladesh. The Company aims to promote the effective integration of ecological and environmental governance projects with related industries, and recently invested in the construction of Lingkun National Marine Economic Zone Eco-City development project (國家海洋經濟示範區靈昆全域生態環境導向產城融合開發專案) and Yangtze River Yidu ecological protection and green development project (長江宜都段生態保護與綠色發展項目).

ENERGY PROJECT INVESTMENT AND OPERATIONS

While developing the Group's construction contracting business, the Group has sought to expand into complementary businesses and develop synergies for organic growth. In particular, the Group has sought to expand into the business of investment and operation of hydropower, thermal power, wind power and other renewable energy projects throughout the PRC by leveraging its expertise and experience in its traditional business segments. Through investing in these selected industries familiar to the Group, the Group receives investment returns while enhancing its capacity for continuous development in these industries and its ability to absorb risks related to these industries.

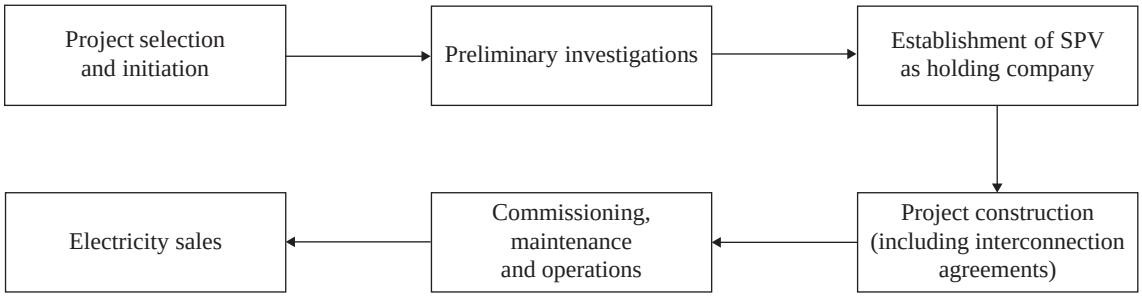
As at 31 December 2020, the Group had a total commissioned installed capacity of approximately 16,549.3MW, including 13,375.3MW in the domestic market and 3,174.0MW in the overseas market.

For the years ended 31 December 2018, 2019 and 2020, revenue of the Group's energy project investment and operations business amounted to RMB15.3 billion, RMB18.0 billion and RMB19.7 billion, respectively, representing approximately 3.8 per cent., 3.9 per cent. and 3.7 per cent. of the Group's revenue from its main businesses for the same periods, respectively. For the same periods, gross profit of the Group's energy project investment and operations business amounted to RMB6.7 billion, RMB8.0 billion and RMB9.5 billion, respectively, representing approximately 12.5 per cent., 13.4 per cent. and 13.7 per cent. of the Group's total gross profit from its main businesses for the same periods, respectively.

Hydropower business

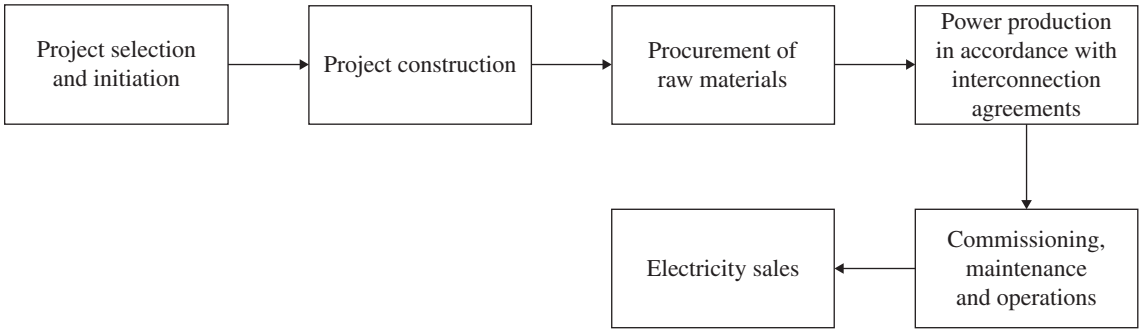
The Group adopts an investment holding strategy in relation to its hydropower investment projects. The Group's growing portfolio of hydropower projects is currently represented by the acquisition or development of small and medium hydropower station projects with an installed capacity ranging from 100 to 200MW. The Group typically aims to be a controlling shareholder of the hydropower business in which it invests.

The flowchart below provides an overview of the Group's business processes in relation to its investments in hydropower projects:



Thermal power business

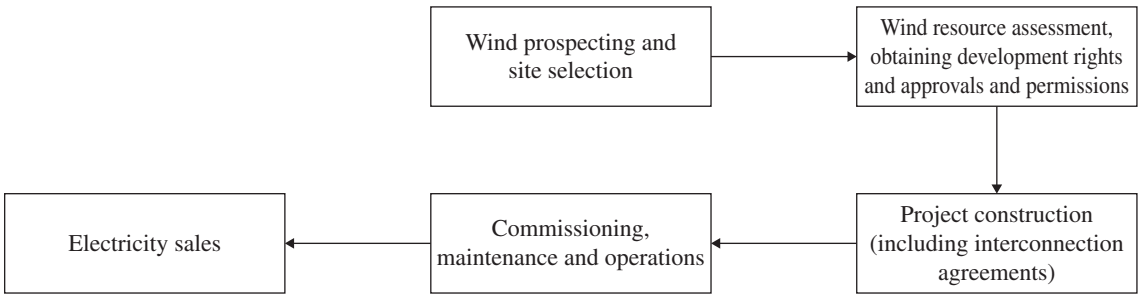
The flowchart below outlines the Group's development process in relation to thermal projects:



Wind power business

In consideration of its satisfactory investment return to date, the Group believes that the wind power business will become the focus of its engineering project investment and operations business segment.

The flowchart below outlines the Group's development process in relation to wind power projects:



Selected Investment Projects

The following table sets out certain representative investment projects of the Group as at 31 December 2020:

Project Name	Brief Description
Pakistan Qasim 2x660MW Coal-Fired Power Station (巴基斯坦凱西姆2x66萬千瓦燃煤電站)	Located in Pakistan. A key energy cooperation project of the China-Pakistan Economic Corridor.
Sandy Bay Hydropower Station (沙灣水電站)	Located in Leshan City, Sichuan Province. Annual power generation: 2,407 million KWh.
Ta Qia Hydropower Station (踏卡水電站)	Located in Jiulong County, Ganzi Prefecture, Sichuan Province. Average annual power generation: 496 million KWh.
Maoergai Hydropower Station (毛爾蓋水電站)	Located in the river segment from Hongyan Village, at the middle reach of the Heishui River, to Eshi Dam. Utilisation: 4,088 hours per year. Average annual power generation: 1,717 million KWh.
Daping Hydropower Station in Leshan (樂山大坪水電站)	Located above the Moxi River, within the area of the Sandy Bay Hydropower Station Reservoir in the Dadu River. Utilisation: 7,680 hours per year. Average annual power generation: 47.62 million KWh.
Liuhong/Pingtou Hydropower Station at Meigu River, Sichuan Province (四川美姑河柳洪、坪頭水電站)	Liuhong is located in Meigu County, Yi Autonomous Prefecture of Liangshan, Sichuan Province. As part of the "one reservoir with five stations" programme under the Meigu River Hydropower Planning, it is the fourth hydropower station of the programme. Total installed capacity: 180 MW. Annual power generation: 845 million/911 million KWh (isolated/unified operation).
Zhangbei Wind Farm Phases I & II, Hebei Province (河北張北一期、張北二期風電場)	Located in Zhangbei County, Hebei Province. Measuring from the centre of the farm, it is about 60 km from Zhangjiakou City and about 20 km from Zhangbei County.

Project Name	Brief Description
Guazhou Wind Farm, Gansu Province (甘肅瓜洲風電場).	Located in the barren sands of the Gobi Desert, about 18 km northwest of Guazhou County in Jiuquan, the northwest city of Gansu Province. Total installed capacity: 201 MW.
Chongxin Thermal Power Project, Gansu Province (甘肅崇信火電項目)	Located in Chongxin County, Gansu Province. Planned installed capacity: 2 x 600 MW. Phase I of 2 x 600 MW is now completed and in operation.

Equipment Leasing and Manufacturing

Equipment leasing and manufacturing is another important business segment of the Group. The Group conducts its equipment leasing and manufacturing business through 16 equipment manufacturing subsidiaries and one equipment leasing subsidiary.

The Group's equipment leasing business utilises both operating leases and financial leases. Operating leases refer to leases where substantially all of the rewards and risks of the assets remain with the lessors. Rental payments applicable to such operating leases are charged to the income statement on a straight-line basis over the term of such leases. The operating lease business re-allocates and leases idle equipment within the Group, providing an attractive means for the Group to improve operating efficiency. Operating leases mainly cater to internal specific construction equipment needs and the equipment types include basic processing equipment, large lifting equipment and underground tunnelling equipment. In terms of financial leases, the Group was accredited with the status of a qualified participant in the financial leasing pilot project led by MOFCOM and the State Administration of Taxation, which allowed non-financial institutions in the PRC to participate in the financial leasing business. The Group has actively engaged in developing its financial leasing business for external demand and balancing the development of its social leasing, international leasing and intra-group leasing businesses. For finance leases, substantially all of the risks and rewards of ownership of the assets are transferred to the lessees.

The Group's manufacturing business has had a development history of over 40 years for products such as transmission and transformation equipment, power station equipment, port machinery, special vehicles, pipelines and electrical products, with over 16 subsidiaries integrating research and development and manufacturing services to produce solutions for power generation, municipal works, petrochemical production, metallurgy, mining, port construction, new energy, sea water desalination, environmental protection and special vehicles. The Group's key products include power station auxiliary equipment, transmission and distribution line equipment, infrastructure supporting equipment, special vehicles, water construction products and welding materials. The Group is one of the main manufacturers of steel structure parts, power generation and electric network supporting equipment of many large and medium-sized hydropower stations in the PRC and other countries.

In February 2014, the Group acquired TLT-Turbo GmbH, a German manufacturer of technology-driven industrial fans and ventilation systems, to directly sell its products to the developed markets such as Europe and the United States which will enhance the Group's capability, competitive strength, sales channel and reputation in its equipment manufacturing business.

The Group believes it is ranked first in market share in the domestic PRC market for the production of boiler feed pumps, fans machine, coal mill, valves, and other key auxiliary components for thermal power generator. Relying on internal research and development, the Group developed models AP1000, CAP1400, ACP1000 and all series of the "Hualong 1" third generation nuclear power conventional island water pump unit. Moreover, several national and provincial ministries have awarded scientific and technological progress awards to the Group's self and co-developed water conservancy and hydropower engineering metal structures, hoist gate, ship lifter and other special equipment.

For the years ended 31 December 2018, 2019 and 2020, revenue from the equipment leasing and manufacturing business segment was RMB10.2 billion, RMB12.1 billion and RMB13.2 billion, respectively, representing 2.5 per cent., 2.6 per cent. and 2.5 per cent. of the Group's revenue from its main businesses for the same periods, respectively. For the same periods, gross profit of the Group's equipment leasing and manufacturing business amounted to RMB1.9 billion, RMB2.3 billion and RMB3.0 billion, respectively, representing approximately 3.6 per cent., 3.9 per cent. and 4.4 per cent. of the Group's total gross profit from its main businesses for the same periods, respectively.

REAL ESTATE DEVELOPMENT BUSINESS

The Company is accredited with the qualification of Grade One Property Development Enterprise (房地產開發企業一級資質) and AAA creditability. The Company is one of the 16 central enterprises approved by SASAC to carry out real estate development as one of its main businesses. The Group principally develops residential properties, commercial properties, hotels and urban affordable housing. The Group implements a cross-regional development strategy across the PRC, focusing its real estate development business primarily in Beijing while expanding to more than 20 other cities in China, including Shanghai, Shenzhen, Nanjing, Wuhan, Changsha, Tianjin, Zhengzhou, Sanya and Linzhi. The Group has been putting its focus on residential development projects while also developing its commercial real estate business steadily and actively exploring the concept of waterfront real estate at the same time. The Group also actively participates in government development and construction of affordable housing.

For the years ended 31 December 2018, 2019 and 2020, revenue of the Group's real estate development business segment was RMB21.2 billion, RMB24.1 billion and RMB22.8 billion, respectively, representing 5.3 per cent., 5.2 per cent. and 4.2 per cent. of the Group's revenue from its main businesses for the same periods, respectively. For the same periods, gross profit of the Group's real estate development business segment amounted to RMB5.0 billion, RMB4.8 billion and RMB4.9 billion, respectively, representing approximately 9.4 per cent., 8.0 per cent. and 7.0 per cent. of the Group's total gross profit from its main businesses for the same periods, respectively.

The Group principally obtained its land bank through public bidding and acquisition. In 2020, the Group completed the development of approximately 29.5 million sq.m. in total gross floor area ("**GFA**") and the Group had an increased GFA for the development of approximately 19.9 million sq.m.

The following table sets out certain representative real estate development projects of the Group as at 31 December 2020:

Project Name	Brief Description
Changxing Sun City (長興太陽城)	Total GFA: 390,000 sq.m. Located in Mianyang City, Sichuan Province.
Guangming Sweet Olive Garden (光明桂花園)	Total GFA: 66,000 sq.m. Located at No. 203, Baiyun Boulevard, Guiyang City. Comprises of 10 blocks in total.
West Coast Mansion (西岸觀邸)	Total GFA: 329,000 sq.m. Located in Jinniu District, Chengdu City, Sichuan Province.
Starry City Impression (星城映象)	Covers a land area of 70,000 sq.m., with total GFA of 180,000 sq.m., of which the residential built-up area is about 160,000 sq.m. Located in Yuhua District, Changsha City.
Capital Prefecture (首郡)	Covers a land area of 185,000 sq.m., with total GFA of 573,900 sq.m. Located in the western part of Tangshan City, Hebei Province.

Project Name	Brief Description
Meilifang (with social housing development alongside) (美立方(配建保障房))	Covers a land area of 43,000 sq.m., with planned total GFA of 163,000 sq.m., of which price-capped housing covers 5,000 sq.m., low-cost housing covers 5,000 sq.m. and ground floor area covers 141,000 sq.m. Located at No. 6 Compound, Beiyuan Road, Chaoyang District, Beijing City. Mainly composed of land for residential, commercial/financial, cultural/entertainment, education/scientific research purposes.
North Prefecture Jiayuan (Dual limitation project) (兩限房項目) . .	Land area for construction: 50,000 sq.m. Ground floor area: 100,000 sq.m. Located in Nanshao Town, Changping District, Beijing City. Composed of price-capped commercial residential housing, as part of the government's social security housing policy.

OTHER BUSINESS

The Group's other business segment principally involves businesses associated with the Group's key businesses, such as project supervisory services, import and export of goods and raw materials, logistics services and fixed assets and property leasing services.

For the years ended 31 December 2018, 2019 and 2020, revenue of the Group's other business segment was RMB23.1 billion, RMB27.6 billion and RMB27.3 billion, respectively, representing 5.7 per cent., 6.0 per cent. and 5.0 per cent. of the Group's revenue from its main businesses for the same periods, respectively. For the same periods, gross profit of the Group's other business segment amounted to RMB2.3 billion, RMB3.4 billion and RMB3.4 billion, respectively, representing approximately 4.3 per cent., 5.6 per cent. and 4.9 per cent. of the Group's total gross profit from its main businesses for the same periods, respectively.

OVERSEAS BUSINESS

Capitalising on its capacity to offer integrated services, the Group has successfully expanded its construction contracting and engineering design and consultancy business segments overseas, primarily through participating in overseas projects through public bidding or offering surveying services to multinational companies operating in the regions. In recent years, the Group has been making a concerted effort to explore opportunities in its overseas markets actively in line with the PRC government's "Go Global" and "Belt and Road Initiative".

The Group operates a wide overseas network. As at 31 December 2020, the Group's international operations and investments covered over 110 countries and regions in Asia, Africa, the Americas, Europe, and Australasia. The Group believes that its overseas business is developing rapidly as a result of both the Group reinforcing the Company's continued exposure and involvement in its traditional markets, such as Asia and Africa, and increasing focus in developing markets such as the Middle East, Latin America and Eastern Europe. The Group continuously improved its overseas business structure. With a focus on the construction of hydro and electric projects, the Group also expanded its overseas business scope to multiple areas including water treatment and railway construction. Key projects of the Group include the Sino-Laos railway, the Indonesia Ya Wan high-speed railway, Zambia Kafue Gorge Lower Hydroelectric (贊比亞下凱富峽水電站) Project and Australia Cattle Hill Project (澳大利亞牧牛山風電項目). The Group also participated in the construction of the phase I project of Cuddalore 2 x 600 MW coal fired plant in India, the Soyo-Kapary power transmission and transformation project in Angola, and the Kaleta hydropower plant project in the Republic of Guinea, which were awarded the "Overseas Projects Luban Award" from the China Association of Construction Enterprises.

The Group's overseas business focuses on the construction contracting business segment and engineering design and consultancy business segment. In 2020, the Group's international operations generated operating income of RMB95.9 billion throughout the year, and a newly signed contract value for overseas projects of approximately RMB253.1 billion.

The Group also invests overseas. In 2020, the Group invested RMB12.9 billion overseas. As at 31 December 2020, the Group had 27 overseas investment projects, including 23 fixed-assets investments projects and four equity investments projects. The Company actively promotes strategic projects under the PRC government's "Go Global" initiatives, including the China-Pakistan economic corridor, the Bangladesh-China-India-Myanmar economic corridor, the ASEAN interconnection project, the Sino-Arab energy cooperation project and the Greater Mekong Sub-regional economic cooperation project.

The following table sets out some of the representative overseas projects of the Group as at 31 December 2020:

Project Name	**Brief Description**
India Mundra Power Plant (印度蒙德拉電廠)	This project won first prize at the Indian National Energy Conservation Awards.
Indonesia Jatigede Dam (印度尼西亞佳蒂格德大壩)	This large scale water conservancy project with irrigation area of 90,000 hectares was carried out with the cooperation of the governments of China and Indonesia.
The Coca Codo Sinclair Hydropower Project in Ecuador (厄瓜多爾科卡科多辛克雷水電站項目)	Contract value at US$1,979 million, for a construction period of 66 months. Eight machinery units to be built, with a total installed capacity of 1,500 MW. It has annual power generation reaching 8,800 million KWh. It is one of Ecuador's most foreign investment-intensive projects. According to the information from the official website of MOFCOM, it was also the largest hydropower station construction project ever undertaken by the PRC by 2009.
The Bui Hydropower Station in Ghana (迦納布維水電站)	Contract value totaling about US$622 million, for a construction period of 56.5 months, with a total installed capacity of 400 MW. The project is located in the midwest region of the Republic of Ghana.
The Merowe Hydropower Project in Sudan (蘇丹麥洛維水電站項目)	Contract value at 603 million euros, for a construction period of 59 months. Known as the "Three Gorges Project" in Sudan, the dam of the hydropower station is 9.7 km long and 65 metres high, with a total installed capacity of 1,250 MW and a storage capacity at 12.4 billion cubic metres. The project has received the Luban Prize, a grand master prize in the PRC for development projects.
The Bakun Hydropower Station in Malaysia (馬來西亞巴貢水電站)	An EPC project with a contract value initially at MYR1,788 million and later MYR2,496 million (RMB5,000 million) after supplemental contract. Total installed capacity of 2,400 MW and storage capacity of 44 billion cubic metres. The project won the first nationwide Gold Quality Award for PRC Overseas Project.
The Bata Power Grid Modification and Expansion Project in Equatorial Guinea (赤道幾內亞巴塔電網改造和擴建項目)	Contract value at US$323 million. This project includes five parts: high-voltage, medium-voltage, low-voltage, municipal public lighting and automatic electricity dispatch system. The project has a positive impact on improving the industrial development and living standard of Bata, the capital of Equatorial Guinea.
The KMPCL Coal-fired Power Plant EPC Project in India (印度KMPCL燃煤電站總承包專案)	Located in India, it is an EPC project with a total installed capacity of 4 x 600 MW. Construction period of 58 months for six machinery units with a contract value of US$2,795 million.

Project Name	Brief Description
The Talwandi Thermal Power Generation Project in India (印度塔爾萬迪火力發電廠項目)	Located in India, it is an EPC project with a total installed capacity of 4 x 660 MW. Scope of the project: design, procurement, supplies, transportation, installation, commissioning and performance testing. It has a contract value of US$1,869 million.
India Jhajjar Power Plant (印度嘉佳發電廠)	This project locates at Jhajjar, Haryana, India, with a consolidated installed capacity of 2x660 MW. The construction commenced in July 2008. Scope of work includes: design, procurement, supplies, transportation, installation, commission and performance test. It has a contract value of US$740 million. This project was awarded the Outstanding Infrastructure Award and Golden Shield Award in India and Luban Prize in China.
India Mundra Power Plant (印度蒙德拉電廠)	This project locates at Mundra, Gujarat, India, with a consolidated installed capacity of 5x660 MW supercritical oil-fired engine units. Scope of work includes: design, procurement, supplies, transportation, installation, commission and performance test. It has a contract value of US$2,460 million. It has commenced commercial operation.
Saudi Arabia Rabigh Power Plant (沙特拉比格電站).	The Group believes it is the first independent power plant developed by Saudi Electricity Company (沙特電力公司) to meet the increasing needs for electricity in Saudi Arabia. It is a 2x660 MW subcritical oil-fired power plant, with a contract value of US$1,370 million.
The Soyo Highway Project in Angola (安哥拉索約公路項目) . . .	Contract value totalling US$605 million for a construction period of 36 months and a warranty period of 24 months. The project is aimed at restoring the highways in Northern Angola which span 96 km and are 22 metres wide.
The Qatar Road Race Infrastructure Project (卡達路賽基礎設施項目) . .	Initial contract price at US$642 million and later US$1,382 million after being adjusted for claims. Located in the Arabian Gulf within Doha, the capital of Qatar, the project is one of the country's key infrastructure projects.
The Thakhek Cement Factory Project, Khammuane Province, Laos (investment) (老撾甘蒙塔克水泥廠專案(投資))	A PRC-Laos joint investment and development project, its total investment amounts to US$68 million.
The Kamchay Hydropower Project in Cambodia (investment) (柬埔寨甘再水電站項目(投資)).	Located in Cambodia, it is a BOT project with a total investment of approximately US$334.7 million. Total installed capacity: 194.1MW. Average annual power generation: 498 million KWh. Concession period: 44 years (4 years for construction and 40 years for operation). The project is considered as the Group's first real overseas BOT hydropower investment project; it set a milestone precedent for its overseas investment, which is included as a precedent for case study by both The Export-Import Bank of China and China Export & Credit Insurance Corporation.

Project Name	Brief Description
Laos Nam Ngum 5 Hydropower Station (Investment) (老撾南俄5水電站項目(投資)).	This project is a BOT project with an investment of US$200 million. It is located on Nam Ting River, 300 kilometres to the north of Vientiane, the capital of Laos. It has an installed capacity of 120 MW, and an annual power generation of 507 million KWh. It is the Group's first hydropower station under BOT business model in Laos. It has a concession period of 29 years, of which four years are construction period and 25 years are operation period.

CUSTOMERS, SALES AND MARKETING

The Group serves both domestic and overseas customers, most of which are major proprietors of hydropower stations, other power stations and other infrastructure. The Group believes that its track record of timely and safe operation, its capacity to offer a broad range of services and its advanced technology has helped the Group establish long-term relationships with its customers. Through years of effort, the Group has established an extensive business network, primarily consisting of its branch offices and subsidiaries, which covers China and overseas markets.

Based on function, business and geography, the Group has established a three-dimensional sales and marketing system, at Group, regional headquarter and subsidiary levels respectively. The Group's subsidiaries generally prepare feasibility research reports, which need to be approved at different levels and finally approved by the Joint Committee between the Party and the Government, the highest authority of the Group.

CONTRACTORS

The Group engages third-party contractors in its business operation. The Group typically selects its contractors through a bidding process every year, under the centralised supervision of the Group's bidding management centre. The Group adopts responsibility segregation in the review and selection of contractors in the bidding process. Qualified contractors will be included in the panel of approved contractors for future use.

QUALITY CONTROL

The Group has established a quality control system, principally to ensure the quality of its construction projects. Quality control begins in the design and construction phases of the construction projects. The Group's quality control team makes regular inspection visits and conducts periodic tests to ensure that the construction work meets its standards.

The Group also has strict quality control procedures for the sourcing of raw materials. Accordingly, it only purchases from its internally approved list of qualified suppliers which have satisfied the relevant national standards.

The Group carries out regular maintenance and customer surveys to ensure and seek customer feedback on the quality of its construction projects.

RESEARCH AND DEVELOPMENT

The Group is devoted to developing technologies through its in-house research and development team. The Group believes that it has obtained a leading advantage in technological innovation in hydropower, thermal power, power transmission and transformation, and new energy.

The Group actively engages academies and research institutes to solve significant technical problems. As at 31 December 2020, the Group has established nine national research institutes, 92 provincial research institutes and 11 post-doctoral stations. In 2020, the Group won 3 state-level science and technology progress awards and 471 provincial level science and technology progress awards, and owned 18,393 patents and 3,006 software copyrights, including 2,953 innovation patents.

In 2018, 2019 and 2020, the Group incurred research and development expenses of RMB11.8 billion, RMB14.3 billion and RMB19.1 billion, respectively.

INTELLECTUAL PROPERTY

As at 31 December 2020, the Group owned 18,393 patents (including 2,425 inventions) and 3,006 software copyrights in the PRC. The Group places great importance on the invention, application, management and protection of its intellectual property rights. Through research and development and in its ordinary course of business, the Group has obtained various intellectual property rights which are valuable to its business. The Group protects and will continue to seek protection of these intellectual property rights through copyrights, patents, trademarks and other contractual rights.

COMPETITION

The Group principally competes with domestic and international construction companies, in particular some state-owned construction companies. In recent years, the competition increased as the market became open to more market participants, including both multinational companies and government-sponsored enterprises. In the PRC market, the Group mainly competes with local companies that specialise in a particular market segment or region, and multinational companies that possess technological advantages over most local companies. In the international market, the Group mainly competes with global construction companies with greater resources and operating experience. The Group competes primarily on the basis of its technology, management ability, equipment and machinery, financing ability, after-sale services and brand name.

HEALTH AND SAFETY

The Group regards occupational health and safety as one of its important corporate and social responsibilities. Some of the Group's business operations involve significant risks and hazards that could result in damage or destruction of property, death and personal injury, business interruption and possible legal liabilities. Pursuant to the applicable laws and regulations of the PRC and other countries or areas in which the Group operates, the Group has implemented a variety of internal rules and operating procedures for work safety, accident handling and safety training. As at 31 December 2020, the Group has not experienced any material safety accidents.

ENVIRONMENTAL PROTECTION

The Group is subject to the environmental laws and regulations governing air pollution, noise emissions, hazardous substances, water and waste discharge and other environmental matters of national, provincial and municipal governments and authorities in the PRC and other countries or areas in which the Group operates. The Group believes that its businesses are in compliance with currently applicable environmental laws and regulations in both the PRC and other countries or areas in which it operates in all material aspects. As at 31 December 2020, the Group is not aware of any material penalties associated with the breach of any existing environmental law or regulation.

INSURANCE

As part of the protection against operating hazards, the Group maintains insurance coverage which the Group believes is consistent with customary practice in the PRC and international practices in which the Group operates. When the Group acts as a proprietor, it typically purchases employer insurance, life and accident insurance, company assets insurance and automobile insurance. When the Group acts as a contractor, it typically purchases construction insurance, erection risk insurance, third party liability insurance, life accident insurance, company assets insurance and automobile insurance. The Group usually selects its insurers through bidding, and the insurance expenses are determined through bidding or negotiation.

The Group maintains insurance coverage in amounts that the Group believes are consistent with its risk of loss and the customary practice in the relevant industry. However, the Group may not have sufficient coverage for some of the risks it faces, either because insurance is not available or because of the high premium costs. Losses and liabilities arising from uninsured or underinsured events could have a material impact on the Group's results of operations. See "*Risk Factors – Risks Relating to the Group's Business – The Group's insurance policies may not be sufficient*."

EMPLOYEES

As at 31 December 2020, the Group had approximately 180,900 employees in total, among which 75.5% held a bachelor degree or above and 8.2% held a postgraduate degree. Among the Group's employees, approximately 63,000 employees had intermediate or above work titles and approximately 40 employees were experts who received special government allowances from the State Council as at the same date. For the year ended 31 December 2020, the Group arranged skilled personnel training for approximately 62,000 employees, professional technical personnel training for approximately 144,000 employees, management personnel training for approximately 80,000 employees, and other personnel training for approximately 23,000 employees.

The Group adheres to, and complies with, the relevant labour laws of the PRC and other countries and areas in which the Group operates. The Group believes that its employees are critical to its success, and is committed to investing in the development of its employees through continuous education and training, and provision of career growth opportunities.

LEGAL PROCEEDINGS

The Group is from time to time involved in legal proceedings arising in the ordinary course of its business, including as plaintiff or defendant in litigation or arbitration proceedings. There are no current litigation or arbitration proceedings against the Company or any member of the Group that could have a material adverse effect on its financial condition or results of operations or the ability of the Company or the Issuer to perform its obligations under the Guarantee or the Securities.

REGULATORY COMPLIANCE

The NAO's findings of various deficiencies identified in the June 2017 Announcement have drawn the senior management's great attention and the management intends to strictly follow the NAO's recommendations for rectification of those deficiencies to further improve the Group's internal control, corporate governance and risk management mechanisms. The Group has implemented several measures such as setting up the rectification work group, to supervise and carry out rectification measures in respect of the Group's audit work. The Group believes that the NAO's findings will not materially and adversely affect the business, financial condition and results of operations of the Group.

MANAGEMENT OF THE GUARANTOR

PARTY COMMITTEE

The Party Committee is currently the decision-making body responsible for making the key decisions of the Company.

Name	Age	Position
Ding Yanzhang	58	Chairman and Party Secretary (黨委書記)
Wang Bin	57	General manager, director and deputy Party Secretary (黨委副書記)
Li Yanming	58	Deputy Party Secretary (黨委副書記)
Liu Yuan	57	Member of Standing Committee of Party Committee (黨委常委)
Huang Pu	54	Secretary of the Committee for Discipline Inspection (紀委書記) and member of Standing Committee of Party Committee (黨委常委)
Yang Liang	53	Member of Standing Committee of Party Committee (黨委常委)

丁焰章 (Ding Yanzhang), aged 58, obtained a bachelor's degree in water construction machinery from China Three Gorges University (三峽大學). Since August 2021, he has served as the chairman, legal representative and Party Secretary of the Company. Since September 2021, he has served as the chairman and legal representative of PowerChina Limited, and since October 2021 he has served as Party Secretary of PowerChina Limited. Mr. Ding formerly served as the general manager, vice chairman and deputy Party Secretary of PowerChina Limited, and the general manager, director and deputy Party Secretary of the Company. Mr. Ding formerly served as the Party Secretary of China Gezhouba Group Corporation (中國葛洲壩集團公司), Party Secretary, director and general manager of China Gezhouba Group Co., Ltd. (中國葛洲壩集團股份有限公司), director, general manager, acting Party Committee member, deputy Party Secretary and Party Secretary of China Energy Construction Group Co., Ltd. (中國能源建設集團有限公司), and vice chairman, general manager, deputy Party Secretary of China Energy Construction Co., Ltd (中國能源建設股份有限公司).

王斌 (Wang Bin), aged 57, graduated from Chengdu University of Science and Technology (成都科技大學) and is currently a general manager, director, and deputy Party Secretary of the Company, and a deputy Party Secretary, vice chairman and general manager of PowerChina Limited. Mr. Wang formerly served as a deputy general manager, Party Committee member, general manager, and deputy Party Secretary of HydroChina Engineering Consulting Co., Ltd. (中國水電工程顧問集團公司), deputy dean of China Renewable Energy Engineering Institute (水電水利規劃設計總院), deputy general manager of China Water Resources and Hydropower Construction Engineering Consulting Company (中國水利水電建設工程諮詢公司), member of the Standing Committee of the Party Committee of the Company, and the director, deputy general manager, and member of the Standing Committee of the Party Committee of PowerChina Limited.

李燕明 (Li Yanming), aged 58, completed an undergraduate programme in hydraulic architecture and obtained a bachelor's degree in engineering, both from North China University of Water Resources and Electric Power (華北水利水電學院). Mr. Li also obtained an executive master in business administration from University of Electronic Science and Technology of China (電子科技大學). Mr. Li has been a deputy Party Secretary of the Company since August 2021. Mr. Li has been a director and deputy Party Secretary of PowerChina Limited since October 2021. He previously served as an assistant general manager, director of enterprise leadership management department and human resources department, Party Committee member and member of Standing Committee of the Party Committee of the Company. He previously served as an assistant general manager, director of enterprise leadership management department, deputy general manager, Party Committee member and member of Standing Committee of Party Committee of PowerChina Limited.

劉源 (Liu Yuan), aged 57, obtained a doctorate degree in economics from the Renmin University of China (中國人民大學). Mr. Liu has been a member of Standing Committee of Party Committee of the Company since August 2019, and Mr. Liu has been a member of Standing Committee of Party Committee and a deputy general manager of PowerChina Limited since September 2019. From February 2009 to September 2017, Mr. Liu served as a deputy director of the Bureau of Comprehensive Supervision of SASAC (國有資產管理委員會綜合局). From September 2017 to September 2019, Mr. Liu served as an inspector of the Bureau of Comprehensive Supervision of SASAC.

黃埔 (Huang Pu), aged 54, has been a member of Standing Committee of Party Committee and the secretary of the Committee for Discipline Inspection of the Company since June 2020, and has been a member of Standing Committee of Party Committee and the secretary of the Committee for Discipline Inspection of PowerChina Limited since August 2020. Mr. Huang formerly served as the secretary of the Committee for Discipline Inspection, and Party Committee member of China National Chemical Corporation Ltd. (中國化工集團有限公司). Mr. Huang holds a Master's degree and is a senior accountant.

楊良 (Yang Liang), aged 53, obtained a bachelor degree in accounting from Beijing Jiaotong University (北方交通大學), and an Executive Master of Business Administration degree from the Guanghua School of Management, Peking University (北京大學光華管理學院). Mr. Yang is a senior accountant, and has been a member of Standing Committee of Party Committee of the Company since January 2020, a member of Standing Committee of Party Committee as well as the chief accountant of PowerChina Limited since March 2020. He previously served as a member of Standing Committee of Party Committee and chief financial officer of China Railway Group Limited (中國中鐵股份有限公司), member of Standing Committee of Party Committee of China Railway Engineering Group Co., Ltd. (中國鐵路工程總公司), and member of Standing Committee of Party Committee of China Railway Engineering Corporation (中國鐵路工程集團有限公司).

THE GUARANTEE

The Securities will have the benefit of the Deed of Guarantee executed by the Guarantor. Pursuant to the Deed of Guarantee, the Guarantor will unconditionally and irrevocably, as a joint and several liability, guarantee the due payment of all sums expressed to be payable by the Issuer under the Securities and the Trust Deed.

Pursuant to the Cross-border Guarantee Rules, all proceeds raised by the Issuer under the Securities outside the PRC (and guaranteed by the Guarantor) may only be used for the relevant expenditures within the normal scope of business of the Issuer, and may not be used to support the Issuer in engaging in transactions beyond the normal scope of business, or conducting arbitrage activities through fabricating trade backgrounds, or engaging in speculative trading in other forms. Such proceeds may not be transferred back to the PRC for direct use or through a third party in the form of borrowing, equity investment or securities investment. The Guarantor shall properly supervise the Issuer's use of the proceeds for the operation and business of the Issuer outside the PRC.

The Guarantor is required by the Cross-border Guarantee Rules to register the Deed of Guarantee with SAFE within the prescribed time period under the Cross-border Guarantee Rules. Although the non-registration does not render the Deed of Guarantee ineffective or invalid under PRC law, SAFE may impose penalties on the Guarantor if the Guarantor fails to complete the SAFE registration. Further, there may be hurdles at the time of remittance of funds (if any cross-border payment is to be made by the Guarantor under the Deed of Guarantee) as domestic banks may require evidence of SAFE registration in connection with the Deed of Guarantee in order to effect such remittance. The Guarantor intends to register the Deed of Guarantee as soon as practicable and in any event before the Registration Deadline (being 90 PRC Business Days after the Issue Date). In case of any change in the major clauses of the Deed of Guarantee, the Guarantor shall apply for the amendment registration. If the registration is not completed on or before the Registration Deadline, each holder of the Securities will have the right to request the Issuer to redeem all of that holder's Securities and will need to rely on the Issuer to source sufficient funds to fully discharge its obligations under the Securities. See "*Risk Factors – Risk relating to the Securities and the Guarantee – If the Guarantor fails to complete the SAFE registration in connection with the Guarantee, there may be hurdles for cross-border payment under the Guarantee*". Prior to the performance or discharge of its obligations under the Guarantee, the Guarantor is also required to complete a verification process with banks for each remittance under the Deed of Guarantee.

EXCHANGE RATE INFORMATION

The People's Bank of China (the "**PBOC**") sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi with reference to a basket of currencies in the market during the prior day. The PBOC also takes into account other factors such as general conditions existing in the international foreign exchange markets. Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong dollars and U.S. dollars, has been based on rates set by the PBOC, which are set daily based on the previous day's interbank foreign exchange market rates and current exchange rates in the world financial markets. From 1994 to July 2005, the official exchange rate for the conversion of Renminbi to U.S. dollars was generally stable. Although PRC Governmental policies were introduced in 1996 to reduce restrictions on the convertibility of Renminbi into foreign currency for current account items, conversion of Renminbi into foreign exchange for capital items, such as foreign direct investment, loans or securities, requires the approval of the SAFE and other relevant authorities. On 21 July 2005, the PRC Government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. The PRC Government has since made and in the future may make further adjustments to the exchange rate system. The PBOC authorised the China Foreign Exchange Trading Center, effective since 4 January 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi at 9:15 a.m. each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over the counter exchange rate for that business day. On 18 May 2007, the PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the inter-bank foreign exchange spot market of Renminbi against the U.S. dollars from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by the PBOC. On 20 June 2010, the PBOC announced that it intended to further reform the Renminbi exchange rate regime by allowing greater flexibility in the Renminbi exchange rate and on 16 April 2012, the band was expanded to 1.0 per cent. Effective since 11 August 2015, market makers are required to quote their central parity rates for Renminbi against the U.S. dollar to the China Foreign Exchange Trade System daily before the market opens by reference to the closing rate of the PRC inter-bank foreign exchange market on the previous trading day in conjunction with the demand and supply conditions in the foreign exchange markets and exchange rate movements of major currencies. The PBOC has further authorised the China Foreign Exchange Trade System to announce its central parity rate for Renminbi against the U.S. dollar through a weighted averaging of the quotes from the market makers after removing the highest quote and the lowest quote. The PBOC announces the closing price of a foreign currency traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each working day, and makes it the central parity for trading against the Renminbi on the following working day. The International Monetary Fund announced on 30 September 2016 that, effective on 1 October 2016, the Renminbi was added to its Special Drawing Rights currency basket. On 5 August 2019, the PBOC set the Renminbi's daily reference rate above 7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. There remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in further and more significant depreciation of the Renminbi against the U.S. dollar. The PRC government may from time to time make future adjustments to the exchange rate system in the future.

The following table sets forth the exchange rate of the Renminbi against the US dollar. The exchange rate refers to the Noon Buying Rate as set forth in the weekly H.10 statistical release of the US Federal Reserve Board.

	Noon Buying Rate			
Period	**Period End**	**Average[1]**	**High**	**Low**
		(Renminbi per U.S.$1.00)		
2014	6.2046	6.1704	6.2591	6.0402
2015	6.4778	6.2869	6.4896	6.1870
2016	6.9430	6.6400	6.9580	6.4480
2017	6.5063	6.7350	6.9575	6.4773
2018	6.8755	6.6292	6.9737	6.2649
2019	6.9618	6.9014	7.1786	6.6822
2020	6.5250	6.9042	7.1681	6.5208
2021	6.3726	6.4508	6.5716	6.3435
2022				
January	6.3610	6.3556	6.3822	6.3206
February	6.3084	6.3444	6.3660	6.3084
March (through 25 March)	6.3658	6.3423	6.3720	6.3116

(1) Annual, semi-annual and monthly averages have been calculated using the average of the daily rates during the relevant period.

PRC REGULATIONS

This section summarises the principal PRC laws and regulations which are relevant to the Group's business and operations. 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.

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 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 principle 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

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to control imposed under PRC law.

Current Account Items

Under the PRC foreign exchange control regulations, current account item payments include payments for imports and exports of goods and services, payments of income and current transfers into and outside the PRC. Prior to July 2009, all current account items were required to be settled in foreign currencies. Since July 2009, the PRC has commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. In June 2010, August 2011 and February 2012 respectively, the PRC government promulgated the *Circular on Issues concerning the Expansion of the Scope of the Pilot Program of Renminbi Settlement of Cross-Border Trades*, the *Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement* and the *Notice on Matters Relevant to the Administration of*

Enterprises Engaged in Renminbi Settlement of Export Trade in Goods (together, the "**Circulars**") with regard to the expansion of designated cities and offshore jurisdictions implementing the pilot Renminbi settlement scheme for cross-border trades. Pursuant to these Circulars, (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts were expanded to cover all provinces and cities in the PRC, (iii) the restriction on designated offshore districts has been lifted and (iv) any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports of goods, **provided that** the relevant provincial government has submitted to PBOC and five other PRC authorities (the "**Six Authorities**") a list of key enterprises subject to supervision and the Six Authorities have verified and signed off such list (the "**Supervision List**").

On 5 July 2013, the PBOC promulgated the *Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures* (the "**2013 PBOC Circular**"), which, in particular, simplifies the procedures for cross-border Renminbi trade settlement under current account items. For example, PRC banks may conduct settlement for PRC enterprises (excluding those on the Supervision List) upon the PRC enterprises presenting the payment instruction. PRC banks may also allow PRC enterprises to make/receive payments under current account items prior to the relevant PRC bank's verification of underlying transactions (noting that verification of underlying transactions is usually a precondition for cross-border remittance).

The Circulars and the 2013 PBOC Circular will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these circulars and impose conditions for settlement of current account items.

Capital Account Items

Under the applicable PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of and/or registration or filing with the relevant PRC authorities.

Until recently, settlement for capital account items were generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) are required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or relevant PRC parties were also generally required to make capital account payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency.

On 10 May 2013, SAFE promulgated the *Provisions on the Foreign Exchange Administration of Domestic Direct Investment by Foreign Investors* (the "**SAFE Provisions**"), which became effective on 13 May 2013. According to the SAFE Provisions, foreign investors can use cross-border Renminbi (including Renminbi inside and outside the PRC held in the capital accounts of non-PRC residents) to make a contribution to an onshore enterprise or make a payment for the transfer of an equity interest of an onshore enterprise by a PRC resident within the total investment amount approved by the competent authorities (for example, MOFCOM and/or its local counterparts as well as financial regulators). Capital account transactions in Renminbi must generally follow the current foreign exchange control regime applicable to foreign currencies.

On 3 December 2013, MOFCOM promulgated the *Announcement on Issues in relation to Cross-border Renminbi Foreign Direct Investment* (the "**MOFCOM Announcement**"), which became effective on 1 January 2014, to further facilitate foreign direct investment by simplifying and streamlining the applicable regulatory framework. Pursuant to the MOFCOM Announcement, the appropriate office of MOFCOM and/or its local counterparts will grant written approval for each foreign direct investment and specify "Renminbi Foreign Direct Investment" and the amount of capital contribution in the approval. The MOFCOM Announcement also removes the approval requirement for foreign investors who intend to

change the currency of its existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Announcement specifically prohibits the use of funds used for foreign direct investment for any investment in securities and financial derivatives (except for investment in the PRC listed companies as strategic investors) or for entrustment loans in the PRC.

On 9 June 2016, the SAFE promulgated the Notice on Reforming and Standardizing the Administrative Provisions on Capital Account Foreign Exchange Settlement (關於改革和規範資本項目結匯管理政策的通知, the "**SAFE Circular 16**") which took effect on the same day. According to the SAFE Circular 16, enterprises registered in PRC could settle the external debts in foreign currencies to Renminbi at their own discretion. The SAFE Circular 16 sets a uniform standard for discretionary settlement of foreign currencies under capital accounts (including but not limited to foreign currency capital, foreign debts and repatriated funds raised through overseas listing), which is applicable to all enterprises registered in PRC. It reiterated that the Renminbi funds obtained from the settlement of foreign currencies shall not be used directly or indirectly for purposes beyond the company's scope of business, and shall not be used for domestic securities investment or investments and wealth management products other than principal-protected products issued by banks, unless otherwise expressly prescribed. Furthermore, such Renminbi funds shall not be used for disbursing loans to non-affiliated enterprises, unless the scope of business expressly provides so; and shall not be used to construct or purchase real estate not for self-use (except for real estate enterprises).

On 23 October 2019, SAFE issued Notice of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment ("**Circular 28**"), according to which, among other things, the pilot program (to facilitate foreign exchange receipts and payments for trade in services and to facilitate payment with the income under capital account) is launched, restrictions on the domestic equity investment by non-investment foreign-funded enterprises with their capital funds is cancelled, the restriction on the use of foreign exchange settlement funds under the capital account is relaxed, the administration of registration of foreign debts of enterprises is reformed.

REGULATIONS REGARDING OVERSEAS INVESTMENT, ACQUISITION AND FINANCING ACTIVITIES

NDRC Supervision

According to the "*Administrative Measures for Outbound Investment by Enterprises*" effective from 1 March 2018, the approval administration and filing administration shall be respectively applied to different overseas investment projects. If the sensitive projects are carried out directly by PRC enterprises or via the overseas enterprises under their control, these overseas investment projects shall be subject to the verification and approval of NDRC. For non-sensitive projects that are directly carried out by PRC enterprises, those overseas investment projects shall be subject to the record-filling administration. Specifically, if the overseas investment projects are carried out by enterprises under central management (including financial enterprises under central management and enterprises directly managed by the State Council or institutions under the State Council) or carried out by local enterprises in which the amount of Chinese investment reaches or exceeds US$300 million, such projects shall be subject to the record-filing by NDRC. If the overseas investment projects are carried out by local enterprises in which the amount of Chinese investment is below US$300 million, such projects shall be subject to the record-filing by the local NDRC branch office.

According to the "*Administrative Measures for Outbound Investment by Enterprises*", the "*Measures for the Administration of Approval and Filing of Overseas Investment Projects*" terminated.

Investment projects to be carried out in Hong Kong and/or the Macao Special Administrative Region by investment entities shall also be governed by the "*Administrative Measures for Outbound Investment by Enterprises*".

MOFCOM Supervision

MOFCOM issued the Administration of Overseas Investment on 6 September 2014, effective from 6 October 2014 (the "Overseas Investment Rules"). Under the 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 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 and 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.

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 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.

On 18 January 2018, MOFCOM, PBOC, SASAC, China Banking and Insurance Regulatory Commission (China Banking Regulatory Commission and China Insurance Regulatory Commission were merged as China Banking and Insurance Regulatory Commission in April 2018), CSRC and SAFE jointly issued the *Interim Measures for the Record-filing (Verification and Approval) and the Reporting of Outbound Investment Projects* (the "**Interim Measures**"). Under the Interim Measures, a domestic investor shall, before establishing an enterprise (including by merger, acquisition or any other means) overseas, submit relevant information and materials to the competent departments. If such domestic investor's outbound investment meets the statutory requirements, relevant departments will process record-filing or verification and approval procedure.

State-owned Assets Supervision

The "*Interim Measures for Administration of Overseas State-owned Property Rights of Central Enterprises*" and the "*Measures for the Supervision and Administration of the Outbound Investment by Central Enterprises*" also apply to overseas investment projects. Where overseas enterprises wholly-owned or controlled by Central Enterprises and their subsidiaries at all levels conduct economic activities such as transferring or acquiring properties, making non-monetary contribution, changing the state-owned shareholding in non-listed companies, consolidation, division, dissolution or liquidation, 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 to 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.

Foreign Exchange Administration

According to the *Circular of the State Administration of Foreign Exchange on Promulgating the Administrative Provisions on Foreign Exchange of the Outbound Direct Investments of Domestic Institutions*, which was promulgated on 13 July 2009, 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. The Foreign Exchange Bureau shall issue the Foreign Exchange Registration Certificate for overseas direct investment 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 Bureau 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.

NDRC Registration and Report in relation to Foreign Debts Management

Pursuant to the Circular on Promoting the Reform of Administrative System on the Issuance by Enterprises of Foreign Debts Filings and Registrations (《國家發展改革委員會關於推進企業發行外債備案登記制管理改革的通知》, the "**NDRC Circular 2044**") (effective from 14 September 2015), the quota review and approval for issuance of foreign debts by enterprises have been removed, the management of foreign debts have been reformed, and the administration of record-filing and the registration have been implemented. Pursuant to the NDRC Circular 2044, an enterprise shall: (i) apply to the NDRC for the filing and registration procedures prior to the issuance of the bonds; and (ii) shall report the information on the issuance of the bonds to NDRC within 10 working days after the completion of each issuance. Enterprises issuing foreign debts shall meet the requirements of maintaining good credit records; no outstanding bonds or other debts in default; having good corporate governance and foreign debt risk control mechanism, good credit standing, and strong solvency. The issuer of foreign debts shall handle cash inflow and flow formalities of the foreign debts with the filing certificate in accordance with regulations.

Pursuant to the NDRC Circular 2044, the NDRC shall control the overall size of foreign debts that can be raised by PRC enterprises and their controlled overseas branches or enterprises. Based on trends in the international capital markets, the needs of the PRC economic and social development and the capacity to absorb foreign debts, the NDRC shall reasonably determine the overall size of foreign debts and guide the funds towards key industries, key sectors, and key projects encouraged by the State, and effectively support the development of the real economy. When the limit of the overall size of foreign debts has been exceeded, the NDRC shall make a public announcement and shall no longer accept applications for filing and registration. According to the NDRC Circular 2044, the proceeds raised may be used onshore or offshore according to the actual needs of the enterprises, but priority shall be given to supporting investment in major construction projects and key sectors, such as "One Belt and One Road", the coordinated development of Beijing, Tianjin, and Hebei province, the Yangtze River Economic Belt, international cooperation on production capacity, and the manufacturing of equipment. The Guarantor undertakes that it will comply with the requirements of the NDRC Circular 2044 in respect of the Securities.

Regulations regarding Provision of Cross-border Security

On 12 May 2014, SAFE promulgated the Notice concerning the Foreign Exchange Administration Rules on Cross-Border Security and the relating implementation guidelines (collectively the "**SAFE Circular 29**"). The SAFE Circular 29, which come into force on 1 June 2014, replace twelve other regulations regarding cross-border security and introduce a number of significant changes, including: (i) abolishing prior SAFE approval and quota requirements for cross-border security; (ii) requiring SAFE registration for two specific types of cross-border security only; (iii) removing eligibility requirements for providers of cross-border security; (iv) providing that the validity of any cross-border security agreement is no longer subject to SAFE approval, registration, filing, or any other SAFE administrative requirements; (v) removing SAFE verification requirement for performance of cross-border security. A cross-border guarantee is a form of security under the SAFE Circular 29. The SAFE Circular 29 classifies cross-border security into three types:

- Nei Bao Wai Dai (內保外貸) ("**NBWD**"): security/guarantee provided by an onshore security provider for a debt owing by an offshore debtor to an offshore creditor.

- Wai Bao Nei Dai (外保內貸) ("**WBND**"): security/guarantee provided by an offshore security provider for a debt owing by an onshore debtor to an onshore creditor.

- Other Types of Cross-border Security (其他形式跨境擔保): any relevant cross-border security/guarantee other than NBWD and WBND.

In respect of NBWD, in the case where the onshore security provider is a non-financial institution, it shall conduct a registration of the relevant security/guarantee with SAFE within 15 working days after its execution (or 15 working days after the date of any change to the security). The funds borrowed offshore shall not be directly or indirectly repatriated to or used onshore by means of loans, equity investments or securities investments without SAFE approval. The onshore security provider can pay to the offshore creditor directly (by effecting remittance through an onshore bank) where the NBWD has been registered with SAFE. In addition, if any onshore security provider under a NBWD provides any security or guarantee for an offshore bond issuance, the offshore issuer's equity shares must be fully or partially held directly or indirectly by an onshore security provider. Moreover, the proceeds from any such offshore bond issuance must be applied towards the offshore project(s), where an onshore entity holds equity interest, and in respect of which the related approval, registration, record, or confirmation have been obtained from or made with the competent authorities subject to PRC Laws.

On 26 January 2017, SAFE issued the Circular on Further Promoting the Reform of Foreign Exchange Administration and Improving the Genuineness and Compliance Review and Verification Process (關於進一步推進外匯管理改革完善真實合規性審核的通知) ("**SAFE Circular 3**"), which eases certain restrictions on the use of proceeds raised under a "*NBWD*" structure and generally allows the proceeds raised under a "*NBWD*" structure to be repatriated onshore and used in the PRC by way of loans and equity investments. The second series of the Policy Q&As in relation to the SAFE Circular 3 (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》(匯發[2017]3號)政策問答(第二期)) ("**Policy Q&As in relation to the SAFE Circular 3**") published by SAFE on its official website on 27 April 2017 further clarified that, for offshore bond issuance by offshore entities which is secured by PRC onshore guarantees, the restrictions on the use of proceeds for offshore bond issuance as mentioned in the SAFE Circular 29 above still apply despite of SAFE Circular 3. However, in practice, application or exemption of such restrictions on the use of proceeds to a large extent remains subject to SAFE' discretion on a case by case basis.

The SAFE Circular 3 and Policy Q&As in relation to the SAFE Circular 3 will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying the SAFE Circular 3 and Policy Q&As in relation to the SAFE Circular 3.

The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Securities and the Trust Deed. The Guarantor's obligations in respect of the Securities and the Trust Deed are contained in the Deed of Guarantee. The Deed of Guarantee will be executed by the Guarantor on or before the Issue Date. Under the SAFE Circular 29, the Deed of Guarantee does not require any pre-approval by SAFE and is binding and effective upon execution.

The Guarantor is required to submit the Deed of Guarantee to the local SAFE for registration within 15 working days after its execution. The SAFE registration is a post signing registration requirement, which is not a condition to the effectiveness of the Guarantee.

Under the SAFE Circular 29, the local SAFE will review the Guarantor's application for registration. Upon completion of the review, the local SAFE will issue a registration certificate or record to the Guarantor to confirm the completion of the registration.

Under the SAFE Circular 29:

- non-registration does not render the Guarantee ineffective or invalid under PRC law although SAFE may impose penalties on the Guarantor if registration is not carried out within the stipulated time frame of 15 working days; and

- there may be logistical hurdles at the time of remittance (if any cross-border payment is to be made by the Guarantor under the Guarantee) as domestic banks may require evidence of SAFE registration in order to effect such remittance, although this does not affect the validity of the Guarantee itself.

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, together with its related implementation rules issued by the State Council on 6 December 2007, became effective on 1 January 2008 and was amended on 24 February 2017 and 29 December 2018. The new EIT law 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 "*Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuation of the Enterprise Income Tax Policy for Development of Western Region*", effective from 1 January 2021, the enterprises within the state-encouraged industry established in western China are taxed at a preferential income tax rate of 15 per cent. for years from 1 January 2021 to 31 December 2030 after being approved by the competent tax authority.

In addition, pursuant to the "*Circular of the Ministry of Finance and State Administration of Taxation on Issues Relevant to the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment*" promulgated on 23 September 2008 ("**Circular 46**") and the "*Circular of the State Administration of Taxation on the Issues of the Implementation of the Key Public Infrastructure Projects Supported by the State and Entitled for Preferential Tax Treatment*" with effect from 1 January 2008 ("**Circular 80**"), an enterprise set up after 1 January 2008 and engaged in public infrastructure projects is entitled to three-year full exemption followed by a three-year 50 per cent. exemption commencing from the first year it generates operating income. Accordingly, wind power projects which have obtained government approval on or after 1 January 2008 are fully exempted from EIT for three years starting from the year when operating income is first derived from the sales of electricity, and is 50 per cent. exempted from EIT for three years thereafter.

VALUE-ADDED TAX

According to the Tentative Regulations on the Value-added Tax of the PRC which was promulgated by the State Council on 10 November 2008 and came into effect on 1 January 2009, 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.

With the reform of Value-added Tax since 2012, the MOF and the State Administration of Taxation promulgated a series of regulations and commenced pilot from the transport industry and part of the modern service industries which gradually expands to the scope of the pilot reform region and the applicable industry scope, and ultimately under the Notice of the MOF and the State Administration of Taxation on Overall Implementation of the Pilot Program of Replacing Business Tax with Value-added Tax which was promulgated on 23 March 2016 and came into effect on 1 May 2016, the pilot program of replacing business tax with value-added tax shall be implemented nationwide effective since 1 May 2016 and all business tax payers in industries such as construction real estate, finance and services, shall be included in the scope of the pilot program and pay value-added tax instead of business tax.

The State Administration of Taxation and the MOF issued the Notice on the Adjustment to VAT Rates on 4 April 2018 and the State Administration of Taxation, the MOF and the General Administration of Customs issued the Announcement on Policies for Deepening the VAT Reform on 20 March 2019, respectively, according to which, VAT rates have been adjusted accordingly.

ENVIRONMENTAL PROTECTION LAWS

The State Environmental Protection Administration is responsible for the overall supervision and management of environmental protection in the PRC. All manufacturers in the PRC must comply with environmental laws and regulations including the Environmental Protection Law of the PRC, Prevention and Control of Water Pollution Law of the PRC, Prevention and Control of Air Pollution Law of the PRC and Prevention and Control of Environmental Pollution by Solid Waste Law of the PRC, and relevant environmental regulations such as provisions regarding the treatment and disposal of pollutants and sewage, discharge of polluted fumes and the prevention of industrial pollution. Depending on the circumstances and the seriousness of the violation of the environmental regulations, the local authorities are authorised to impose various types of penalties on the persons or entities in violation of the environmental regulations. The penalties which could be imposed include the issue of warning, suspension of operation or installation and use of preventive facilities which are incomplete and fail to meet the prescribed standard, reinstallation of preventive facilities which have been dismantled or left idle, administrative sanction against office-in-charge, suspension of business operations or shut-down of the enterprise or institution. Fines could also be levied together with these penalties. The relevant local authorities may apply to the court for compulsory enforcement of environmental compliance. The persons or entities in violation of the applicable laws and regulations may also be liable to pay damages to the victims and/or result in criminal liability.

Other environmental protection laws applicable to the Group include the "*Regulations of Environmental Management on Project*", the "*Regulations of Environmental Protection Acceptance Inspection on Projects Completion*" and the Environmental Impact Evaluation Law of the PRC.

LABOUR LAWS

Employment Contracts

The Labour Contract Law (勞動合同法), promulgated by the SCNPC on 29 June 2007, which became effective on 1 January 2008 and was amended on 28 December 2012 and became effective on 1 July 2013, governs the relationship between employers and employees and provides for specific provisions in relation to the terms and conditions of an employee contract. The Labour Contract Law stipulates that employee contracts shall be in writing and signed. It imposes more stringent requirements on employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees. Pursuant to the Labour Contract Law, employment contracts lawfully concluded prior to the implementation of the Labour Contract Law and continuing as at the date of its implementation shall continue to be performed. Where an employment relationship was established prior to the implementation of the Labour Contract Law, but no written employment contract was concluded, a contract shall be concluded within one month after its implementation.

Employee Funds

Under applicable PRC laws, regulations and rules, including the Social Insurance Law (社會保險法), promulgated by the SCNPC on 28 October 2010, which became effective on 1 July 2011 and was amended on 29 December 2018, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), promulgated by the State Council on 22 January 1999, which became effective on 22 January 1999 and was amended on 24 March 2019, and Administrative Regulations on the Housing Provident Fund (住房公積金管理條例), promulgated by the State Council on 3 April 1999, which became effective on 3 April 1999 and was amended on 24 March 2002 and 24 March 2019 respectively, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance, and to housing provident funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to pay the outstanding amount within a stipulated time period.

TAXATION

The following summary of certain tax consequences of the purchase, ownership and disposition of the Securities is based upon applicable laws, regulations, rulings and decisions in effect as of 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 Securities 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 holder of the Securities or any persons acquiring, selling or otherwise dealing in the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. Persons considering the purchase of the Securities should consult their own tax advisers concerning the possible tax consequences of buying, holding or selling any Securities under the laws of their country of citizenship, residence or domicile.

PRC

The following summary describes the principal PRC tax consequences of ownership of the Securities by beneficial owners who, or which, are not residents of the PRC for PRC tax purposes. These beneficial owners are referred to as non-PRC Holders in this "PRC" section. In considering whether to invest in the Securities, 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.

Pursuant to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the "**EIT Law**") which took effect on 1 January 2008 and was amended on 24 February 2017 and 29 December 2018 and its implementation rules, enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose "de facto management body" are within the territory of China are treated as PRC tax resident enterprises for the purpose of the EIT Law and must pay PRC enterprise income tax at the rate of 25% in respect of their taxable income. If relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the "de facto management body" of the Issuer is within the territory of PRC, the Issuer may be held to be a PRC tax resident enterprise for the purpose of the EIT Law and be subject to PRC enterprise income tax at the rate of 25 per cent. on its taxable income. At the date of this Offering Circular, the Issuer has not been notified or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the EIT Tax Law.

However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future. Pursuant to the EIT Law and its implementation regulations, any non-resident enterprise without an establishment within the PRC or whose income has no connection to its establishment inside the PRC must pay enterprise income tax on income sourced within the PRC, and such income tax must be withheld at source by the PRC payer acting as a withholding agent, who must withhold the tax amount from each payment. Accordingly, in the event the Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities in the future, the Issuer or the Guarantor may be required to withhold income tax from the payments of interest in respect of the Securities to any non-PRC Holder, and gain from the disposition of the Securities may be subject to PRC tax, if the income or gain is treated as PRC-source. The tax rate is generally 10% for non-resident enterprise Holders and 20% in the case of non-resident individuals. The Issuer and the Guarantor have agreed to pay additional amounts to Holders, subject to certain exceptions, so that they would receive the full amount of the scheduled payment, as further set out in the Terms and Conditions of the Securities.

As the Guarantor is a PRC resident enterprise, if the Issuer is not able to make payments under the Securities and the Guarantor fulfils the payment obligations of the Guarantee, the Guarantor might need to withhold PRC income tax on payments with respect to the Securities to non-resident enterprise Holders at the rate of 10 per cent. and to non-resident individual Holders at a rate of 20 per cent., in each case, subject to the application of any relevant income tax treaty that the PRC has entered into, and capital gains on the transfer of the Securities of non-resident Holders may be regarded as derived from sources within the PRC and therefore subject to PRC income tax.

Value-added Tax ("VAT")

On 23 March 2016, MOF and State Administration of Taxation (the "**SAT**") issued the Circular of Full Implementation of Replacing Business Tax with Value-Added Tax Reform (Caishui [2016] No. 36) (關於全面推行營業税改徵增值税試點的通知) ("**Circular 36**"), which confirms that business tax will be completely replaced by VAT from 1 May 2016. Since then, the income derived from the provision of financial services which attracted business tax will be entirely replaced by, and subject to, VAT.

According to Circular 36, the entities and individuals providing the services within China shall be subject to VAT. The services are treated as being provided within China where either the service provider or the service recipient is located in China. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the "loans" refers to the activity of lending capital for another's use and receiving the interest income thereon. It is not clear from the interpretation of Circular 36, if the provision of loans to the Issuer could be considered as services provided within the PRC, which thus could be regarded as the provision of financial services that could be subject to VAT. Furthermore, there is no assurance that the Issuer will not be treated as resident enterprises under the EIT Law. PRC tax authorities could take the view that the Holders are providing loans within the PRC because the Issuer is treated as PRC tax residents. In which case, the issuance of the Securities could be regarded as the provision of financial services within the PRC that is subject to VAT.

Where a Holder who is an entity or individual located outside of the PRC resells the Securities to an entity or individual located outside of the PRC and derives any gain, since neither the service provider nor the service recipient is located in the PRC, theoretically Circular 36 does not apply and the Issuer or the Guarantor does not have the obligation to withhold the VAT. However, there is uncertainty as to the applicability of VAT if either the seller or buyer of the Securities is located inside the PRC.

Stamp Duty

No PRC stamp duty will be imposed on non-PRC Holders neither upon issuance of the Securities nor upon a subsequent transfer of Securities to the extent that the issuance and the sale of the Securities is made outside of the PRC.

BRITISH VIRGIN ISLANDS

The Issuer is exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands.

Payments of principal, premium or interest in respect of the Securities to persons who are not resident in the British Virgin Islands are not subject to British Virgin Islands tax or withholding tax.

Capital gains realised with respect to the Securities by persons who are not persons resident in the British Virgin Islands are also exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to the Securities.

All instruments relating to transactions in respect of the Securities issued by the Issuer (being a British Virgin Islands business company without holding any interest in real estate in the British Virgin Islands) are exempt from payment of stamp duty in the British Virgin Islands.

HONG KONG

Withholding Tax

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

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).

Under the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**Inland Revenue Ordinance**") as it is currently applied by the Inland Revenue Department, distribution on the Securities 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 Securities 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 Securities 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 Securities is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(d) interest on the Securities 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 Inland Revenue Ordinance).

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 and redemption of the Securities 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 Inland Revenue Ordinance) from the sale, disposal or other redemption of Securities will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of the Securities will be subject to Hong Kong profits tax where received by or accrued to a person, other than a corporation, 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 Securities are acquired and disposed of.

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

Stamp Duty

No stamp duty is payable on the issue or transfer of the Securities.

The Proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced in its current form, apply to certain dealings in the Securities (including secondary market transactions) in certain circumstances. The issuance and subscription of Securities should, however, be exempt. Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Securities where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Securities are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with the Joint Lead Managers dated 7 April 2022 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer and the Guarantor have jointly and severally agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed to severally but not jointly subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Securities as set forth opposite their names indicated in the following table.

	Principal amount of the Securities to be subscribed
	(U.S.$)
Standard Chartered Bank	195,000,000
ICBC International Securities Limited	195,000,000
ABCI Capital Limited	5,000,000
Agricultural Bank of China Limited Hong Kong Branch	5,000,000
Bank of China (Hong Kong) Limited	10,000,000
CCB International Capital Limited	10,000,000
China International Capital Corporation Hong Kong Securities Limited	10,000,000
China Securities (International) Corporate Finance Company Limited	10,000,000
CLSA Limited	10,000,000
CMBC Securities Company Limited	10,000,000
DBS Bank Ltd.	10,000,000
Guotai Junan Securities (Hong Kong) Limited	10,000,000
The Hongkong and Shanghai Banking Corporation Limited	10,000,000
Mizuho Securities Asia Limited	10,000,000
Total	**500,000,000**

The Subscription Agreement provides that the Issuer and the Guarantor will jointly and severally indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Securities. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Joint Lead Managers and certain of their subsidiaries and affiliates may have performed certain investment banking and advisory services for the Issuer, the Guarantor and/or their affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer, the Guarantor and/or their affiliates in the ordinary course of their business.

The Joint Lead Managers and/or 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 Joint Lead Managers and their respective affiliates have, from time to time, performed, and may in the future perform, various Banking Services and/or Transactions with the Issuer and the Guarantor, for which they have received or will receive customary fees and expenses.

The Joint Lead Managers and their respective affiliates may place order, purchase the Securities and be allocated the Securities (and such order, purchase and allocation may be material) for asset management and/or proprietary purposes but not with a view to distribution. Such entities may hold or sell such Securities or purchase further Securities for their own account in the secondary market or deal in any other securities of the Issuer or the Guarantor, and therefore, they may offer or sell the Securities or other securities otherwise than in connection with the offering of the Securities. Accordingly, references herein to the Securities being 'offered' should be read as including any offering of the Securities to the Joint Lead Managers and/or their respective affiliates, 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 legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Securities. If this is the case, liquidity of trading in the Securities may be constrained (see "*Risk Factors – Risks Relating to the Market Generally – The Securities have no current active trading market and may trade at a discount to their initial offering price and/or with limited liquidity*"). The Issuer, the Guarantor and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Securities amongst individual investors.

In the ordinary course of their various business activities, the Joint Lead 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 and/or the Guarantor, including the Securities. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer and/or the Guarantor routinely hedge their credit exposure to the Issuer and/or the Guarantor consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's and/or the Guarantor's securities, including potentially the Securities offered hereby. Any such short positions could adversely affect future trading prices of the Securities offered hereby. The Joint Lead Managers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Securities or other financial instruments of the Issuer or the Guarantor, and may recommend to their clients that they acquire long and/or short positions in the Securities or other financial instruments.

In connection with the issue of the Securities, any of the Joint Lead Managers appointed and acting in its capacity as stabilisation manager (such party, a "**Stabilisation Manager**") or any person acting on behalf of the Stabilisation Manager may, to the extent permitted by applicable laws and directives, over-allot the Securities or effect transactions with a view to supporting the market price of the Securities at a level higher than that which might otherwise prevail, but in so doing, the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager shall act as principal and not as agent of the Issuer or the Guarantor. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the offer of the Securities is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Securities and 60 days after the date of the allotment of the Securities. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Stabilisation Manager.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Joint Lead Manager or any affiliate of a Joint Lead Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Joint Lead Manager or such affiliate on behalf of the Issuer and the Guarantor in such jurisdiction.

GENERAL

The Securities are a new issue of securities with no established trading market. No assurance can be given as to the liquidity of any trading market for the Securities.

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Securities 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 that would permit a public offering of the Securities, or possession or distribution of this Offering Circular or any amendment or supplement thereto or any other offering or publicity material relating to the Securities, in any country or jurisdiction where action for that purpose is required.

United States

(i) Each Joint Lead Manager understands that the Securities and the Guarantee have not been and will not be registered under the Securities Act or any state securities law and may not be offered, sold or delivered within the United States except in accordance with Regulation S or pursuant to any other exemption from, or in a transaction subject to, the registration requirements of the Securities Act.

(ii) Each of the Joint Lead Managers has represented that it has not offered or sold or delivered, and agreed that it will not offer or sell or deliver, any Securities and the Guarantee constituting part of its allotment within the United States, except in accordance with Rule 903 of Regulation S under the Securities Act. 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 Securities and the Guarantee. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

(i) it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities to any retail investor in the United Kingdom. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

   (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

   (b) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

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

Prohibition of Sales to EEA Retail Investors

Each Joint Lead Manager has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities to any retail investor in the European Economic Area. For the purposes of this provision the expression "**retail** investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Hong Kong

Each Joint Lead Manager has represented, warranted and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities other than (i) 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 (ii) 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

(b) 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 Securities, 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 Securities 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 PRC

Each of the Joint Lead Managers has represented and agreed that the Securities are not being offered or sold and may not be offered or sold, directly or indirectly, by it or any of its affiliates in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan) as part of the initial distribution of the Securities, except as permitted by the securities laws of the PRC.

Singapore

Each of the Joint Lead Managers has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Joint Lead Managers has represented, warranted and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities 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 Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or any person pursuant to Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Japan

The Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each Joint Lead Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Securities in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other relevant laws, regulations and ministerial guidelines of Japan.

British Virgin Islands

Each of the Joint Lead Managers has represented, warranted and agreed that no invitation has been made or will be made, directly or indirectly, to any person in the British Virgin Islands or to the public in the British Virgin Islands to subscribe for any of the Securities. This Offering Circular does not constitute, and there will not be, an offering of the Securities to any person in the British Virgin Islands, except as permitted under British Virgin Islands laws.

GENERAL INFORMATION

CLEARANCE OF THE SECURITIES

The Securities have been accepted for clearance through Euroclear and Clearstream under Common Code number 245541155, and the International Securities Identification Number (ISIN) for the Securities is XS2455411558. The Legal Entity Identifier of the Issuer is 30030053J86AJARAGD28.

LISTING OF THE SECURITIES

Application will be made to the Hong Kong Stock Exchange for permission to deal in, and for listing of, the Securities by way of debt issues to Professional Investors only. It is expected that dealing in, and listing of, the Securities on the Hong Kong Stock Exchange will commence on or about 19 April 2022.

CONSENTS AND APPROVALS

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue of and performance of its obligations under the Securities, the Trust Deed, the Deed of Guarantee, and the Agency Agreement. The issue of the Securities was approved and authorised by resolutions of the board of directors of the Issuer passed on 1 April 2022. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the giving of the Guarantee and the performance of its obligations under the Trust Deed and the Agency Agreement. The giving of the Guarantee was authorised by resolutions of the Party Committee Meeting (黨委會) of the Guarantor passed on 29 May 2020 and the authorisation decisions made by the Chairman of the Guarantor on 16 February 2022.

NO MATERIAL ADVERSE CHANGE OR PENDING LITIGATION

Save as disclosed in the Offering Circular, there has been no material adverse change, or any development reasonably likely to involve a material adverse change, in the condition (financial or otherwise), prospects or results of operations of the Issuer, the Company or the Group (taken as a whole) since 31 December 2020.

The Group is from time to time involved in legal proceedings arising in the ordinary course of its business, including as both plaintiff or defendant in litigation or arbitration proceedings. There are no current litigation or arbitration proceedings against the Issuer, the Company or any other member of the Group that could have a material adverse effect on its financial condition or results of operations or the ability of the Issuer and the Company to perform their obligations under the Securities and the Guarantee, respectively.

INSPECTION OF ACCOUNTS

For so long as any of the Securities is outstanding, copies of the following documents will be available for inspection, at the specified office of the Guarantor at 22 Chegongzhuang West Road, Haidian District, Beijing, China, during normal business hours:

(a) this Offering Circular which contains the audited consolidated financial statements of the Group as at and for the years ended 31 December 2019 and 2020;

(b) the Agency Agreement;

(c) the Trust Deed;

(d) the Deed of Guarantee; and

(e) the constitutional documents of the Issuer and the Guarantor.

The audited consolidated financial statements of the Group as at and for the years ended 31 December 2019 and 2020 which are included in this Offering Circular, have been audited by Baker Tilly China Certified Public Accountants, the independent auditor of the Group. The Group has prepared English translations of its audited consolidated financial statements as set out elsewhere in this Offering Circular.

Neither the Joint Lead Managers nor the Trustee have independently verified or checked the accuracy of the English translations or can give assurance that the information contained in the English translations of the Group's financial statements is accurate, truthful or complete.

Baker Tilly China Certified Public Accountants has consented to the inclusion of their independent auditor's reports dated 30 April 2020 and 18 April 2021 respectively on the audited consolidated financial statements of the Group as at and for the two years ended 31 December 2019 and 2020 and with reference to Baker Tilly China Certified Public Accountants in the form and content in which they appear.

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Power Construction Corporation of China

Auditor's Report

Baker Tilly China [2021] No. 29345

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AUDITOR'S REPORT

Baker Tilly China [2021] No. 29345

To the shareholders of Power Construction Corporation of China:

I. Opinion

We have audited the financial statements of Power Construction Corporation of China (hereinafter referred to as the "Company"), which comprise the consolidated balance sheet as at 31 December 2020, consolidated income statement, consolidated cash flow statement, consolidated statement of changes in owners' equity for the year then ended, and consolidated notes to the financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2020, and the result of operations and the consolidated cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises and Accounting System for Business Enterprises.

II. Basis of opinion

We have conducted the audit in accordance with the regulations of Auditing Standards for Chinese Certified Public Accountants. The part of "Auditor's responsibility" of the report further stated our responsibilities under the standards.

According to the code of professional ethics for the Chinese Certified Public Accountants, We are independent of the Company and perform other responsibilities in the field of professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Management's responsibility for the financial statements

Management of the Company (hereinafter referred to as the "Management") is responsible for preparing the financial statements in accordance with Accounting Standards for Business Enterprises and Accounting System for Business Enterprises to achieve fair presentation of the financial statements; designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

When preparing financial statements, management is responsible for assessing the sustainability of the Company's ability of continuous operation, disclosing matters related to continuous operations (if applicable), and applying the assumption of continuous operation unless management plans to clear the

company and terminate operating or has no other realistic choice.

Management is responsible for the supervision of the Company's financial reporting process.

IV. Auditor's responsibility

Our goal is to obtain a reasonable assurance for material misstatement caused by fraud or error in the financial statements as a whole and make an audit report containing opinions. Reasonable assurance is a high-level guarantee, but it does not guarantee that every material misstatement can be found when we carried out the audit in accordance with the auditing standards. Misstatement may be caused by fraud or error. If a single misstatement or collected misstatements are expected reasonably to affect the economic decision made by a financial statement user based on the financial statements, it is generally considered significant.

In the process of implementing audit according to the auditing standards, we use professional judgment and maintain professional suspicion. At the same time, we also carried out the following work:

(1) We identified and evaluated the risk of material misstatement caused by fraud or error, designed and implemented audit procedures to cope with these risks and obtain sufficient and appropriate audit evidence as the basis for issuing audit opinions. Fraud may involve collusion, forgery, deliberate omission, misrepresentation or overriding internal control, accordingly, the risk of failing to find major misstatement caused by fraud is higher than that of failing to find the risk of major misstatement due to errors.

(2) We understood the internal control related to audit to design appropriate audit procedures, but the purpose was not to comment on the effectiveness of internal control.

(3) We evaluated the appropriateness of the accounting policy and the reasonableness of accounting estimates and related disclosures.

(4) We drew conclusions on the appropriateness of the continuing operation hypothesis used by the management level. Meanwhile, based on the audit evidence obtained, it is concluded that whether there is significant uncertainty in matters or situations that may cause significant doubts about the sustainability of the Company ability of continuous operation. If we conclude that there is a major uncertainty, the auditing standards require us to draw users' attention to relevant disclosures in the financial statements in the audit report. If we do not disclose enough information, we should publish unqualified opinions. Our conclusions are based on the information available as of the date of the audit report. However, future events or circumstances may lead to the unsustainable operation of the Company.

(5) We evaluated the overall presentation, structure and content of the financial statements, and the fairness of the financial statements to reflect the related transactions and matters.

(6) We have obtained sufficient and appropriate audit evidence on the financial information of the entity or business activities in your company, and issue an audit opinion on consolidated financial statements. We are responsible for directing, supervising and performing audits, and take full responsibility for the audit opinion.

We communicated with governance level about the planned audit scope and schedule and significant audit findings, including communicating the notable internal control flaws we identified in the audit.

Beijing, China

Apr. 18th, 2021

Chinese Certified Public Accountant:

Chinese Certified Public Accountant:

This auditor's report and the accompanying notes to the financial statements are English translation of the Chinese auditor's report. In case of doubt as to the presentation of these documents, the Chinese version shall prevail.

Consolidated Balance Sheet

Company: Power Construction Corporation of China 31-12-2020 Unit: CNY

ITEM	Line	31-12-2020	01-01-2020	Notes
Current Assets:	1			
Cash and bank balances	2	97,633,123,572.30	79,602,639,381.17	VII(1)
Balances with clearing agencies	3			
Removal of funds	4			
Tradable Financial assets	5	82,108,177.68	13,915,331.54	VII(2)
Financial assets measured by fair value through profit or loss	6			
Derivative Financial assets	7	7,336,427.71	3,680,744.17	VII(3)
Notes receivables	8	5,945,759,667.84	3,239,521,766.96	VII(4)
Accounts receivable	9	86,040,640,596.89	83,799,321,828.26	VII(5)
Accounts receivable Financing	10	4,254,327,568.90	3,298,232,387.97	VII(6)
Prepayments	11	48,098,999,324.85	42,556,817,646.90	VII(7)
Premium receivables	12			
Accounts receivable reinsurance	13			
The receivable reinsurance reserve	14			
Other receivables	15	54,649,670,415.71	48,535,869,704.62	VII(8)
Financial assets purchased under resale agreements	16			
Inventories	17	139,830,878,596.05	133,557,112,365.58	VII(9)
Inc: Raw materials	18	12,556,767,550.11	12,403,023,931.59	VII(9)
Finished products	19	5,670,300,459.44	5,481,050,689.73	VII(9)
Contract assets	20	87,302,179,516.55	76,174,971,145.57	VII(10)
Available for sale assets	21			
Non-current assets due within one year	22	6,057,205,708.97	5,892,909,285.84	VII(11)
Other current assets	23	16,167,908,196.48	14,341,514,093.61	VII(12)
Total current assets	24	546,070,137,769.93	491,016,505,682.19	
Non-current assets:	25			
Loans and advances to customers	26	7,236,660.31		VII(13)
Creditor's investment	27	1,468,203.44	71,495,494.50	VII(14)
Available-for-sale financial assets	28			
Other creditor's investment	29			
Held-to-maturity investments	30			
Long-term receivables	31	45,901,133,739.89	40,745,387,576.34	VII(15)
Long-term equity investments	32	27,498,503,184.75	18,107,828,735.69	VII(16)
Other equity instrument investment	33	15,117,073,002.16	12,318,116,371.11	VII(17)
Other non-current financial assets	34	193,808,057.12	161,308,672.87	VII(18)
Investment properties	35	3,352,705,302.25	3,173,387,656.85	VII(19)
Fixed assets	36	116,339,603,815.09	120,332,066,170.30	VII(20)
Construction in progress	37	15,424,983,188.08	14,448,363,259.20	VII(21)
Productive living assets	38	5,879,606.15	5,719,100.59	VII(22)
Oil and gas assets	39			
Right-of-use Assets	40			
Intangible assets	41	208,362,824,150.38	187,896,883,594.70	VII(23)
Development expenditure	42	26,328,512.36	62,134,349.20	VII(24)
Goodwill	43	1,296,237,010.44	1,905,097,791.93	VII(25)
Long-term prepaid expenses	44	1,214,955,056.74	1,353,563,782.39	VII(26)
Deferred tax assets	45	5,205,089,499.32	4,905,661,066.28	VII(27)
Other non-current assets	46	70,961,577,702.98	67,113,463,112.04	VII(28)
Inc: Physical assets reserve specifically authorized	47			
Total Non-current Assets	48	510,909,406,691.46	472,600,476,733.99	
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Total Assets	73	1,056,979,544,461.39	963,616,982,416.18	

Legal representative: Zhiyong Yan Supervisor in charge of accounting: liang Yang Head of accounting department: Dingqian Tang

Consolidated Balance Sheet (Continued)

Company: Power Construction Corporation of China 31-12-2020 Unit: CNY

ITEM	Line	31-12-2020	01-01-2020	Notes
Current liabilities:	74			
Short-term borrowings	75	34,406,087,856.86	35,466,551,356.48	VII(29)
Loans from the central bank	76			
Placements from banks and other financial institutions	77			
Tradable financial liabilities	78			
Financial liabilities measured by fair value through profit or loss	79			
Derivative Financial liabilities	80	39,543,503.02	18,733,913.78	VII(30)
Notes payable	81	27,864,002,399.03	22,688,154,679.60	VII(31)
Accounts payable	82	167,465,501,733.70	154,653,270,309.70	VII(32)
Advance from clients	83	384,204,366.80	642,024,825.80	VII(33)
Contract liabilities	84	143,840,494,541.30	128,076,255,459.26	VII(34)
Financial assets sold under repurchase agreements	85			
Deposits and deposits with the industry	86	53,284,778.62	219,054,329.96	VII(35)
Customer brokerage deposits	87			
Securities underwriting brokerage deposits	88			
Employee benefits payable	89	3,041,846,101.58	3,128,018,835.51	VII(36)
Inc: Wages payable	90	925,052,464.12	1,077,789,720.87	VII(36)
Benefits payable	91		4,102,000.00	VII(36)
Bonus and Welfare Funds	92			
Taxes payable	93	3,296,962,352.68	3,721,492,272.07	VII(37)
Inc:Taxes payable	94	3,408,113,613.33	3,672,141,980.60	VII(37)
Other payable	95	61,573,206,167.88	47,339,163,658.47	VII(38)
Handling charges and commissions payable	96			
Cession insurance premiums payable	97			
Available-for-sale financial liabilties	98			
Non-current liabilities due within one year	99	28,176,433,442.29	26,314,178,746.49	VII(39)
Other current liabilities	100	19,410,698,979.25	21,417,506,810.46	VII(40)
Total Current Liabilities	101	489,552,266,223.01	443,684,405,197.58	
Non-current Liabilities:	102			
Provision for insurance contracts	103			
Long-term borrowings	104	249,445,672,134.80	234,568,283,995.20	VII(41)
Bonds payable	105	16,652,731,887.90	21,612,391,844.05	VII(42)
Inc:preferred stock	106			
Perpetual capital securities	107			
Lease liabilities	108			
Long-term payables	109	9,366,212,910.17	10,033,418,173.47	VII(43)
Long-term employee benefits payable	110	6,594,144,798.57	7,197,594,837.05	VII(44)
Estimated liabilities	111	1,494,430,046.77	1,228,986,770.11	VII(45)
Deferred Income	112	3,480,700,595.01	2,262,675,604.41	VII(46)
Deferred tax liabilities	113	1,274,882,855.64	1,009,220,963.78	VII(27)
Other non-current liabilities	114	7,890,843,485.42	10,862,306,686.11	VII(47)
Inc: Special reserve fund	115			
Total Non-current Liabilities	116	296,199,618,714.28	288,774,878,874.18	
Total Liabilities	117	785,751,884,937.29	732,459,284,071.76	
Owners' equity:	118			
Paid-in capital (share capital)	119	31,988,220,118.57	31,988,220,118.57	VII(48)
Government capital	120	31,988,220,118.57	31,988,220,118.57	VII(48)
State-owned capital	121			
Collective Capital	122			
Private capital	123			
Foreign capital	124			
Deduct: capital redemption	125			
Net paid-in capital	126	31,988,220,118.57	31,988,220,118.57	VII(48)
Other equity instrument	127	8,000,000,000.00		VII(49)
Inc: preference share	128			
perpetual bond	129	8,000,000,000.00		VII(49)
Capital reserve	130	21,644,174,657.91	19,680,601,569.59	VII(50)
Deduct: Treasury shares	131			
Other comprehensive income	132	-1,398,339,039.19	-921,461,908.18	VII(51)
Inc:Translation difference arising on translation of financial statements denominated in foreign currencies	133	-530,046,694.23	321,051,645.27	
Special reserve	134	29,289,367.63	38,899,153.43	VII(52)
Surplus reserve	135	1,078,785,697.96	1,078,785,697.96	VII(53)
Inc: Statutory surplus reserve	136	1,078,785,697.96	1,078,785,697.96	VII(53)
Optional surplus reserve	137			
Reserve fund	138			
Enterprise development fund	139			
Return investment by profit	140			
General risk reserve	141	182,539,639.37	124,662,522.14	VII(54)
Unappropriated profits	142	30,295,929,511.05	26,265,301,965.26	VII(55)
Total Owners' Equity Attributable To the Company	143	91,820,599,953.30	78,255,009,118.77	
Minority interests	144	179,407,059,570.80	152,902,689,225.65	
Total Owners' Equity	145	271,227,659,524.10	231,157,698,344.42	
Total Liabilities and Owners' Equity	146	1,056,979,544,461.39	963,616,982,416.18	

Legal representative: Zhiyong Yan Supervisor in charge of accounting: liang Yang Head of accounting department: Dingqian Tang

Consolidated Income Statement

Company: Power Construction Corporation of China | Year 2020 | Unit: CNY

ITEM	Line	2020	2019	Notes
I. Total operating income	1	541,557,926,194.64	465,430,262,933.02	
Inc: Operating income	2	541,057,034,881.21	464,922,365,506.49	VII(56)
Interest income	3	500,727,613.62	506,134,688.01	VII(57)
Premiums earned	4			
Fee and commission income	5	163,699.81	1,762,738.52	VII(58)
II. Total operating costs	6	521,282,253,634.55	448,182,801,224.83	
Inc: Operating costs	7	470,663,824,392.66	404,463,387,746.17	VII(56)
Interest expenses	8	50,042,221.63	18,627,979.22	VII(57)
Fee and commission expenses	9	5,962,134.58	4,982,718.62	VII(58)
Refund of insurance claims	10			
Net payments for insurance claims	11			
Net provision for insurance contracts	12			
Commissions on insurance policies	13			
Cession charges	14			
Business taxes and levies	15	2,831,076,563.04	2,993,997,538.79	VII(59)
Selling expenses	16	1,771,280,789.52	1,880,903,584.41	VII(60)
Administrative expenses	17	15,646,519,477.64	15,834,858,198.87	VII(61)
Research and development fee	18	19,123,032,869.09	14,267,496,687.64	VII(62)
Financial expenses	19	11,190,515,186.39	8,718,546,771.11	VII(63)
Inc: Interest expense	20	11,741,131,363.66	11,882,178,629.94	VII(63)
Interest income	21	3,744,851,683.81	3,509,041,175.51	VII(63)
Exchange net losses (gains are indicated by "-")	22	2,376,158,145.94	-382,162,616.16	VII(63)
Others	23			
Add:Other Income	24	713,577,840.10	565,809,735.79	VII(64)
Investment income (Losses are indicated by "-")	25	3,379,838,952.85	653,520,588.89	VII(65)
Inc: Income from investments in associates and joint ventures	26	885,939,196.13	635,827,769.82	VII(65)
Income from derecognition of financial assets measured at amortized cost	27	-1,430,787,546.14	-524,561,231.01	VII(65)
Foreign exchange gains (Losses are indicated by "-")	28	-2,745,936.62	1,143,781.34	
Net exposure hedging income(Losses are indicated by "-")	29			
Gains from changes in fair values (Losses are indicated by "-")	30	52,694,794.51	49,610,022.19	VII(66)
Credit impairment loss (Losses are indicated by "-")	31	-4,395,346,457.34	-2,573,835,076.16	VII(67)
Asset impairment loss (Losses are indicated by "-")	32	-2,365,072,131.04	-1,212,637,156.57	VII(68)
Assets disposal income (Losses are indicated by "-")	33	131,041,034.37	942,841,100.85	VII(69)
III. Operating profit (Loss is indicated by "-")	34	17,789,660,656.92	15,673,914,704.52	
Add: Non-operating income	35	466,455,305.02	554,431,712.05	VII(70)
Inc: Government subsidies	36	267,509,486.46	376,033,433.06	VII(70)
Less: Non-operating expenses	37	455,445,799.06	434,476,562.84	VII(71)
IV. Total profit (Total Loss is indicated by "-")	38	17,800,670,162.88	15,793,869,853.73	
Less: Income tax expenses	39	3,901,116,982.09	3,591,837,273.88	VII(72)
V. Net profit (Net loss is indicated by "-")	40	13,899,553,180.79	12,202,032,579.85	
1.Classified by attribution of the ownership	41			
Net profit attributable to the parent company	42	4,751,340,078.95	5,338,873,741.14	
Profit or loss attributable to minority interests	43	9,148,213,101.84	6,863,158,838.71	
2. Classified by operation continuity	44			
Profit or loss of continous operation	45	13,899,553,180.79	12,202,032,579.85	
Profit or loss of discontinued operation	46			
VI. Net after-tax net of other comprehensive income	47	-1,146,541,705.84	422,443,439.09	
Net after-tax net of other comprehensive income attributable to owners of the parent company	48	-476,264,517.03	239,960,821.79	
1. Other comprehensive income not be reclassified into profit and loss	49	446,576,944.93	284,533,893.54	
1) Changes as a result of remeasurement of the net defined benefit plan	50	169,307,505.55	325,557,090.32	
2) The shared portion of other comprehensive oncome of investee under equity method which cannot be reclassified into profit and loss in the future	51			
☆3) Changes in fair value of other equity instrument investments	52	277,269,439.38	-41,023,196.78	
☆4) Changes in fair value of the company's own credit risk	53			
5) Others	54			
2. Other comprehensive income reclassified into profit or loss	55	-922,841,461.96	-44,573,071.75	
1) The shared portion of other comprehensive oncome of investee under equity method which can be reclassified into profit and loss in the future	56	-74,167,535.02	7,215,700.02	
2) Changes in fair value of other debt investments	57			
3) Changes in fair value of Available for sale financial assets	58			
☆4) The amount of financial assets reclassified into other comprehensive income	59			
5) Held-to-maturity investments are reclassified as available-for-sale financial assets	60			
☆6) Provision for credit impairment of other debt investments	61			
7) Effective portion of gain or loss from cash flow hedge	62	-9,815,298.54	-6,935,409.89	
8) Foreign exchange financial statements translation difference	63	-851,098,339.50	-43,540,454.80	
9) Others	64	12,239,711.10	-1,312,907.08	
*Net after-tax other comprehensive income attributable to minority shareholders	65	-670,277,188.81	182,482,617.30	
VII. Total comprehensive income	66	12,753,011,474.95	12,624,476,018.94	
Total comprehensive income attributable to owners of the parent	67	4,275,075,561.92	5,578,834,562.93	
*Total comprehensive income attributable to minority shareholders	68	8,477,935,913.03	7,045,641,456.01	
VIII. Earnings per share	69			
Basic earnings per share	70			
Diluted earnings per share	71			

Legal representative: Zhiyong Yan Supervisor in charge of accounting: liang Yang Head of accounting department: Dingqian Tang

Consolidated Cash Flow Statement

Company: Power Construction Corporation of China | Year 2020 | Unit: CNY

ITEM	Line	2020	2021	Notes
I. Cash Flows from Operating Activities:	1			
Cash receipts from the sale of goods and the rendering of services	2	566,606,277,258.61	472,431,093,809.02	
Net increase in customer deposits and deposits from banks and other financial institutions	3	-232,914,178.13	149,435,191.17	
Net increase in loans from the central bank	4			
Net increase in taking from banks and other financial institutions	5			
Cash receipts from premiums under direct insurance contracts	6			
Net cash receipts from reinsurance business	7			
Net cash receipts from policyholders' deposits and investment contract liabilities	8			
Net cash receipts from disposal of financial assets measured by fair value and its change is accrued into profits and losses	9			
Cash receipts from interest, fees and commissions	10	443,151,292.45	501,972,122.56	
Net increase in taking from banks	11			
Net increase in financial assets sold under repurchase arrangements	12			
Net income from securities trading brokerage business	13			
Receipts of tax refunds	14	2,756,896,507.55	1,952,326,029.37	
Other cash receipts relating to operating activities	15	45,762,105,230.51	39,842,710,121.74	
Sub-total of cash inflows from operating activities	16	615,335,516,110.99	514,877,537,273.86	
Cash payments for goods purchased and services received	17	460,589,296,035.99	393,585,878,558.32	
Net increase in loans and advances to customers	18			
Net increase in balance with the central bank and due from banks and other financial institutions	19	-1,155,581,648.73	1,415,158,477.58	
Cash payments for claims and policyholders' benefits under direct insurance contracts	20			
Net increase in loans to banks and other financial institutions	21			
Cash payments for interest, fees and commissions	22	52,123,715.33	52,954,827.65	
Cash payments for insurance policyholder dividends	23			
Cash payments to and on behalf of employees	24	41,763,599,384.09	39,631,740,800.36	
Payments of various types of taxes	25	18,392,729,962.88	17,505,914,263.71	
Other cash payments relating to operating activities	26	53,750,210,108.53	50,316,448,352.10	
Sub-total of cash outflows from operating activities	27	573,392,377,558.09	502,508,095,279.72	
Net Cash Flow from Operating Activities	28	41,943,138,552.90	12,369,441,994.14	
II. Cash Flows from Investing Activities:	29			
Cash receipts from disposals and recovery of investments	30	3,103,575,444.68	441,715,893.34	
Cash receipts from investment income	31	939,324,009.26	644,685,710.12	
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	32	12,875,921,268.41	12,559,773,938.44	
Net cash receipts from disposals of subsidiaries and other business units	33	4,350,888,505.59	730,251,335.39	
Other cash receipts relating to investing activities	34	23,784,998,756.67	12,120,304,170.08	
Sub-total of cash inflows from investing activities	35	45,054,707,984.61	26,496,731,047.37	
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	36	71,998,407,811.20	80,962,897,007.44	
Cash payments to acquire investments	37	10,914,091,843.97	5,727,242,619.16	
Net increase in pledged loans receivables	38			
Net cash payments for acquisitions of subsidiaries and other business units	39	1,263,660,741.38	526,936,453.25	
Other cash payments relating to investing activities	40	19,309,917,084.37	13,089,581,137.78	
Sub-total of cash outflows from investing activities	41	103,486,077,480.92	100,306,657,217.63	
Net Cash Flow from Investing Activities	42	-58,431,369,496.31	-73,809,926,170.26	
III. Cash Flows from Financing Activities:	43			
Cash receipts from capital contributions	44	41,575,101,103.43	52,854,667,161.83	
Including: cash receipts from capital contributions from minority owners of subsidiaries	45	41,575,101,103.43	52,854,667,161.83	
Cash receipts from borrowings	46	263,189,742,968.17	215,921,175,912.29	
Cash receipts from issue of bonds	47			
Other cash receipts relating to financing activities	48	11,313,922,034.69	10,428,241,394.70	
Sub-total of cash inflows from financing activities	49	316,078,766,106.29	279,204,084,468.82	
Cash repayments of borrowings	50	225,389,578,420.17	203,685,077,269.17	
Cash payments for distribution of dividends or profits or settlement of interest expenses	51	24,703,420,044.83	23,138,025,439.76	
Including: payments for distribution of dividends or profits to minority owners of subsidiaries	52	5,033,123,229.50	3,214,342,818.01	
Other cash payments relating to financing activities	53	28,499,445,858.86	13,522,463,923.49	
Sub-total of cash outflows from financing activities	54	278,592,444,323.86	240,345,566,632.42	
Net Cash Flow from Financing Activities	55	37,486,321,782.43	38,858,517,836.40	
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	56	-2,013,348,956.71	795,935,679.24	
V. Net Increase in Cash and Cash Equivalents	57	18,984,741,882.31	-21,786,030,660.48	
Add: Opening balance of cash and cash equivalents	58	69,555,754,332.86	91,341,784,993.34	
VI. Closing Balance of Cash and Cash Equivalents	59	88,540,496,215.17	69,555,754,332.86	

Legal representative: Zhiyong Yan Supervisor in charge of accounting: liang Yang Head of accounting department: Dingqian Tang

Consolidated Cash Flow Statement(Continued)

Company: Power Construction Corporation of China

Year 2020

Unit: CNY

ITEM	2020	2019	Notes
Supplementary Information:			
I. Reconciliation of net income to cash flows from operating activities:			
Net profit	13,899,553,180.79	12,202,032,579.85	
Add: Provision for impairment of assets	2,365,072,131.04	1,212,637,156.57	
Provision for impairment of credit assets	4,395,346,457.34	2,573,835,076.16	
Depreciation of fixed assets, Petrol assets and productive biological assets	8,616,751,498.44	8,185,993,030.89	
Depreciation of right-of-use assets			
Amortization of intangible assets	2,292,524,331.54	2,519,372,902.96	
Amortization of long-term deferred expenses	1,108,417,735.86	1,018,414,070.56	
Losses/(Gains) on disposal of fixed assets, intangible assets and other long-term assets	-131,041,034.37	-942,841,100.85	
Losses/(Gains) on scrapping of fixed assets	-5,281,785.36	14,706,382.91	
Losses on changes in fair values (gains are indicated by "—")	-52,694,794.51	-49,610,022.19	
Financial expenses (income is indicated by "—")	12,348,107,034.00	10,964,557,219.04	
Losses arising from investments (gains are indicated by "—")	-3,379,838,952.85	-653,520,588.89	
Decrease in deferred tax assets (increase is indicated by "—")	-690,112,975.41	-587,444,559.69	
Increase in deferred tax liabilities (decrease is indicated by "—")	252,597,247.51	184,089,879.93	
Decrease in contract assets (increase is indicated by "—")	-11,187,613,250.22		
Increase in contract liabilities (decrease is indicated by "—")	15,764,239,082.04		
Decrease in inventories (increase is indicated by "—")	-6,552,977,515.70	-27,250,687,451.59	
Decrease in receivables from operating activities (increase is indicated by "—")	-30,214,534,483.95	-42,686,828,570.27	
Increase in payables from operating activities (decrease is indicated by "—")	33,114,624,646.71	45,664,735,988.75	
Others			
Net cash flow from operating activities	41,943,138,552.90	12,369,441,994.14	
II. Investing and financing activities that do not involve cash receipts and payments:			
Conversion of debt into capital			
Convertible bonds to be expired within one year			
Fixed assets under finance lease	598,399,324.17	1,192,217,695.76	
III. Net increase in cash and cash equivalents:			
Cash at the end of the period	88,540,496,215.17	69,555,754,332.86	
Less: Cash at the beginning of the period	69,555,754,332.86	91,341,784,993.34	
Plus: Cash equivalents at the end of the period			
Less: Cash equivalents at the beginning of the period			
Net increase/(Decrease) in cash and cash equivalents	18,984,741,882.31	-21,786,030,660.48	

Legal representative: Zhiyong Yan Supervisor in charge of accounting: liang Yang Head of accounting department: Dingqian Tang

Consolidated Statement of Changes in Owners' Equity

Company Power Construction Corporation of China

Unit: CNY

ITEM	Line	Amount of current year(2020)													
		Owner's equity belongs to the parent company												Minority shareholder's equity	Total owner's equity
		Paid-in capital	Other equity instrument			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Unappropriate profits	Sub-total owner's equity		
			Preference share	Perpetual bond	Others										
Column		1	2	3	4	5	6	7	8	9	10	11	12	13	14
I Closing balance of the preceding year	1	31,988,220,118.57				19,680,601,569.59		-921,461,908.18	38,899,153.43	1,078,785,697.96	124,662,522.14	26,529,345,455.06	78,519,052,608.57	153,056,977,164.07	231,576,029,772.64
Add: Changes in accounting policies	2														
Corrections of prior period errors	3														
Others	4											-264,043,489.80	-264,043,489.80	-154,287,938.42	-418,331,428.22
II Opening balance of the current year	5	31,988,220,118.57				19,680,601,569.59		-921,461,908.18	38,899,153.43	1,078,785,697.96	124,662,522.14	26,265,301,965.26	78,255,009,118.77	152,902,689,225.65	231,157,698,344.42
III Changes for the year (Decrease is indicated by "-")	6			8,000,000,000.00		1,963,573,088.32		-476,877,131.01	-9,609,785.80		57,877,117.23	4,030,627,545.79	13,565,590,834.53	26,504,370,345.15	40,069,961,179.68
(I) Total comprehensive income	7							-476,264,517.03				4,751,340,078.95	4,275,075,561.92	8,477,935,913.03	12,753,011,474.95
(II) Owner's contributions and reduction of capital	8			8,000,000,000.00		1,963,573,088.32						-58,206,947.14	9,905,366,141.18	24,134,388,410.95	34,039,754,552.13
1 Capital contribution from owners	9													19,000,285,700.48	19,000,285,700.48
2 Other equity instrument owner's invested capital	10			8,000,000,000.00									8,000,000,000.00	1,385,892,550.44	9,385,892,550.44
3 Share-based payment recognised in owners' equity	11														
4 Others	12					1,963,573,088.32						-58,206,947.14	1,905,366,141.18	3,748,210,160.03	5,653,576,301.21
(III) Extraction and use of special reserve	13								-9,609,785.80				-9,609,785.80	-3,202,743.66	-12,812,529.46
1 Recognised special reserve	14								5,115,349,904.43				5,115,349,904.43	3,178,913,217.25	8,294,263,121.68
2 Use of special reserve	15								-5,124,959,690.23				-5,124,959,690.23	-3,182,115,960.91	-8,307,075,651.14
(IV) Profit distribution	16										57,877,117.23	-663,118,200.00	-605,241,082.77	-6,104,751,235.17	-6,709,992,317.94
1 Transfer of surplus reserves	17														
Inc: Statutory surplus reserve	18														
Optional surplus reserve	19														
Reserve fund	20														
Enterprise development fund	21														
Return investment by profit	22														
2 Transfer of general risk reserve	23										57,877,117.23		57,877,117.23		57,877,117.23
3 Distribution to owners	24											-663,118,200.00	-663,118,200.00	-6,104,751,235.17	-6,767,869,435.17
4 Others	25														
(V) Transfers within owners' equity	26							-612,613.98				612,613.98			
1 Capitalisation of capital reserves	27														
2 Capitalisation of surplus reserves	28														
3 Loss offset by surplus reserves	29														
4 Transfer of recalculated defined benefit plan net liabilities or net asset changes	30														
5 Other comprehensive income transferred into retained earnings	31							-612,613.98				612,613.98			
6 Others	32														
IV Closing balance of the current year	33	31,988,220,118.57		8,000,000,000.00		21,644,174,657.91		-1,398,339,039.19	29,289,367.63	1,078,785,697.96	182,539,639.37	30,295,929,511.05	91,820,599,953.30	179,407,059,570.80	271,227,659,524.10

Legal representative: Zhiyong Yan Supervisor in charge of accounting: Jiang Yang Head of accounting department: Dingqian Tang

Consolidated Statement of Changes in Owners' Equity（Continued)

Company Power Construction Corporation of China

Unit: CNY

ITEM	Line	Amount of prior year(2019)													
		Owner's equity blongs to the parent company												Minorty shareholder's equity	Total owner's equity
		Paid-in capital	Other equity instrument			Capital reserves	Less Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Unappropriate profits	Sub-total owner's equity		
			Preference share	Perpetual bond	Others										
Column		15	16	17	18	19	20	21	22	23	24	25	26	27	28
I Closing balance of the preceding year	1	31,863,390,118 57		2,959,800,000.00		20,271,438,851.41		-1,079,775,972.77	45,340,154 06	971,718,827 57	124,662,522 14	24,013,121,249 50	79,169,695,750.48	102,360,794,250.11	181,530,490,000.59
Add Changes in accounting policies	2														
Corrections of prior period errors	3														
Others	4							-18,532,765.28		-2,359 22		-384,198,231.97	-402,733,356 47	-181,282,684.78	-584,016,041 25
II Opening balance of the current year	5	31,863,390,118 57		2,959,800,000.00		20,271,438,851 41		-1,098,308,738 05	45,340,154 06	971,716,468.35	124,662,522.14	23,628,923,017 53	78,766,962,384 01	102,179,511,565 33	180,946,473,959 34
III Changes for the year (Decrease is indicated by "-")	6	124,830,000.00		-2,959,800,000.00		-590,837,281.82		176,846,829.87	-6,441,000 63	107,069,229.61		2,900,422,437 53	-247,909,785.44	50,877,465,598.74	50,629,555,813.30
(I) Total comprehensive income	7							239,960,821.79				5,338,873,741.14	5,578,834,562.93	7,045,641,456.01	12,624,476,018.94
(II) Owner's contributions and reduction of capital	8			-2,959,800,000 00		-466,007,281.82							-3,425,807,281.82	47,919,220,898.81	44,493,413,616.99
1 Capital contribution from owners	9													24,606,766,306 67	24,606,766,306.67
2 Other equity instrument owner's invested capital	10			-2,959,800,000 00									-2,959,800,000 00	23,677,837,972 35	20,718,037,972.35
3 Share-based payment recognised in owners' equity	11														
4 Others	12					-466,007,281.82							-466,007,281 82	-365,383,380.21	-831,390,662.03
(III) Extraction and use of special reserve	13								-6,441,000 63				-6,441,000 63	-2,888,614.25	-9,329,614.88
1 Recognised special reserve	14								4,148,515,278.22				4,148,515,278.22	2,685,011,892.38	6,833,527,170 60
2 Use of special reserve	15								-4,154,956,278 85				-4,154,956,278 85	-2,687,900,506.63	-6,842,856,785.48
(IV) Profit distribution	16									107,069,229.61		-2,501,565,295 53	-2,394,496,065 92	-4,084,508,141.83	-6,479,004,207 75
1 Transfer of surplus reserves	17									107,069,229 61		-107,069,229.61			
Inc Statutory surplus reserve	18									107,069,229.61		-107,069,229.61			
Optional surplus reserve	19														
Reserve fund	20														
Enterprise development fund	21														
Return investment by profit	22														
2 Transfer of general risk reserve	23														
3 Distribution to owners	24											-1,879,823,800 00	-1,879,823,800.00	-4,049,337,518 18	-5,929,161,318 18
4 Others	25											-514,672,265 92	-514,672,265 92	-35,170,623 65	-549,842,889 57
(V) Transfers within owners' equity	26	124,830,000 00				-124,830,000.00		-63,113,991 92				63,113,991.92			
1 Capitalisation of capital reserves	27	124,830,000 00				-124,830,000 00									
2 Capitalisation of surplus reserves	28														
3 Loss offset by surplus reserves	29														
4 Transfer of recalculated defined benefit plan net liabilities or net asset changes	30														
5 Other comprehensive income transferred into retained earnings	31							-63,113,991 92				63,113,991 92			
6 Others	32														
IV Closing balance of the current year	33	31,988,220,118 57				19,680,601,569 59		-921,461,908 18	38,899,153 43	1,078,785,697 96	124,662,522.14	26,529,345,455.06	78,519,052,608 57	153,056,977,164 07	231,576,029,772.64

Legal representative Zhiyong Yan

Supervisor in charge of accounting: liang Yang

Head of accounting department: Dingqian Tang

POWER CONSTRUCTION CORPORATION OF CHINA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts are denominated in CNY unless otherwise stated)

I. BASIC INFORMATION ABOUT THE COMPANY

In accordance with the reform of 'Separating host lines of business from home business for enterprises in State Electric Power Corporation' and 'Integration Restructure Project' for electric power design and construction enterprises, permitted by the State Council of the People's Republic of China, Power Construction Corporation of China (hereinafter called as 'the company') was established in September 29, 2011, which is a state-owned (SOE) large scale corporation. It consists of prospecting and designing institutes, Construction Corporation and repairing and building enterprises, covering almost 14 provinces in China. These corporations were originated from the following groups: Sinohydro Corporation, Hydrochina Corporation, State Grid Corporation of China and China Southern Power Grid.

In December 2013, in order to further accelerate the pace of the overall restructuring of China Construction Group and relates assets into the work of listed companies to further optimize the internal organizational structure, and further standardize corporate governance, strengthen and optimize the quality of listed companies to control quality and management efficiency, further optimize the internal resource allocation, and promote the process of industrial chain integration. The company launched a two-level headquarters integration work, which is the company, China Resources Group, China Water Conservancy and Hydropower Construction Co., Ltd. (hereinafter referred to as "China Hydropower"), Water Consulting Group is headquartered integrated into China Electric Power Construction Group headquarters and the headquarters of its direct holding in a listed company.

On September 28th, the company obtained the business license with No.100000000043994(10-1). The legal representative of the company now is Mr. Yan Zhiyong and the registered business office is located in Haidian District, Beijing, China. The business address is Tower A, Haifu International Building, No.22, Street Chegongzhuang West, Haidian District, Beijing; the total paid-in capital is CNY 30 billion.

The company and its subsidiaries are mainly engaged in water conservancy and hydropower construction, other electric power construction and municipal infrastructure project construction, and EPC of power stations, lines and equipment installation. Main business includes: 1) Water conservancy, electricity, roads, railways, ports, channels, airports, buildings, municipal engineering facilities, urban rail construction, design, consultation and supervision; 2) Related engineering and technical research, survey, design, service and equipment manufacturing; 3) Electric power production, Bidding agent, Real estate development and

management, Industrial investment and management; 4) Import and export business, Personnel training, and etc. The company current business plate mainly includes: engineering contracting, power investment and operation, equipment manufacture and leasing, real estate development and other business.

This financial report is approved by the party Joint committee on April 18, 2020.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared on going concern basis, in accordance with Accounting Standards for Business Enterprises and supplementary regulations and the significant accounting policies and accounting estimates as follows.

III. STATEMENT OF COMPLIANCE WITH THE ASBE

The Company has adopted the Accounting Standards for Business Enterprises ("ASBE") issued by the Ministry of Finance ("MOF"). The financial statements present truly and completely the Company's financial position, operation, cash flow and other information.

IV. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Accounting period

The Company adopts the calendar year as its accounting year, i.e. from 1 January to 31 December.

2. Reporting currency

Chinese Yuan (CNY) is the currency of the primary economic environment in which the Company operates. Therefore, the Company chooses CNY as its functional currency.

3. Principle of measurement

The principles of measurement adopted by the Company include historical cost, replacement cost, net realizable value, present value and fair value.

4. Business Combination

4.1 The accounting method of business combination under the same control

The assets and debt which are obtained during business combination are measured in accordance with book value in consolidated financial statements belongs to final controlling party of owner rights and interests of the party be combined on the combination day. The balance gained by the company between the book value of net assets and paid complicated consideration book value or total amount of issuing shares' face value) was used to adjust capital accumulation; if capital accumulation is not enough to counteract, then the retained earnings should be adjusted.

4.2 The accounting method of business combination under different control

The balance lies between combination cost and identifiable net assets' fair value obtained by the company on the purchase day is certified as goodwill; if the combination cost is less than identifiable net assets' fair value gained in the combination. At first, identifiable net assets' fair value, debt, or fair value with debt and the measurement of combination cost should be rechecked. If combination cost is still less than identifiable net assets' fair value, the balance should include in current profit and loss.

5. The Compilation Method of Consolidated Financial Statement

5.1 Principles for determining the scope of consolidated financial statements

The scope of consolidation of the consolidated financial statements should be determined on the basis of control, including not only subsidiaries determined based on voting rights (or similar rights) or in combination with other arrangements, but also structured entities based on one or more contractual arrangements. Control means that the investor has the power over the investee, enjoys variable returns by participating in the investee 's related activities, and has the ability to use the power over the investee to influence the amount of returns. The definition of control consists of three basic elements: one is that the investor has the power over the investee, the second is that he enjoys variable returns due to participation in the investee 's related activities, and the third is the ability to use the power over the investee to influence the amount of return. When judging whether the investor can control the investee, and only if the investor has the above three elements, it can show that the investor can control the investee.

If the parent company is an investment entity and there are no subsidiaries that provide related services for its investment activities, the consolidated financial statements are not prepared. The parent company measures its investment in all subsidiaries at fair value, and changes in fair value are included Current profit and loss. If the parent company is an investment entity, the parent company should only include subsidiaries (if any) that provide related services for its investment activities into the scope of consolidation and prepare consolidated financial statements; other subsidiaries should not be consolidated, and the parent company should The company's investment shall be measured at fair value and its changes shall be included in the current profit and loss. When the parent company is changed from a non-investment entity to an investment entity, other subsidiaries will not be included in the consolidated financial statements except for the subsidiaries that provide related services for their investment activities. The merger shall be accounted for in accordance with the principle that the subsidiary shall be deemed to be disposed of on the date of transition but the remaining equity shall be retained. When the parent company is changed from an investment entity to a non-investment entity, the subsidiaries that were not included in the consolidated financial statements should be included in the consolidated financial statements on the conversion date. Fair value is regarded as the consideration of the purchase transaction.

5.2 Method for preparing consolidated financial statements

The parent company shall prepare consolidated financial statements based on the financial statements of

itself and its subsidiaries and based on other relevant information. When the parent company prepares consolidated financial statements, it should treat the entire enterprise group as an accounting entity, reflect the overall financial position, operating results and cash flow of the enterprise group in accordance with the requirements for the confirmation, measurement and presentation of relevant enterprise accounting standards and in accordance with a unified accounting policy. If the accounting policies and accounting periods adopted by the subsidiary are inconsistent with the parent company, the subsidiary 's financial statements need to be adjusted in accordance with the parent company's accounting policies and accounting period; or the subsidiary is required to follow the parent company's accounting policies and accounting period Separately prepare financial statements.

(1) Merging the assets, liabilities, owner's equity, income, expenses and cash flow of the parent company and its subsidiaries;

(2) Offset the parent company's long-term equity investment in the subsidiary and the parent company's share of the subsidiary 's equity;

(3) To offset the influence of internal transactions between the parent company and its subsidiaries, and between subsidiaries. If the internal transaction shows that the relevant asset has suffered an impairment loss, the loss shall be fully confirmed;

(4) Adjust special transaction matters from the perspective of an enterprise group.

Minority shareholders 'equity is listed as "minority shareholders 'equity" under the owner 's equity item in the consolidated balance sheet. Minority shareholders 'gains and losses are listed under the item of "minority shareholders 'gains and losses" under the net profit item in the consolidated profit statement. In the consolidated financial statements, if the current loss shared by the minority shareholders of the subsidiary exceeds the share of the minority shareholders in the initial owner 's equity of the subsidiary, the balance should still be offset against the minority shareholders 'equity.

During the reporting period, the parent company's increased subsidiary and business due to business combination under the same control, when preparing the consolidated balance sheet, should adjust the opening balance of the consolidated balance sheet, and at the same time should adjust the relevant items of the comparative statement, as if after the merger The reporting entity has been in existence since the time when the ultimate controlling party began to control; when preparing the income statement, the income, expenses and profits of the subsidiary and the business combination from the beginning of the current period to the end of the reporting period should be included in the consolidated income statement. Relevant items are adjusted as if the combined reporting entity has been in existence since the time when the ultimate controlling party began to control; when preparing the cash flow statement, the cash flow of the subsidiary and the business combination from the beginning of the current period to the end of the reporting period should be included in the consolidated cash flow At the same time, the relevant items of the comparison report should be adjusted as if the combined reporting entity had been in existence since the time when the ultimate controlling party began to control.

During the reporting period, the parent company should not adjust the opening balance of the consolidated balance sheet when preparing a consolidated balance sheet due to a business combination or other increase in subsidiaries and businesses that are not under the same control during the reporting period; And the income, expenses, and profits from the business purchase date to the end of the reporting period are included in the consolidated profit statement; when preparing the cash flow statement, the cash flow from the subsidiary purchase date to the end of the reporting period should be included in the consolidated cash flow statement.

When the parent company disposes of subsidiaries and businesses during the reporting period, when preparing the consolidated balance sheet, it should not adjust the opening balance of the consolidated balance sheet; when preparing the income statement, it should report the income and expenses of the subsidiary and the business to the disposal date 1. Profit is included in the consolidated profit statement; when preparing the cash flow statement, the cash flow from the subsidiary and the beginning of the business to the disposal date should be included in the consolidated cash flow statement.

5.3 Accounting treatment of losing control of the original subsidiary due to the disposal of part of the equity investment or other reasons

If the company loses control of the original subsidiary due to the disposal of part of its equity investment or other reasons, it shall distinguish between individual financial statements and consolidated financial statements for related accounting treatment:

(1) Accounting treatment of individual financial statements

The disposal of equity shall be accounted for in accordance with the provisions of "Accounting Standards for Business Enterprises No. 2-Long-term Equity Investment". After the disposal, if the remaining equity can exercise joint control or exert significant influence on the investee, it should be accounted for by the equity method, and the remaining equity is treated as if it was adjusted by the equity method when it was acquired; If joint control or significant influence cannot be imposed on the investee, the accounting treatment shall be carried out in accordance with the relevant provisions of "Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments". The difference is included in the current profit and loss.

(2) Accounting treatment of consolidated financial statements

1) Accounting method for realizing the disposal of the equity of the subsidiary to the loss of control in one transaction

Remaining equity should be remeasured according to its fair value on the date of loss of control. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity minus the difference between the share of the original subsidiary 's net assets that should be continuously calculated from the date of purchase based on the original shareholding ratio is included in the current period of loss of control Investment income. Other comprehensive income related to the equity investment of the original

subsidiary shall be accounted for on the same basis as the investee directly disposes of related assets or liabilities when it loses control. The enterprise shall disclose in the notes the fair value of the remaining equity after disposal on the date of loss of control, and the amount of related gains or losses remeasured at fair value.

2) Accounting method for step-by-step disposal of subsidiaries' equity to loss of control

A. Accounting treatment method for each transaction that is a step-by-step disposal of equity to a loss of control, belonging to a "package deal"

In the case of a step-by-step disposal of equity in a "package deal" until loss of control, each transaction should be accounted for as a transaction to dispose of a subsidiary and lose control. For each transaction before the loss of control, the difference between the disposal price and the investment corresponding to the disposal of the subsidiary 's net asset share is recognized as other comprehensive income in the consolidated statement; when control is lost, it is transferred to the current period of loss of control Profit and loss. Remaining equity is re-measured according to its fair value on the date of loss of control, and the sum of the consideration obtained from the disposal of equity and the fair value of the remaining equity, minus the original shareholding ratio shall be calculated based on the original shareholding ratio. The difference between the calculated shares of net assets is included in the investment income for the period when control is lost. Other comprehensive income related to the equity investment of the original subsidiary shall be accounted for on the same basis as the investee directly disposes of related assets or liabilities when it loses control.

B. Accounting treatment method for each transaction that does not belong to a "package deal" and disposes the equity step by step until it loses control

For each transaction before the loss of control, the difference between the disposal price and the investment corresponding to the disposal of the subsidiary's net asset share is included in the capital reserve (capital premium). If the capital premium is not enough to offset, the retained earnings are adjusted. Remaining equity is remeasured according to its fair value on the date of loss of control. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity minus the difference between the share of the original subsidiary 's net assets that should be continuously calculated from the date of purchase based on the original shareholding ratio is included in the current period of loss of control Investment income. Other comprehensive income related to the equity investment of the original subsidiary shall be accounted for on the same basis as the investee directly disposes of related assets or liabilities after losing control.

6. Joint Arrangement

6.1 Determination and classification of joint arrangement

Joint Arrangement indicates arrangement which is controlled by two or more participants. Joint arrangement includes the following features,

6.1.1. All participants are constrained by the arrangement

6.1.2. Two or more participants apply common control on the arrangement. Any single participant should not control the arrangement individually, and any participant which has the ability to apply common control could prevent other participants from controlling the arrangement alone.

Common control indicates the control to some arrangement according to some engagement, and the activities related to the arrangement could not be decided unless the agreement of participants who share the control right is obtained.

Joint Arrangement comprises joint management and joint venture. Joint venture indicates joint arrangement which the parties have the right to arrange related assets and debt. Joint venture indicates joint arrangement which the parties only have the right to arrange net assets.

6.2 The accounting method of joint arrangement

The participants of joint venture should certify the following items related to profit share and apply accounting according to Enterprise Accounting Standards.

6.2.1. Confirm assets belongs to individual participant and confirm assets possessed by two or more participants in accordance with their share

6.2.2. Confirm debt belongs to individual participant and confirm debt possessed by two or more participants in accordance with their share

6.2.3. Confirm revenue generated by their output share of joint management

6.2.4. Confirm the revenue generated by the sale of output in joint venture

6.2.5. Confirm the cost generated individually and the cost generated during the joint venture.

The joint participants should apply accounting method according to Enterprise Accounting Standard No.2—Long-tern Equity Investment.

7. Cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Company's short-term (it will expire in three months from the purchasing day generally), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

8. Foreign Currency Transaction and Foreign Currency Statement Translation

8.1. Foreign currency transaction

At initial recognition, foreign currency transaction convert spot rate on the transaction day to CNY. On balance sheet day, foreign currency monetary projects adopt the spot rate on the date of balance sheet to convert.

Current profit and loss should include balance of exchange produced by different exchange rate except for the balance of exchange of foreign currency specialized loan's principal and interest related to assets accord with capitalization conditions; Foreign currency non-monetary projects which are calculated by historical cost still adopt the spot rate on the transaction day to convert and does not change the amount of CNY; For foreign currency non-monetary projects which is calculated by fair value adopt the spot rate on the date of fair value confirmation to convert, and the balance should be included in current profit and loss or other comprehensive income.

8.2. Foreign currency statement conversion

The assets projects and the debt projects in the balance sheet adopt the spot rate on the date of balance sheet to convert; Except for "undistributed profit", the owner's equity projects adopt the spot rate on the transaction day to convert; Revenue and cost projects in income statement adopt the spot rate on the transaction day or the similar rate to convert. The foreign currency financial statement difference generated by the above conversion should be presented in other comprehensive income of the owner's equity on balance sheet.

9. Financial instruments

9.1 Recognition and terminal recognition of financial instruments

The Company recognize financial assets or financial liabilities when they become one party of financial instruments contracts.

If financial assets are purchased or sold in a regular way, recognition and terminal recognition are accomplished on trading day which means the Company promises the date to purchase or sell financial assets. Regular way indicates purchasing or selling financial assets in the time limit according to the appointment of contracts, laws and convention. Transaction day refers to the date that the Company purchase or sell financial assets.

Terminal recognition of financial assets (or a part of financial assets, or a part of similar financial assets) could be finished which means it is sold from its account and balance sheet if the following conditions are satisfied.

9.1.1. The right to obtain financial assets cash flows expires

9.1.2. The right to obtain financial assets cash flows is transferred, or the obligation to obtain financial assets cash flows and pay it to the third party is taken within" pass-through" protocol. Meanwhile,

9.1.2.1. Almost all risk and reward of financial assets ownership is transferred essentially.

9.1.2.2. Although risk and reward of financial assets ownership is not transferred or retained, the control of financial assets is abandoned.

9.2 Classification and measurement of financial assets

Financial assets of the Company could be classified on initial recognition according to business model of the Company's management and financial assets contract cash flows as financial assets which is measured by fair value and its change is calculated into current profit and loss, financial assets which is measured by amortized cost, and financial assets which is measured by fair value and its change is calculated into other comprehensive income.

For financial assets which is measured by fair value and its change is calculated into current profit and loss, related trade cost is include in current profit and loss. For other financial assets, related trade cost is included in initial recognition.

Classification determines subsequent measurement of financial assets.

9.2.1. Financial assets which is measured by amortized cost

If financial assets satisfied the following conditions, it is classified as financial assets which is measured by amortized cost.

9.2.1.1. The Company's business mode aims at obtaining contract cash flows

9.2.1.2. The contract terms regulate that cash flow on specific date indicates payment of principal and interest which based on non-repayment amount. Actual rate of interest method is adopted for the sort of financial assets. Subsequent measurement is conducted according to amortized cost, and the gains and loss during amortization and depreciation is included in current profit and loss.

9.2.2. Debt instrument investment which is measured by fair value and its change is calculated into other comprehensive income.

If financial assets satisfied the following conditions, it is classified as financial assets which is measured by fair value and its change is calculated into other comprehensive income.

9.2.2.1. The Company's business mode aims at obtaining contract cash flows and selling financial assets
9.2.2.2. The contract terms regulate that cash flow on specific date indicates payment of principal and interest which based on non-repayment amount. Fair value is adopted for the sort of financial assets' calculation. Its discount and premium are amortized by actual rate of interest method, then it is confirmed as interest income or cost. The change of fair value for the sort of financial assets is confirmed as other comprehensive income except that the difference between impairment loss and foreign currency financial assets is confirmed as current profit and loss. The gains and losses will not be transferred into current profit and loss until the financial assets' terminal confirmation is finished. The interest income related to the sort of financial assets is included in current profit and loss.

9.2.3. Equity instrument investment which is measured by fair value and its change is calculated into other comprehensive income.

The company choose to appoint partial non-transaction equity instrument as financial assets which is measured by fair value and its change is calculated into other comprehensive income irrevocably, and only

includes related dividend into current profit and loss. The changes of fair value are confirmed as other comprehensive income. Its cumulative gains or losses will be converted into retained earnings when it comes to the terminal recognition.

9.2.4. Financial assets which is measured by fair value and its change is calculated into current profit and loss

Except for the financial assets which is measured by amortized cost and financial assets which is measured by fair value and its change is calculated into other comprehensive income mentioned above, other financial assets is classified as financial assets which are measured by fair value and their change is calculated into current profit and loss. It adopts fair value to conduct subsequent measurement and all changes of fair value are included in current profit and loss.

If and only if the Company changes its business mode on financial assets management, the financial assets which is effected will be reclassified.

9.3 Classification and measurement of financial liability

The Company classifies financial liability on initial recognition into financial liabilities measured by amortized cost and financial liabilities measured by fair value and its change is included in current profit and loss.

The Company confirms the financial liabilities' classification on initial recognition. For financial liabilities measured by fair value and its change is included in current profit and loss, its trading cost reckons in current profit and loss. For the others, its trading cost reckons in its initial recognition amount.

The subsequent measurement of financial liabilities is determined by its classification.

9.3.1. Financial liabilities measured by amortized cost

It adopts actual rate method and conducts subsequent measurement in accordance with amortized cost.

9.3.2. Financial liabilities measured by fair value and its change is included in current profit and loss

It comprises transaction financial liabilities (includes derivative instrument belongs to financial liabilities) and financial liabilities measured by fair value and its change is included in current profit and loss which is appointed on initial recognition.

9.4 Financial Instrument cancellation

Financial assets and financial liabilities are reported in balance sheet by net amount after cancellation if the following conditions are satisfied.

9.4.1. It has the legal right which is executable currently to cancel the amount that is confirmed.

9.4.2. It plans to settle with net amount and complete the realization of financial assets and liquidate financial liabilities.

9.5 Depreciation of financial instrument

The company conducts depreciation and loss provisions confirmation on basis of predicted credit loss.

Credit loss refers to the difference between cash flows which is discounted by real interest rate and cash flows predicted to collect, that is present value of cash shortage. Among them, if financial assets are purchased by the company or credit depreciation has occurred, it should be discounted with real interest rate adjusted by credit.

9.6 Transfer of financial assets

When the Company has transferred almost all risk and reward of financial assets ownership to transferees, recognition should be terminated. If almost all risk and reward of financial assets ownership is retained, then recognition should not be terminated.

Neither has the Company transferred, nor has it retained ownership of risk and reward. It should be dealt as the following conditions.

9.6.1. The Company has abandoned the control of financial assets, then recognition of financial assets should be terminated, but assets and debt recognition should be completed.

9.6.2. On the contrary, when the Company has not abandoned the control of financial assets, the recognition of related financial assets and debt should be completed according to the extent of involving financial assets which has been transferred.

If the Company keeps involving by providing the financial assets transferred with financial guarantee, then the lower price between book value of financial assets and the amount of financial guarantee should be selected to accomplish involving asset recognition. The amount of financial guarantee refers to the highest amount among consideration which has been received and will be paid.

10. Inventory

10.1 Classification of inventory

Inventories include raw materials, packaging materials, Low-value consumables, work in progress, semi-finished products, construction been competed but unpaid, stock, real estate development costs, other inventories and so on.

10.2 Valuation method for obtaining and issuing inventory

Inventories are valued at actual cost when acquired, and inventory costs include procurement costs, processing costs, and other costs. When receiving and sending out, the project is priced according to the planned price of materials, and other units are priced according to the weighted average method. The borrowing costs that should be included in the cost of inventories shall be handled in accordance with the relevant provisions on borrowing costs.

10.3 Amortization method of low-value consumables and packaging

Low-value consumables are amortized by one-time amortization method when they are used; packaging materials are amortized by one-time amortization method when they are used; revolving materials such as steel formwork are amortized according to the number of turnovers.

10.4 According to the relevant provisions of "Accounting Standards for Enterprises No. 15-Construction Contract", the construction cost of the project is calculated at actual costs, including direct material costs, direct labor costs, construction machinery costs, other direct costs, and indirect construction costs that should be allocated. The content of the completed and unsettled accounting is the difference between the cumulative construction cost and the confirmed gross profit greater than the cumulative settled contract price is reflected in the inventory. The cumulative construction cost and the confirmed gross profit are less than the cumulative settled settlement The difference in the contract price is reflected in the accounts received in advance and not reflected in this item.

10.5 The inventory system is a perpetual inventory system.

10.6 Confirmation standard and accrual method of inventory falling price reserve

The company's inventory is measured at the lower of cost and net realizable value. Net realizable value refers to the amount of the estimated selling price of inventories minus the estimated costs to be incurred at the time of completion, estimated sales expenses and related taxes in daily activities. Among them: the net realizable value of the commodity inventory is the estimated selling price minus the estimated sales expenses and related taxes; the net realizable value of the material inventory is the estimated selling price of the finished product minus the estimated cost to be incurred until completion, the estimate The amount of sales expenses and related taxes and fees.

The Company determines the net realizable value of inventory based on the solid evidence obtained, and considers the purpose of holding the inventory, the impact of events after the balance sheet date and other factors. For materials held for production, if the net realizable value of the finished product produced by it is higher than the cost, the material is still measured at cost; a decrease in the price of the material indicates that the net realizable value of the finished product is lower than the cost. Net realizable value measurement.

At the end of the period, the company conducts an impairment test on the construction project in progress. If the estimated total cost of the construction contract exceeds the total contract revenue, an estimated contract loss is formed, and the difference is calculated according to the percentage of completion of the loss, and is recognized as the current expense. During the construction period, with the progress of construction, the extracted losses are prepared to offset contract costs.

If the cost of inventory is higher than its net realizable value, the provision for inventory price decline shall be made and included in the current profit and loss. The company accrues the inventory depreciation reserves according to the individual inventory items.

The company determines the net realizable value of inventories on the balance sheet date. If the influencing factors of the inventory write-down have disappeared before, the amount of the write-down shall be restored, and it shall be reversed within the original inventory depreciation reserve, and the reversed amount shall be included in the current profit and loss.

10.7 Inventories of real estate enterprises

(1) Inventory classification of real estate enterprises

The inventory of real estate development enterprises mainly includes inventory materials, real estate development costs, development products, installment collection development products, and low-value consumables. Among them, the real estate development costs mainly include: land acquisition and demolition compensation fees, preliminary engineering fees, infrastructure fees, construction and installation engineering fees, ancillary facilities fees, and development indirect fees; the first five items are directly attributed to the relevant products developed Collection, development overheads are allocated according to the value of various types of development products, and their distribution is recorded in the cost of each development product.

(2) Real estate development cost valuation method

For unfinished development products of real estate development enterprises, all expenses incurred during the development process are calculated through real estate development, and the actual costs are used when they occur; after the product is completed and the income is checked, the development costs are carried forward to Product development. The cost is carried forward on an individual basis when selling.

(3) Accounting method for development land

The land use right acquired by a real estate enterprise is used to build houses and buildings for sale to the outside world, and the related land use right is included in the cost of real estate development. The various expenses incurred in the process of obtaining land use rights are included in "real estate development costs-land development costs". During the overall development of the project, all of them will be transferred to "real estate development costs-housing development costs"; when the project is developed in phases, part of the development land will be transferred to "real estate development costs-housing development costs", and the undeveloped land will remain in Real estate development cost-land development cost ".

(4) Accounting method for public supporting facilities

Public supporting facilities that cannot be transferred for compensation: the cost is borne by the commercial housing served by the public supporting facilities, and is allocated to the cost of the commercial housing in proportion to the area; if the construction of public supporting facilities lags behind the construction of the commercial housing, when the commercial housing is completed, the public The construction cost of supporting facilities shall be withheld.

Public supporting facilities that can be transferred with payment: each supporting facility project is taken as

an independent cost accounting object, and the costs incurred are collected.

(5) Recognition standards and accrual methods for real estate enterprises' inventory falling price reserves

The inventory of the company's real estate enterprises is measured at the lower of cost and net realizable value. If the cost of inventory is higher than its net realizable value, the provision for inventory price decline shall be made and included in the current profit and loss. The company accrues the inventory depreciation reserves according to the individual inventory items. The company determines the net realizable value of inventories on the balance sheet date. If the influencing factors of the inventory write-down have disappeared before, the amount of the write-down shall be restored, and it shall be reversed within the original inventory depreciation reserve, and the reversed amount shall be included in the current profit and loss.

11. Contract assets and contract liabilities

In the contract between the company and the customer, the company has the right to collect the contract price for the transfer of goods and related services to the customer, and at the same time assume the performance obligation of transferring the goods or services to the customer. When the customer actually pays the contract consideration or the company has transferred the goods or services to the customer before the consideration is due and payable, the right to receive the consideration due to the transferred goods or services shall be listed as contract assets, and recognized as accounts receivable when the unconditional right of collection is obtained; conversely, the company's obligation to transfer goods or services to customers for consideration received or receivable from customers is listed as contract liabilities. When the company fulfills its obligations to transfer goods or provide services to customers, contract liabilities are recognized as revenue. The company presents the contract assets and contract liabilities under the same contract as a net amount. Contract assets recognize loss reserves based on expected credit losses.

12. Available for sale

The parts of the company (or illiquid assets) that satisfy the following conditions at the same time can be classified as available for sale.

12.1 According to the similar deals to sell such assets, the parts of the company under the current conditions can be sold immediately.

12.2 The sale is likely to occur, a decision to sale or a purchase commitment has been made, and the sale is expected to be completed within a year. The approval of the relevant authority or regulatory authority has been obtained.

The expected net salvage value of the available for sale assets is adjusted to the net value of the difference between the fair value and the costs of sale (but it could not exceed the original book value of the available for sale). If the original book value is higher than the difference between the expected net salvage values after adjustment, the difference is recorded in the current profits and losses, and the assets impairment provision is recognized at the same time. Assets impairment losses that recognized by the disposal of group

should be deducted from the book value of the goodwill, and then offset the book value according to the proportion of the non-current assets which applies to the measurement regulation in the standards.

On the subsequent period of balance sheet day, if the net amount of fair value of non-current available for sale assets exclude costs of sale increases, the previous write-down amount shall be recovered. And the recovered amount should be included in the current profits and losses. The impairment losses of assets identified prior to the available for sale category shall not be recovered. On subsequent balance sheet day, the net increase of the fair value minus the sale cost of write-down amount shall be reinstated, and included in the current profits and losses. The book value of goodwill that has been deducted and the non-current assets that are applicable to the measurement of this code shall not be reversed to the asset impairment losses identified prior to available for sale category.

When the company loses control to its subsidiary due to sale of the investment to the subsidiary, the investment should be classified as available for sale, and all assets and liabilities of the subsidiary should be classified as available for sale in the consolidation financial statement, whether the company retain part of its equity after sale.

13. Long-term equity investment

12.1 Determination of Investment cost

12.1.1. For a business combination involving enterprises under common control, the initial investment cost of the long-term equity investment shall be carrying value of the absorbing party's share of the owners' equity of the party being absorbed at the date of combination. The difference between initial investment cost of long-term equity investment and the book value of paying combination consideration or the total amount of the face value of the issued shares is used for adjusting capital reserve. If capital reserve is not enough to counteract, then retained earnings will be adjusted.

12.1.2. For a business combination not involving enterprise under common control, the combination cost including the sum of fair value, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services etc. and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

The transaction cost for the equity securities or liability securities issued by the acquirer in the business combination shall be recognized as initial amount of equity security or liability.

12.1.3. The equity investments other than the long-term equity through combination shall be initially measured by cost. The cost shall be recognized to the difference in the way of acquisition of long-term equity investment. Theses ways include the cash purchase price the Company actually paid, the fair value of equity security issued by the Company, value specified in the investment contract or agreement, the fair value or carrying value of the asset out in the transaction of non-monetary asset exchanges, and the fair value of the long-term equity investment.

Expenses, taxes and other necessary expenditures directly attributable to the acquisition of long-term equity investment are taken into investment cost.

12.2 Subsequent Measurement

Cost method shall be adopted in a long-term equity investment where the investing enterprise does not have common control or significant influence over the investee, the investment is not quoted in an active market and its fair value cannot be measured reliably.

Where an investing enterprise can exercise common control or significant influence over the investee, a long-term investment shall be accounted for using the equity method.

When an investing enterprise can no longer exercise joint control or common control nor significant influence over the investee and its fair value cannot be measured reliably, a long-term investment shall be counted as financial asset ready-for trade.

A long-term equity investment where cost method is adopted in the Company's financial statements can exercise controls over the investee.

12.2.1 Cost method of accounting for long-term equity investments

Under the cost method, a long-term equity investment is measured at initial investment cost. Except for cash dividends or profits declared but not yet paid that are included in the price or consideration actually paid upon acquisition of the long-term equity investment, investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

12.2.2 Equity method of accounting for long-term equity investments

Where the initial investment cost of a long-term equity investment exceeds the investing enterprise's interest in the fair values of the investee's identifiable net assets at the time of acquisition, no adjustment shall be made to the initial investment cost.

Where the initial investment cost of a long-term equity investment is less than the investing enterprise's interest in the fair values of investee's identifiable net assets at the time of acquisition, the difference shall be charged to profit or loss for the current period, and the cost of the long-term equity investment shall be adjusted accordingly.

Under the equity method, the Company recognizes its share of the net profit or loss of the investee for the period as investment income or loss for the period. The Company recognizes it share of the investee's net profit or loss based on the fair value of the investee's individual separately identifiable assets, etc. at the acquisition date after making appropriate adjustments to confirm with the Company's accounting policies and accounting period. Unrealized profits or losses resulting from the Company's transactions with its associates and joint ventures are recognized as investment income or loss to the extent that those attributable to the Company's equity interest are eliminated. However, unrealized losses resulting from the Company's transactions with its investees on the transferred assets, in accordance with "Accounting Standards for

Enterprises No. 8 - Impairment of Assets" are not eliminated. Changes in owners' equity of the investee other than net profit or loss are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized as other compressive income which is included in the capital reserve.

When the investee is recognized net losses, reduce the carrying value of long-term equity investments and long-term equity of net investment (in substance) in investee to zero. In addition, the Company has the obligations on additional losses, then the expected obligation as estimated liabilities and included in the current investment losses. Where the net profit from investee units, restoration confirm the amount of revenue sharing after offset the amount of unrecognized loss sharing.

12.2.3 Acquisition of minority interest

The difference between newly increased equity investment due to acquisition of minority interests and portion of net asset cumulatively calculated from the acquisition date is adjusted as capital reserve. If the capital reserve is not sufficient to absorb the difference, the excess is adjusted against returned earnings.

12.2.4 Disposal of long-term equity investment

Where the parent company disposes long-term investment in a subsidiary without a change in control, the difference in the net asset between the amount of disposed long-term investment and the amount of the consideration paid or received is adjusted to the owner's equity.

On disposal of a long-term equity investment, the difference between the proceeds actually received and receivable and carrying amount is recognized in profit or loss for the period. For a long-term equity investment accounted for using the equity method, the amount included in the owner's equity attribute to the percentage interest disposed is transferred to profit or loss for the period.

For any retained interest, it shall be subsequently measured according to the related accounting policies in regard of long-term equity investments or financial assets as described above if its carrying amount is recognized as long-term equity investments or other related financial assets. Retroactive adjustment is made on the basis of relevant policies if the retained interests are settled from cost method to equity method.

12.3 Recognition of investee under common control or significant influence

Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its operating activities.

Common control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee held be the investing enterprise or other parties that are currently exercisable or convertible shall be considered.

12.4 Impairment testing methods and recognition of impairment provision

The Company assesses the long-term equity investment at the balance sheet date whether there is any indication of impairment. If any indication exists that an asset may be impaired, the enterprise shall estimate its recoverable value of the asset. If the recoverable value of the asset is less than its carrying amount, a provision for impairment loss of the asset is recognized accordingly.

Once an impairment loss is recognized, it shall not be reversed in a subsequent period.

14. Investment Property

The company's investment real estate includes leased land use rights and leased buildings.

The company uses the cost model for subsequent measurement of investment real estate. For investment real estate that uses the cost model for subsequent measurement, its depreciation policy and amortization method are consistent with those of the same or similar fixed assets and intangible assets. For the basis and method of impairment provision, see "Note IV. (21) Long-term Asset Impairment".

15. Fixed assets

15.1 Recognized Standard of Fixed Assets

The term "fixed assets" refers to the tangible assets that simultaneously possess the features as follows: they are held for the sake of producing commodities, rendering labor service, renting or business management; and their useful life is in excess of one fiscal year. No fixed asset may be recognized unless it simultaneously meets the conditions as follows:

(1) The economic benefits pertinent to the fixed asset are likely to flow into the enterprise;

(2) The cost of the fixed assets can be measured reliably.

15.2 Classification and depreciation methods

From the following month of state of intended use, depreciation method of the straight-line method or unit of production method is used for different categories of fixed assets to take depreciation. The estimated residual value rate, useful life and annual depreciation rate of each category of fixed assets are as follows:

Category	Residual value rate (%)	Useful life(year)	Annual depreciation rate (%)
Buildings and constructions	0-5	5-55	1.73-20.00
Office equipment	1-5	3-8	11.88-33.00

Category	Residual value rate (%)	Useful life(year)	Annual depreciation rate (%)
Transportation facilities	1-3	4-8	12.13-24.75
Machinery equipment	1-5	4-25	3.80-24.75
Electrical equipment	1-5	3-12	7.92-33.00
Instrument and test equipment	0-5	4-10	9.50-25.00
Specific equipment for power industry	0-5	6-35	2.71-16.67
Exploration, mining, mineral processing and augmentation equipment	1-5	4-10	9.50-24.75
Other equipment	0-5	4-10	9.50-25.00

For a fixed asset which the provision for depreciation has been made, the amount of deducting its expected net salvage value, the accumulative amount of the provision and the accumulative amount of depreciation from the original price of the fixed assets to be depreciated during the remaining useful life.

The fixed assets that have reached the expected usable status but have not yet gone through the final accounts have been determined according to the estimated value and depreciated. After the final accounts are completed, the original estimated value is adjusted according to the actual cost, but no adjustment is needed for depreciation provided.

The Company at least reviews useful life, estimated net salvage value and depreciation method of fixed assets at least at the end of each year, and adjusts if necessary.

15.3 Impairment test method and the accrual of impairment provision method of fixed assets

On balance sheet day, if there is indication shows that the fixed assets depreciate, impairment provision is accrued on basis of the difference between book value and recoverable amount.

15.4. Affirmation basis and valuation method of fixed assets under financing lease

It is affirmed as finance lease when it satisfies one or more standards.

15.4.1. At the expiration of leasehold, the ownership of leased assets is transferred to tenants.

15.4.2. Tenants have the option of purchasing leased assets. Purchasing price concluded is predicted to be much lower than fair value of leased assets when exercising their option. Consequently, it could be affirmed reasonably that tenants will exercise the option on the inception of lease.

15.4.3. Although the ownership of assets does not transfer, leasehold occupies majority of service life of leased assets [generally occupies 75 percent (including 75 percent) of service life of leased assets].

15.4.4. Present value of minimum lease payment on the inception of lease is equivalent to fair value [more than 90 percent (including 90 percent)] on the inception of lease.

15.4.5. Leased assets possess special properties so that it could be used by tenants only without large transformation.

Fixed assets under financing lease are charged to an account with the lower one between fair value of leased assets on the inception of lease and present value of minimum lease payment, and it is calculated and distilled depreciation on basis of depreciation policies of self-owned fixed assets.

16. Construction in process

Construction in progress is stated according to actual expenditure. The cost includes all expenditure incurred for construction projects, capitalized borrowing costs incurred on a specific borrowing for the construction of fixed assets incurred before it has reached the expected usable condition for its intended use, and other related expenses.

When construction in process reaches serviceable condition, it is transferred into fixed assets according to actual cost of construction. The construction in process which has already reached serviceable condition but has not conducted final account at completion shall be transferred into fixed assets initially, and provisional estimated value is adjusted by actual cost when final account at completion is finished.

17. Loan Cost

17.1 The recognition principles of capitalizing loan cost

Among the Company's loan cost, the part which directly belongs to construction and production that conform to the conditions of capitalization should be capitalized, and the other part is confirmed as cost and included in current profit and loss.

17.2 Capitalization period of loan cost

17.2.1 When loan cost satisfies the following conditions, the capitalization starts.

17.2.1.1 Expenditure to assets has already happened

17.2.1.2 Loan cost has ready happened

17.2.1.3 Necessary construction and production activities to make assets reach the state that could be used and sold has already begun

17.2.2 If abnormal interruption happens during the construction and production of assets that accords with capitalization conditions, and the interruption term is more than 3 months consistently, then the capitalization of loan cost pauses. Loan cost during the interruption term is confirmed as cost in present period until the construction and production activities of assets restart.

17.2.3 When the assets that is constructed or accords with capitalization reaches the state that could be used

and sold, loan cost stops capitalization.

17.3 The amount of loan cost capitalization

When the enterprise borrows specific borrowings to construct or product assets that conforms to capitalization conditions, the actual interest cost of the present period during which the specific borrowings happen (including the discount and premium amortization according to practical interest rate) subtracts the interest revenue which is gained by saving the borrowings in banks or the amount obtained by conducting temporary investment, then the amount of interest which should be capitalized is recognized. When the enterprise occupies general borrowings to construct or product assets that conforms to capitalization conditions, the interest amount of general borrowings which should be capitalized is calculated and recognized according to the product of weighted average of cumulative assets expenditure exceeds specific borrowings and capitalization rate which occupies general borrowings.

18. Biological assets

18.1 Productive biological assets refer to biological assets held for the purpose of producing agricultural products, providing labor services or leasing, and mainly include cows and economic forests. Productive biological assets are initially measured at cost. The cost of a productive biological asset created or propagated by itself is the necessary expenditure directly attributable to the asset before the asset reaches its intended production and operation objectives, including borrowing costs that meet the capitalization conditions.

18.2 After reaching the intended production and operation purpose, the productive biological assets shall be depreciated within the service life using the average method of years.

18.3 At least at the end of the year, review the useful life, estimated net residual value and depreciation method of the productive biological assets. If there is a change, it will be treated as a change in accounting estimates.

18.4 The difference between the disposal income of productive biological assets sale, inventory loss, death or damage after deducting its book value and related taxes is included in the current profit and loss.

If a productive biological asset changes its use, as a consumable biological asset, the cost after the change of use is determined according to the book value at the time of change of use.

If the influencing factors of the depletion of expendable biological assets have disappeared, the write-down amount will be restored, and it will be reversed within the original provision for the price decline.

Once the provision for impairment of productive biological assets is accrued, it shall not be transferred back.

19. Intangible assets

19.1 Intangible assets comprise software, patent right, non-patent technology, trademarks, copyright, land

use right, and concessionary right of administration etc. and conduct initial measurement in accordance with cost.

19.2 Intangible assets with limited service life is amortized on basis of expected realization mode related to economic interests during service life systematically and reasonably. If expected realization mode could not be recognized reliably, it is amortized with straight-line method.

19.3 For intangible assets with determined service life, related impairment provision is accrued on basis of the difference between book value and recoverable amount if there are indications that show it is decreasing in value. Annual impairment test should be conducted for intangible assets which have uncertain life and have not reached serviceable condition regardless of whether decreasing indications exist or not.

19.4 The research expenditures of internal research and development projects is accrued into profit and loss in current period. The research expenditures of internal research and development projects is recognized as intangible assets when it satisfies the following conditions simultaneously.

19.4.1 It is technologically feasible for the intangible assets to be used or sold after completion.

19.4.2 The intension to complete the intangible assets and use or sell does exist.

19.4.3 The way the intangible assets produce economic interests includes the product produced with the intangible asset owns its market or the intangible asset itself owns market. Intangible assets will be used internally and prove its usefulness.

19.4.4 There is sufficient technology, financial resources, and other resources to support the completion of development and the ability to use or sell the intangible assets.

19.4.5 Expenditures belongs to development stage of the intangible assets could be measured reliably.

20. Internal research and development expenditure accounting policy

The company's internal research and development expenditures distinguish between research phase expenditures and development phase expenditures. Research phase expenditure refers to the expenditures incurred by the company in order to acquire and understand new scientific or technical knowledge through original and planned investigations. Expenditures for the research phase of internal research and development projects of the company are included in the current profit and loss when incurred.

Expenditure in the development stage refers to the expenditure incurred in applying research results or other knowledge to a plan or design to produce new or substantially improved materials, devices, products, etc. before commercial production or use. Expenditure at the development stage can only be capitalized if the following conditions are met at the same time, namely:

(1) It is technically feasible to complete the intangible asset so that it can be used or sold;

(2) Have the intention to complete the intangible asset and use or sell it;

(3) The ways in which intangible assets generate economic benefits include the ability to prove that the products produced by the intangible assets exist in the market or the intangible assets themselves exist in the market, and the intangible assets will be used internally to prove their usefulness;

(4) There are sufficient technical, financial and other resources to support the development of the intangible asset, and the ability to use or sell the intangible asset;

(5) The expenditure attributable to the development stage of this intangible asset can be measured reliably.

Development expenditures that do not meet the above conditions are included in the current profit and loss when incurred.

21. Long-term asset impairment

21.1 Scope of application

The asset impairment mentioned in this note mainly includes long-term equity investment, investment real estate (excluding investment real estate measured by fair value model), fixed assets, construction in progress, engineering materials, and intangible assets (including capitalized development expenditure) , Asset group and asset group combination, goodwill, etc.

21.2 Identification of possible impaired assets

On the balance sheet date, the company judges whether there is any sign of possible impairment of assets. The goodwill and intangible assets with uncertain service life formed by the business combination are tested for impairment every year regardless of whether there is any sign of impairment. The following signs indicate that the asset may be impaired:

(1) The market price of assets has fallen sharply in the current period, and the decline is significantly higher than the expected decline due to the passage of time or normal use;

(2) The economic, technological or legal environment in which the company operates and the market in which the assets are located will undergo major changes in the current period or in the near future, thereby adversely affecting the company;

(3) The market interest rate or the rate of return on investment in other markets has increased in the current period, which affects the company 's discount rate for calculating the present value of the asset 's expected future cash flow, resulting in a substantial reduction in the amount of assets recoverable;

(4) There is evidence that the asset is obsolete or its entity has been damaged;

(5) Assets have been or will be idle, terminated or planned for early disposal;

(6) The evidence in the internal report of the company indicates that the economic performance of the asset has been lower than or will be lower than expected, such as the net cash flow created by the asset or the

realized operating profit (or loss) is far lower (or higher) than expected Amount etc .;

(7) Other signs that assets may have been impaired.

21.3 Measurement of asset recoverable amount

If there are signs of asset impairment, the recoverable amount is estimated. The recoverable amount is determined based on the higher of the net value of the asset's fair value minus disposal costs and the present value of the asset's expected future cash flow.

21.4 Determination of asset impairment losses

The measurement result of the recoverable amount shows that if the recoverable amount of the asset is lower than its book value, the book value of the asset is written down to the recoverable amount. The reduced amount is recognized as an asset impairment loss and is included in the current profit and loss Provide corresponding asset impairment provision. After the asset impairment loss is recognized, the depreciation or amortization expense of the impaired asset will be adjusted accordingly in the future period, so that the asset will systematically allocate the adjusted asset book value (deducting the estimated net residual value) within the remaining useful life. Once an asset impairment loss is recognized, it will not be reversed in a subsequent accounting period.

21.5 Identification and impairment treatment of asset group

If there are signs that an asset may be impaired, the company estimates its recoverable amount on the basis of a single asset. If it is difficult for the company to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group is determined based on the asset group to which the asset belongs. The identification of an asset group is based on whether the main cash inflow generated by the asset group is independent of the cash inflow of other assets or asset groups. At the same time, when determining the asset group, the company also considers the way the company's management manages production and operation activities and the decision-making method for the continued use or disposal of assets.

If the recoverable amount of an asset group or asset group combination is lower than its book value (if the headquarters assets and goodwill are allocated to an asset group or asset group combination, the book value of the asset group or asset group combination shall include the relevant headquarters assets and business Reputation), confirm the corresponding impairment loss. The amount of the impairment loss is offset against the book value of the goodwill allocated to the asset group or asset group combination, and then proportionally based on the proportion of the book value of other assets in the asset group or asset group combination other than goodwill. Offset the book value of other assets.

21.6 Impairment of goodwill

The goodwill formed by the company due to business combination shall be tested for impairment at least at the end of each year. The book value of goodwill resulting from the merger is allocated to the relevant asset group in a reasonable manner from the date of purchase; if it is difficult to allocate to the relevant asset group,

it is allocated to the relevant asset group combination. The relevant asset group or asset group combination is an asset group or asset group combination that can benefit from the synergies of the business combination and is not greater than the reporting segment determined by the company. When performing an impairment test on a related asset group or asset group combination that includes goodwill, if there are signs of impairment in the asset group or asset group combination related to goodwill, the asset group or asset group that does not contain goodwill should be The combination performs an impairment test, calculates the recoverable amount, and compares it with the relevant book value to confirm the corresponding impairment loss. Then conduct an impairment test on the asset group or asset group combination that includes goodwill, and compare the book value of these related asset groups or asset group combinations (including the portion of the book value of the goodwill allocated) and its recoverable amount, such as the relevant asset group Or, if the recoverable amount of the asset group combination is lower than its book value, the impairment loss of goodwill is recognized and dealt with in accordance with the asset group impairment provisions described in this note. The estimate of the recoverable amount of an asset group or combination of asset groups is determined based on the higher of the net value of its fair value minus disposal costs and the present value of the expected future net cash flow.

22. Long-term deferred expenses

Expenses incurred during the start-up period of an enterprise (excluding those incurred in connection with the construction of fixed assets) are as long-term prepayments first and then charged in lump sum as income or losses of the first month in which the enterprise commences operation.

Other long-term deferred expenses are amortized on a straight-line basis over the expected beneficial periods.

23. Employee benefit

23.1 Contents

Employee benefits refer to all forms of consideration or comprehension given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employment benefits include short-term employment benefits, post-employment benefits, termination benefits and other long-term employment benefits. Benefits provided to an employee's spouse, children, dependents, family members of deceased employees or other beneficiaries are also employee benefits.

(1) Short-term employee benefits are employees' benefits (other than compensation for termination of employment relationship) that are expected to be settled wholly within twelve months after the end of the annual reporting period in which the employees render the service. Short-term employee benefits include: employee wages or salaries, bonus, allowance and subsidies, staff welfare, social insurance charges, housing funds, union running costs and employee education costs, short-term paid absence, short-term profit-sharing benefits and other short-term benefits.

(2) Post-employment benefits are any remuneration and benefits (other than short-term employee benefits

and termination benefits) in exchange for service rendered by employees that are payable after the retirement of the employee or the termination of the employment relationship. Based on the risks and obligations that the Company is intended to undertake, post-employment benefits could be classified as either defined contribution plans or defined benefit plans. Defined contribution plans are post -employment benefits under which the Company shall not have obligation to pay further contribution after it pays fixed contributions into a separate fund. Defined contribution plans include: basic pension insurance, unemployment insurance, corporate pension contribution. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

(3) Termination benefits are compensation provided when the Company decides to terminate the employment relationship with employees before the end of the employment contracts, or compensation provided as an offer to encourage employees to accept voluntary redundancy before the end of the employment contracts.

(4) Other long-term employee benefits are all employee benefits except short-term employee benefits, post-employment benefits and termination benefits. Other long-term employment benefits include long-term paid absence, long-term disability benefits, and long-term profit-sharing plan.

23.2 Determination principle and measurement method

(1) Short-term employee benefits

Short-term employee benefits incurred in the Company generally shall be recorded into either profits or losses of current period or relative assets cost according to unit that take the benefits. If non-monetary welfare is provided to employees, the short-term employee benefits shall be measured at fair value.

In accordance with the nature of the paid absence and the right employees enjoy, paid absences are classified into accumulating paid absence and non-accumulating paid absence and are accounted correspondingly and respectively.

The Company shall recognize the related employee benefits payable and record it into the current profits and losses under a profit-sharing plan when all of following conditions are satisfied:

1) The Company has a present legal or constructive obligation to make such payments as a result of past event; and

2) A reliable estimate of the amount of employee benefits obligation arising from profit-sharing plan can be made.

(2) Post-employment benefits

For defined contribution plans, on the balance sheet date, the contribution deposited to a separate entity in exchange for the service rendered by employees during the accounting period shall be recognized as employee benefits payable and be recorded either into current profits and losses or as asset costs.

For defined benefit plan, defined benefit plan obligations shall be discounted on the rate determined by reference to market yield at the balance sheet date on government bonds or on high quality corporate bonds in an active market, of which the term and currency are consistent with the term and currency of the defined benefit obligation so as to determine the current value of obligation of defined benefit plan and service costs of current period. When a defined benefit plan has assets, the Company shall recognize the deficit or surplus by deducting the fair value of defined benefit plan assets from the present value of the defined benefit plan obligation as a net defined benefit plan liabilities or net defined benefit assets.

At the end of reporting period, the Company shall recognize the following components of employee benefit costs recorded into profits and losses of current period arising from defined benefit plan: (1) service cost; (2) net interest on the net defined benefit plan liabilities (assets); (3) changes as a result of remeasurement of the net defined benefit liabilities (assets) shall be recorded into other comprehensive income and shall not be reclassified to profits or losses in subsequent period. However the Company may transfer those amounts recognized in other comprehensive income within equity.

(3) Termination benefits

The Company which provides termination benefits to employees shall recognize an employee benefit liabilities for termination benefits, with a corresponding charge to the profits or losses of the current period, at the earlier of the following dates:

1) When the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or curtailment proposal.

2) When the Company recognizes costs or expenses related to restructuring that involves the payment of termination benefits.

(4) Other long-term employee benefits

At the end of reporting period, the Company shall recognize the components of cost of employee benefit arising from other long-term employee benefits as follows:

1) Service cost

2) Net interest on the net liabilities or net assets of other long-term employee benefits.

3) Changes as a result of remeasurement of the net liabilities or net assets of other long-term employee benefits.

The net total of the aforesaid amounts shall be recognized in profits or losses of current period or included in the cost of a relevant asset.

24. Share-based Payment and Equity Instrument

24.1 Classification of share-based payment

It comprises equity-settled share-based payment and cash-settled share-based payment.

24.2 Recognition method of fair value of equity instrument

24.2.1 If active market exists, it is recognized by quoted price in active market.

24.2.2 If active market does not exist, it is recognized by valuation techniques, including referring to the price used by all parties who are familiar with all the circumstances and are willing to trade in the market, current fair value of other financial instruments which is the same with equity instrument in essence, discount cash flow method, options pricing model etc.

24.3 Recognition of basis on optimal estimation of feasible right equity instrument

It is estimated by subsequent information such as the changes of feasible right's staff total number obtained lately.

24.4 Relevant accounting treatment of implement, modification, termination of share-based payment.

24.4.1 Equity-settled share-based payment

Equity-settled share-based payment which gains feasible right immediately after granting and exchanges for employee service is counted into related cost or expenses according to the fair value of equity instrument on grant day, and corresponding adjustment in capital reserve should be made. On every balance sheet day in waiting period, service that finishes waiting period or equity-settled share-based payment that reaches conditions of achievements in regulations include service that is obtained in current period into related cost or expenses and make corresponding adjustment in capital reserve on basis of optimal estimation of equity instrument's quantity and fair value of equity instruments on grant day.

If fair value of other parties could be measured reliably, the equity-settled share-based payment which exchanges service from other parties is measured by fair value on achieving day. If fair value of other parties could not be measured reliably but fair value of equity instrument could be measured reliably, the equity-settled share-based payment is measured by fair value on service achieving day, and it is accrued in related cost or expenses. Corresponding owner's equity should be increased as well.

24.4.2 Cash-settled share-based payment

Cash-settled share-based payment which gains feasible right immediately after grant and exchanges for employee service, it is counted into related cost or expenses according to the fair value of debt on grant day, and make corresponding adjustment in debt. On every balance sheet day in waiting period, service that finishes waiting period or cash-settled share-based payment that reaches conditions of achievements in regulations includes service that is obtained in current period into related cost or expenses and adjusts corresponding debt on basis of optimal estimation of feasible right's condition and fair value of debt.

24.4.3 Modification and termination of share-based payment

If modification increases fair value of granted equity instrument, the Company recognizes the increase in

service in accordance with the increase mentioned above. If modification increases the amount of granted equity instrument, the Company recognizes the increase of fair value in equity instrument as the increase in service. When dealing with feasible right's condition, the Company takes the modified feasible right's condition into consideration if the Company modifies it in the way that is beneficial to staff.

If the modification decreases the fair value of granted equity instrument, the Company will ignore decrease of equity instrument's fair value and recognizes the amount of service on basis of fair value of equity instrument on granted day continuously. If the modification decreases the amount of granted equity instrument, the Company will regard the decreasing part as cancellation of granted equity instrument. When dealing with feasible right's condition, the Company will not take the modified feasible right's condition into consideration if the Company modifies it in the way that is not beneficial to staff.

If the Company cancels or settles granted equity instrument (excluding the instruments that could not satisfy the feasible right's condition), the cancellation or settlement is dealt as accelerating feasible right, and the Company recognize the amount in remaining waiting period immediately.

25. Estimated Liabilities

25.1 Estimated liabilities recognition

The obligation pertinent to contingencies such as guarantee for outsiders, pending litigations or arbitrations, products quality assurance, staff redundancy plan, onerous contracts, restructuring obligation, and disposal of fixed assets obligation are recognized as an estimated liability when meet all the following conditions:

25.1.1 That obligation is a present obligation of the Company.

25.1.2 It is probable that an outflow of economic benefits from the Company will be required to settle the obligation.

25.1.3 A reliable estimate can be made of the amount of the obligation.

25.2 Estimated liabilities measurement

The estimated liabilities initially recognized should be the best estimate of the expenditure required to settle the present obligation. On balance sheet day, book value of estimated liabilities should be rechecked.

If there is a sequent range for the necessary expenditure and all the outcomes within this range are equally likely to occur, the best estimate shall be the middle number within the range. In other cases, the best estimate shall be conducted in accordance with the following method:

25.2.1. Contingencies for a single item are measured at the most likely amount.

25.2.2. Provisions for large populations of events are measured at a probability-weighted expected value.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized when and only when, it is virtually certain that reimbursement

will be received if the Company settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognized for the reimbursement shall not exceed the amount of the provision.

26. Preferred shares and perpetual bonds

26.1 Basic principles of accounting for other financial instruments

The financial instruments issued by the company are initially recognized and measured in accordance with the Financial Instruments Reporting Standards and the "Division of Financial Liabilities and Equity Instruments and Related Accounting Treatment Rules" promulgated by the Ministry of Finance; thereafter, interest or accrued on each balance sheet date Dividends are distributed according to the relevant specific enterprise accounting standards. That is, based on the classification of financial instruments issued, the accounting treatment of interest payments or dividend distribution of the instrument is determined.

For financial instruments classified as equity instruments, regardless of whether the name includes "debt", their interest expenditure or dividend distribution should be used as the profit distribution of the issuing enterprise, and their repurchase and cancellation should be treated as changes in equity; For financial instruments that are financial liabilities, regardless of whether their names include "shares", their interest expenses or dividend distribution are in principle treated as borrowing costs, and the gains or losses resulting from their repurchase or redemption are included in the current profit and loss.

The transaction fees, commissions and other transaction costs incurred by the company when issuing financial instruments are included in the initial measurement amount of the issued instruments if they are classified as debt instruments and measured at amortized cost; if they are classified as equity instruments, they are deducted from equity.

26.2 Accounting for reclassification

When the conditions or matters stipulated in the original contract terms of the issued financial instruments change with the passage of time or the economic environment changes, resulting in the reclassification of issued financial instruments, the following methods shall be followed:

(1) Financial instruments that were originally classified as equity instruments should be reclassified as financial liabilities from the date when they are no longer classified as equity instruments. They are measured at the fair value of the instrument on the date of reclassification. The difference between the book value and the fair value of the financial liability is recognized as equity.

(2) Financial instruments originally classified as financial liabilities shall be reclassified as equity instruments from the date when they are no longer classified as financial liabilities, and shall be measured at the book value of the financial liabilities on the date of reclassification.

27. Revenue

The Group shall recognize the consideration received as revenue when the customer obtains control of promised goods or services if the contract with customer meets all of the following criteria : the parties to the

contract have approved the contract and are committed to perform their respective obligations; each party's rights and obligations regarding the goods or services to be transferred are identified; the payment terms for the goods or services to be transferred are identified; the contract has commercial substances, i.e. the risk, timing or amount of the Group's future cash flow is expected to change as a result of the contract; it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

At contract inception, the Group shall identify every single performance obligation in the contract, and allocate the transaction price in proportion to each performance obligation based on the stand-alone selling prices of the promised goods or services underlying each obligation. When determining the transaction price, the Group shall consider the effects of variable consideration, the existence of a significant financing component in the contract, non-cash consideration and consideration payable to a customer.

For each of the performance obligation, the Group shall recognize the revenue over time at an amount of transaction price allocated to that performance obligation based on its progress towards complete satisfaction of the performance obligation, If one of the following criteria is met: a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; b) the Group's performance creates work in progress that the customer controls as it is created; and c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Progress towards complete satisfaction of a performance obligation is measured in accordance with input methods or output methods based on the nature of the goods or services to be transferred. If the Group may not be able to reasonably measure the progress towards complete satisfaction of a performance obligation, but the Group expects to recover the costs incurred in satisfying the performance obligation, the Group shall recognize revenue only to the extent of the costs incurred until such time that it can reasonably measure the progress towards complete satisfaction of that performance obligation.

If any of above criteria is not satisfied, the Group shall recognize revenue at an amount of transaction price allocated to the performance obligation at a point in time at which the customer obtains control of the promised goods or services. In determining the point in time at which a customer obtains control of the promised goods or services, the Group shall consider following indicators: a) the Group has a present right to payment for the promised goods or services, i.e. the customer is presently obliged to pay for such goods or services; b) the Group has transferred the legal title of the promised goods or services to the customer, i.e. the customer has legal tile to such goods or services; c) the Group has transferred physical possession of the promised goods or services, i.e. the customer has physical possession of such goods or services; d) the Group has transferred the significant risks and rewards of ownership of the promised goods or services to the customer, i.e. the customer has the significant risks and rewards of ownership of such goods or services; and e) the customer has accepted the promised goods or services, and other indicators of the transfer of control.

28. Construction Contract

28.1 If the result of construction contract on balance sheet day could be estimated reliably, the contract income and contract expense are recognized with completion percentage method. If the result of construction contract on balance sheet day could not be estimated reliably, for recoverable contract cost, contract income is recognized by recoverable contract cost. For unrecoverable cost, it is recognized as contract expense immediately when it happens and contract income is not recognized.

28.2 The result of fixed cost contract could be estimated reliably if the following conditions could be satisfied simultaneously: The total income of contract could be measured reliably. It is likely that economic interest related to contract will flow in. The contract cost actually occurred could be distinguish clearly and measured clearly. The contract completion progress and the cost which will need to occur for contract completion could be measured reliably. If cost plus contract satisfies the following conditions simultaneously, it indicates that its result could be measured reliably: It is likely that economic interest related to contract will flow in. The contract cost actually occurred could be distinguish clearly and measured clearly.

28.3 The method to recognize contract completion progress is the proportion of accumulative total contract cost actually occurred in total estimated contract cost/the proportion of completed contract workload in contract estimated total workload/completion progress which is measured actually.

28.4 On balance sheet day, if contract estimated total cost exceeds contract total income, anticipated loss is recognized as period charges. For executory construction contract, inventory falling price reserve is accrued by its difference; For deficient contract, estimated liabilities is recognized by its difference.

29. Government Subsidies

29.1 Government subsidies are transfer of monetary assets and non-monetary assets from the government to the Company at no consideration, excluding the capital invested by the government as equity owner.

29.2 Government subsidies can be classified as subsidies related to the assets and subsidies related to the income.

If government subsidies are in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If government subsidies are in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount. A government subsidies measured at a nominal amount is recognized immediately in profit or loss for the period.

29.3 Government subsidies are measured by gross method.

A government subsidies related to an asset is recognized as deferred income, and amortized to profits and losses with reasonable and systematic methods. If the relevant assets are sold, transferred, scrapped or damaged before the end of service life, the relevant deferred income balance shall be transferred to the current profit and loss.

For a government subsidies related to income, if the subsidies are compensation for related expenses or

losses to be incurred in subsequent period, the subsidies are recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized. If the subsidies are compensation for related expenses or losses already incurred, the subsidies are recognized immediately in profit or loss for the period.

29.4 Government subsidies are measured by net method.

Government subsidies related to assets should offset against the book value of the related assets.

Government subsidies related to income used to compensate for the related expenses or losses incurred in the subsequent period shall be recognized as deferred income. During the period of recognition of the relevant expenses, the relevant costs shall be reduced. Compensation for the related costs or losses should directly reduce the related costs.

29.5 For the government subsidies that includes related assets and related income, accounting treatment should be separated. Indistinguishable subsidies should be classified as income related government subsidies.

29.6 The company will include the government subsidies into other income or offset related costs according to its business activities. Government subsidies that are not related to the daily activities of the company should be recognized as non-operating income.

29.7 The company has two different accounting treatments for the interest discount from the government policy.

29.7.1 The financial interest discount should be allocated to the loan bank, and the loan bank should provide the loan to the company with the policy concessionary interest rate.

The book value of the loan is the actual amount of the loan, and the related borrowing costs are calculated according to the principal of the loan and the preferential interest rate of the policy.

The book value of the loan is the fair value. The borrowing expense is calculated according to the real interest rate method. The difference between the actual amount received and the fair value of the loan is recognized as deferred income. The deferred income should be amortized by the real interest rate method in the period of borrowing, and the related borrowing costs should be reduced accordingly.

29.7.2 The financial interest will be allocated directly to the company, and the company will reduce the relevant borrowing costs.

30. Deferred Income Tax Assets and Deferred Income Tax Liabilities

30.1 According to the difference between the book value of assets, debt and their base for taxation (The projects which have not been recognized as assets or debts but could determine their base for taxation. The difference exists between the base for taxation and their book value) Deferred income tax assets and deferred income tax liabilities could be recognized and calculated on basis of applicable tax rate during the period

which assets could be withdrawn and debt could be liquidated as expected.

30.2 Recognition of deferred income tax assets is within the limit of taxable income which is probably used to deduct deductible temporary differences. On balance sheet day, there is unambiguous evidence that sufficient taxable income is available for deduction of deductible temporary differences, the deferred income tax assets which is not recognized in the past period should be recognized.

30.3 On balance sheet day, the enterprise will recheck the book value of deferred income tax assets. If taxable income is not enough to deduct the interest of deferred income tax assets in the future, the book value of deferred income tax assets shall be decreased. The time when sufficient taxable income is obtained, the amount that has been decreased should return back to the accounting.

30.4 Income tax and deferred income tax of the Company in current period should be included in current profit and loss as income tax expense, excluding income tax in the following situations:

30.4.1 Business combination

30.4.2 Trades and items recognized in owner's equity directly.

31. Leases

A finance lease is a lease that transfers in substance all the risks and rewards incident to ownership of an asset. Title may or may not eventually be transferred. An operating lease is a lease other than a finance lease.

31.1 Operating lease

31.1.1 The Company as lessee under operating lease

Lease payments under an operating lease are recognized by a lessee on a straight-line basis over the lease term, and either included in the cost of the related asset or charged to profit or loss for the current period. The contingent rents shall be recorded in the profit or loss of the period in which they actually arise.

31.1.2 The Company as leaser under operating lease

Lease income from operating leases shall be recognized by the leaser in profit or loss on a straight-line basis over the lease term. Initial direct cost of significance in amount shall be capitalized when incurred. If another basis is more systematic and rational, that basis may be used. Contingent rents are credited to profit or loss in the period in which they actually arise.

31.2 Financing lease

31.2.1 The Company as lessee under financing lease

For an asset that is held under a finance lease, at the lease commencement, the leased asset is recorded at

the lower of its fair value at the lease commencement and the present value of the minimum lease payments, and the minimum lease payment is recorded as the carrying amount of the long-term payables; the difference between the recorded amount of the leased asset and the recorded amount of the payable is accounted for as unrecognized finance charge, Initial direct costs incurred by the lessee during the process of negotiating and securing the lease agreement shall be added to the amount recognized for the leased asset. The net amount of minimum lease payment deducted by the unrecognized finance shall be separated into long-term liabilities and long-term liability within one year for presentation. Unrecognized finance charge shall be computed by the effective interest method during the lease term. Contingent rent shall be booked into profit or loss when actually incurred.

31.2.2 The Company as leaser under financing lease

For an asset that is leased out under a finance lease, the aggregate of the minimum lease receipts at the inception of the lease and the initial direct costs is recorded as a finance lease receivable, and unguaranteed residual value is recorded at the same time; the difference between the aggregate of the minimum lease receipt, initial direct costs, and unguaranteed residual value, and the aggregate of their present values, is recognized as unearned finance income, which is amortized using the effective interest rate method over each period during the lease term.

Finance lease receivable less unearned finance income shall be separated into long-term liabilities and long-term liability within one year for presentation.

Unearned finance income shall be computed by the effective interest method during the lease term. Contingent rent shall be credited into profit or loss in which actually incurred.

32. Fair value measurement

Fair value refers to the price that market participants can receive or transfer a liability in the orderly transaction that occurs on the measurement date. The company measures related assets or liabilities at fair value, assuming that the orderly transaction of selling assets or transferring liabilities is conducted in the main market of related assets or liabilities; if there is no main market, the company assumes that the transaction is in the most favorable position of the related assets or liabilities Market. The main market (or the most favorable market) is the trading market that the company can enter on the measurement date. The company uses the assumptions used by market participants to maximize their economic benefits when pricing the asset or liability. When measuring non-financial assets at fair value, consider the ability of market participants to use the asset for optimal use to generate economic benefits, or sell the asset to other market participants that can be used for optimal use to generate economic benefits.

The company determines whether the fair value at initial recognition is equal to its transaction price based on the nature of the transaction and the characteristics of the relevant assets or liabilities. The fair value of the relevant asset or liability at initial recognition is usually equal to its transaction price, but the two may not be equal in the following cases: the transaction occurs between related parties, but the company has

evidence that the related party transaction is under market conditions Except for conducting; the transaction is forced; the unit of measurement represented by the transaction price is different from the unit of measurement identified in Article 7 of Accounting Standards for Business Enterprises 39-Fair Value Measurement; the transaction market is not the main market for related assets or liabilities (or the most favorable market). If other relevant accounting standards require or allow an enterprise to initially measure related assets or liabilities at fair value, and the transaction price is not equal to the fair value, relevant gains or losses should be included in the current profit and loss, but other relevant accounting standards provide otherwise Except.

The company uses valuation techniques that are applicable in the current situation and have sufficient available data and other information to support it. To measure related assets or liabilities at fair value, the valuation techniques used mainly include market method, income method and cost method. The company uses a method consistent with one or more of these valuation techniques to measure fair value. Where multiple valuation techniques are used to measure fair value, the rationality of each valuation result is considered, and the amount that best represents the fair value under the current circumstances is selected as the fair value. In the application of valuation techniques, the relevant observable input values are preferentially used, and the unobservable input values can be used only when the relevant observable input values are unavailable or not feasible. If the transaction price is used as the fair value at the initial confirmation, and the valuation technique involving unobservable input value is used in the subsequent measurement of the fair value, the company shall correct the valuation technique in the valuation process to make the valuation technique determined The initial confirmation result is equal to the transaction price.

For assets and liabilities measured or disclosed at fair value in the financial statements, the fair value hierarchy to which they belong is determined based on the lowest level input value that is important to the fair value measurement as a whole: the first level input value can be obtained on the measurement date The unadjusted quotation of the same asset or liability in an active market; the second level input value, except for the first level input value, the direct or indirect observable input value of the relevant asset or liability; the third level input value, the relevant asset or Unobservable input value of liabilities.

On each balance sheet date, the company reassessed the assets and liabilities continuously measured at fair value confirmed in the financial statements to determine whether there is a conversion between the levels of fair value measurement.

V. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Change of accounting policies

Since January 1, 2020, the company has adopted the relevant provisions of the "Accounting Standards for Business Enterprises No. 14-Revenue" (Cai Kuai [2017] No. 22), and adjusted the amount of retained earnings at the beginning of the year and other related items in the financial statements based on the cumulative impact number. Comparable period information will not be adjusted. Please refer to V.4 for details

on the amount of items affected by changes in accounting policies.

2. Changes in accounting estimates

There are no changes in accounting estimates need to be disclosed.

3. Correction of prior period errors

There is no other correction of prior period errors need to be disclosed.

4. The first implementation of the new financial instruments standards, new income standards, new lease standards, adjust the first implementation of the financial statements related to the beginning of the year

Explanation of the adjustment:

Consolidated Balance Sheet

Category	31 Dec 2019	1 Jan 2020	Adjusted amount
Current Assets:			
Cash and bank balances	79,602,639,381.17	79,602,639,381.17	
△Balances with clearing agencies			
△Removal of funds			
Tradable Financial assets	13,915,331.54	13,915,331.54	
Financial assets measured by fair value through profit or loss			
Derivative Financial assets	3,680,744.17	3,680,744.17	
Notes receivables	3,239,521,766.96	3,239,521,766.96	
Accounts receivable	81,564,870,371.69	83,799,321,828.26	2,234,451,456.57
Accounts receivable Financing	3,298,232,387.97	3,298,232,387.97	
Prepayments	42,556,817,646.90	42,556,817,646.90	
△Premium receivables			
△Accounts receivable reinsurance			
△The receivable reinsurance reserve			
Other receivables	48,535,869,704.62	48,535,869,704.62	
Inc: Interest receivable	305,638,997.07	305,638,997.07	
Dividend receivable			
△Financial assets purchased under resale agreements			
Inventories	191,066,348,728.19	133,557,112,365.58	-57,509,236,362.61

Category	31 Dec 2019	1 Jan 2020	Adjusted amount
Contract assets		76,174,971,145.57	76,174,971,145.57
Available for sale assets			
Non-current assets due within one year	14,588,805,608.22	5,892,909,285.84	-8,695,896,322.38
Other current assets	14,346,168,405.43	14,341,514,093.61	-4,654,311.82
Total current assets	478,816,870,076.86	491,016,505,682.19	12,199,635,605.33
Non-current assets:			
△Loans and advances to customers			
Creditor's investment	71,495,494.50	71,495,494.50	
Available-for-sale financial assets			
Other creditor's investment			
Held-to-maturity investments			
Long-term receivables	119,684,176,071.38	40,745,387,576.34	-78,938,788,495.04
Long-term equity investments	18,107,828,735.69	18,107,828,735.69	
Other equity instrument investment	12,318,116,371.11	12,318,116,371.11	
Other non-current assets	161,308,672.87	161,308,672.87	
Investment properties	3,173,387,656.85	3,173,387,656.85	
Fixed assets	120,332,066,170.30	120,332,066,170.30	
Construction in progress	14,448,363,259.20	14,448,363,259.20	
Bearer biological assets	5,719,100.59	5,719,100.59	
Oil and gas assets			
Right-of-use Assets			
Intangible assets	187,896,883,594.70	187,896,883,594.70	
Development expenditure	62,134,349.20	62,134,349.20	
Goodwill	1,905,097,791.93	1,905,097,791.93	
Long-term prepaid expenses	1,353,563,782.39	1,353,563,782.39	
Deferred tax assets	4,819,611,048.38	4,905,661,066.28	86,050,017.90
Other non-current assets	5,660,978,714.48	67,113,463,112.04	61,452,484,397.56
Total Non-current Assets			
Total Assets	490,000,730,813.57	472,600,476,733.99	-17,400,254,079.58
Current liabilities:	968,817,600,890.43	963,616,982,416.18	-5,200,618,474.25
Short-term borrowings			
△Loans from the central bank			
△ Deposits and deposits with the industry	219,054,329.96	219,054,329.96	

Category	31 Dec 2019	1 Jan 2020	Adjusted amount
△Placements from banks and other financial institutions			
Tradable financial liabilities			
Financial liabilities measured by fair value through profit or loss			
Derivative Financial liabilities	18,733,913.78	18,733,913.78	
Notes payable	22,688,154,679.60	22,688,154,679.60	
Accounts payable	154,653,270,309.70	154,653,270,309.70	
Advance from clients	143,456,186,468.01	642,024,825.80	
△Financial assets sold under repurchase agreements			
△Customer brokerage deposits			
△Securities underwriting brokerage deposits			
Employee benefits payable	3,128,018,835.51	3,128,018,835.51	
Taxes payable	3,721,492,272.07	3,721,492,272.07	
Other payable	47,339,163,658.47	47,339,163,658.47	
Inc: Interest payable			
Dividend payable	961,233,822.30	961,233,822.30	
△Handling charges and commissions payable			
△Cession insurance premiums payable			
Contract liabilities			
Available-for-sale financial liabilities			
Non-current liabilities due within one year	26,314,178,746.49	26,314,178,746.49	
Other current liabilities	16,986,888,401.31	21,417,506,810.46	4,430,618,409.15
Total Current Liabilities	453,991,692,971.38	443,684,405,197.58	-10,307,287,773.80
Non-current Liabilities:			
△Provision for insurance contracts			
Long-term borrowings	234,568,283,995.20	234,568,283,995.20	
Bonds payable	21,612,391,844.05	21,612,391,844.05	
Inc: preferred stock			
Perpetual capital securities			

Category	31 Dec 2019	1 Jan 2020	Adjusted amount
Lease liabilities			
Long-term payables	10,033,418,173.47	10,033,418,173.47	
Long-term employee benefits payable	7,197,594,837.05	7,197,594,837.05	
Estimated liabilities	84,363,040.52	1,228,986,770.11	1,144,623,729.59
Deferred Income	2,262,675,604.41	2,262,675,604.41	
Deferred tax liabilities	1,009,220,963.78	1,009,220,963.78	
Other non-current liabilities	6,481,929,687.93	10,862,306,686.11	4,380,376,998.18
Total Non-current Liabilities	1,009,220,963.78	1,009,220,963.78	
Total Liabilities	6,481,929,687.93	10,862,306,686.11	4,380,376,998.18
Owners' equity:			
Paid-in capital	31,988,220,118.57	31,988,220,118.57	
Other equity instrument			
Inc: Preference share			
Perpetual bond			
Capital reserve	19,680,601,569.59	19,680,601,569.59	
Deduct: Treasury shares			
Other comprehensive income	-921,461,908.18	-921,461,908.18	
Special reserve	38,899,153.43	38,899,153.43	
Surplus reserve	1,078,785,697.96	1,078,785,697.96	
△General risk reserve	124,662,522.14	124,662,522.14	
Unappropriated profits	26,529,345,455.06	26,265,301,965.26	-264,043,489.80
Total Owners' Equity Attributable To the Company	78,519,052,608.57	78,255,009,118.77	-264,043,489.80
Minority interests	153,056,977,164.07	152,902,689,225.65	-154,287,938.42
Total Owners' Equity	231,576,029,772.64	231,157,698,344.42	-418,331,428.22
Total Liabilities and Owners' Equity	968,817,600,890.43	963,616,982,416.18	-5,200,618,474.25

Balance sheet of parent group

Category	31 Dec 2019	1 Jan 2020	Adjusted amount
Current Assets:			
Cash and bank balances	4,684,289,388.92	4,684,289,388.92	
△Balances with clearing agencies			
△Removal of funds			

Category	31 Dec 2019	1 Jan 2020	Adjusted amount
Tradable Financial assets			
Financial assets measured by fair value through profit or loss			
Derivative Financial assets			
Notes receivables			
Accounts receivable		46,248,586.14	46,248,586.14
Accounts receivable Financing			
Prepayments	143,819,182.83	143,819,182.83	
△Premium receivables			
△Accounts receivable reinsurance			
△The receivable reinsurance reserve			
Other receivables	17,166,959,578.01	17,166,959,578.01	
Inc: Interest receivable			
Dividend receivable	412,867,615.08	412,867,615.08	
△Financial assets purchased under resale agreements			
Inventories			
Contract assets			
Available for sale assets			
Non-current assets due within one year			
Other current assets	21,640,673.00	21,640,673.00	
Total current assets	22,016,708,822.76	22,062,957,408.90	46,248,586.14
Non-current assets:			
△Loans and advances to customers			
Creditor's investment			
Available-for-sale financial assets			
Other creditor's investment			
Held-to-maturity investments			
Long-term receivables	140,090,683.77	138,000,000.00	-2,090,683.77
Long-term equity investments	52,797,325,624.84	52,797,325,624.84	

Category	31 Dec 2019	1 Jan 2020	Adjusted amount
Other equity instrument investment	4,871,307,026.90	4,871,307,026.90	
Other non-current assets			
Investment properties	368,509,662.43	368,509,662.43	
Fixed assets	396,425,580.38	396,425,580.38	
Construction in progress	302,802,534.31	302,802,534.31	
Bearer biological assets			
Oil and gas assets			
Right-of-use Assets			
Intangible assets	7,233,843.41	7,233,843.41	
Development expenditure			
Goodwill			
Long-term prepaid expenses			
Deferred tax assets			
Other non-current assets			
Total Non-current Assets	58,883,694,956.04	58,881,604,272.27	-2,090,683.77
Total Assets	80,900,403,778.80	80,944,561,681.17	44,157,902.37
Current liabilities:			
Short-term borrowings	17,132,000,000.00	17,132,000,000.00	
△Loans from the central bank			
△ Deposits and deposits with the industry			
△Placements from banks and other financial institutions			
Tradable financial liabilities			
Financial liabilities measured by fair value through profit or loss			
Derivative Financial liabilities			
Notes payable			
Accounts payable	49,613,003.84	49,613,003.84	
Advance from clients	289,580,091.41		-289,580,091.41
△Financial assets sold under repurchase agreements			
△Customer brokerage deposits			

Category	31 Dec 2019	1 Jan 2020	Adjusted amount
△Securities underwriting brokerage deposits			
Employee benefits payable	1,353,707.43	1,353,707.43	
Taxes payable	62,469,092.74	62,469,092.74	
Other payable	6,657,361,366.84	6,657,361,366.84	
Inc: Interest payable			
Dividend payable			
△Handling charges and commissions payable			
△Cession insurance premiums payable			
Contract liabilities		334,681,842.48	334,681,842.48
Available-for-sale financial liabilities			
Non-current liabilities due within one year			
Other current liabilities			
Total Current Liabilities	24,192,377,262.26	24,237,479,013.33	45,101,751.07
Non-current Liabilities:			
△Provision for insurance contracts			
Long-term borrowings	2,500,000,000.00	2,500,000,000.00	
Bonds payable			
Inc: preferred stock			
Perpetual capital securities			
Lease liabilities			
Long-term payables	2,474,352,831.91	2,474,352,831.91	
Long-term employee benefits payable			
Estimated liabilities			
Deferred Income			
Deferred tax liabilities			
Other non-current liabilities	5,771,489.98	5,771,489.98	
Total Non-current Liabilities	4,980,124,321.89	4,980,124,321.89	
Total Liabilities	29,172,501,584.15	29,217,603,335.22	45,101,751.07
Owners' equity:			
Paid-in capital	31,988,220,118.57	31,988,220,118.57	

Category	31 Dec 2019	1 Jan 2020	Adjusted amount
Other equity instrument			
Inc: Preference share			
Perpetual bond			
Capital reserve	17,158,839,924.30	17,158,839,924.30	
Deduct: Treasury shares			
Other comprehensive income	-780,302,113.43	-780,302,113.43	
Special reserve			
Surplus reserve	1,078,785,697.96	1,078,785,697.96	
△General risk reserve			
Unappropriated profits	2,282,358,567.25	2,281,414,718.55	-943,848.70
Total Owners' Equity	51,727,902,194.65	51,726,958,345.95	-943,848.70
Total Liabilities and Owners' Equity	80,900,403,778.80	80,944,561,681.17	44,157,902.37

VI. TAXES

1. Major categories of taxes and tax rates

Category of tax	Basis of tax computation	Tax rate
Value-added tax	The tax payable of VAT shall be calculated on the basis of the balance of the taxable sales volume multiplied by the applicable tax rate deducting the allowable deducted input tax in the current period	13%、10%、9%、6%、5%、3%
City maintenance and construction tax	Turnover tax payables	7%、5%、1%
Enterprise income tax	Taxable income	25%、20%、15%、12.5%、10%
Education surplus	Turnover tax payables	3%
Local education surplus	Turnover tax payables	2%、1%
Property tax	Rent income; 30% deduction from original value of the house	12%、1.2%
Land value increment tax	Taxable appreciation obtained from the transfer of real estate	30% to 60%

Notes: 1. Which the company and its domestic subsidiaries are identified as general taxpayers, according to "the Announcement of the General Administration of Taxation of the Ministry of Finance on Deepening the VAT Reform and Related Policies", from April 1, 2019, the business activity tax rate that applies the 16% is adjusted to 13%; the business activity tax rate that applies the 10% is adjusted to 9%; From April 1, 2019 to December 31, 2021, taxpayers in the production and living service industry are allowed to increase deductible

input tax for the current period by 10% and deduct the taxable amount (hereinafter referred to as the additional tax deduction policy).

2. According to the "Provisions on Matters Related to the Pilot Change of Business Tax to VAT" issued by the Ministry of Finance and the State Administration of Taxation in 2016, for general taxpayers to provide construction services for old construction projects, company can choose to apply the simple tax method in accordance with the 3% levy rate; for the general taxpayer sales of self-developed real estate projects, company can choose to apply simple tax method in accordance with the 5% levy rate.

3. In addition to the following tax incentives, enterprises within China are subject to the 25% corporate income tax rate; overseas income tax is implemented at the corporate income tax rate of the place of operation.

VII. NOTES TO IMPORTANT ITEMS IN FINANCIAL STATEMENTS

1. Cash and bank balances

Items	31 Dec 2020	1 Jan 2020
Cash on hand	147,563,193.07	156,816,805.22
Cash in bank	93,454,508,813.41	75,334,508,418.03
Other monetary funds	4,031,051,565.82	4,111,314,157.92
Total	97,633,123,572.30	79,602,639,381.17
Inc: Cash deposited abroad	11,508,844,253.36	12,886,353,792.78

Note 1: The company has CNY 9,092,627,357.13 on 31 Dec 2020 with restrictions on use due to mortgages, pledges or freezes etc.

Note 2: At the end of the period, the total amount of abroad funds is CNY 6,213,738,049.58.

2. Tradable Financial assets

Items	31 Dec 2020	1 Jan 2020
Classified by financial asset at fair value through profit or loss	82,108,177.68	13,915,331.54
Inc: Debt instrument investment		
Equity instrument investment	886,911.46	5,715,331.54
Others	81,221,266.22	8,200,000.00
Financial assets that are designated to be measured at fair value through profit or loss		
Inc: Debt instrument investment		

Hybrid instrument investment		
Others		
Total	82,108,177.68	13,915,331.54

3. Derivative financial assets

Items	31 Dec 2020	1 Jan 2020
Forward settlement and sale	7,336,427.71	3,680,744.17
Total	7,336,427.71	3,680,744.17

4. Notes Receivables

4.1 Classification of Notes Receivable

Items	31 Dec 2020			1 Jan 2020		
	Carrying Amount	Bad-debt provision	Book Value	Carrying Amount	Bad-debt provision	Book Value
Commercial acceptance bills	6,067,101,701.87	121,342,034.03	5,945,759,667.84	3,305,698,088.78	66,176,321.82	3,239,521,766.96
Total	6,067,101,701.87	121,342,034.03	5,945,759,667.84	3,305,698,088.78	66,176,321.82	3,239,521,766.96

4.2 The company has no pledged notes receivable at the end of the period

4.3 Endorsed or discounted notes receivable on the balance sheet date which hasn't expired yet

Items	Derecognition amount	Recognition amount
Commercial acceptance bills	462,640,091.57	7,291,677.86
Total	462,640,091.57	7,291,677.86

4.4 Bad debt reserve for notes receivable

Category	Ending Balance				
	Carrying amount		Bad debt provision		Book Value
	Amount	Ratio (%)	Amount	Ratio (%)	
Accounts receivable with bad debts provided individually					
Accounts receivable with bad debts provided in credit risk feature combination	6,067,101,701.87	100.00	121,342,034.03	2.00	5,945,759,667.84

Category	Ending Balance				
	Carrying amount		Bad debt provision		Book Value
	Amount	Ratio (%)	Amount	Ratio (%)	
1. Group related parties within commercial acceptance bills					
2. Outside the group commercial acceptance bills	6,067,101,701.87	100.00	121,342,034.03	2.00	5,945,759,667.84
Total	6,067,101,701.87	100.00	121,342,034.03		5,945,759,667.84

(continued)

Category	Beginning Balance				
	Carrying amount		Bad debt provision		Book Value
	Amount	Ratio (%)	Amount	Ratio (%)	
Accounts receivable with bad debts					
Accounts receivable with bad debts	3,305,698,088.78	100.00	66,176,321.82	2.00	3,239,521,766.96
1. Group related parties within					
2. Outside the group commercial acceptance bills	3,305,698,088.78	100.00	66,176,321.82	2.00	3,239,521,766.96
Total	3,305,698,088.78	100.00	66,176,321.82		3,239,521,766.96

5. Accounts Receivable

Category	Ending Balance				
	Carrying amount		Bad debt provision		Book Value
	Amount	Ratio (%)	Amount	Ratio (%)	
Accounts receivable with bad debts provided individually	3,342,642,405.46	3.52	1,657,673,558.46	49.59	1,684,968,847.00
Accounts receivable with bad debts provided in credit risk feature combination	91,489,050,541.71	96.48	7,133,378,791.82	7.80	84,355,671,749.89
1. Aging analysis	91,489,050,541.71	96.48	7,133,378,791.82	7.80	84,355,671,749.89
2. Related parties					
Total	94,831,692,947.17	100.00	8,791,052,350.28	–	86,040,640,596.89

Continued:

Category	Beginning Balance				
	Carrying amount		Bad debt provision		Book Value
	Amount	Ratio (%)	Amount	Ratio (%)	
Accounts receivable with bad debts	2,717,024,189.80	3.01	508,174,558.49	18.70	2,208,849,631.31
Accounts receivable with bad debts	87,537,103,321.57	96.99	5,946,631,124.62	6.79	81,590,472,196.95
1. Aging analysis	87,537,103,321.57	96.99	5,946,631,124.62	6.79	81,590,472,196.95
2. Related parties					
Total	90,254,127,511.37	100.00	6,454,805,683.11	--	83,799,321,828.26

5.1 Accounts receivable with bad debts provided in credit risk feature combination

Aging analysis of accounts receivable:

Category	31 Dec 2020			1 Jan 2020		
	Carrying amount		Bad debts provision	Carrying amount		Bad debts provision
	Amount	Ratio (%)		Amount	Ratio (%)	
Within 1 year	62,330,563,059.87	68.13	1,246,611,261.30	63,463,536,149.29	72.50	1,269,273,125.21
1-2 years	15,047,141,257.69	16.45	1,505,058,029.50	14,804,317,959.46	16.91	1,480,439,628.63
2-3 years	8,413,164,211.01	9.20	1,261,974,632.17	4,495,648,320.67	5.14	674,347,248.57
3-4 years	2,167,809,018.65	2.37	650,342,705.95	1,757,176,732.78	2.01	527,153,019.99
4-5 years	1,183,020,776.94	1.29	591,510,389.08	1,392,404,085.17	1.59	696,202,043.01
Over 5 years	2,347,352,217.55	2.56	1,877,881,773.82	1,624,020,074.20	1.85	1,299,216,059.21
Total	91,489,050,541.71	--	7,133,378,791.82	87,537,103,321.57	--	5,946,631,124.62

5.2 The amount of bad debt provision recovered or transferred back in the current period is CNY 1,794,353.54.

5.3 The write-off accounts receivable in the reporting period

Items	Amount
Accounts receivable written-off	56,924,620.13

5.4 Top five accounts receivable according to the final balance

Debtor	Carrying amount	Aging	Proportion of accounts receivable	Bad debts provision
Lao State Power Co., Ltd	2,857,461,340.97	Note 1	3.01	1,139,703,556.78
Central Power Purchasing Agency (Guarantee) Limited	1,640,190,985.00	Within 1 year	1.73	32,803,819.70
Yunnan Power Grid Co., Ltd.	910,844,678.44	Note 2	0.96	76,337,014.33
Guangzhou Baiyun District Water Project Construction Management Center	922,701,670.76	Note 3	0.97	61,640,806.05
State Grid Sichuan Electric Power Company	888,365,708.16	Note 4	0.94	56,441,523.45
Total	7,219,564,383.33	--	7.61	1,366,926,720.31

Note 1: within 1 year: 1,790,237,001.22 Yuan, in 1-2 year: 863,559,735.87 Yuan, in 2-3 year: 203,664,603.88 Yuan.

Note 2: within 1 year: 370,423,912.13Yuan, in 1-2 Year: 299,341,140.32 Yuan, in 2-3 year: 222,345,803.87 Yuan, in 3-4 year: 18,689,012.44 Yuan, over 5 years: 44,809.68 Yuan.

Note 3: within 1 year: 382,867,012.69 Yuan, in 1-2year: 539,834,658.07 Yuan.

Note 4: within 1 year: 566,520,111.65 Yuan, in 1-2 year: 187,244,467.30 Yuan, in 2-3 year: 108,998,145.21 Yuan, in 3-4 year: 20,880,372.00 Yuan, in 4-5 year: 17,495.00 Yuan, Over 5 years: 4,705,117.00 Yuan.

6. Accounts receivable Financing

Items	31 Dec 2020	1 Jan 2020
Notes Receivables	4,254,327,568.90	3,298,232,387.97
Accounts receivable		
Total	4,254,327,568.90	3,298,232,387.97

7. Prepayments

Items	31 Dec 2020			1 Jan 2020		
	Carrying amount		Bad debts provision	Carrying amount		Bad debts provision
	Amount	Ratio (%)		Amount	Ratio (%)	
Within 1 year (including 1 year)	38,994,889,718.95	80.55	5,424,918.86	34,485,482,351.42	80.69	24,273.09
1-2 years	5,116,500,840.30	10.57	40,487,935.89	4,802,148,847.68	11.24	40,806,668.07

Items	31 Dec 2020			1 Jan 2020		
	Carrying amount		Bad debts provision	Carrying amount		Bad debts provision
	Amount	Ratio (%)		Amount	Ratio (%)	
2-3 years	2,027,447,170.39	4.19	32,877,102.15	1,737,024,844.32	4.06	2,700.00
Over 3 years	2,270,888,938.50	4.69	231,937,386.39	1,714,638,802.85	4.01	141,643,558.21
Total	48,409,726,668.14	100.00	310,727,343.29	42,739,294,846.27	100.00	182,477,199.37

8. Other receivables

Items	31 Dec 2020	1 Jan 2020
Interest receivable	262,193,635.97	197,243,555.41
Dividends receivable	116,644,506.38	305,638,997.07
Other receivables	54,270,832,273.36	48,032,987,152.14
Total	54,649,670,415.71	48,535,869,704.62

8.1 Interest Receivable

Items	31 Dec 2020	1 Jan 2020
Time deposit		
Entrusted Loan		
Bond investment		
others	262,193,635.97	197,243,555.41
Total	262,193,635.97	197,243,555.41

8.2 Dividends receivable

Items	31 Dec 2020	1 Jan 2020	Unrecovered reasons
Within one year	12,183,020.61	250,385,709.55	Unpaid
Over one year	104,461,485.77	55,253,287.52	Unpaid
Total	116,644,506.38	305,638,997.07	

8.3 Other receivables

Category	31 Dec 2020				1 Jan 2020			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Other receivable with bad debts provided individually	2,269,989,223.38	3.74	2,080,372,908.06	91.65	812,537,295.55	1.56	773,860,642.43	95.24
Other receivable with bad debts provided in credit risk feature combination	58,500,933,087.96	96.26	4,419,717,129.92	7.55	51,331,807,930.80	98.44	3,337,497,431.78	6.5
Inc: 1 Aging analysis	58,500,933,087.96	96.26	4,419,717,129.92	7.55	51,331,807,930.80	98.44	3,337,497,431.78	6.5
Total	60,770,922,311.34	--	6,500,090,037.98	--	52,144,345,226.35	--	4,111,358,074.21	--

9. Inventories

9.1 Classification of Inventories

Category	31 Dec 2020			1 Jan 2020		
	Carrying Amount	Inventory falling price reserves	Book Value	Carrying Amount	Inventory falling price reserves	Book Value
Raw materials	12,613,730,995.32	56,963,445.21	12,556,767,550.11	12,499,439,769.46	96,415,837.87	12,403,023,931.59
Finished goods	5,741,323,779.32	71,023,319.88	5,670,300,459.44	5,551,869,082.02	70,818,392.29	5,481,050,689.73
Revolving materials	1,069,563,574.03	13,933,508.96	1,055,630,065.07	1,041,311,587.50	23,577,687.28	1,017,733,900.22
Semi-finished goods	6,821,060,358.83	368,914,502.81	6,452,145,856.02	5,964,902,895.82	368,850,889.60	5,596,052,006.22
Merchandise shipped	152,318,047.48		152,318,047.48	95,934,814.48		95,934,814.48
Development cost for real estate	92,648,472,343.04	1,179,064,500.12	91,469,407,842.92	88,759,153,984.00	838,186,469.50	87,920,967,514.50
Development products for real estate	20,881,974,502.55	138,648,531.07	20,743,325,971.48	19,604,987,910.24	92,578,549.29	19,512,409,360.95
Contract performance cost	498,116,507.91		498,116,507.91	10,773,802.32		10,773,802.32

Category	31 Dec 2020			1 Jan 2020		
	Carrying Amount	Inventory falling price reserves	Book Value	Carrying Amount	Inventory falling price reserves	Book Value
Others	1,233,453,411.12	587,115.50	1,232,866,295.62	1,551,813,455.71	32,647,110.14	1,519,166,345.57
Total	141,660,013,519.60	1,829,134,923.55	139,830,878,596.05	135,080,187,301.55	1,523,074,935.97	133,557,112,365.58

9.2 The book value of capitalized cost of borrowing contains CNY10,266,989,245.80 at the end of the year.

9.3 Inventory falling price reserves

Category	1 Jan 2020	Increased amount		Decreased amount		31 Dec 2020
		Provision	Others	Write-off	Others	
Raw materials	96,415,837.87	16,117,531.95	255,740.99	46,412,952.73	9,412,712.87	56,963,445.21
Finished goods	70,818,392.29	3,652,843.47		3,222,342.18	225,573.70	71,023,319.88
Revolving materials	23,577,687.28			8,468,757.15	1,175,421.17	13,933,508.96
Semi-finished goods	368,850,889.60	63,613.21				368,914,502.81
Development cost for real estate	838,186,469.50	340,878,030.62				1,179,064,500.12
Development products for real estate	92,578,549.29	54,276,836.94		8,206,855.16		138,648,531.07
Others	32,647,110.14	428,770.26		32,488,764.90		587,115.50
Total	1,523,074,935.97	415,417,626.45	255,740.99	98,799,672.12	10,813,707.74	1,829,134,923.55

10. Contract assets

10.1 Contract assets

Items	Ending Balance		
	Carrying Amount	Bad debt provision	Book Value
Contract assets	88,019,773,819.05	717,594,302.50	87,302,179,516.55
Total	88,019,773,819.05	717,594,302.50	87,302,179,516.55

(continued)

Items	Opening Balance		
	Carrying Amount	Bad debt provision	Book Value
Contract assets	76,832,160,568.83	657,189,423.26	76,174,971,145.57
Total	76,832,160,568.83	657,189,423.26	76,174,971,145.57

10.2. Provision for impairment of contract assets in the current period

Category	Beginning Balance	Changes in the current period				Ending Balance
		Provision	Back or turn it back	Rescheduling or write-off	Other Increases	
Contract assets	657,189,423.26	75,595,550.04		6,506,315.52	-8,684,355.28	717,594,302.50
Total	657,189,423.26	75,595,550.04		6,506,315.52	-8,684,355.28	717,594,302.50

11. Non-current assets due within one year

Items	31 Dec 2020	1 Jan 2020
Creditor's investment due within one year	68,260,330.29	
Other creditor's investment due within one year		
Long-term accounts receivable due within one year	5,988,945,378.68	5,871,774,798.74
Others		21,134,487.10
Total	6,057,205,708.97	5,892,909,285.84

12. Other current assets

Items	31 Dec 2020	1 Jan 2020
Prepaid taxes	15,421,553,546.63	13,207,389,966.45
Entrusted loan within one year	274,890,000.00	1,109,980,823.71
Others	471,464,649.85	24,143,303.45
Total	16,167,908,196.48	14,341,514,093.61

13. Loans and advances

Items	31 Dec 2020	1 Jan 2020
Loans	7,236,660.31	
Total	7,236,660.31	

14. Creditor's investment

14.1 Creditor's investment information

Items	31 Dec 2020			1 Jan 2020		
	Carrying Amount	Provision for impairment	Book Value	Carrying Amount	Provision for impairment	Book Value
National Bond 21 (07)				70,065,619.86		70,065,619.86
DWS Investment Pensionsfonds	1,468,203.44		1,468,203.44	1,429,874.64		1,429,874.64
Total	1,468,203.44		1,468,203.44	71,495,494.50		71,495,494.50

15. Long-term receivables

Items	31 Dec 2020			1 Jan 2020		
	Carrying Amount	Bad-debt provision	Book Value	Carrying Amount	Bad-debt provision	Book Value
Accounts receivable from financing lease	5,522,330,929.72	413,914,879.67	5,108,416,050.05	2,827,180,758.11	413,601,837.85	2,413,578,920.26
Inc: Unrealized financing income	1,610,729,297.46		1,610,729,297.46	699,428,722.76		699,428,722.76
Accounts receivable from goods by installment sale						
Accounts receivable from providing service by installment sale	34,997,568,551.98	429,960,186.74	34,567,608,365.24	30,740,056,139.32	223,386,892.08	30,516,669,247.24
Others	6,370,725,948.91	145,616,624.31	6,225,109,324.60	7,912,740,136.31	97,600,727.47	7,815,139,408.84
Total	46,890,625,430.61	989,491,690.72	45,901,133,739.89	41,479,977,033.74	734,589,457.40	40,745,387,576.34

16. Long-term equity investments

Items	1 Jan 2020	Increase or Decrease			
		Increase	Decrease	Investment income recognized under equity method	Other comprehensive income adjustment
Joint venture	1,884,733,583.33	3,000,000,000.00		168,900,994.58	-2,129.70
Joint ownership enterprises	16,224,837,954.04	6,377,958,641.41	256,765,000.00	717,038,201.55	-122,861,484.75
Total	18,109,571,537.37	9,377,958,641.41	256,765,000.00	885,939,196.13	-122,863,614.45

(Continued)

Items	Increase or Decrease				31 Dec 2020	Ending balance of provision for impairment
	Other equity changes	Declare cash dividends or profits	Provision for impairment	Others		
Joint venture		3,187,500.00			5,050,444,948.21	
Joint ownership enterprises	-7,020,067.86	461,315,103.07		-22,072,103.10	22,449,801,038.22	1,742,801.68
Total	-7,020,067.86	464,502,603.07		-22,072,103.10	27,500,245,986.43	1,742,801.68

17. Other equity instrument investment

Items	31 Dec 2020	1 Jan 2020
Non-trading equity instrument investment	15,117,073,002.16	12,318,116,371.11
Total	15,117,073,002.16	12,318,116,371.11

18. Other non-current financial assets

Items	31 Dec 2020	1 Jan 2020
Non-current financial assets due more than one year from the balance sheet date and expected to be held for more than one year	193,808,057.12	161,308,672.87
Total	193,808,057.12	161,308,672.87

19. Investment properties

Items	Buildings & construction	Land-use right	Total
I、Original cost			
1.1 Jan 2020	3,862,843,310.79	326,146,754.09	4,188,990,064.88

Items	Buildings & construction	Land-use right	Total
2. Increases in the current period	442,613,814.57		442,613,814.57
（1） Outsourcing	3,664,507.00		3,664,507.00
（2） Transfer in of inventories, fixed assets, and construction in progress	438,776,720.96		438,776,720.96
（3） Others	172,586.61		172,586.61
3. Decreases in the current period	87,438,761.83	2,328,320.24	89,767,082.07
（1） Other transfer out	87,438,761.83	2,328,320.24	89,767,082.07
4. 31 Dec 2020	4,218,018,363.53	323,818,433.85	4,541,836,797.38
II、Accumulated depreciation and amortization			
1. 1 Jan 2020	955,361,219.89	55,667,170.35	1,011,028,390.24
2. Increases in the current period	208,031,074.52	5,804,529.26	213,835,603.78
（1） Provision of depreciation or amortization	155,567,249.61	5,804,529.26	161,371,778.87
（2） Transfer in of inventories, fixed assets, and construction in progress	50,535,628.63		50,535,628.63
（3） Others	1,928,196.28		1,928,196.28
3. Decreases in the current period	40,306,516.68		40,306,516.68
4. 31 Dec 2020	1,123,085,777.73	61,471,699.61	1,184,557,477.34
III、Impairment provision			
1. 1 Jan 2020	4,574,017.79		4,574,017.79
2. Increases in the current period			
3. Decreases in the current period			
4. 31 Dec 2020	4,574,017.79		4,574,017.79
IV、Book Value			
1. Book value at end of the period	3,090,358,568.01	262,346,734.24	3,352,705,302.25
2. Book value at the beginning of the period	2,902,908,073.11	270,479,583.74	3,173,387,656.85

20. Fixed assets

Items	31 Dec 2020	1 Jan 2020
Fixed assets	116,102,070,571.36	120,053,774,796.73
Disposal of fixed assets	237,533,243.73	278,291,373.57
Total	116,339,603,815.09	120,332,066,170.30

20.1 Detail Information

Items	Land	Buildings & construction	Machinery equipment	Transportation	Electronic equipment	Office equipment	Other equipment	Total
I、Original cost								
1. 1 Jan 2020	115,761,048.11	74,862,320,823.20	88,274,946,733.93	9,322,418,653.11	2,033,757,004.66	2,381,941,468.23	833,944,416.35	177,825,090,147.59
2. Increases in the current period	240,051.29	5,786,559,791.35	8,288,780,348.01	624,111,594.26	299,203,202.45	302,486,822.00	223,267,926.00	15,524,649,735.36
（1）Purchases outside the group		139,411,731.56	2,760,421,130.70	601,994,992.00	83,953,352.41	270,266,575.45	213,471,304.14	4,069,519,086.26
（2）Transfer in of construction in progress		4,607,551,036.07	5,518,086,988.62		46,516,898.86	21,305,690.29	9,795,781.86	10,203,256,395.70
（3）Increases due to business combination			7,769,262.51	235,692.30		287,649.98		8,292,604.79
（4）Others	240,051.29	1,039,597,023.72	2,502,966.18	21,880,909.96	168,732,951.18	10,626,906.28	840.00	1,243,581,648.61
3. Decreases in the current period	45,010,000.00	8,482,326,289.32	6,029,994,597.40	938,232,627.37	386,219,132.27	157,522,141.80	88,423,376.98	16,127,728,165.14
（1）Disposal or scrap		112,071,719.24	1,705,857,437.06	800,520,975.22	51,304,612.10	128,368,709.59	33,962,271.80	2,832,085,725.01
（2）Others	45,010,000.00	8,370,254,570.08	4,324,137,160.34	137,711,652.15	334,914,520.17	29,153,432.21	54,461,105.18	13,295,642,440.13
4. 31 Dec 2020	70,991,099.40	72,166,554,325.23	90,533,732,484.54	9,008,297,620.00	1,946,741,074.84	2,526,906,148.43	968,788,965.37	177,222,011,717.81
Include: fixed assets fully depreciated but continued to be used		696,425,300.46	10,753,845,265.14	3,699,616,304.97	457,368,520.81	1,107,367,709.32	324,927,112.16	17,039,550,212.86
II、Accumulated depreciation								
1. 1 Jan 2020	660,028.25	11,816,299,737.27	35,301,216,641.43	6,640,139,499.61	1,274,902,467.81	1,710,998,585.78	546,181,339.55	57,290,398,299.70

Items	Land	Buildings & construction	Machinery equipment	Transportation	Electronic equipment	Office equipment	Other equipment	Total
2. Increases in the current period		2,206,374,395.91	5,274,252,262.69	708,746,035.54	231,512,695.66	283,166,493.46	113,646,555.95	8,817,698,439.21
（1）Accrual		2,021,021,785.46	5,266,749,439.34	708,691,040.74	137,965,663.07	279,201,102.44	88,692,960.00	8,502,321,991.05
（2）Increases due to business combination			7,502,823.35	54,994.80		265,326.75		7,823,144.90
（3）Others		185,352,610.45			93,547,032.59	3,700,064.27	24,953,595.95	307,553,303.26
3. Decreases in the current period		1,574,136,948.32	2,689,348,657.56	812,947,482.09	133,431,085.96	145,705,888.12	66,894,773.14	5,422,464,835.19
（1）Disposal or scrap		71,545,556.22	1,575,457,848.73	717,842,189.98	35,390,175.03	124,559,420.75	26,195,617.87	2,550,990,808.58
（2）Others		1,502,591,392.10	1,113,890,808.83	95,105,292.11	98,040,910.93	21,146,467.37	40,699,155.27	2,871,474,026.61
4. 31 Dec 2020	660,028.25	12,448,537,184.86	37,886,120,246.56	6,535,938,053.06	1,372,984,077.51	1,848,459,191.12	592,933,122.36	60,685,631,903.72
III、Provision for impairment								
1. 1 Jan 2020		121,003,440.87	252,759,675.99	101,994,238.20	3,059,239.99	1,610,756.36	489,699.75	480,917,051.16
2. Increases in the current period		62,125,013.58	27,159,209.48	40,169,517.23	447.10	317.51		129,454,504.90
（1）Accrual		62,125,013.58	27,159,209.48	40,169,517.23	447.10	317.51		129,454,504.90
（2）Increases due to business combination								
（3）Others								
3. Decreases in the current period		11,145,847.26	91,646,767.99	71,161,638.81	230,759.79	1,392,677.52	484,621.96	176,062,313.33
（1）Disposal or scrap				35,811,503.68				35,811,503.68
（2）Others		11,145,847.26	91,646,767.99	35,350,135.13	230,759.79	1,392,677.52	484,621.96	140,250,809.65
4. 31 Dec 2020		171,982,607.19	188,272,117.48	71,002,116.62	2,828,927.30	218,396.35	5,077.79	434,309,242.73

Items	Land	Buildings & construction	Machinery equipment	Transportation	Electronic equipment	Office equipment	Other equipment	Total
IV、Book Value								
1. Book Value at end of this year	70,331,071.15	59,546,034,533.18	52,459,340,120.50	2,401,357,450.32	570,928,070.03	678,228,560.96	375,850,765.22	116,102,070,571.36
2. Book Value at the beginning of this year	115,101,019.86	62,925,017,645.06	52,720,970,416.51	2,580,284,915.30	755,795,296.86	669,332,126.09	287,273,377.05	120,053,774,796.73

20.2 The situation of temporarily idle fixed assets

Items	Original cost	Accumulated depreciation	Provision for impairment	Book value	Note
Buildings & construction	16,063,360.18	3,375,633.66		12,687,726.52	
Machinery equipment	215,525,484.14	183,100,851.56		32,424,632.58	
Transportation	545,927.96	513,038.64		32,889.32	
Electronic equipment	3,090,220.00	1,419,134.17		1,671,085.83	
Office equipment	774,269.14	733,702.58		40,566.56	
Other equipment	5,896,208.03	4,798,916.75		1,097,291.28	

20.3 Fixed assets leased through finance lease

Items	Original cost	Accumulated depreciation	Provision for impairment	Book value
Machinery equipment	3,682,296,577.14	1,484,613,687.81		2,197,682,889.33
Transportation	71,382,825.32	42,927,664.29		28,455,161.03
Electronic equipment	30,629,480.22	21,178,074.39		9,451,405.83
Other equipment	4,402,742.97	2,790,025.75		1,612,717.22

20.4 Fixed assets leased through operating lease

Items	Book value
Buildings & construction	877,904,691.74
Machinery equipment	560,353,944.71
Transportation	12,142,102.21
Electronic equipment	4,116,618.93
Office equipment	439,453.59
Other equipment	7,587,780.53

20.5 Disposal of fixed assets

Items	31 Dec 2020	1 Jan 2020	Reasons
Buildings & construction	61,589,826.72	141,360,510.53	To be scrapped or disposed
Machinery equipment	34,892,842.56	28,643,787.15	To be scrapped or disposed
Transportation	5,685,309.31	7,196,097.02	To be scrapped or disposed
Electronic equipment	1,599,909.87	1,742,739.75	To be scrapped or disposed
Office equipment	913,198.97	979,535.87	To be scrapped or disposed

Items	31 Dec 2020	1 Jan 2020	Reasons
Other equipment	132,852,156.30	98,368,703.25	To be scrapped or disposed
Total	237,533,243.73	278,291,373.57	

21. Construction in progress

Items	31 Dec 2020			1 Jan 2020		
	Carrying Amount	Impairment	Book Value	Carrying Amount	Impairment	Book Value
Construction in Progress	16,532,051,543.00	1,108,967,539.75	15,423,084,003.25	14,421,374,435.53	88,800,694.39	14,332,573,741.14
Engineering material	1,899,184.83		1,899,184.83	115,789,518.06		115,789,518.06
Total	16,533,950,727.83	1,108,967,539.75	15,424,983,188.08	14,537,163,953.59	88,800,694.39	14,448,363,259.20

21.1 Detail Information

Items	31 Dec 2020			1 Jan 2020		
	Carrying Amount	Impairment	Book value	Carrying Amount	Impairment	Book value
Barra Power Station	1,372,801,617.59		1,372,801,617.59	1,215,704,496.43		1,215,704,496.43
Xiate Hydroelectric power station	1,405,784,195.22		1,405,784,195.22	957,848,144.42		957,848,144.42
Changjiu (Shenshan) Limestone Project	368,705,755.85		368,705,755.85	577,969,135.61		577,969,135.61
Gonghe Photothermall Project	852,969,112.30		852,969,112.30	831,462,949.48		831,462,949.48
Xinjiang (Fengguang Diesel Storage) Ronghe Distribution Network Project	418,320,225.59		418,320,225.59	361,952,836.31		361,952,836.31
Maiduoshan Project 200MW	781,225,347.95		781,225,347.95	292,580,757.37		292,580,757.37
Gengzhen Wind Farm	611,818,888.84		611,818,888.84	112,858,235.49		112,858,235.49
Dolomite Mine for Building Stones in Dongshan, Fudian Town, Yanshi City	445,673,113.05		445,673,113.05			
Wujiaqu Northwest Hydropower Sixth Division Beitashan Ranch 100MW wind power	527,630,934.71		527,630,934.71	14,614,361.86		14,614,361.86
Lingwu Xingqian Wind Farm	934,559,988.76		934,559,988.76	57,618.86		57,618.86
Others	8,812,562,363.14	1,108,967,539.75	7,703,594,823.39	10,056,325,899.70	88,800,694.39	9,967,525,205.31
Total	16,532,051,543.00	1,108,967,539.75	15,423,084,003.25	14,421,374,435.53	88,800,694.39	14,332,573,741.14

21.2 Construction materials

Items	31 Dec 2020			1 Jan 2020		
	Carrying Amount	Impairment	Book Value	Carrying Amount	Impairment	Book Value
Special materials				15,491,867.32		15,491,867.32
Special equipment	1,852,210.91		1,852,210.91	98,652,104.08		98,652,104.08
Instruments and appliance for production	46,973.92		46,973.92	152,788.48		152,788.48
others				1,492,758.18		1,492,758.18
Total	1,899,184.83		1,899,184.83	115,789,518.06		115,789,518.06

22. Productive living assets

Items	Plant industry		Animal industry		Forestry		Total
	Immature Productive living assets	Mature Productive living assets	Immature Productive living assets	Mature Productive living assets	Immature Productive living assets	Mature Productive living assets	
I、Original cost							
1. 1 Jan 2020	281,649.00	2,747,012.49	23,418.82	2,380,752.70	3,139,478.59	1,835,581.33	10,407,892.93
2. Increases in the current period	98,160.00		266,482.65	846,792.00	35,702.50		1,247,137.15
（1）Outsourcing	98,160.00		266,482.65	556,890.53	35,702.50		957,235.68
（2）Self-cultivation				289,901.47			289,901.47
3. Decreases in the current period		2,747,012.49	289,901.47	613,172.00			3,650,085.96
4. 31 Dec 2020	379,809.00			2,614,372.70	3,175,181.09	1,835,581.33	8,004,944.12
II、Accumulated depreciation							
1. 1 Jan 2020		2,747,012.49		763,948.58		1,177,831.27	4,688,792.34
2. Increases in the current period				452,343.00		183,558.12	635,901.12
（1）Provision				452,343.00		183,558.12	635,901.12
3. Decreases in the current period		2,747,012.49		452,343.00			3,199,355.49
（1）Disposal		2,747,012.49		452,343.00			3,199,355.49

Items	Plant industry		Animal industry		Forestry		Total
	Immature Productive living assets	Mature Productive living assets	Immature Productive living assets	Mature Productive living assets	Immature Productive living assets	Mature Productive living assets	
4. 31 Dec 2020				763,948.58		1,361,389.39	2,125,337.97
III、Impairment provision							
1. 1 Jan 2020							
2. Increases in the current period							
3. Decreases in the current period							
4. 31 Dec 2020							
IV、Book Value							
1. Book value at end of the period	379,809.00			1,850,424.12	3,175,181.09	474,191.94	5,879,606.15
2. Book value at beginning of the period	281,649.00		23,418.82	1,616,804.12	3,139,478.59	657,750.06	5,719,100.59

23. Intangible assets

Items	Software	Land use rights	Patent right	Non-patent technology	Trademarks	Copyright	Franchise	Others	Total
I、**Original cost**									
1. 1 Jan 2020	1,250,364,639.94	11,649,737,916.71	373,054,792.41	155,795,541.11	13,005,286.65	27,767,793.91	177,851,526,869.29	4,468,897,677.48	195,790,150,517.50
2. Increases in the current period	207,683,109.03	347,018,547.90	3,817,163.28		320,325.50	498,670.03	50,631,624,170.28	289,583,639.08	51,480,545,625.10
(1) Purchase	196,648,812.28	334,720,716.27	3,724,516.95			498,670.03	46,664,106,017.54	251,102,111.92	47,450,800,844.99
(2) Internal R&D	1,793,818.64		92,646.33				6,890,544.47		8,777,009.44
(3) Increase in business combination									
(4) Capitalized interest expenses							3,573,875,420.56		3,573,875,420.56
(5) Other	9,240,478.11	12,297,831.63			320,325.50		386,752,187.71	38,481,527.16	447,092,350.11
3. Decreases in the current period	14,051,087.52	108,125,941.58	3,725,128.48	42,431,363.57			29,546,570,239.72	7,022,770.46	29,721,926,531.33
(1) Disposal	6,578,299.25	81,328,158.84					25,416,810,673.02		25,504,717,131.11
(2) Other	7,472,788.27	26,797,782.74	3,725,128.48	42,431,363.57			4,129,759,566.70	7,022,770.46	4,217,209,400.22
4. 31 Dec 2020	1,443,996,661.45	11,888,630,523.03	373,146,827.21	113,364,177.54	13,325,612.15	28,266,463.94	198,936,580,799.85	4,751,458,546.10	217,548,769,611.27
II、Accumulated amortization									
1. 1 Jan 2020	751,725,346.92	1,702,646,992.89	187,307,225.63	74,007,821.82	5,303,847.76	9,816,986.77	4,973,595,024.35	165,096,922.31	7,869,500,168.45

Items	Software	Land use rights	Patent right	Non-patent technology	Trademarks	Copyright	Franchise	Others	Total
2. Increases in the current period	158,001,635.73	265,377,629.88	34,391,220.05	9,140,482.79	1,014,738.54	2,269,243.16	1,930,196,321.51	67,936,554.17	2,468,327,825.83
(1) Accrual	155,624,383.30	264,417,629.64	34,391,220.05	9,140,482.79	871,691.25	2,269,243.16	1,929,829,456.55	65,547,416.17	2,462,091,522.91
(2) Increase in business combination									
(3) Other	2,377,252.43	960,000.24			143,047.29		366,864.96	2,389,138.00	6,236,302.92
3. Decreases in the current period	9,848,914.85	31,415,904.54	357,281.72	36,747,041.39			1,096,921,824.55	3,386,170.67	1,178,677,137.72
(1) Disposal	6,479,325.71	26,616,375.44					894,243,880.88		927,339,582.03
(2)Other	3,369,589.14	4,799,529.10	357,281.72	36,747,041.39			202,677,943.67	3,386,170.67	251,337,555.69
4. 31 Dec 2020	899,878,067.80	1,936,608,718.23	221,341,163.96	46,401,263.22	6,318,586.30	12,086,229.93	5,806,869,521.31	229,647,305.81	9,159,150,856.56
III、Provision for impairment									
1. 1 Jan 2020	11,324.48						23,237,222.43	518,207.44	23,766,754.35
2. Increases in the current period								16,520,133.24	16,520,133.24
3. Decreases in the current period							13,492,283.26		13,492,283.26
4. 31 Dec 2020	11,324.48						9,744,939.17	17,038,340.68	26,794,604.33
IV、Book Value									

Items	Software	Land use rights	Patent right	Non-patent technology	Trademarks	Copyright	Franchise	Others	Total
1. Book value at end of the period	544,107,269.17	9,952,021,804.80	151,805,663.25	66,962,914.32	7,007,025.85	16,180,234.01	193,119,966,339.37	4,504,772,899.61	208,362,824,150.38
2. Book value at beginning of the period	498,627,968.54	9,947,090,923.82	185,747,566.78	81,787,719.29	7,701,438.89	17,950,807.14	172,854,694,622.51	4,303,282,547.73	187,896,883,594.70

24. Development expenditure

Items	1 Jan 2020	Increase		Decrease			31 Dec 2020
		Internal development	Others	Recognized as Intangible assets	Transfer to profit and loss in current period	Others	
Low wind speed wind farm multi-dimensional operation system and other projects	18,320,533.83	10,166,562.45			2,158,583.92		26,328,512.36
Others	43,813,815.37	19,085,837,479.24		8,777,009.44	19,120,874,285.17		
Total	62,134,349.20	19,096,004,041.69		8,777,009.44	19,123,032,869.09		26,328,512.36

25. Goodwill

25.1 General

Name of investee	1 Jan 2020	Increase	Decrease	31 Dec 2020
Sichuan Songlin River Basin Development Co., Ltd.	39,440,000.00			39,440,000.00
Sichuan ZhongtieNengyuan Wuyiqiao Hydropower Development Co., Ltd.	310,215,093.64			310,215,093.64
LANGOLD REAL ESTATE CO., LTD.	748,217,742.96			748,217,742.96
Geodata S.P.A	8,939,563.17			8,939,563.17
Wuhan Meilidongfang Sludge Treatment Technology Co., Ltd.	5,372,533.09			5,372,533.09
Qihe Energy Co., Ltd.	5,748,828.56			5,748,828.56
Dongfang Lizhi New Energy Co., Ltd.	1.00			1.00
Qingyuan Lion Lake Golf Resort Club Co., Ltd.	119,468,277.95			119,468,277.95
Qingdao Wance Real Estate Development Co., Ltd.	41,044,778.40			41,044,778.40
Qingdao Zhongwang Real Estate Co., Ltd.	423,748.72			423,748.72
Yijie Hongtai Development Group Co., Ltd.	234,122,965.16			234,122,965.16
China Electric Fuhai Solar Energy Co., Ltd.	275,733.48			275,733.48
Nanchang Guangyuan Electric Co., Ltd.	271,533.80		271,533.80	
Germany TLT Co., Ltd.	597,669,426.34	9,817,594.45		607,487,020.79
Xichang Anning Hewaao Hydropower Development Co., Ltd.	1,106,000.00			1,106,000.00
Shandong Power Construction Railway Army Engineering Co., Ltd.	34,315,838.47			34,315,838.47
Total	2,146,632,064.74	9,817,594.45	271,533.80	2,156,178,125.39

25.2 Provision for impairment

Name of investee	1 Jan 2020	Increase	Decrease	31 Dec 2020
Sichuan ZhongtieNengyuan Wuyiqiao Hydropower Development Co., Ltd.	44,941,893.64			44,941,893.64
LANGOLD REAL ESTATE CO., LTD.	68,184,538.05	465,897,270.19		534,081,808.24
GeodataS.P.A	8,939,563.17			8,939,563.17
Shandong Power Construction Railway Army Engineering Co., Ltd.		34,315,838.47		34,315,838.47
China Electric Fuhai Solar Energy Co., Ltd.		275,733.48		275,733.48
Qingyuan Lion Lake Golf Resort Club Co., Ltd.	119,468,277.95			119,468,277.95
Germany TLT Co., Ltd.		117,918,000.00		117,918,000.00
Total	241,534,272.81	618,406,842.14		859,941,114.95

26. Long-term prepaid expenses

Items	1 Jan 2020	Increase	Amortization	Other decrease	31 Dec 2020
Improved expenditures on fixed assets leased in operating leases	217,264,140.63	48,016,751.90	46,915,787.45	2,369,780.35	215,995,324.73
Other expenses amortized over one year	1,136,299,641.76	635,742,784.95	768,326,754.16	4,755,940.54	998,959,732.01
Total	1,353,563,782.39	683,759,536.85	815,242,541.61	7,125,720.89	1,214,955,056.74

27. Deferred tax assets and deferred tax liabilities

27.1 Deferred tax assets and deferred tax liabilities are not shown in net amount after offset

Items	31 Dec 2020		1 Jan 2020	
	Deferred income tax assets/ liabilities	Deductible/taxable temporary difference	Deferred income tax assets/ liabilities	Deductible/taxable temporary difference
I、Deferred tax assets	5,205,089,499.32	26,324,163,570.51	4,905,661,066.28	25,101,372,636.81
Impairment of financial asset	2,495,844,794.36	12,966,629,535.54	2,050,496,635.37	11,133,189,705.50
Unrealized profit from insider trading	1,133,195,322.43	4,681,442,294.68	969,301,686.99	4,046,865,177.81
Deductible losses	368,132,322.97	1,524,371,209.41	534,251,711.53	2,181,717,934.17
Unpaid salary of employee benefits	1,954,233.65	8,307,216.28	29,478,171.67	120,192,862.80
Expenses for three types of personnel	533,778,969.36	3,546,696,462.46	587,518,052.24	3,788,347,014.96
Estimated liabilities	119,514,744.57	794,040,698.46	152,494,035.47	998,786,361.29
Others	552,669,111.98	2,802,676,153.68	582,120,773.01	2,832,273,580.28
II、Deferred tax liabilities	1,274,882,855.64	5,371,651,337.66	1,009,220,963.78	4,172,322,470.67

Items	31 Dec 2020		1 Jan 2020	
	Deferred income tax assets/ liabilities	Deductible/taxable temporary difference	Deferred income tax assets/ liabilities	Deductible/taxable temporary difference
Changes in fair value of other equity instrument investments	83,281,681.87	494,786,794.04	59,666,104.74	290,243,378.80
Changes in fair value of trading financial assets (liabilities)	31,556,879.25	188,315,371.62	34,320,254.24	140,359,120.36
Long-term equity investment equity method in calculating investment income	45,131,848.16	180,527,392.65	146,563.80	586,255.20
Investment income from BT projects	1,014,991,902.86	4,108,339,605.35	814,359,827.91	3,338,220,863.95
Others	99,920,543.50	399,682,174.00	100,728,213.09	402,912,852.36

27.2 Details of unrecognized deferred income tax assets

Items	31 Dec 2020	1 Jan 2020
Deductible temporary difference	13,975,177,255.89	8,342,138,599.14
Deductible loss	20,191,129,326.56	17,624,906,792.36
Total	34,166,306,582.45	25,967,045,391.50

27.3 Deductible loss of deferred corporate tax assets the group not confirmed will be due in the following year:

Year	31 Dec 2020	1 Jan 2020	Note
2020		1,988,886,912.48	
2021	2,758,195,844.86	3,201,137,564.81	
2022	2,423,492,912.16	3,053,822,804.99	
2023	3,396,086,765.12	3,818,760,223.86	
2024	4,505,166,660.80	5,215,282,223.50	
2025	6,544,093,830.01	1,478,618.73	
2026	2,215,341.68	2,245,506.29	
2027	2,290,181.28	2,290,181.28	
2028	192,300,734.36	192,300,734.36	
2029	138,148,852.16	141,328,200.07	
2030 and after 2030	229,138,204.13	7,373,821.99	
Total	20,191,129,326.56	17,624,906,792.36	

28. Other non-current assets

Items	31 Dec 2020 Carrying Amount	31 Dec 2020 Provision of impairment	31 Dec 2020 Book Value	1 Jan 2020 Carrying Amount	1 Jan 2020 Provision of impairment	1 Jan 2020 Book Value
Temporary building	518,302,802.51		518,302,802.51	463,539,497.62		463,539,497.62
Entrust loans				2,380,000,000.00		2,380,000,000.00
Input tax to be deducted	4,162,996,318.15		4,162,996,318.15	2,609,945,842.14		2,609,945,842.14
Long-term contract assets	65,745,776,168.48		65,745,776,168.48	61,452,484,397.56		61,452,484,397.56
Others	534,502,413.84		534,502,413.84	207,493,374.72		207,493,374.72
Total	70,961,577,702.98		70,961,577,702.98	67,113,463,112.04		67,113,463,112.04

29. Short-term borrowings

Items	31 Dec 2020	1 Jan 2020
Pledge loan	110,568,681.52	173,837,894.31
Mortgage	72,178,795.02	128,569,966.01
Guaranteed loan	3,875,942,456.53	4,434,343,874.79
Credit loan	30,347,397,923.79	30,729,799,621.37
Total	34,406,087,856.86	35,466,551,356.48

30. Derivative Financial liabilities

Items	31 Dec 2020	1 Jan 2020
Interest rate swap	39,543,503.02	18,733,913.78
Total	39,543,503.02	18,733,913.78

31. Notes payable

Category	31 Dec 2020	1 Jan 2020
Bank acceptance	4,732,821,631.34	2,525,200,085.48
Trade acceptance	23,131,180,767.69	20,162,954,594.12
Total	27,864,002,399.03	22,688,154,679.60

32. Accounts payable

Aging	31 Dec 2020	1 Jan 2020
Within 1 year	123,162,938,648.88	114,205,675,506.02
1-2 years	25,390,539,294.29	23,563,989,372.89

Aging	31 Dec 2020	1 Jan 2020
2-3 years	9,616,569,407.31	9,921,630,539.07
Over 3 years	9,295,454,383.22	6,961,974,891.72
Total	167,465,501,733.70	154,653,270,309.70

33. Advance from clients

Aging	31 Dec 2020	1 Jan 2020
Within 1 year	245,847,805.81	469,624,106.59
More than 1 year	138,356,560.99	172,400,719.21
Total	384,204,366.80	642,024,825.80

34. Contract liabilities

Items	31 Dec 2020	1 Jan 2020
Contract liabilities	143,840,494,541.30	128,076,255,459.26
Total	143,840,494,541.30	128,076,255,459.26

35. Deposits and deposits with the industry

Items	31 Dec 2020	1 Jan 2020
Accept money deposits	53,284,778.62	219,054,329.96
Total	53,284,778.62	219,054,329.96

36. Employee benefits payable

36.1 General picture

Items	1 Jan 2020	Increase	Decrease	31 Dec 2020
Short-term pay	2,261,816,598.56	38,927,809,787.87	38,987,599,413.74	2,202,026,972.69
Compensation for demission-Defined contribution plans	346,806,586.41	3,925,122,472.76	3,965,041,511.71	306,887,547.46
Termination benefits	10,735,563.53	16,244,477.11	16,304,516.33	10,675,524.31
Other benefits within one year	508,660,087.01	621,046,028.33	607,450,058.22	522,256,057.12
Others				
Total	3,128,018,835.51	43,490,222,766.07	43,576,395,500.00	3,041,846,101.58

36.2 Short-term payable

Items	1 Jan 2020	Increase	Decrease	31 Dec 2020
1.Wages or salaries, bonuses, allowances and subsidies	1,077,789,720.87	26,434,336,617.35	26,587,073,874.10	925,052,464.12
2.Welfare expense	4,102,000.00	2,029,056,353.12	2,033,158,353.12	
3.Social insurance:	305,881,750.01	2,147,694,887.10	2,138,020,529.88	315,556,107.23
1) Medical insurance premium	62,817,872.10	1,505,968,782.92	1,511,857,858.43	56,928,796.59
2) Employment injury insurance	30,663,299.66	128,446,974.72	127,427,360.30	31,682,914.08
3) Maternity insurance	10,504,339.59	70,666,494.72	72,763,455.36	8,407,378.95
4) Others	201,896,238.66	442,612,634.74	425,971,855.79	218,537,017.61
4.Housing fund	178,977,383.78	2,485,265,976.36	2,555,640,737.38	108,602,622.76
5.Labor union expenditure and education fund	589,245,515.67	948,433,270.74	881,490,764.94	656,188,021.47
6.Short-term paid absences				
7.Short-term profit sharing plan		112,955,500.00	37,040,000.00	75,915,500.00
8.Labor dispatch costs	15,507,590.39	3,414,045,139.06	3,399,335,270.00	30,217,459.45
9.Other short-term compensation	90,312,637.84	1,356,022,044.14	1,355,839,884.32	90,494,797.66
Total	2,261,816,598.56	38,927,809,787.87	38,987,599,413.74	2,202,026,972.69

36.3 Compensation for demission-defined contribution plan

Items	1 Jan 2020	Increase	Decrease	31 Dec 2020
Basic Pension insurance premium	99,353,976.02	2,421,485,326.14	2,447,350,158.26	73,489,143.90
Unemployment insurance premium	44,842,151.67	180,517,063.61	181,826,242.54	43,532,972.74
Annuity premium	202,199,580.38	1,275,602,210.12	1,288,633,980.51	189,167,809.99
Others	410,878.34	47,517,872.89	47,231,130.40	697,620.83
Total	346,806,586.41	3,925,122,472.76	3,965,041,511.71	306,887,547.46

37. Taxes payable

Items	1 Jan 2020	Current payable	Paid at current period	31 Dec 2020
Value added tax	2,158,149,744.51	8,012,408,633.16	8,150,075,224.32	2,020,483,153.35
Resource tax	29,925,867.68	163,417,842.75	158,671,474.42	34,672,236.01
City maintenance and construction tax	31,542,288.56	422,956,202.73	443,063,410.63	11,435,080.66
Property tax	28,392,273.94	238,633,110.55	232,861,322.94	34,164,061.55
Income tax	-731,180,930.96	4,334,147,956.61	4,329,114,537.31	-726,147,511.66
Individual income tax	385,275,499.78	1,311,358,912.13	1,258,414,451.51	438,219,960.40

Items	1 Jan 2020	Current payable	Paid at current period	31 Dec 2020
land use tax	24,337,686.17	160,679,940.36	159,121,287.81	25,896,338.72
Educational surcharges	21,439,892.19	346,771,020.02	358,552,500.91	9,658,411.30
Other tax	1,773,609,950.20	2,615,568,104.78	2,940,597,432.63	1,448,580,622.35
Total	3,721,492,272.07	17,605,941,723.09	18,030,471,642.48	3,296,962,352.68

38. Other payable

Items	31 Dec 2020	1 Jan 2020
Interests payable		
Dividends payable	1,336,490,925.09	961,233,822.30
Other payables	60,236,715,242.79	46,377,929,836.17
Total	61,573,206,167.88	47,339,163,658.47

38.1 Dividends payable

Items	31 Dec 2020	1 Jan 2020
Ordinary Stock Dividends		
Preferred stock divided into equity instruments/ Perpetual debt dividend		
Others	1,336,490,925.09	961,233,822.30
Total	1,336,490,925.09	961,233,822.30

38.2 Other payable

Items	31 Dec 2020	1 Jan 2020
Within 1 Year	47,902,942,176.89	36,269,435,765.71
1-2 years	5,737,798,606.30	4,519,286,979.75
2-3 years	2,419,898,398.70	2,287,999,817.44
Over 3 years	4,176,076,060.90	3,301,207,273.27
Total	60,236,715,242.79	46,377,929,836.17

39. Non-current liabilities due within one year

Item	31 Dec 2020	1 Jan 2020
Long term loans due within one year	18,568,339,210.52	24,065,032,869.88
Bonds payable due within one year	7,986,410,692.37	1,150,342,376.54
Long-term payable due within one year	1,611,216,064.39	1,071,121,983.87
Other long-term liabilities due within one year	10,467,475.01	27,681,516.20
Total	28,176,433,442.29	26,314,178,746.49

40. Other current liabilities

Items	31 Dec 2020	1 Jan 2020
Short-term financing bill	5,289,845,490.86	11,582,453,487.04
Inc: Short-term financing bill	1,016,755,890.40	1,013,242,375.93
Ultra short-term financing bill	4,273,089,600.46	10,569,211,111.11
Pending sales tax	13,932,081,793.53	9,642,922,661.62
Others	188,771,694.86	192,130,661.80
Total	19,410,698,979.25	21,417,506,810.46

41. Long-term borrowings

Items	31 Dec 2020	1 Jan 2020	Ending interest rate range (%)
Pledge loan	66,179,602,614.71	46,504,848,239.04	3.50-6.98
Mortgage loan	51,593,875,860.32	63,004,438,771.67	2.90-7.70
Guaranteed loan	39,369,692,343.20	40,121,588,686.29	0.25-8.30
Credit loan	92,302,501,316.57	84,937,408,298.20	1.08-7.98
Total	249,445,672,134.80	234,568,283,995.20	

42. Bonds payable

Items	31 Dec 2020	1 Jan 2020
Zhongshuidian 2012 Corporate bond 02	2,994,910,609.79	2,992,138,390.05
Zhongshuidian 2011 Corporate bond		998,456,210.13
17 Jiulong MTN001	296,821,306.44	295,750,000.00
18 Jiulong MTN001	297,545,931.78	296,925,000.00
16 Shuidianshisi MTN002		500,000,000.00
20 Shuidianshisi MTN001	498,584,905.66	
Dianjian Real Estate 2020 PPN001	1,193,337,641.56	
Dianjian Real Estate 2020 PPN002	994,328,986.30	
Dianjian 2016 01		1,995,720,494.40
Dianjian Real Estate 2016 MTN001		1,995,914,077.73
Dianjian Bond 2017	997,125,457.44	995,296,412.48
Dianjian 2018 01		1,986,082,736.08
Dianjian 2018 US Dollar Bond		2,045,767,663.47
Dianjian Bond 2019	994,087,475.23	992,208,568.06

Items	31 Dec 2020	1 Jan 2020
Dianjian 2019 01	857,895,179.82	857,322,935.44
Dianjian Real Estate 2019 MTN001	996,972,719.16	994,982,616.77
Dianjian 2020 01	1,992,927,124.94	
Langold Real Estate 2019 Corporate bond	697,307,471.51	695,020,760.00
Langold Real Estate 2019 MTN001	595,397,146.25	592,508,938.33
Langold Real Estate 2019 MTN002	892,785,442.65	888,447,412.50
Senior US Dollar Bond	1,952,704,489.37	2,084,277,299.11
GEODATA6,4%BOND2014-2020		5,572,329.50
Ludiansanjian 2016 PPN001	400,000,000.00	400,000,000.00
Total	16,652,731,887.90	21,612,391,844.05

Changes in bonds payable

Items	Par Value	Issue date	Bond period (Year)	Issuing amount	Opening balance	Current issue	Interest accrued for this year	Premium and discount amortization	Repayment and interest payment in the current period	Ending balance
Zhongshuidian 2012 Corporate bond 02	100	2012-10-29	10	3,000,000,000.00	3,018,169,591.61		156,000,000.00	2,772,219.74	156,007,800.00	3,020,934,011.35
Zhongshuidian 2011 Corporate bond	100	2011-04-25	10	1,000,000,000.00	1,037,831,210.13		52,500,000.00	1,260,395.54	52,500,000.00	1,039,091,605.67
17 Jiulong MTN001	100	2017-11-15	5	300,000,000.00	297,352,739.73		19,522,260.27	1,071,306.44	19,500,000.00	298,446,306.44
18 Jiulong MTN001	100	2018-06-07	5	300,000,000.00	308,205,821.92		22,469,178.08	620,931.78	22,500,000.00	308,795,931.78
15 Shuidianshisi MTN001	100	2015-12-8	5	200,000,000.00	200,482,191.78		7,517,808.22		208,000,000.00	
16 Shuidianshisi MTN002	100	2016-07-01	5	500,000,000.00	509,000,000.00		18,300,000.00		18,250,000.00	509,050,000.00
17 Shuidianshisi MTN001	100	2017-08-14	3	500,000,000.00	509,263,013.70		15,236,986.30		524,500,000.00	
20 Shuidianshiliu 01	100	2020-05-20	5	500,000,000.00		498,584,905.66	10,147,083.34			508,731,989.00
Dianjian Real Estate 2020 PPN001	100	2020-08-06	5	1,200,000,000.00		1,192,800,000.00	20,639,013.70	537,641.56		1,213,976,655.26
Dianjian Real Estate 2020 PPN002	100	2020-	5	1,000,000,000.00		994,000,000.00	13,300,821.92	328,986.30		1,007,629,808.22

Items	Par Value	Issue date	Bond period (Year)	Issuing amount	Opening balance	Current issue	Interest accrued for this year	Premium and discount amortization	Repayment and interest payment in the current period	Ending balance
		09-14								
Dianjian 201601	100	2016-01-26	5	2,000,000,000.00	2,064,449,261.52		74,014,402.29	3,994,215.46	74,000,000.00	2,068,457,879.27
Dianjian Real Estate 2016 MTN001	100	2016-04-21	5	2,000,000,000.00	2,051,925,006.69		82,153,454.60	3,227,567.71	82,000,000.00	2,055,306,029.00
Dianjian Bond 2017	100	2017-09-25	5	1,000,000,000.00	1,010,084,937.07		55,840,516.51	1,829,044.96	55,800,000.00	1,011,954,498.54
Dianjian 201801	100	2018-08-22	5	2,000,000,000.00	2,030,465,249.74		79,617,486.34	13,917,263.92	2,124,000,000.00	
Dianjian US Dollar Bond 2018	100 USD	2018-12-6	3	2,067,000,000.00	2,045,767,663.47		93,558,537.69	4,136,334.29	93,558,537.69	2,049,903,997.76
Dianjian Bond 2019	100	2019-01-30	5	1,000,000,000.00	1,039,751,033.82		51,811,632.61	1,878,907.17	51,800,000.00	1,041,641,573.60
Dianjian 2019 01	100	2019-07-25	5	860,000,000.00	873,275,935.44		36,765,706.85	572,244.38	36,722,000.00	873,891,886.67
Dianjian Real Estate 2019 MTN001	100	2019-08-29	3	1,000,000,000.00	1,008,097,370.87		40,035,930.83	1,990,102.39	40,000,000.00	1,010,123,404.09
Dianjian 202001	100	2020-11-25	5	2,000,000,000.00		1,992,800,000.00	8,876,712.33	127,124.94		2,001,803,837.27
Langold Real Estate 2019	100	2019-	3	700,000,000.00	732,260,760.00		39,881,780.82	2,286,711.51	39,900,000.00	734,529,252.33

Items	Par Value	Issue date	Bond period (Year)	Issuing amount	Opening balance	Current issue	Interest accrued for this year	Premium and discount amortization	Repayment and interest payment in the current period	Ending balance
Corporate bond		01-24								
Langold Real Estate 2019 MTN001	100	2019-06-19	3	600,000,000.00	610,200,605.00		32,802,853.88	2,888,207.92	33,000,000.00	612,891,666.80
Langold Real Estate 2019 MTN002	100	2019-07-15	3	900,000,000.00	910,309,912.50		47,435,000.00	4,338,030.15	47,700,000.00	914,382,942.65
Senior US Dollar Bond	100 USD	2019-06-20	3	1,957,470,000.00	2,086,255,481.82		58,724,100.00		190,424,881.11	1,954,554,700.71
GEODATA6.4%BOND2014-2020	100	2014-10-10	6	54,616,100.00	16,807,267.06		1,070,836.58		17,878,103.64	
Ludiansanjian 2016 PPN001	100	2016-11-16	5	400,000,000.00	402,779,166.72		17,665,437.14		17,400,000.00	403,044,603.86
Total				27,039,086,100.00	22,762,734,220.59	4,678,184,905.66	1,055,887,540.30	47,777,236.16	3,905,441,322.44	24,639,142,580.27
Less: Total bonds payable due within one year					1,150,342,376.54					7,986,410,692.37
Total bonds payable due in one year					21,612,391,844.05					16,652,731,887.90

43. Long-term payables

Items	1 Jan 2020	Increase	Decrease	31 Dec 2020
Long-term account payable	9,955,782,642.58	3,811,938,691.16	4,483,508,055.30	9,284,213,278.44
Account payable special funds	77,635,530.89	6,991,103.52	2,627,002.68	81,999,631.73
Total	10,033,418,173.47	3,818,929,794.68	4,486,135,057.98	9,366,212,910.17

43.1 Top five long-term payable with the largest balance at the end of period

Items	31 Dec 2020	1 Jan 2020
Anhui Provincial Land and Resources Reserve Development Center	3,447,207,771.69	3,447,207,771.69
Outside-plan expenses for retired personnel paid in the way of third party payment	1,835,001,151.20	2,408,908,174.44
Zhongshan Securities Co., Ltd.	734,300,000.00	622,000,000.00
CHINA DEVELOPMENT BANK FINANCIAL LEASING CO.,LTD.	478,463,423.45	
China CITIC Construction Investment Second Phase Asset-backed Special Plan issued by PowerChina Leasing co., LTD.	460,000,000.00	
Total	6,954,972,346.34	6,478,115,946.13

43.2 Account payable special funds

Items	1 Jan 2020	Increase	Decrease	31 Dec 2020
Demolition compensation	6,262,677.38	113,703.52	854,528.68	5,521,852.22
Others	71,372,853.51	6,877,400.00	1,772,474.00	76,477,779.51
Total	77,635,530.89	6,991,103.52	2,627,002.68	81,999,631.73

44. Long-term employee benefits payable

44.1 General picture

Items	2020	2019
Post-employment benefits-defined benefit plan net liabilities	6,419,862,939.61	7,050,816,093.38
Dismissal benefits	8,443,376.45	7,344,308.74
Other long-term benefits		
Post-employment benefits-defined contribution plan	165,838,482.51	139,434,434.93
Total	6,594,144,798.57	7,197,594,837.05

44.2 Changes in defined benefits plan

44.2.1 Present value of obligation of defined benefit plan

Items	2020	2019
1.Opening balance	7,531,815,043.14	8,437,599,166.04
2.Cost of defined benefit plan recorded into profit and loss of current year	188,337,514.42	262,794,162.40
1). Current service cost	-929,578.03	
2). Past service costs	-36,958,876.33	
3). Settlement gains (losses are represented by "-")	-10,228,039.92	
4). Net Interest	236,454,008.70	262,794,162.40
3. Cost of defined benefit plan recorded into other comprehensive income	-197,185,253.50	-491,542,357.00
1). Actuarial gains (losses are represented by "-")	-196,315,253.50	-469,872,357.00
2). Plan asset return (except those included in net interest)	-890,000.00	-21,670,000.00
3). Changes in the impact of asset ceilings (except those included in net interest)	20,000.00	
4.Other changes	-607,450,058.22	-677,035,928.30
1) Consideration paid when settled		-1,780,000.00
2) Paid welfare	-607,450,058.22	-675,255,928.30
5.Ending balance	6,915,517,245.84	7,531,815,043.14

44.2.2 Assets of defined benefits plan

Items	2020	2019
1.Opening balance	240,232,454.80	387,847,810.40
2.Cost of defined benefit plan recorded into profit and loss of current year	37,420,672.20	10,513,656.80
1). Current service cost	5,500,000.00	
2). Past service costs		
3). Settlement gains (losses are represented by "-")	660,000.00	
4). Net Interest	31,260,672.20	10,513,656.80
3. Cost of defined benefit plan recorded into other comprehensive income	-19,330,000.00	-9,930,000.00
1). Actuarial gains (losses are represented by "-")	-140,000.00	-1,250,000.00
2). Plan asset return (except those included in net interest)	-19,190,000.00	-8,680,000.00
4.Other changes	-96,903,127.00	-148,199,012.40
1) Consideration paid when settled	4,290,000.00	
2) Paid welfare	-107,913,127.00	-148,199,012.40
3) Others	6,720,000.00	
5.Ending balance	161,420,000.00	240,232,454.80

44.2.3 Net liability(asset) of defined benefits plan

Items	2020	2019
1.Opening balance	7,291,582,588.34	8,049,751,355.64
2.Cost of defined benefit plan recorded into profit and loss of current year	150,916,842.22	252,280,505.60
3.Cost of defined benefit plan recorded into other comprehensive income	-177,855,253.50	-481,612,357.00
4.Other changes	-510,546,931.22	-528,836,915.90
5.Ending balance	6,754,097,245.84	7,291,582,588.34

45. Estimated liabilities

Items	1 Jan 2020	Increase	Decrease	31 Dec 2020
Disposal costs	82,937,901.16	128,798,257.16		211,736,158.32
Pending loss contract	1,146,048,868.95	381,569,846.92	265,336,441.61	1,262,282,274.26
Pending litigation		20,411,614.19		20,411,614.19
Total	1,228,986,770.11	530,779,718.27	265,336,441.61	1,494,430,046.77

46. Deferred Income

Items	1 Jan 2019	Increase	Decrease	31 Dec 2019
Government grant	2,185,801,204.51	1,347,877,013.94	125,604,171.57	3,408,074,046.88
Sale and lease back	76,874,399.90	3,730,349.26	7,978,201.03	72,626,548.13
Total	2,262,675,604.41	1,351,607,363.20	133,582,372.60	3,480,700,595.01

47. Other non-current liabilities

Items	31 Dec 2019	1 Jan 2019
Contract liabilities over one year	3,310,458,502.05	4,066,004,970.87
Bond finance entrusted by bank	393,225,000.00	1,129,300,500.00
Non-bank financial institution financing	3,549,890,746.13	5,271,356,075.21
The due date exceeds 1 year of taxes on write-offs	637,269,237.24	395,645,140.03
Total	7,890,843,485.42	10,862,306,686.11

48. Paid-in capital

Items	Opening balance		Increasing	Decreasing	Ending balance	
	Investment amount	Ratio（%）			Investment amount	Ratio（%）
SASAC	31,988,220,118.57	100.00			31,988,220,118.57	100.00
Total	31,988,220,118.57	100.00			31,988,220,118.57	100.00

49. Other equity instrument

Items	Opening balance		Increasing		Decreasing		Ending balance	
	Number	Carrying value	Number	Carrying value	Number	Carrying value	Number	Carrying value
Perpetual bond				8,000,000,000.00				8,000,000,000.00
Preferred stock								
Total				8,000,000,000.00				8,000,000,000.00

50. Capital reserve

Items	1 Jan 2020	Increase	Decrease	31 Dec 2020
Capital surplus	15,714,625,020.38	1,766,759,228.23	95,296,697.95	17,386,087,550.66
Other capital reserve	3,965,976,549.21	353,925,331.51	61,814,773.47	4,258,087,107.25
Total	19,680,601,569.59	2,120,684,559.74	157,111,471.42	21,644,174,657.91

Note 1: The capital reserve was increased by CNY2,120,684,559.74 in the current period, which mainly for because the subsidiary China Power Construction Road and Bridge Group Co., Ltd. received investment subsidies from the Zhongshan Finance Bureau to increase the capital reserve by CNY 1,393,825,323.70.

Note 2: The capital reserve was reduced by CNY 157,111,471.42 in the current period, which mainly due to the free transfer of claims of CNY 46,185,245.45. China Renewable Energy Engineering Institute used the equity method to account for other equity changes of the investee and reduced the capital reserve by CNY 21,094,800.95.

51. Other comprehensive income

Items	Opening balance	Current year						Ending balance
		Before income tax	Less: recorded into other comprehensive in previous period but transferred into profit and loss of current year	Less: recorded into other comprehensive in previous period but transferred into retained earnings of current year	Less: income tax expense	Post-income tax attributed to parent company	Post-income tax attributed to minority shareholders	
1.Other comprehensive income not be reclassified into profit and loss	-1,199,294,243.57	503,270,974.60		-1,152,256.38	14,976,732.25	445,964,330.95	43,482,167.78	-753,329,912.62
1)Changes as a result of remeasurement of the net defined benefit plan	-369,835,308.67	175,725,253.50			28,663.50	169,307,505.55	6,389,084.45	-200,527,803.12
2)The shared portion of other comprehensive oncome of investee under equity method which cannot be reclassified into profit and loss in the future								
3)Changes in fair value of other equity instrument investments	-829,458,934.90	327,545,721.10		-1,152,256.38	14,948,068.75	276,656,825.40	37,093,083.33	-552,802,109.50

Items	Opening balance	Current year						Ending balance
		Before income tax	Less: recorded into other comprehensive in previous period but transferred into profit and loss of current year	Less: recorded into other comprehensive in previous period but transferred into retained earnings of current year	Less: income tax expense	Post-income tax attributed to parent company	Post-income tax attributed to minority shareholders	
4)Changes in fair value of the company's own credit risk								
2.Other comprehensive income reclassified into profit or loss	277,832,335.39	-1,625,911,742.05	9,586,491.47		-662,285.34	-922,841,461.96	-711,994,486.22	-645,009,126.57
1)The shared portion of other comprehensive oncome of investee under equity method which can be reclassified into profit and loss in the future	-8,079,925.47	-122,863,614.45				-74,167,535.02	-48,696,079.43	-82,247,460.49
2)Changes in fair value of other debt investments								
3)The amount of financial assets reclassified into other comprehensive								

Items	Opening balance	Before income tax	Current year					
			Less: recorded into other comprehensive in previous period but transferred into profit and loss of current year	Less: recorded into other comprehensive in previous period but transferred into retained earnings of current year	Less: income tax expense	Post-income tax attributed to parent company	Post-income tax attributed to minority shareholders	Ending balance
income								
4)Provision for credit impairment of other debt investments								
5)Effective portion of gain or loss from cash flow hedge	-33,826,477.33	-20,819,252.93				-9,815,298.54	-11,003,954.39	-43,641,775.87
6)Foreign exchange financial statements translation difference	321,051,645.27	-1,513,023,354.37				-851,098,339.50	-661,925,014.87	-530,046,694.23
7)Others	-1,312,907.08	30,794,479.70	9,586,491.47		-662,285.34	12,239,711.10	9,630,562.47	10,926,804.02
Total	-921,461,908.18	-1,122,640,767.45	9,586,491.47	-1,152,256.38	14,314,446.91	-476,877,131.01	-668,512,318.44	-1,398,339,039.19

52. Special reserve

Items	1 Jan 2020	Increase	Decrease	31 Dec 2020
Security funds	38,899,153.43	5,115,349,904.43	5,124,959,690.23	29,289,367.63
Others				
Total	38,899,153.43	5,115,349,904.43	5,124,959,690.23	29,289,367.63

53. Surplus reserve

Items	1 Jan 2020	Increase	Decrease	31 Dec 2020
Statutory surplus reserve	1,078,785,697.96			1,078,785,697.96
Arbitrary Surplus Provident Fund				
Reserve Fund				
Business development fund				
Others				
Total	1,078,785,697.96			1,078,785,697.96

54. General risk reserve

Items	1 Jan 2020	Increase	Decrease	31 Dec 2020
General risk reserve	124,662,522.14	57,877,117.23		182,539,639.37
Total	124,662,522.14	57,877,117.23		182,539,639.37

55. Unappropriated profits

Items	2020	2019
Beginning balance	26,529,345,455.06	24,013,121,249.50
Total unadjusted profit adjustment at the beginning of the period	-264,043,489.80	-384,198,231.97
Beginning balance after adjustment	26,265,301,965.26	23,628,923,017.53
Increase this year:	4,751,952,692.93	5,401,987,733.06
Inc: Net profit for current year	4,751,340,078.95	5,338,873,741.14
Other increase	612,613.98	63,113,991.92
Decrease this year:	721,325,147.14	2,501,565,295.53
Inc: surplus reserve		107,069,229.61
General risk preparation		
Distributed dividend	663,118,200.00	1,879,823,800.00
Common Stock dividends change to assets(or stock)		

Items	2020	2019
Other decrease	58,206,947.14	514,672,265.92
Ending balance	30,295,929,511.05	26,529,345,455.06

56. Operating income & Operating costs

56.1 Revenue from main operations and Revenue from other operations

Items	2020		2019	
	Income	Cost	Income	Cost
Income from main operations	539,038,575,392.29	469,325,441,323.12	462,925,158,173.78	403,209,440,758.13
Income from other operations	2,018,459,488.92	1,338,383,069.54	1,997,207,332.71	1,253,946,988.04
Total	541,057,034,881.21	470,663,824,392.66	464,922,365,506.49	404,463,387,746.17

56.2 Main business by industry

Items	2020		2019	
	Income	Cost	Income	Cost
Engineering contracting and survey design	455,933,008,036.44	407,083,763,167.86	381,186,807,612.57	339,925,217,474.78
Power investment and operation	19,716,538,830.27	10,194,795,221.63	17,970,441,331.01	9,988,333,064.22
Real estate development	22,818,530,496.61	17,919,511,070.23	24,096,514,294.97	19,305,336,494.83
Equipment manufacturing and leasing	13,220,687,252.52	10,182,192,443.37	12,053,357,289.28	9,726,111,657.28
Other	27,349,810,776.45	23,945,179,420.03	27,618,037,645.95	24,264,442,067.02
Total	539,038,575,392.29	469,325,441,323.12	462,925,158,173.78	403,209,440,758.13

57. Interest income and Interest expenses

Items	2020		2019	
	Income	Cost	Income	Cost
Interest	500,727,613.62	50,042,221.63	506,134,688.01	18,627,979.22
Total	500,727,613.62	50,042,221.63	506,134,688.01	18,627,979.22

58. Fee and commission income、Fee and commission expenses

Items	2020		2019	
	Income	Cost	Income	Cost
Fee and commission	163,699.81	5,962,134.58	1,762,738.52	4,982,718.62
Total	163,699.81	5,962,134.58	1,762,738.52	4,982,718.62

59. Business taxes and levies

Items	2020	2019
Urban maintenance and construction tax	401,221,834.75	404,777,308.61
Educational surcharge	331,996,738.11	329,615,857.14
Property tax	233,131,078.62	254,960,513.82
Stamp duty	315,108,001.84	275,364,952.72
Land value added tax	1,014,492,698.27	1,221,012,638.54
Other	535,126,211.45	508,266,267.96
Total	2,831,076,563.04	2,993,997,538.79

60. Selling expenses

Items	2020	2019
Employee benefit	551,249,838.06	577,635,611.10
Packing fee, loading and unloading, transportation, warehousing, leasing, etc.	277,850,871.89	244,053,069.35
Advertising fee, exhibition fee, sales service fee	354,378,759.98	408,200,880.03
Office expenses, business expenses	128,466,677.00	113,499,897.08
Repair fee	8,007,897.80	6,753,492.32
Depreciation, amortization, and repair costs	22,197,443.14	18,744,089.25
Others	429,129,301.65	512,016,545.28
Total	1,771,280,789.52	1,880,903,584.41

61. Administrative expenses

Items	2020	2019
Employee benefit	10,057,526,756.58	9,914,306,287.98
Party construction work funds		
Depreciation, amortization and lease expenses	1,684,819,600.60	1,435,837,839.63
Travel, business and board expenses	640,230,457.51	941,127,088.67
Insurance and repair costs	255,960,549.71	254,402,376.22
Office, property, water, electricity and sewage charges	743,125,159.51	745,419,340.41
Consulting and intermediary service fees	635,585,503.56	584,588,552.46
Others	1,629,271,450.17	1,959,176,713.50
Total	15,646,519,477.64	15,834,858,198.87

62. Research and development fee

Items	2020	2019
Staff costs	5,899,530,713.49	5,093,256,753.48
Raw materials	8,354,139,228.68	5,548,920,072.10
Outsourcing expenditure	2,221,723,253.53	1,808,161,328.35
Others	2,647,639,673.39	1,817,158,533.71
Total	19,123,032,869.09	14,267,496,687.64

63. Financial expenses

Items	2020	2019
Interest payments	11,741,131,363.66	11,882,178,629.94
Less: interest income	3,744,851,683.81	3,509,041,175.51
Exchange income		
Exchange losses	2,376,158,145.94	-382,162,616.16
Fees of financial institutions	818,077,360.60	727,571,932.84
Total	11,190,515,186.39	8,718,546,771.11

64. Other Income

Items	2020	2019
Government subsidy	543,752,942.13	524,070,376.50
Refund of personal income tax fees	20,260,758.27	11,277,260.45
Others	149,564,139.70	30,462,098.84
Total	713,577,840.10	565,809,735.79

65. Investment income

Source of investment income	2020	2019
Long-term equity investment income calculated by equity method	885,939,196.13	635,827,769.82
Disposal of investment income from long-term equity investment	3,476,128,445.76	387,303,247.28
Investment income of financial assets measured at fair value and whose changes are included in the current profit or loss during the holding period	5,879,804.67	441,667.98
Investment income of held-to-maturity investments during the holding period	144,949,767.31	198,513,744.66

Source of investment income	2020	2019
Investment income obtained from available-for-sale financial assets, etc.	2,294,949.78	2,314,477.18
Investment income from disposal of available-for-sale financial assets		
Investment income obtained during the holding of trading financial assets	1,821,312.55	-299,472.22
Dividend income obtained during the holding of other equity instrument investments		
Interest income during the holding of debt investment		
Investment income from disposal of trading financial assets	351,927,299.34	
Derecognized earnings of financial assets measured at amortized cost	-1,430,787,546.14	-524,561,231.01
Others	-58,314,276.55	-46,019,614.80
Total	3,379,838,952.85	653,520,588.89

66. Gains from changes in fair values

Source of gains from changes in fair values	2020	2019
Tradable Financial assets	49,039,110.97	45,807,519.94
Gains from changes in fair value arising from derivative financial assets	3,655,683.54	2,194,824.55
Gains from changes in fair value arising from derivative financial liabilities		1,607,677.70
Total	52,694,794.51	49,610,022.19

67. Credit impairment loss

Items	2020	2019
Bad debt	-4,370,474,190.42	-2,571,913,207.11
Bad debt of creditor's investment		
Bad debt of other creditor's investment		
Bad debt of contract assets		
Others	-24,872,266.92	-1,921,869.05
Total	-4,395,346,457.34	-2,573,835,076.16

68. Asset impairment loss

Items	2020	2019
Provisions-bad debt	-132,380,529.30	2,460,888.22
Provisions-decline in value of inventory	-325,356,313.64	-1,050,958,048.45
Provisions-decline in contract assets	-75,595,550.04	
Provisions-decline in value of available-for-sale financial assets		
Provisions-decline in value of fixed assets	-129,454,504.90	-39,066,720.00
Provisions-decline in value of construction in progress	-1,024,002,414.67	-33,211,110.79
Provisions-decline in value of bearer biological assets		
Provisions-decline in value of intangible asset	-16,520,133.24	-14,759,245.44
Provisions-decline in value of goodwill	-618,406,842.14	-77,124,101.22
Others	-43,355,843.11	21,181.11
Total	-2,365,072,131.04	-1,212,637,156.57

69. Asset disposal income

Items	2020	2019
Gains from disposal of fixed assets	83,133,610.29	638,542,289.89
Gains from disposal of intangible assets	37,215,617.61	296,539,790.26
Gains from disposal of other assets	10,691,806.47	7,759,020.70
Total	131,041,034.37	942,841,100.85

70. Non-operating income

Items	2020	2019	The amount of non-recurring profit and loss in current year
Gains on disposal of non-current assets	31,634,921.68	38,633,231.86	31,634,921.68
Inc: Gains on disposal of fixed assets	21,944,466.81	36,674,707.08	21,944,466.81
Gains on disposal of intangible assets	6,495,535.47	311,810.62	6,495,535.47
Gains on disposal of other assets	3,194,919.40	1,646,714.16	3,194,919.40
Gains on debt restructuring			
Government subsidy	267,509,486.46	376,033,433.06	267,509,486.46
Overage profit	5,479,409.57	2,888,110.32	5,479,409.57
Donation income	222,836.47	2,525.31	222,836.47
Default compensation income	77,382,318.42	69,399,390.64	77,382,318.42
Others	84,226,332.42	67,475,020.86	84,226,332.42
Total	466,455,305.02	554,431,712.05	466,455,305.02

71. Non-operating expenses

Items	2020	2019	The amount of non-recurring profit and loss in current year
Loss on disposal of non-current assets	26,353,136.32	53,339,614.77	26,353,136.32
Inc: Loss from disposal of fixed assets	25,790,071.35	50,154,813.18	25,790,071.35
Loss from disposal of intangible assets	3,427.01	200,415.11	3,427.01
Loss from disposal of construction in progress	197,054.00		197,054.00
Loss from disposal of other assets	362,583.96	2,984,386.48	362,583.96
Loss from debt restructuring			
Donation expenditures	119,964,175.10	67,408,826.87	119,964,175.10
Abnormal loss	50,931,818.66	82,364,128.06	50,931,818.66
Inventory loss	18,044.75	50,071.78	18,044.75
Tax delay charge and penalty	32,221,725.95	60,094,159.94	32,221,725.95
Default compensation expenditures	43,319,775.16	56,226,967.89	43,319,775.16
Others	182,637,123.12	114,992,793.53	182,637,123.12
Total	455,445,799.06	434,476,562.84	455,445,799.06

72. Income tax expenses

Items	2020	2019
Current income tax expense	4,338,632,709.99	3,995,191,953.64
Deferred income tax adjustments	-437,515,727.90	-403,354,679.76
Total	3,901,116,982.09	3,591,837,273.88

统一社会信用代码

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营业执照

（副 本）（15-1）

扫描二维码登录"国家企业信用信息公示系统"了解更多登记、备案、许可、监管信息

名　　称　天职国际会计师事务所（特殊普通合伙）

类　　型　特殊普通合伙企业

执行事务合伙人　邱靖之

经营范围　审查企业会计报表、出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关报告；基本建设年度财务决算审计；代理记账；会计咨询、税务咨询、管理咨询、会计培训；法律、法规规定的其他业务；技术开发、技术咨询、技术服务；应用软件服务；软件开发；计算机系统服务；软件咨询；产品设计；基础软件服务；数据处理（数据处理中的银行卡中心、PUE值在1.4以上的云计算数据中心除外）；企业管理咨询；销售计算机、软件及辅助设备。（下期出资时间为2020年6月30日，市场主体依法自主选择经营项目，开展经营活动；依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动；不得从事国家和本市产业政策禁止和限制类项目的经营活动。）

成立日期　2012年03月05日

合伙期限　2012年03月05日 至 长期

主要经营场所　北京市海淀区车公庄西路19号68号楼A-1和A-5区域

登记机关　北京市海淀区市场监督管理局

2020 年 06 月 05 日

国家企业信用信息公示系统网址：http://www.gsxt.gov.cn

市场主体应当于每年1月1日至6月30日通过国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制

会计师事务所

执业证书

名　　称：天职国际会计师事务所（特殊普通合伙）

首席合伙人：邱靖之

主任会计师：

经营场所：北京市海淀区车公庄西路19号68号楼A-1和A-5区域

组织形式：特殊普通合伙

执业证书编号：11010150

批准执业文号：京财会许可[2011]0105号

批准执业日期：2011年11月14日

天职国际会计师事务所(特殊普通合伙)
与原件核对一致
(1)

证书序号：0000175

说　明

1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。

2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。

3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。

4、会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。

发证机关：北京市财政局

二〇一八　七　二十六
年　月　日

中华人民共和国财政部制

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

年度检验登记
Annual Renewal Registration

This certificate is valid for another year after this renewal.

证书编号: 110002440168
No. of Certificate

发证日期: 2007年7月1日
Date of Issuance

THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

年度检验登记
Annual Renewal Registration

This certificate is valid for another year after this renewal.

2017年3月13日

2010年3月2日

2011年2月23日

2015年4月13日

2016年4月13日

2014年4月16日

2012年4月26日

2013年4月26日

姓名 王玥
Full name

性别 男
Sex

出生日期 1981-7-28
Date of birth

工作单位 天职国际会计师事务所有限公司
Working unit

身份证号码 110106198107284513
Identity card No.

天职国际会计师事务所(特殊普通合伙)
与原件核对
(1)

年度检验登记
Annual Renewal Registration

本证书经有效期满，继续有效一年。
This certificate is valid for another year after this renewal.

2014年 3月31日

年度检验登记
Annual Renewal Registration

本证书经有效期满，继续有效一年。
This certificate is valid for another year after this renewal.

2015年 3月31日

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
Agree the holder to be transferred from

天职国际会计师事务所
CPAs

特许注册会计师协会
Stamp of the transferred institute of CPAs

2010年 9月 9日

同意调入
Agree the holder to be transferred in

北京注册会计师协会
CPAs

中国注册会计师协会
Stamp of the transferred institute of CPAs

2010年 9月 14日

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
Agree the holder to be transferred from

事务所
CPAs

特许注册会计师协会
Stamp of the transferred institute of CPAs

年 月 日

同意调入
Agree the holder to be transferred in

天职国际会计师事务所
CPAs

天职国际会计师事务所（重庆分所）
（重庆）

特许注册会计师协会
Stamp of the transferred institute of CPAs

2010年 11月 1日

姓名 Name: 张丽
Date of Birth: 1963-07-08
证书编号 No. of Certificate: 110002400303
发证机关 Authorized Institute of CPAs: 北京注册会计师协会
发证日期 Date of Issuance: 二〇一〇年 九月 日

THE CHINESE INinstitute of CERTIFIED PUBLIC ACCOUNTANTS

年度检验登记
Annual Renewal Registration

本证书经有效期满，继续有效一年。
This certificate is valid for another year after this renewal.

2013年 3月31日

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Annual Renewal Regis

本证书经有效期满，
This certificate is va
this renewal.

姓名 张丽
证书编号 110002400303

2013年 3月31日

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
Agree the holder to be transferred from

天职国际会计师事务所
(特殊普通合伙)北京分所

北京注册会计师协会
特殊普通合伙
（北京）

同意调入
Agree the holder to be transferred in

天职国际会计师事务所（特殊普通合伙）
（北京）

特许注册会计师协会
Stamp of the transferred institute of CPAs

2017年 12月 6日

注意事项

一、注册会计师执行业务，必须对委托人出示本证书。
二、本证书只限于本人使用，不得转让、涂改。
三、注册会计师违法执行法定业务的，注销本证书，报送主管注册会计师协会。
四、本证书如遗失，应立即向主管注册会计师协会报告，登报声明作废，办理补发手续。

NOTICE

1. The holder of this certificate shall show the client this certificate when performing statutory business.
2. This certificate is for the holder's exclusively used by the holder. Transfer or alteration shall be not allowed.
3. The CPA shall return the certificate to the competent institute of CPAs when the CPA stops conducting statutory business.
4. In case of loss, the CPA shall report to the competent institute of CPAs immediately and go through the procedure of reissue after making an announcement of loss on the newspaper.

天职国际会计师事务所（特殊普通合伙）
与原件核对一致

证书编号 No. of Certificate: 110002400303
发证机关 Authorized Institute of CPAs: 北京注册会计师协会
发证日期 Date of Issuance: 二〇一〇年 九月 日

年度检验登记
Annual Renewal Registration

本证书经有效期满，继续有效一年。
This certificate is valid for another year after this renewal.

2016年 3月31日

Power Construction Corporation of China

Auditor's Report

Baker Tilly China [2020] No. 27610

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Consolidated Financial Statements ——— 4

Consolidated Notes to the Financial Statements ——— 11

AUDITOR'S REPORT

Baker Tilly China [2020] No.27610

To the shareholders of Power Construction Corporation of China:

I. Opinion

We have audited the financial statements of Power Construction Corporation of China (hereinafter referred to as the "Company"), which comprise the consolidated balance sheet as at 31 December 2019, consolidated income statement, consolidated cash flow statement, consolidated statement of changes in owners' equity for the year then ended, and consolidated notes to the financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2019, and the result of operations and the consolidated cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises and Accounting System for Business Enterprises.

II. Basis of opinion

We have conducted the audit in accordance with the regulations of Auditing Standards for Chinese Certified Public Accountants. The part of "Auditor's responsibility" of the report further stated our responsibilities under the standards.

According to the code of professional ethics for the Chinese Certified Public Accountants, We are independent of the Company and perform other responsibilities in the field of professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Management's responsibility for the financial statements

Management of the Company（hereinafter referred to as the "Management"）is responsible for preparing the financial statements in accordance with Accounting Standards for Business Enterprises and Accounting System for Business Enterprises to achieve fair presentation of the financial statements; designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

When preparing financial statements, management is responsible for assessing the sustainability of the Company's ability of continuous operation, disclosing matters related to continuous operations (if applicable), and applying the assumption of continuous operation unless management plans to clear the

company and terminate operating or has no other realistic choice.

Management is responsible for the supervision of the Company's financial reporting process.

IV. Auditor's responsibility

Our goal is to obtain a reasonable assurance for material misstatement caused by fraud or error in the financial statements as a whole and make an audit report containing opinions. Reasonable assurance is a high-level guarantee, but it does not guarantee that every material misstatement can be found when we carried out the audit in accordance with the auditing standards. Misstatement may be caused by fraud or error. If a single misstatement or collected misstatements are expected reasonably to affect the economic decision made by a financial statement user based on the financial statements, it is generally considered significant.

In the process of implementing audit according to the auditing standards, we use professional judgment and maintain professional suspicion. At the same time, we also carried out the following work:

(1) We identified and evaluated the risk of material misstatement caused by fraud or error, designed and implemented audit procedures to cope with these risks and obtain sufficient and appropriate audit evidence as the basis for issuing audit opinions. Fraud may involve collusion, forgery, deliberate omission, misrepresentation or overriding internal control, accordingly, the risk of failing to find major misstatement caused by fraud is higher than that of failing to find the risk of major misstatement due to errors.

(2) We understood the internal control related to audit to design appropriate audit procedures, but the purpose was not to comment on the effectiveness of internal control.

(3) We evaluated the appropriateness of the accounting policy and the reasonableness of accounting estimates and related disclosures.

(4) We drew conclusions on the appropriateness of the continuing operation hypothesis used by the management level. Meanwhile, based on the audit evidence obtained, it is concluded that whether there is significant uncertainty in matters or situations that may cause significant doubts about the sustainability of the Company ability of continuous operation. If we conclude that there is a major uncertainty, the auditing standards require us to draw users' attention to relevant disclosures in the financial statements in the audit report. If we do not disclose enough information, we should publish unqualified opinions. Our conclusions are based on the information available as of the date of the audit report. However, future events or circumstances may lead to the unsustainable operation of the Company.

(5) We evaluated the overall presentation, structure and content of the financial statements, and the fairness of the financial statements to reflect the related transactions and matters.

(6) We have obtained sufficient and appropriate audit evidence on the financial information of the entity or business activities in your company, and issue an audit opinion on consolidated financial statements. We are responsible for directing, supervising and performing audits, and take full responsibility for the audit opinion.

We communicated with governance level about the planned audit scope and schedule and significant audit findings, including communicating the notable internal control flaws we identified in the audit.

中国国际会计师事务所（特殊普通合伙）
Beijing, China
Apr. 30th, 2020
1101080212359

Chinese Certified Public Accountant:

中国注册会计师
王 [illegible]
110002400169

Chinese Certified Public Accountant:

中国注册会计师
[illegible]
110002400203

This auditor's report and the accompanying notes to the financial statements are English translation of the Chinese auditor's report. In case of doubt as to the presentation of these documents, the Chinese version shall prevail.

Consolidated Balance Sheet

Company: Power Construction Corporation of China 31-12-2019 Unit: CNY

ITEM	Line	31-12-2019	01-01-2019	Notes
Current Assets:	1			
Cash and bank balances	2	79,602,639,381.17	99,084,832,795.34	VII(1)
Balances with clearing agencies	3			
Removal of funds	4			
Tradable Financial assets	5	13,915,331.54	4,544,779.49	VII(2)
Financial assets measured by fair value through profit or loss	6			
Derivative Financial assets	7	3,680,744.17	1,753,670.12	VII(3)
Notes receivables	8	3,239,521,766.96	3,399,007,569.78	VII(4)
Accounts receivable	9	81,564,870,371.69	68,757,211,225.05	VII(5)
Accounts receivable Financing	10	3,298,232,387.97	2,759,768,314.42	VII(6)
Prepayments	11	42,556,817,646.90	31,701,004,778.24	VII(7)
Premium receivables	12			
Accounts receivable reinsurance	13			
The receivable reinsurance reserve	14			
Other receivables	15	48,535,869,704.62	33,325,082,753.31	VII(8)
Financial assets purchased under resale agreements	16			
Inventories	17	191,066,348,728.19	164,206,845,733.72	VII(9)
Inc: Raw materials	18	12,403,023,931.59	9,395,099,825.28	VII(9)
Finished products	19	5,481,050,689.73	3,687,814,230.76	VII(9)
Contract assets	20			
Available for sale assets	21		15,394.38	
Non-current assets due within one year	22	14,588,805,608.22	13,421,195,242.59	VII(10)
Other current assets	23	14,346,168,405.43	15,543,643,652.30	VII(11)
Total current assets	24	478,816,870,076.86	432,204,905,908.74	
Non-current assets:	25			
Loans and advances to customers	26			
Creditor's investment	27	71,495,494.50	72,081,121.85	VII(12)
Available-for-sale financial assets	28			
Other creditor's investment	29			
Held-to-maturity investments	30			
Long-term receivables	31	119,684,176,071.38	100,504,594,998.12	VII(13)
Long-term equity investments	32	18,107,828,735.69	14,084,622,826.36	VII(14)
Other equity instrument investment	33	12,318,116,371.11	11,723,574,983.48	VII(15)
Other non-current financial assets	34	161,308,672.87	115,297,365.34	VII(16)
Investment properties	35	3,173,387,656.85	2,816,689,667.48	VII(17)
Fixed assets	36	120,332,066,170.30	114,571,747,625.71	VII(18)
Construction in progress	37	14,448,363,259.20	16,288,600,277.86	VII(19)
Productive living assets	38	5,719,100.59	7,356,693.26	VII(20)
Oil and gas assets	39			
Right-of-use Assets	40			
Intangible assets	41	187,896,883,594.70	146,084,675,839.65	VII(21)
Development expenditure	42	62,134,349.20	53,860,388.01	VII(22)
Goodwill	43	1,905,097,791.93	1,979,354,886.07	VII(23)
Long-term prepaid expenses	44	1,353,563,782.39	1,352,503,971.13	VII(24)
Deferred tax assets	45	4,819,611,048.38	4,223,371,856.24	VII(25)
Other non-current assets	46	5,660,978,714.48	3,485,983,092.33	VII(26)
Inc: Physical assets reserve specifically authorized	47			
Total Non-current Assets	48	490,000,730,813.57	417,364,315,592.89	
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Total Assets	73	968,817,600,890.43	849,569,221,501.63	

Legal representative: Zhiyong Yan Supervisor in charge of accounting: liang Yang Head of accounting department: Dingqian Tang

Consolidated Balance Sheet (Continued)

Company: Power Construction Corporation of China 31-12-2019 Unit: CNY

ITEM	Line	31-12-2019	01-01-2019	Notes
Current liabilities:	74			
Short-term borrowings	75	35,466,551,356.48	75,054,364,681.50	VII(27)
Loans from the central bank	76			
Placements from banks and other financial institutions	77			
Tradable financial liabilities	78			
Financial liabilities measured by fair value through profit or loss	79			
Derivative Financial liabilities	80	18,733,913.78	2,763,010.00	VII(28)
Notes payable	81	22,688,154,679.60	17,963,448,378.64	VII(29)
Accounts payable	82	154,653,270,309.70	143,667,429,312.98	VII(30)
Advance from clients	83	143,456,186,468.01	120,858,005,632.78	VII(31)
Contract liabilities	84			
Financial assets sold under repurchase agreements	85			
Deposits and deposits with the industry	86	219,054,329.96	5,026,649.15	
Customer brokerage deposits	87			
Securities underwriting brokerage deposits	88			
Employee benefits payable	89	3,128,018,835.51	3,146,342,584.40	VII(32)
Inc: Wages payable	90	1,077,789,720.87	1,060,038,049.05	VII(32)
Benefits payable	91	4,102,000.00	4,102,000.00	VII(32)
:Bonus and Welfare Funds	92			
Taxes payable	93	3,721,492,272.07	4,036,571,457.82	VII(33)
Inc:Taxes payable	94	3,672,141,980.60	3,995,649,783.17	VII(33)
Other payable	95	47,339,163,658.47	30,742,430,337.88	VII(34)
Handling charges and commissions payable	96			
Cession insurance premiums payable	97			
Available-for-sale financial liabilties	98			
Non-current liabilities due within one year	99	26,314,178,746.49	26,633,715,500.85	VII(35)
Other current liabilities	100	16,986,888,401.31	7,675,004,070.71	VII(36)
Total Current Liabilities	101	453,991,692,971.38	429,785,101,616.71	
Non-current Liabilities:	102			
Provision for insurance contracts	103			
Long-term borrowings	104	234,568,283,995.20	190,359,330,247.47	VII(37)
Bonds payable	105	21,612,391,844.05	18,193,441,684.05	VII(38)
Inc:preferred stock	106			
Perpetual capital securities	107			
Lease liabilities	108			
Long-term payables	109	10,033,418,173.47	8,737,288,822.40	VII(39)
Long-term employee benefits payable	110	7,197,594,837.05	8,102,048,464.10	VII(40)
Estimated liabilities	111	84,363,040.52	85,123,407.19	VII(41)
Deferred Income	112	2,262,675,604.41	2,490,153,604.03	VII(42)
Deferred tax liabilities	113	1,009,220,963.78	849,959,843.06	VII(25)
Other non-current liabilities	114	6,481,929,687.93	10,020,299,853.28	VII(43)
Inc: Special reserve fund	115			
Total Non-current Liabilities	116	283,249,878,146.41	238,837,645,925.58	
Total Liabilities	117	737,241,571,117.79	668,622,747,542.29	
Owners' equity:	118			
Paid-in capital (share capital)	119	31,988,220,118.57	31,863,390,118.57	VII(44)
Government capital	120	31,988,220,118.57	31,863,390,118.57	VII(44)
State-owned capital	121			
Collective Capital	122			
Private capital	123			
Foreign capital	124			
Deduct: capital redemption	125			
Net paid-in capital	126	31,988,220,118.57	31,863,390,118.57	VII(44)
Other equity instrument	127		2,959,800,000.00	VII(45)
Inc: preference share	128			
perpetual bond	129		2,959,800,000.00	VII(45)
Capital reserve	130	19,680,601,569.59	20,271,438,851.41	VII(46)
Deduct: Treasury shares	131			
Other comprehensive income	132	-921,461,908.18	-1,098,308,738.05	VII(47)
Inc:Translation difference arising on translation of financial statements denominated in foreign currencies	133	321,051,645.27	364,592,100.07	VII(47)
Special reserve	134	38,899,153.43	45,340,154.06	VII(48)
Surplus reserve	135	1,078,785,697.96	971,716,468.35	VII(49)
Inc: Statutory surplus reserve	136	1,078,785,697.96	971,716,468.35	VII(49)
Optional surplus reserve	137			
Reserve fund	138			
Enterprise development fund	139			
Return investment by profit	140			
General risk reserve	141	124,662,522.14	124,662,522.14	
Unappropriated profits	142	26,529,345,455.06	23,628,923,017.53	VII(50)
Total Owners' Equity Attributable To the Company	143	78,519,052,608.57	78,766,962,394.01	
Minority interests	144	153,056,977,164.07	102,179,511,565.33	
Total Owners' Equity	145	231,576,029,772.64	180,946,473,959.34	
Total Liabilities and Owners' Equity	146	968,817,600,890.43	849,569,221,501.63	

Legal representative: Zhiyong Yan Supervisor in charge of accounting: liang Yang Head of accounting department: Dingqian Tang

Consolidated Income Statement

Company: Power Construction Corporation of China | Year 2019 | Unit: CNY

ITEM	Line	2019	2018	Notes
I. Total operating income	1	465,430,262,933.02	404,977,823,765.84	
Inc: Operating income	2	464,922,365,506.49	404,532,174,112.34	VII(51)
Interest income	3	506,134,688.01	440,960,816.96	
Premiums earned	4			
Fee and commission income	5	1,762,738.52	4,688,836.54	
II. Total operating costs	6	448,182,801,224.83	389,007,503,865.17	
Inc: Operating costs	7	404,463,387,746.17	350,447,328,299.11	VII(51)
Interest expenses	8	18,627,979.22	106,046,778.17	
Fee and commission expenses	9	4,982,718.62	4,897,899.14	
Refund of insurance claims	10			
Net payments for insurance claims	11			
Net provision for insurance contracts	12			
Commissions on insurance policies	13			
Cession charges	14			
Business taxes and levies	15	2,993,997,538.79	3,013,555,026.63	VII(52)
Selling expenses	16	1,880,903,584.41	1,655,317,363.54	VII(53)
Administrative expenses	17	15,834,858,198.87	14,537,565,949.25	VII(54)
Research and development fee	18	14,267,496,687.64	11,770,957,757.18	VII(55)
Financial expenses	19	8,718,546,771.11	7,471,834,792.15	VII(56)
Inc: Interest expense	20	11,882,178,629.94	11,111,709,081.58	VII(56)
Interest income	21	3,509,041,175.51	3,079,809,450.79	VII(56)
Exchange net losses (gains are indicated by "-")	22	-382,162,616.16	-1,319,569,387.74	VII(56)
Others	23			
Add:Other Income	24	565,809,735.79	119,027,373.95	VII(57)
Investment income (Losses are indicated by "-")	25	653,520,588.89	1,057,681,779.34	VII(58)
Inc: Income from investments in associates and joint ventures	26	635,827,769.82	786,134,559.93	VII(58)
Income from derecognition of financial assets measured at amortized cost	27	-524,561,231.01		VII(58)
Foreign exchange gains (Losses are indicated by "-")	28	1,143,781.34	2,247,972.87	
Net exposure hedging income(Losses are indicated by "-")	29			
Gains from changes in fair values (Losses are indicated by "-")	30	49,610,022.19	-7,676,513.69	VII(59)
Credit impairment loss (Losses are indicated by "-")	31	-2,573,835,076.16		VII(60)
Asset impairment loss (Losses are indicated by "-")	32	-1,212,637,156.57	-3,879,585,883.02	VII(61)
Assets disposal income (Losses are indicated by "-")	33	942,841,100.85	286,954,419.43	VII(62)
III. Operating profit (Loss is indicated by "-")	34	15,673,914,704.52	13,548,969,049.55	
Add: Non-operating income	35	554,431,712.05	674,143,649.18	VII(63)
Inc: Government subsidies	36	376,033,433.06	408,686,732.59	VII(63)
Less: Non-operating expenses	37	434,476,562.84	434,685,291.90	VII(64)
IV. Total profit (Total Loss is indicated by "-")	38	15,793,869,853.73	13,788,427,406.83	
Less: Income tax expenses	39	3,591,837,273.88	3,248,344,254.18	VII(65)
V. Net profit (Net loss is indicated by "-")	40	12,202,032,579.85	10,540,083,152.65	
1.Classified by attribution of the ownership	41			
Net profit attributable to the parent company	42	5,338,873,741.14	5,317,213,104.57	
Profit or loss attributable to minority interests	43	6,863,158,838.71	5,222,870,048.08	
2. Classified by operation continuity	44			
Profit or loss of continous operation	45	12,202,032,579.85	10,540,083,152.65	
Profit or loss of discontinued operation	46			
VI. Net after-tax net of other comprehensive income	47	422,443,439.09	-378,964,180.64	
Net after-tax net of other comprehensive income attributable to owners of the parent company	48	239,960,821.79	-703,283,797.21	
1. Other comprehensive income not be reclassified into profit and loss	49	284,533,893.54	-178,905,850.67	
1) Changes as a result of remeasurement of the net defined benefit plan	50	325,557,090.32	-178,905,850.67	
2) The shared portion of other comprehensive oncome of investee under equity method which cannot be reclassified into profit and loss in the future	51			
☆3) Changes in fair value of other equity instrument investments	52	-41,023,196.78		
☆4) Changes in fair value of the company's own credit risk	53			
5) Others	54			
2. Other comprehensive income reclassified into profit or loss	55	-44,573,071.75	-524,377,946.54	
1) The shared portion of other comprehensive oncome of investee under equity method which can be reclassified into profit and loss in the future	56	7,215,700.02	40,576,163.30	
2) Changes in fair value of other debt investments	57			
3) Changes in fair value of Available for sale financial assets	58		-889,651,075.18	
☆4) The amount of financial assets reclassified into other comprehensive income	59			
5) Held-to-maturity investments are reclassified as available-for-sale financial assets	60			
☆6) Provision for credit impairment of other debt investments	61			
7) Effective portion of gain or loss from cash flow hedge	62	-6,935,409.89	4,732,572.67	
8) Foreign exchange financial statements translation difference	63	-43,540,454.80	319,964,392.67	
9) Others	64	-1,312,907.08		
*Net after-tax other comprehensive income attributable to minority shareholders	65	182,482,617.30	324,319,616.57	
VII. Total comprehensive income	66	12,624,476,018.94	10,161,118,972.01	
Total comprehensive income attributable to owners of the parent	67	5,578,834,562.93	4,613,929,307.36	
*Total comprehensive income attributable to minority shareholders	68	7,045,641,456.01	5,547,189,664.65	
VIII. Earnings per share	69			
Basic earnings per share	70			
Diluted earnings per share	71			

Legal representative: Zhiyong Yan Supervisor in charge of accounting: liang Yang Head of accounting department: Dingqian Tang

Consolidated Cash Flow Statement

Company: Power Construction Corporation of China | Year 2019 | Unit: CNY

ITEM	Line	2019	2018	Notes
I. Cash Flows from Operating Activities:	1			
Cash receipts from the sale of goods and the rendering of services	2	472,431,093,809.02	379,648,043,465.69	
Net increase in customer deposits and deposits from banks and other financial institutions	3	149,435,191.17	-54,796,033.97	
Net increase in loans from the central bank	4			
Net increase in taking from banks and other financial institutions	5			
Cash receipts from premiums under direct insurance contracts	6			
Net cash receipts from reinsurance business	7			
Net cash receipts from policyholders' deposits and investment contract liabilities	8			
Net cash receipts from disposal of financial assets measured by fair value and its change is accrued into profits and losses	9			
Cash receipts from interest, fees and commissions	10	501,972,122.56	440,949,605.59	
Net increase in taking from banks	11			
Net increase in financial assets sold under repurchase arrangements	12			
Net income from securities trading brokerage business	13			
Receipts of tax refunds	14	1,952,326,029.37	2,143,067,810.72	
Other cash receipts relating to operating activities	15	39,842,710,121.74	30,265,448,407.66	
Sub-total of cash inflows from operating activities	16	514,877,537,273.86	412,442,713,255.69	
Cash payments for goods purchased and services received	17	393,585,878,558.32	310,860,185,330.50	
Net increase in loans and advances to customers	18			
Net increase in balance with the central bank and due from banks and other financial institutions	19	1,415,158,477.58	661,232,306.80	
Cash payments for claims and policyholders' benefits under direct insurance contracts	20			
Net increase in loans to banks and other financial institutions	21			
Cash payments for interest, fees and commissions	22	52,954,827.65	69,929,357.23	
Cash payments for insurance policyholder dividends	23			
Cash payments to and on behalf of employees	24	39,631,740,800.36	36,429,059,122.30	
Payments of various types of taxes	25	17,505,914,263.71	17,645,964,772.40	
Other cash payments relating to operating activities	26	50,316,448,352.10	36,272,043,659.91	
Sub-total of cash outflows from operating activities	27	502,508,095,279.72	401,938,414,549.14	
Net Cash Flow from Operating Activities	28	12,369,441,994.14	10,504,298,706.55	
II. Cash Flows from Investing Activities:	29			
Cash receipts from disposals and recovery of investments	30	441,715,893.34	3,444,095,537.04	
Cash receipts from investment income	31	644,685,710.12	451,687,924.00	
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	32	12,559,773,938.44	8,984,557,541.90	
Net cash receipts from disposals of subsidiaries and other business units	33	730,251,335.39	6,336,131.60	
Other cash receipts relating to investing activities	34	12,120,304,170.08	7,298,570,002.77	
Sub-total of cash inflows from investing activities	35	26,496,731,047.37	20,185,247,137.31	
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	36	80,962,897,007.44	59,837,851,188.43	
Cash payments to acquire investments	37	5,727,242,619.16	7,703,002,559.45	
Net increase in pledged loans receivables	38			
Net cash payments for acquisitions of subsidiaries and other business units	39	526,936,453.25	364,279,770.78	
Other cash payments relating to investing activities	40	13,089,581,137.78	10,895,767,247.88	
Sub-total of cash outflows from investing activities	41	100,306,657,217.63	78,800,900,766.54	
Net Cash Flow from Investing Activities	42	-73,809,926,170.26	-58,615,653,629.23	
III. Cash Flows from Financing Activities:	43			
Cash receipts from capital contributions	44	52,854,667,161.83	21,934,520,939.68	
Including: cash receipts from capital contributions from minority owners of subsidiaries	45	52,854,667,161.83	21,906,990,939.68	
Cash receipts from borrowings	46	193,324,283,510.09	186,070,277,607.71	
Cash receipts from issue of bonds	47	22,596,892,402.20	9,760,475,000.00	
Other cash receipts relating to financing activities	48	10,428,241,394.70	8,793,804,076.86	
Sub-total of cash inflows from financing activities	49	279,204,084,468.82	226,559,077,624.25	
Cash repayments of borrowings	50	203,685,077,269.17	122,934,602,237.41	
Cash payments for distribution of dividends or profits or settlement of interest expenses	51	23,138,025,439.76	19,963,453,998.97	
Including: payments for distribution of dividends or profits to minority owners of subsidiaries	52	3,214,342,818.01	2,371,951,756.49	
Other cash payments relating to financing activities	53	13,522,463,923.49	8,302,652,693.78	
Sub-total of cash outflows from financing activities	54	240,345,566,632.42	151,200,708,930.16	
Net Cash Flow from Financing Activities	55	38,858,517,836.40	75,358,368,694.09	
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	56	795,935,679.24	1,297,768,821.10	
V. Net Increase in Cash and Cash Equivalents	57	-21,786,030,660.48	28,544,782,592.51	
Add: Opening balance of cash and cash equivalents	58	91,341,784,993.34	62,797,002,400.83	
VI. Closing Balance of Cash and Cash Equivalents	59	69,555,754,332.86	91,341,784,993.34	

Legal representative: Zhiyong Yan | Supervisor in charge of accounting: liang Yang | Head of accounting department: Dingqian Tang

Consolidated Cash Flow Statement(Continued)

Company: Power Construction Corporation of China Year 2019 Unit: CNY

ITEM	2019	2018	Notes
Supplementary Information:			
I. Reconciliation of net income to cash flows from operating activities:			
Net profit	12,202,032,579.85	10,540,083,152.65	
Add: Provision for impairment of assets	1,212,637,156.57	3,879,585,883.02	
Provision for impairment of credit assets	2,573,835,076.16		
Depreciation of fixed assets, Petrol assets and productive biological assets	8,185,993,030.89	8,025,247,693.13	
Depreciation of right-of-use assets			
Amortization of intangible assets	2,519,372,902.96	1,810,997,105.65	
Amortization of long-term deferred expenses	1,018,414,070.56	797,105,009.58	
Losses/(Gains) on disposal of fixed assets, intangible assets and other long-term assets	-942,841,100.85	-286,954,419.43	
Losses/(Gains) on scrapping of fixed assets	14,706,382.91	-13,846,888.56	
Losses on changes in fair values (gains are indicated by "—")	-49,610,022.19	7,676,513.69	
Financial expenses (income is indicated by "—")	10,964,557,219.04	7,967,407,223.63	
Losses arising from investments (gains are indicated by "—")	-653,520,588.89	-1,057,681,779.34	
Decrease in deferred tax assets (increase is indicated by "—")	-587,444,559.69	-909,665,103.23	
Increase in deferred tax liabilities (decrease is indicated by "—")	184,089,879.93	178,226,398.18	
Decrease in inventories (increase is indicated by "—")	-27,250,687,451.59	22,080,446,869.10	
Decrease in receivables from operating activities (increase is indicated by "—")	-42,686,828,570.27	-16,673,165,896.35	
Increase in payables from operating activities (decrease is indicated by "—")	45,664,735,988.75	-25,841,163,055.17	
Others			
Net cash flow from operating activities	12,369,441,994.14	10,504,298,706.55	
II. Investing and financing activities that do not involve cash receipts and payments:			
Conversion of debt into capital			
Convertible bonds to be expired within one year			
Fixed assets under finance lease	1,192,217,695.76	522,849,110.17	
III. Net increase in cash and cash equivalents:			
Cash at the end of the period	69,555,754,332.86	91,341,784,993.34	
Less: Cash at the beginning of the period	91,341,784,993.34	62,797,002,400.83	
Plus: Cash equivalents at the end of the period			
Less: Cash equivalents at the beginning of the period			
Net increase/(Decrease) in cash and cash equivalents	-21,786,030,660.48	28,544,782,592.51	

Legal representative: Zhiyong Yan Supervisor in charge of accounting: liang Yang Head of accounting department: Dingqian Tang

Consolidated Statement of Changes in Owners' Equity

Company: Power Construction Corporation of China

Unit: CNY

ITEM	Line	Amount of current year(2019)													
		Owner's equity belongs to the parent company												Minorty shareholder's equity	Total owner's equity
		Paid-in capital	Other equity instrument			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Unappropriate profits	Sub-total owner's equity		
			Preference share	Perpetual bond	Others										
Column		1	2	3	4	5	6	7	8	9	10	11	12	13	14
I. Closing balance of the preceding year	1	31,863,390,118.57		2,959,800,000.00		20,271,438,851.41		-1,079,775,972.77	45,340,154.06	971,718,827.57	124,662,522.14	24,013,121,249.50	79,169,695,750.48	102,360,794,250.11	181,530,490,000.59
Add: Changes in accounting policies	2														
Corrections of prior period errors	3														
Others	4							-18,532,765.28		-2,359.22		-384,198,231.97	-402,733,356.47	-181,282,684.78	-584,016,041.25
II. Opening balance of the current year	5	31,863,390,118.57		2,959,800,000.00		20,271,438,851.41		-1,098,308,738.05	45,340,154.06	971,716,468.35	124,662,522.14	23,628,923,017.53	78,766,962,394.01	102,179,511,565.33	180,946,473,959.34
III. Changes for the year (Decrease is indicated by "-")	6	124,830,000.00		-2,959,800,000.00		-590,837,281.82		176,846,829.87	-6,441,000.63	107,069,229.61		2,900,422,437.53	-247,909,785.44	50,877,465,598.74	50,629,555,813.30
(I) Total comprehensive income	7							239,960,821.79				5,338,873,741.14	5,578,834,562.93	7,045,641,456.01	12,624,476,018.94
(II) Owner's contributions and reduction of capital	8			-2,959,800,000.00		-466,007,281.82							-3,425,807,281.82	47,919,220,898.81	44,493,413,616.99
1. Capital contribution from owners	9													24,606,766,306.67	24,606,766,306.67
2. Other equity instrument owner's invested capital	10			-2,959,800,000.00									-2,959,800,000.00	23,677,837,972.35	20,718,037,972.35
3. Share-based payment recognised in owners' equity	11														
4.Others	12					-466,007,281.82							-466,007,281.82	-365,383,380.21	-831,390,662.03
(III). Extraction and use of special reserve	13								-6,441,000.63				-6,441,000.63	-2,888,614.25	-9,329,614.88
1. Recognised special reserve	14								4,148,515,278.22				4,148,515,278.22	2,685,011,892.38	6,833,527,170.60
2. Use of special reserve	15								-4,154,956,278.85				-4,154,956,278.85	-2,687,900,506.63	-6,842,856,785.48
(IV) Profit distribution	16									107,069,229.61		-2,501,565,295.53	-2,394,496,065.92	-4,084,508,141.83	-6,479,004,207.75
1. Transfer of surplus reserves	17									107,069,229.61		-107,069,229.61			
Inc: Statutory surplus reserve	18									107,069,229.61		-107,069,229.61			
Optional surplus reserve	19														
Reserve fund	20														
Enterprise development fund	21														
Return investment by profit	22														
2. Transfer of general risk reserve	23														
3. Distribution to owners	24											-1,879,823,800.00	-1,879,823,800.00	-4,049,337,518.18	-5,929,161,318.18
4. Others	25											-514,672,265.92	-514,672,265.92	-35,170,623.65	-549,842,889.57
(V) Transfers within owners' equity	26	124,830,000.00				-124,830,000.00		-63,113,991.92				63,113,991.92			
1. Capitalisation of capital reserves	27	124,830,000.00				-124,830,000.00									
2. Capitalisation of surplus reserves	28														
3. Loss offset by surplus reserves	29														
4. Transfer of recalculated defined benefit plan net liabilities or net asset changes	30														
5.Other comprehensive income transferred into retained earnings	31							-63,113,991.92				63,113,991.92			
6.Others	32														
IV. Closing balance of the current year	33	31,988,220,118.57				19,680,601,569.59		-921,461,908.18	38,899,153.43	1,078,785,697.96	124,662,522.14	26,529,345,455.06	78,519,052,608.57	153,056,977,164.07	231,576,029,772.64

Legal representative: Zhiyong Yan

Supervisor in charge of accounting: liang Yang

Head of accounting department: Dingqian Tang

Consolidated Statement of Changes in Owners' Equity（Continued)

Company: Power Construction Corporation of China

Unit: CNY

ITEM	Line	Amount of prior year(2018)													
		Owner's equity blongs to the parent company												Minorty shareholder's equity	Total owner's equity
		Paid-in capital	Other equity instrument			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Unappropriate profits	Sub-total owner's equity		
			Preference share	Perpetual bond	Others										
Column		15	16	17	18	19	20	21	22	23	24	25	26	27	28
I. Closing balance of the preceding year	1	30,914,381,518.57		2,959,800,000.00		24,530,060,877.29		-376,492,175.56	51,748,618.39	756,924,837.90	62,284,327.40	20,589,783,899.41	79,488,491,903.40	70,465,377,869.90	149,953,869,773.30
Add: Changes in accounting policies	2														
Corrections of prior period errors	3														
Others	4														
II. Opening balance of the current year	5	30,914,381,518.57		2,959,800,000.00		24,530,060,877.29		-376,492,175.56	51,748,618.39	756,924,837.90	62,284,327.40	20,589,783,899.41	79,488,491,903.40	70,465,377,869.90	149,953,869,773.30
III. Changes for the year (Decrease is indicated by "-")	6	949,008,600.00				-4,258,622,025.88		-703,283,797.21	-6,408,464.33	214,793,989.67	62,378,194.74	3,423,337,350.09	-318,796,152.92	31,895,416,380.21	31,576,620,227.29
(I) Total comprehensive income	7							-703,283,797.21				5,317,213,104.57	4,613,929,307.36	5,547,189,664.65	10,161,118,972.01
(II) Owner's contributions and reduction of capital	8					-3,309,613,425.88							-3,309,613,425.88	29,314,422,205.13	26,004,808,779.25
1. Capital contribution from owners	9					27,530,000.00							27,530,000.00	21,989,897,339.19	22,017,427,339.19
2. Other equity instrument owner's invested capital	10													7,142,106,926.82	7,142,106,926.82
3. Share-based payment recognised in owners' equity	11														
4.Others	12					-3,337,143,425.88							-3,337,143,425.88	182,417,939.12	-3,154,725,486.76
(III). Extraction and use of special reserve	13								-6,408,464.33				-6,408,464.33	-9,665,801.37	-16,074,265.70
1. Recognised special reserve	14								3,823,088,169.91				3,823,088,169.91	1,970,009,470.20	5,793,097,640.11
2. Use of special reserve	15								-3,829,496,634.24				-3,829,496,634.24	-1,979,675,271.57	-5,809,171,905.81
(IV) Profit distribution	16									214,793,989.67	62,378,194.74	-1,893,875,754.48	-1,616,703,570.07	-2,956,529,688.20	-4,573,233,258.27
1. Transfer of surplus reserves	17									214,793,989.67		-214,793,989.67			
Inc: Statutory surplus reserve	18									214,793,989.67		-214,793,989.67			
Optional surplus reserve	19														
Reserve fund	20														
Enterprise development fund	21														
Return investment by profit	22														
2. Transfer of general risk reserve	23										62,378,194.74	-62,378,194.74			
3. Distribution to owners	24											-1,025,785,700.00	-1,025,785,700.00	-2,915,603,404.20	-3,941,389,104.20
4. Others	25											-590,917,870.07	-590,917,870.07	-40,926,284.00	-631,844,154.07
(V) Transfers within owners' equity	26	949,008,600.00				-949,008,600.00									
1. Capitalisation of capital reserves	27	949,008,600.00				-949,008,600.00									
2. Capitalisation of surplus reserves	28														
3. Loss offset by surplus reserves	29														
4. Transfer of recalculated defined benefit plan net liabilities or net asset changes	30														
5.Other comprehensive income transferred into retained earnnings	31														
6.Others	32														
IV. Closing balance of the current year	33	31,863,390,118.57		2,959,800,000.00		20,271,438,851.41		-1,079,775,972.77	45,340,154.06	971,718,827.57	124,662,522.14	24,013,121,249.50	79,169,695,750.48	102,360,794,250.11	181,530,490,000.59

Legal representative: Zhiyong Yan　　Supervisor in charge of accounting: liang Yang　　Head of accounting department: Dingqian Tang

POWER CONSTRUCTION CORPORATION OF CHINA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

(Amounts are denominated in CNY unless otherwise stated)

I. BASIC INFORMATION ABOUT THE COMPANY

In accordance with the reform of 'Separating host lines of business from home business for enterprises in State Electric Power Corporation' and 'Integration Restructure Project' for electric power design and construction enterprises, permitted by the State Council of the People's Republic of China, Power Construction Corporation of China (hereinafter called as 'the company') was established in September 29, 2011, which is a state-owned (SOE) large scale corporation. It consists of prospecting and designing institutes, Construction Corporation and repairing and building enterprises, covering almost 14 provinces in China. These corporations were originated from the following groups: Sinohydro Corporation, Hydrochina Corporation, State Grid Corporation of China and China Southern Power Grid.

In December 2013, in order to further accelerate the pace of the overall restructuring of China Construction Group and relates assets into the work of listed companies to further optimize the internal organizational structure, and further standardize corporate governance, strengthen and optimize the quality of listed companies to control quality and management efficiency, further optimize the internal resource allocation, and promote the process of industrial chain integration. The company launched a two-level headquarters integration work, which is the company, China Resources Group, China Water Conservancy and Hydropower Construction Co., Ltd. (hereinafter referred to as "China Hydropower"), Water Consulting Group is headquartered integrated into China Electric Power Construction Group headquarters and the headquarters of its direct holding in a listed company.

On September 28th, the company obtained the business license with No.100000000043994(10-1). The legal representative of the company now is Mr. Yan Zhiyong and the registered business office is located in Haidian District, Beijing, China. The business address is Tower A, Haifu International Building, No.22, Street Chegongzhuang West, Haidian District, Beijing; the total paid-in capital is CNY 30 billion.

The company and its subsidiaries are mainly engaged in water conservancy and hydropower construction, other electric power construction and municipal infrastructure project construction, and EPC of power stations, lines and equipment installation. Main business includes: 1) Water conservancy, electricity, roads, railways, ports, channels, airports, buildings, municipal engineering facilities, urban rail construction, design, consultation and supervision; 2) Related engineering and technical research, survey, design, service and equipment manufacturing; 3) Electric power production, Bidding agent, Real estate development and

management, Industrial investment and management; 4) Import and export business, Personnel training, and etc. The company current business plate mainly includes: engineering contracting, power investment and operation, equipment manufacture and leasing, real estate development and other business.

This financial report is approved by the party Joint committee on April 30, 2020.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared on going concern basis, in accordance with Accounting Standards for Business Enterprises and supplementary regulations and the significant accounting policies and accounting estimates as follows.

III. STATEMENT OF COMPLIANCE WITH THE ASBE

The Company has adopted the Accounting Standards for Business Enterprises ("ASBE") issued by the Ministry of Finance ("MOF"). The financial statements present truly and completely the Company's financial position, operation, cash flow and other information.

IV. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Accounting period

The Company adopts the calendar year as its accounting year, i.e. from 1 January to 31 December.

2. Reporting currency

Chinese Yuan (CNY) is the currency of the primary economic environment in which the Company operates. Therefore, the Company chooses CNY as its functional currency.

3. Principle of measurement

The principles of measurement adopted by the Company include historical cost, replacement cost, net realizable value, present value and fair value.

4. Business Combination

4.1 The accounting method of business combination under the same control

The assets and debt which are obtained during business combination are measured in accordance with book value in consolidated financial statements belongs to final controlling party of owner rights and interests of the party be combined on the combination day. The balance gained by the company between the book value of net assets and paid complicated consideration book value or total amount of issuing shares' face value) was used to adjust capital accumulation; if capital accumulation is not enough to counteract, then the retained earnings should be adjusted.

4.2 The accounting method of business combination under different control

The balance lies between combination cost and identifiable net assets' fair value obtained by the company on the purchase day is certified as goodwill; if the combination cost is less than identifiable net assets' fair value gained in the combination. At first, identifiable net assets' fair value, debt, or fair value with debt and the measurement of combination cost should be rechecked. If combination cost is still less than identifiable net assets' fair value, the balance should include in current profit and loss.

5. The Compilation Method of Consolidated Financial Statement

5.1 Principles for determining the scope of consolidated financial statements

The scope of consolidation of the consolidated financial statements should be determined on the basis of control, including not only subsidiaries determined based on voting rights (or similar rights) or in combination with other arrangements, but also structured entities based on one or more contractual arrangements. Control means that the investor has the power over the investee, enjoys variable returns by participating in the investee 's related activities, and has the ability to use the power over the investee to influence the amount of returns. The definition of control consists of three basic elements: one is that the investor has the power over the investee, the second is that he enjoys variable returns due to participation in the investee 's related activities, and the third is the ability to use the power over the investee to influence the amount of return. When judging whether the investor can control the investee, and only if the investor has the above three elements, it can show that the investor can control the investee.

If the parent company is an investment entity and there are no subsidiaries that provide related services for its investment activities, the consolidated financial statements are not prepared. The parent company measures its investment in all subsidiaries at fair value, and changes in fair value are included Current profit and loss. If the parent company is an investment entity, the parent company should only include subsidiaries (if any) that provide related services for its investment activities into the scope of consolidation and prepare consolidated financial statements; other subsidiaries should not be consolidated, and the parent company should The company's investment shall be measured at fair value and its changes shall be included in the current profit and loss. When the parent company is changed from a non-investment entity to an investment entity, other subsidiaries will not be included in the consolidated financial statements except for the subsidiaries that provide related services for their investment activities. The merger shall be accounted for in accordance with the principle that the subsidiary shall be deemed to be disposed of on the date of transition but the remaining equity shall be retained. When the parent company is changed from an investment entity to a non-investment entity, the subsidiaries that were not included in the consolidated financial statements should be included in the consolidated financial statements on the conversion date. Fair value is regarded as the consideration of the purchase transaction.

5.2 Method for preparing consolidated financial statements

The parent company shall prepare consolidated financial statements based on the financial statements of

itself and its subsidiaries and based on other relevant information. When the parent company prepares consolidated financial statements, it should treat the entire enterprise group as an accounting entity, reflect the overall financial position, operating results and cash flow of the enterprise group in accordance with the requirements for the confirmation, measurement and presentation of relevant enterprise accounting standards and in accordance with a unified accounting policy. If the accounting policies and accounting periods adopted by the subsidiary are inconsistent with the parent company, the subsidiary 's financial statements need to be adjusted in accordance with the parent company's accounting policies and accounting period; or the subsidiary is required to follow the parent company's accounting policies and accounting period Separately prepare financial statements.

(1) Merging the assets, liabilities, owner's equity, income, expenses and cash flow of the parent company and its subsidiaries;

(2) Offset the parent company's long-term equity investment in the subsidiary and the parent company's share of the subsidiary 's equity;

(3) To offset the influence of internal transactions between the parent company and its subsidiaries, and between subsidiaries. If the internal transaction shows that the relevant asset has suffered an impairment loss, the loss shall be fully confirmed;

(4) Adjust special transaction matters from the perspective of an enterprise group.

Minority shareholders 'equity is listed as "minority shareholders 'equity" under the owner 's equity item in the consolidated balance sheet. Minority shareholders 'gains and losses are listed under the item of "minority shareholders 'gains and losses" under the net profit item in the consolidated profit statement. In the consolidated financial statements, if the current loss shared by the minority shareholders of the subsidiary exceeds the share of the minority shareholders in the initial owner 's equity of the subsidiary, the balance should still be offset against the minority shareholders 'equity.

During the reporting period, the parent company's increased subsidiary and business due to business combination under the same control, when preparing the consolidated balance sheet, should adjust the opening balance of the consolidated balance sheet, and at the same time should adjust the relevant items of the comparative statement, as if after the merger The reporting entity has been in existence since the time when the ultimate controlling party began to control; when preparing the income statement, the income, expenses and profits of the subsidiary and the business combination from the beginning of the current period to the end of the reporting period should be included in the consolidated income statement. Relevant items are adjusted as if the combined reporting entity has been in existence since the time when the ultimate controlling party began to control; when preparing the cash flow statement, the cash flow of the subsidiary and the business combination from the beginning of the current period to the end of the reporting period should be included in the consolidated cash flow At the same time, the relevant items of the comparison report should be adjusted as if the combined reporting entity had been in existence since the time when the ultimate controlling party began to control.

During the reporting period, the parent company should not adjust the opening balance of the consolidated balance sheet when preparing a consolidated balance sheet due to a business combination or other increase in subsidiaries and businesses that are not under the same control during the reporting period; And the income, expenses, and profits from the business purchase date to the end of the reporting period are included in the consolidated profit statement; when preparing the cash flow statement, the cash flow from the subsidiary purchase date to the end of the reporting period should be included in the consolidated cash flow statement.

When the parent company disposes of subsidiaries and businesses during the reporting period, when preparing the consolidated balance sheet, it should not adjust the opening balance of the consolidated balance sheet; when preparing the income statement, it should report the income and expenses of the subsidiary and the business to the disposal date 1. Profit is included in the consolidated profit statement; when preparing the cash flow statement, the cash flow from the subsidiary and the beginning of the business to the disposal date should be included in the consolidated cash flow statement.

5.3 Accounting treatment of losing control of the original subsidiary due to the disposal of part of the equity investment or other reasons

If the company loses control of the original subsidiary due to the disposal of part of its equity investment or other reasons, it shall distinguish between individual financial statements and consolidated financial statements for related accounting treatment:

(1) Accounting treatment of individual financial statements

The disposal of equity shall be accounted for in accordance with the provisions of "Accounting Standards for Business Enterprises No. 2-Long-term Equity Investment". After the disposal, if the remaining equity can exercise joint control or exert significant influence on the investee, it should be accounted for by the equity method, and the remaining equity is treated as if it was adjusted by the equity method when it was acquired; If joint control or significant influence cannot be imposed on the investee, the accounting treatment shall be carried out in accordance with the relevant provisions of "Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments". The difference is included in the current profit and loss.

(2) Accounting treatment of consolidated financial statements

1) Accounting method for realizing the disposal of the equity of the subsidiary to the loss of control in one transaction

Remaining equity should be remeasured according to its fair value on the date of loss of control. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity minus the difference between the share of the original subsidiary 's net assets that should be continuously calculated from the date of purchase based on the original shareholding ratio is included in the current period of loss of control Investment income. Other comprehensive income related to the equity investment

of the original subsidiary shall be accounted for on the same basis as the investee directly disposes of related assets or liabilities when it loses control. The enterprise shall disclose in the notes the fair value of the remaining equity after disposal on the date of loss of control, and the amount of related gains or losses remeasured at fair value.

2) Accounting method for step-by-step disposal of subsidiaries' equity to loss of control

A. Accounting treatment method for each transaction that is a step-by-step disposal of equity to a loss of control, belonging to a "package deal"

In the case of a step-by-step disposal of equity in a “package deal” until loss of control, each transaction should be accounted for as a transaction to dispose of a subsidiary and lose control. For each transaction before the loss of control, the difference between the disposal price and the investment corresponding to the disposal of the subsidiary ’s net asset share is recognized as other comprehensive income in the consolidated statement; when control is lost, it is transferred to the current period of loss of control Profit and loss. Remaining equity is re-measured according to its fair value on the date of loss of control, and the sum of the consideration obtained from the disposal of equity and the fair value of the remaining equity, minus the original shareholding ratio shall be calculated based on the original shareholding ratio. The difference between the calculated shares of net assets is included in the investment income for the period when control is lost. Other comprehensive income related to the equity investment of the original subsidiary shall be accounted for on the same basis as the investee directly disposes of related assets or liabilities when it loses control.

B. Accounting treatment method for each transaction that does not belong to a "package deal" and disposes the equity step by step until it loses control

For each transaction before the loss of control, the difference between the disposal price and the investment corresponding to the disposal of the subsidiary's net asset share is included in the capital reserve (capital premium). If the capital premium is not enough to offset, the retained earnings are adjusted. Remaining equity is remeasured according to its fair value on the date of loss of control. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity minus the difference between the share of the original subsidiary ’s net assets that should be continuously calculated from the date of purchase based on the original shareholding ratio is included in the current period of loss of control Investment income. Other comprehensive income related to the equity investment of the original subsidiary shall be accounted for on the same basis as the investee directly disposes of related assets or liabilities after losing control.

6. Joint Arrangement

6.1 Determination and classification of joint arrangement

Joint Arrangement indicates arrangement which is controlled by two or more participants. Joint arrangement includes the following features,

6.1.1. All participants are constrained by the arrangement

6.1.2. Two or more participants apply common control on the arrangement. Any single participant should not control the arrangement individually, and any participant which has the ability to apply common control could prevent other participants from controlling the arrangement alone.

Common control indicates the control to some arrangement according to some engagement, and the activities related to the arrangement could not be decided unless the agreement of participants who share the control right is obtained.

Joint Arrangement comprises joint management and joint venture. Joint venture indicates joint arrangement which the parties have the right to arrange related assets and debt. Joint venture indicates joint arrangement which the parties only have the right to arrange net assets.

6.2 The accounting method of joint arrangement

The participants of joint venture should certify the following items related to profit share and apply accounting according to Enterprise Accounting Standards.

6.2.1. Confirm assets belongs to individual participant and confirm assets possessed by two or more participants in accordance with their share

6.2.2. Confirm debt belongs to individual participant and confirm debt possessed by two or more participants in accordance with their share

6.2.3. Confirm revenue generated by their output share of joint management

6.2.4. Confirm the revenue generated by the sale of output in joint venture

6.2.5. Confirm the cost generated individually and the cost generated during the joint venture.

The joint participants should apply accounting method according to Enterprise Accounting Standard No.2—Long-tern Equity Investment.

7. Cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Company's short-term (it will expire in three months from the purchasing day generally), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

8. Foreign Currency Transaction and Foreign Currency Statement Translation

8.1. Foreign currency transaction

At initial recognition, foreign currency transaction convert spot rate on the transaction day to CNY. On balance sheet day, foreign currency monetary projects adopt the spot rate on the date of balance sheet to

convert. Current profit and loss should include balance of exchange produced by different exchange rate except for the balance of exchange of foreign currency specialized loan's principal and interest related to assets accord with capitalization conditions; Foreign currency non-monetary projects which are calculated by historical cost still adopt the spot rate on the transaction day to convert and does not change the amount of CNY; For foreign currency non-monetary projects which is calculated by fair value adopt the spot rate on the date of fair value confirmation to convert, and the balance should be included in current profit and loss or other comprehensive income.

8.2. Foreign currency statement conversion

The assets projects and the debt projects in the balance sheet adopt the spot rate on the date of balance sheet to convert; Except for "undistributed profit", the owner's equity projects adopt the spot rate on the transaction day to convert; Revenue and cost projects in income statement adopt the spot rate on the transaction day or the similar rate to convert. The foreign currency financial statement difference generated by the above conversion should be presented in other comprehensive income of the owner's equity on balance sheet.

9. Financial instruments

9.1 Recognition and terminal recognition of financial instruments

The Company recognize financial assets or financial liabilities when they become one party of financial instruments contracts.

If financial assets are purchased or sold in a regular way, recognition and terminal recognition are accomplished on trading day which means the Company promises the date to purchase or sell financial assets. Regular way indicates purchasing or selling financial assets in the time limit according to the appointment of contracts, laws and convention. Transaction day refers to the date that the Company purchase or sell financial assets.

Terminal recognition of financial assets (or a part of financial assets, or a part of similar financial assets) could be finished which means it is sold from its account and balance sheet if the following conditions are satisfied.

9.1.1. The right to obtain financial assets cash flows expires

9.1.2. The right to obtain financial assets cash flows is transferred, or the obligation to obtain financial assets cash flows and pay it to the third party is taken within" pass-through" protocol. Meanwhile,

9.1.2.1. Almost all risk and reward of financial assets ownership is transferred essentially.

9.1.2.2. Although risk and reward of financial assets ownership is not transferred or retained, the control of financial assets is abandoned.

9.2 Classification and measurement of financial assets

Financial assets of the Company could be classified on initial recognition according to business model of the Company's management and financial assets contract cash flows as financial assets which is measured by fair value and its change is calculated into current profit and loss, financial assets which is measured by amortized cost, and financial assets which is measured by fair value and its change is calculated into other comprehensive income.

For financial assets which is measured by fair value and its change is calculated into current profit and loss, related trade cost is include in current profit and loss. For other financial assets, related trade cost is included in initial recognition.

Classification determines subsequent measurement of financial assets.

9.2.1. Financial assets which is measured by amortized cost

If financial assets satisfied the following conditions, it is classified as financial assets which is measured by amortized cost.

9.2.1.1. The Company's business mode aims at obtaining contract cash flows

9.2.1.2. The contract terms regulate that cash flow on specific date indicates payment of principal and interest which based on non-repayment amount. Actual rate of interest method is adopted for the sort of financial assets. Subsequent measurement is conducted according to amortized cost, and the gains and loss during amortization and depreciation is included in current profit and loss.

9.2.2. Debt instrument investment which is measured by fair value and its change is calculated into other comprehensive income.

If financial assets satisfied the following conditions, it is classified as financial assets which is measured by fair value and its change is calculated into other comprehensive income.

9.2.2.1. The Company's business mode aims at obtaining contract cash flows and selling financial assets
9.2.2.2. The contract terms regulate that cash flow on specific date indicates payment of principal and interest which based on non-repayment amount. Fair value is adopted for the sort of financial assets' calculation. Its discount and premium are amortized by actual rate of interest method, then it is confirmed as interest income or cost. The change of fair value for the sort of financial assets is confirmed as other comprehensive income except that the difference between impairment loss and foreign currency financial assets is confirmed as current profit and loss. The gains and losses will not be transferred into current profit and loss until the financial assets' terminal confirmation is finished. The interest income related to the sort of financial assets is included in current profit and loss.

9.2.3. Equity instrument investment which is measured by fair value and its change is calculated into other comprehensive income.

The company choose to appoint partial non-transaction equity instrument as financial assets which is measured by fair value and its change is calculated into other comprehensive income irrevocably, and only

includes related dividend into current profit and loss. The changes of fair value are confirmed as other comprehensive income. Its cumulative gains or losses will be converted into retained earnings when it comes to the terminal recognition.

9.2.4. Financial assets which is measured by fair value and its change is calculated into current profit and loss

Except for the financial assets which is measured by amortized cost and financial assets which is measured by fair value and its change is calculated into other comprehensive income mentioned above, other financial assets is classified as financial assets which are measured by fair value and their change is calculated into current profit and loss. It adopts fair value to conduct subsequent measurement and all changes of fair value are included in current profit and loss.

If and only if the Company changes its business mode on financial assets management, the financial assets which is effected will be reclassified.

9.3 Classification and measurement of financial liability

The Company classifies financial liability on initial recognition into financial liabilities measured by amortized cost and financial liabilities measured by fair value and its change is included in current profit and loss.

The Company confirms the financial liabilities' classification on initial recognition. For financial liabilities measured by fair value and its change is included in current profit and loss, its trading cost reckons in current profit and loss. For the others, its trading cost reckons in its initial recognition amount.

The subsequent measurement of financial liabilities is determined by its classification.

9.3.1. Financial liabilities measured by amortized cost

It adopts actual rate method and conducts subsequent measurement in accordance with amortized cost.

9.3.2. Financial liabilities measured by fair value and its change is included in current profit and loss

It comprises transaction financial liabilities (includes derivative instrument belongs to financial liabilities) and financial liabilities measured by fair value and its change is included in current profit and loss which is appointed on initial recognition.

9.4 Financial Instrument cancellation

Financial assets and financial liabilities are reported in balance sheet by net amount after cancellation if the following conditions are satisfied.

9.4.1. It has the legal right which is executable currently to cancel the amount that is confirmed.

9.4.2. It plans to settle with net amount and complete the realization of financial assets and liquidate financial liabilities.

9.5 Depreciation of financial instrument

The company conducts depreciation and loss provisions confirmation on basis of predicted credit loss.

Credit loss refers to the difference between cash flows which is discounted by real interest rate and cash flows predicted to collect, that is present value of cash shortage. Among them, if financial assets are purchased by the company or credit depreciation has occurred, it should be discounted with real interest rate adjusted by credit.

9.6 Transfer of financial assets

When the Company has transferred almost all risk and reward of financial assets ownership to transferees, recognition should be terminated. If almost all risk and reward of financial assets ownership is retained, then recognition should not be terminated.

Neither has the Company transferred, nor has it retained ownership of risk and reward. It should be dealt as the following conditions.

9.6.1. The Company has abandoned the control of financial assets, then recognition of financial assets should be terminated, but assets and debt recognition should be completed.

9.6.2. On the contrary, when the Company has not abandoned the control of financial assets, the recognition of related financial assets and debt should be completed according to the extent of involving financial assets which has been transferred.

If the Company keeps involving by providing the financial assets transferred with financial guarantee, then the lower price between book value of financial assets and the amount of financial guarantee should be selected to accomplish involving asset recognition. The amount of financial guarantee refers to the highest amount among consideration which has been received and will be paid.

10. Inventory

10.1 Classification of inventory

Inventories include raw materials, packaging materials, Low-value consumables, work in progress, semi-finished products, construction been competed but unpaid, stock, real estate development costs, other inventories and so on.

10.2 Valuation method for obtaining and issuing inventory

Inventories are valued at actual cost when acquired, and inventory costs include procurement costs, processing costs, and other costs. When receiving and sending out, the project is priced according to the planned price of materials, and other units are priced according to the weighted average method. The borrowing costs that should be included in the cost of inventories shall be handled in accordance with the relevant provisions on borrowing costs.

10.3 Amortization method of low-value consumables and packaging

Low-value consumables are amortized by one-time amortization method when they are used; packaging materials are amortized by one-time amortization method when they are used; revolving materials such as steel formwork are amortized according to the number of turnovers.

10.4 According to the relevant provisions of "Accounting Standards for Enterprises No. 15-Construction Contract", the construction cost of the project is calculated at actual costs, including direct material costs, direct labor costs, construction machinery costs, other direct costs, and indirect construction costs that should be allocated. The content of the completed and unsettled accounting is the difference between the cumulative construction cost and the confirmed gross profit greater than the cumulative settled contract price is reflected in the inventory. The cumulative construction cost and the confirmed gross profit are less than the cumulative settled settlement The difference in the contract price is reflected in the accounts received in advance and not reflected in this item.

10.5 The inventory system is a perpetual inventory system.

10.6 Confirmation standard and accrual method of inventory falling price reserve

The company's inventory is measured at the lower of cost and net realizable value. Net realizable value refers to the amount of the estimated selling price of inventories minus the estimated costs to be incurred at the time of completion, estimated sales expenses and related taxes in daily activities. Among them: the net realizable value of the commodity inventory is the estimated selling price minus the estimated sales expenses and related taxes; the net realizable value of the material inventory is the estimated selling price of the finished product minus the estimated cost to be incurred until completion, the estimate The amount of sales expenses and related taxes and fees.

The Company determines the net realizable value of inventory based on the solid evidence obtained, and considers the purpose of holding the inventory, the impact of events after the balance sheet date and other factors. For materials held for production, if the net realizable value of the finished product produced by it is higher than the cost, the material is still measured at cost; a decrease in the price of the material indicates that the net realizable value of the finished product is lower than the cost. Net realizable value measurement.

At the end of the period, the company conducts an impairment test on the construction project in progress. If the estimated total cost of the construction contract exceeds the total contract revenue, an estimated contract loss is formed, and the difference is calculated according to the percentage of completion of the loss, and is recognized as the current expense. During the construction period, with the progress of construction, the extracted losses are prepared to offset contract costs.

If the cost of inventory is higher than its net realizable value, the provision for inventory price decline shall be made and included in the current profit and loss. The company accrues the inventory depreciation reserves according to the individual inventory items.

The company determines the net realizable value of inventories on the balance sheet date. If the influencing factors of the inventory write-down have disappeared before, the amount of the write-down shall be restored, and it shall be reversed within the original inventory depreciation reserve, and the reversed amount shall be included in the current profit and loss.

10.7 Inventories of real estate enterprises

(1) Inventory classification of real estate enterprises

The inventory of real estate development enterprises mainly includes inventory materials, real estate development costs, development products, installment collection development products, and low-value consumables. Among them, the real estate development costs mainly include: land acquisition and demolition compensation fees, preliminary engineering fees, infrastructure fees, construction and installation engineering fees, ancillary facilities fees, and development indirect fees; the first five items are directly attributed to the relevant products developed Collection, development overheads are allocated according to the value of various types of development products, and their distribution is recorded in the cost of each development product.

(2) Real estate development cost valuation method

For unfinished development products of real estate development enterprises, all expenses incurred during the development process are calculated through real estate development, and the actual costs are used when they occur; after the product is completed and the income is checked, the development costs are carried forward to Product development. The cost is carried forward on an individual basis when selling.

(3) Accounting method for development land

The land use right acquired by a real estate enterprise is used to build houses and buildings for sale to the outside world, and the related land use right is included in the cost of real estate development. The various expenses incurred in the process of obtaining land use rights are included in "real estate development costs-land development costs". During the overall development of the project, all of them will be transferred to "real estate development costs-housing development costs"; when the project is developed in phases, part of the development land will be transferred to "real estate development costs-housing development costs", and the undeveloped land will remain in Real estate development cost-land development cost ".

(4) Accounting method for public supporting facilities

Public supporting facilities that cannot be transferred for compensation: the cost is borne by the commercial housing served by the public supporting facilities, and is allocated to the cost of the commercial housing in proportion to the area; if the construction of public supporting facilities lags behind the construction of the commercial housing, when the commercial housing is completed, the public The construction cost of supporting facilities shall be withheld.

Public supporting facilities that can be transferred with payment: each supporting facility project is taken as

an independent cost accounting object, and the costs incurred are collected.

(5) Recognition standards and accrual methods for real estate enterprises' inventory falling price reserves

The inventory of the company's real estate enterprises is measured at the lower of cost and net realizable value. If the cost of inventory is higher than its net realizable value, the provision for inventory price decline shall be made and included in the current profit and loss. The company accrues the inventory depreciation reserves according to the individual inventory items. The company determines the net realizable value of inventories on the balance sheet date. If the influencing factors of the inventory write-down have disappeared before, the amount of the write-down shall be restored, and it shall be reversed within the original inventory depreciation reserve, and the reversed amount shall be included in the current profit and loss.

11. Available for sale

The parts of the company (or illiquid assets) that satisfy the following conditions at the same time can be classified as available for sale.

11.1 According to the similar deals to sell such assets, the parts of the company under the current conditions can be sold immediately.

11.2 The sale is likely to occur, a decision to sale or a purchase commitment has been made, and the sale is expected to be completed within a year. The approval of the relevant authority or regulatory authority has been obtained.

The expected net salvage value of the available for sale assets is adjusted to the net value of the difference between the fair value and the costs of sale (but it could not exceed the original book value of the available for sale). If the original book value is higher than the difference between the expected net salvage values after adjustment, the difference is recorded in the current profits and losses, and the assets impairment provision is recognized at the same time. Assets impairment losses that recognized by the disposal of group should be deducted from the book value of the goodwill, and then offset the book value according to the proportion of the non-current assets which applies to the measurement regulation in the standards.

On the subsequent period of balance sheet day, if the net amount of fair value of non-current available for sale assets exclude costs of sale increases, the previous write-down amount shall be recovered. And the recovered amount should be included in the current profits and losses. The impairment losses of assets identified prior to the available for sale category shall not be recovered. On subsequent balance sheet day, the net increase of the fair value minus the sale cost of write-down amount shall be reinstated, and included in the current profits and losses. The book value of goodwill that has been deducted and the non-current assets that are applicable to the measurement of this code shall not be reversed to the asset impairment losses identified prior to available for sale category.

When the company loses control to its subsidiary due to sale of the investment to the subsidiary, the

investment should be classified as available for sale, and all assets and liabilities of the subsidiary should be classified as available for sale in the consolidation financial statement, whether the company retain part of its equity after sale.

12. Long-term equity investment

12.1 Determination of Investment cost

12.1.1. For a business combination involving enterprises under common control, the initial investment cost of the long-term equity investment shall be carrying value of the absorbing party's share of the owners' equity of the party being absorbed at the date of combination. The difference between initial investment cost of long-term equity investment and the book value of paying combination consideration or the total amount of the face value of the issued shares is used for adjusting capital reserve. If capital reserve is not enough to counteract, then retained earnings will be adjusted.

12.1.2. For a business combination not involving enterprise under common control, the combination cost including the sum of fair value, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services etc. and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

The transaction cost for the equity securities or liability securities issued by the acquirer in the business combination shall be recognized as initial amount of equity security or liability.

12.1.3. The equity investments other than the long-term equity through combination shall be initially measured by cost. The cost shall be recognized to the difference in the way of acquisition of long-term equity investment. Theses ways include the cash purchase price the Company actually paid, the fair value of equity security issued by the Company, value specified in the investment contract or agreement, the fair value or carrying value of the asset out in the transaction of non-monetary asset exchanges, and the fair value of the long-term equity investment.

Expenses, taxes and other necessary expenditures directly attributable to the acquisition of long-term equity investment are taken into investment cost.

12.2 Subsequent Measurement

Cost method shall be adopted in a long-term equity investment where the investing enterprise does not have common control or significant influence over the investee, the investment is not quoted in an active market and its fair value cannot be measured reliably.

Where an investing enterprise can exercise common control or significant influence over the investee, a long-term investment shall be accounted for using the equity method.

When an investing enterprise can no longer exercise joint control or common control nor significant influence over the investee and its fair value cannot be measured reliably, a long-term investment shall be

counted as financial asset ready-for trade.

A long-term equity investment where cost method is adopted in the Company's financial statements can exercise controls over the investee.

12.2.1 Cost method of accounting for long-term equity investments

Under the cost method, a long-term equity investment is measured at initial investment cost. Except for cash dividends or profits declared but not yet paid that are included in the price or consideration actually paid upon acquisition of the long-term equity investment, investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

12.2.2 Equity method of accounting for long-term equity investments

Where the initial investment cost of a long-term equity investment exceeds the investing enterprise's interest in the fair values of the investee's identifiable net assets at the time of acquisition, no adjustment shall be made to the initial investment cost.

Where the initial investment cost of a long-term equity investment is less than the investing enterprise's interest in the fair values of investee's identifiable net assets at the time of acquisition, the difference shall be charged to profit or loss for the current period, and the cost of the long-term equity investment shall be adjusted accordingly.

Under the equity method, the Company recognizes its share of the net profit or loss of the investee for the period as investment income or loss for the period. The Company recognizes it share of the investee's net profit or loss based on the fair value of the investee's individual separately identifiable assets, etc. at the acquisition date after making appropriate adjustments to confirm with the Company's accounting policies and accounting period. Unrealized profits or losses resulting from the Company's transactions with its associates and joint ventures are recognized as investment income or loss to the extent that those attributable to the Company's equity interest are eliminated. However, unrealized losses resulting from the Company's transactions with its investees on the transferred assets, in accordance with "Accounting Standards for Enterprises No. 8 - Impairment of Assets" are not eliminated. Changes in owners' equity of the investee other than net profit or loss are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized as other compressive income which is included in the capital reserve.

When the investee is recognized net losses, reduce the carrying value of long-term equity investments and long-term equity of net investment (in substance) in investee to zero. In addition, the Company has the obligations on additional losses, then the expected obligation as estimated liabilities and included in the current investment losses. Where the net profit from investee units, restoration confirm the amount of revenue sharing after offset the amount of unrecognized loss sharing.

12.2.3 Acquisition of minority interest

The difference between newly increased equity investment due to acquisition of minority interests and portion of net asset cumulatively calculated from the acquisition date is adjusted as capital reserve. If the capital reserve is not sufficient to absorb the difference, the excess is adjusted against returned earnings.

12.2.4 Disposal of long-term equity investment

Where the parent company disposes long-term investment in a subsidiary without a change in control, the difference in the net asset between the amount of disposed long-term investment and the amount of the consideration paid or received is adjusted to the owner's equity.

On disposal of a long-term equity investment, the difference between the proceeds actually received and receivable and carrying amount is recognized in profit or loss for the period. For a long-term equity investment accounted for using the equity method, the amount included in the owner's equity attribute to the percentage interest disposed is transferred to profit or loss for the period.

For any retained interest, it shall be subsequently measured according to the related accounting policies in regard of long-term equity investments or financial assets as described above if its carrying amount is recognized as long-term equity investments or other related financial assets. Retroactive adjustment is made on the basis of relevant policies if the retained interests are settled from cost method to equity method.

12.3 Recognition of investee under common control or significant influence

Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its operating activities.

Common control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee held be the investing enterprise or other parties that are currently exercisable or convertible shall be considered.

12.4 Impairment testing methods and recognition of impairment provision

The Company assesses the long-term equity investment at the balance sheet date whether there is any indication of impairment. If any indication exists that an asset may be impaired, the enterprise shall estimate its recoverable value of the asset. If the recoverable value of the asset is less than its carrying amount, a provision for impairment loss of the asset is recognized accordingly.

Once an impairment loss is recognized, it shall not be reversed in a subsequent period.

13. Investment Property

The company's investment real estate includes leased land use rights and leased buildings.

The company uses the cost model for subsequent measurement of investment real estate. For investment real estate that uses the cost model for subsequent measurement, its depreciation policy and amortization method are consistent with those of the same or similar fixed assets and intangible assets. For the basis and method of impairment provision, see "Note IV. (20) Long-term Asset Impairment".

14. Fixed assets

14.1 Recognized Standard of Fixed Assets

The term "fixed assets" refers to the tangible assets that simultaneously possess the features as follows: they are held for the sake of producing commodities, rendering labor service, renting or business management; and their useful life is in excess of one fiscal year. No fixed asset may be recognized unless it simultaneously meets the conditions as follows:

(1) The economic benefits pertinent to the fixed asset are likely to flow into the enterprise;

(2) The cost of the fixed assets can be measured reliably.

14.2 Classification and depreciation methods

From the following month of state of intended use, depreciation method of the straight-line method or unit of production method is used for different categories of fixed assets to take depreciation. The estimated residual value rate, useful life and annual depreciation rate of each category of fixed assets are as follows:

Category	Residual value rate (%)	Useful life(year)	Annual depreciation rate (%)
Buildings and constructions	0-5	5-55	1.73-20.00
Office equipment	1-5	3-8	11.88-33.00
Transportation facilities	1-3	4-8	12.13-24.75
Machinery equipment	1-5	4-25	3.80-24.75
Electrical equipment	1-5	3-12	7.92-33.00
Instrument and test equipment	0-5	4-10	9.50-25.00
Specific equipment for power industry	0-5	6-35	2.71-16.67
Exploration, mining, mineral processing and augmentation equipment	1-5	4-10	9.50-24.75
Other equipment	0-5	4-10	9.50-25.00

For a fixed asset which the provision for depreciation has been made, the amount of deducting its expected net salvage value, the accumulative amount of the provision and the accumulative amount of depreciation from the original price of the fixed assets to be depreciated during the remaining useful life.

The fixed assets that have reached the expected usable status but have not yet gone through the final accounts have been determined according to the estimated value and depreciated. After the final accounts are completed, the original estimated value is adjusted according to the actual cost, but no adjustment is needed for depreciation provided.

The Company at least reviews useful life, estimated net salvage value and depreciation method of fixed assets at least at the end of each year, and adjusts if necessary.

14.3 Impairment test method and the accrual of impairment provision method of fixed assets

On balance sheet day, if there is indication shows that the fixed assets depreciate, impairment provision is accrued on basis of the difference between book value and recoverable amount.

14.4. Affirmation basis and valuation method of fixed assets under financing lease

It is affirmed as finance lease when it satisfies one or more standards.

14.4.1. At the expiration of leasehold, the ownership of leased assets is transferred to tenants.

14.4.2. Tenants have the option of purchasing leased assets. Purchasing price concluded is predicted to be much lower than fair value of leased assets when exercising their option. Consequently, it could be affirmed reasonably that tenants will exercise the option on the inception of lease.

14.4.3. Although the ownership of assets does not transfer, leasehold occupies majority of service life of leased assets [generally occupies 75 percent (including 75 percent) of service life of leased assets].

14.4.4. Present value of minimum lease payment on the inception of lease is equivalent to fair value [more than 90 percent (including 90 percent)] on the inception of lease.

14.4.5. Leased assets possess special properties so that it could be used by tenants only without large transformation.

Fixed assets under financing lease are charged to an account with the lower one between fair value of leased assets on the inception of lease and present value of minimum lease payment, and it is calculated and distilled depreciation on basis of depreciation policies of self-owned fixed assets.

15. Construction in process

Construction in progress is stated according to actual expenditure. The cost includes all expenditure incurred for construction projects, capitalised borrowing costs incurred on a specific borrowing for the construction of fixed assets incurred before it has reached the expected usable condition for its intended use, and other related expenses.

When construction in process reaches serviceable condition, it is transferred into fixed assets according to actual cost of construction. The construction in process which has already reached serviceable condition but has not conducted final account at completion shall be transferred into fixed assets initially, and provisional estimated value is adjusted by actual cost when final account at completion is finished.

16. Loan Cost

16.1 The recognition principles of capitalizing loan cost

Among the Company's loan cost, the part which directly belongs to construction and production that conform to the conditions of capitalization should be capitalized, and the other part is confirmed as cost and included in current profit and loss.

16.2 Capitalization period of loan cost

16.2.1 When loan cost satisfies the following conditions, the capitalization starts.

16.2.1.1 Expenditure to assets has already happened

16.2.1.2 Loan cost has ready happened

16.2.1.3 Necessary construction and production activities to make assets reach the state that could be used and sold has already begun

16.2.2 If abnormal interruption happens during the construction and production of assets that accords with capitalization conditions, and the interruption term is more than 3 months consistently, then the capitalization of loan cost pauses. Loan cost during the interruption term is confirmed as cost in present period until the construction and production activities of assets restart.

16.2.3 When the assets that is constructed or accords with capitalization reaches the state that could be used and sold, loan cost stops capitalization.

16.3 The amount of loan cost capitalization

When the enterprise borrows specific borrowings to construct or product assets that conforms to capitalization conditions, the actual interest cost of the present period during which the specific borrowings happen (including the discount and premium amortization according to practical interest rate) subtracts the interest revenue which is gained by saving the borrowings in banks or the amount obtained by conducting temporary investment, then the amount of interest which should be capitalized is recognized. When the enterprise occupies general borrowings to construct or product assets that conforms to capitalization conditions, the interest amount of general borrowings which should be capitalized is calculated and recognized according to the product of weighted average of cumulative assets expenditure exceeds specific borrowings and capitalization rate which occupies general borrowings.

17. Biological assets

17.1 Productive biological assets refer to biological assets held for the purpose of producing agricultural products, providing labor services or leasing, and mainly include cows and economic forests. Productive biological assets are initially measured at cost. The cost of a productive biological asset created or propagated by itself is the necessary expenditure directly attributable to the asset before the asset reaches its intended production and operation objectives, including borrowing costs that meet the capitalization conditions.

17.2 After reaching the intended production and operation purpose, the productive biological assets shall be depreciated within the service life using the average method of years.

17.3 At least at the end of the year, review the useful life, estimated net residual value and depreciation method of the productive biological assets. If there is a change, it will be treated as a change in accounting estimates.

17.4 The difference between the disposal income of productive biological assets sale, inventory loss, death or damage after deducting its book value and related taxes is included in the current profit and loss.

If a productive biological asset changes its use, as a consumable biological asset, the cost after the change of use is determined according to the book value at the time of change of use.

If the influencing factors of the depletion of expendable biological assets have disappeared, the write-down amount will be restored, and it will be reversed within the original provision for the price decline.

Once the provision for impairment of productive biological assets is accrued, it shall not be transferred back.

18. Intangible assets

18.1 Intangible assets comprise software, patent right, non-patent technology, trademarks, copyright, land use right, and concessionary right of administration etc. and conduct initial measurement in accordance with cost.

18.2 Intangible assets with limited service life is amortized on basis of expected realization mode related to economic interests during service life systematically and reasonably. If expected realization mode could not be recognized reliably, it is amortized with straight-line method.

18.3 For intangible assets with determined service life, related impairment provision is accrued on basis of the difference between book value and recoverable amount if there are indications that show it is decreasing in value. Annual impairment test should be conducted for intangible assets which have uncertain life and have not reached serviceable condition regardless of whether decreasing indications exist or not.

18.4 The research expenditures of internal research and development projects is accrued into profit and

loss in current period. The research expenditures of internal research and development projects is recognized as intangible assets when it satisfies the following conditions simultaneously.

18.4.1 It is technologically feasible for the intangible assets to be used or sold after completion.

18.4.2 The intension to complete the intangible assets and use or sell does exist.

18.4.3 The way the intangible assets produce economic interests includes the product produced with the intangible asset owns its market or the intangible asset itself owns market. Intangible assets will be used internally and prove its usefulness.

18.4.4 There is sufficient technology, financial resources, and other resources to support the completion of development and the ability to use or sell the intangible assets.

18.4.5 Expenditures belongs to development stage of the intangible assets could be measured reliably.

19. Internal research and development expenditure accounting policy

The company's internal research and development expenditures distinguish between research phase expenditures and development phase expenditures. Research phase expenditure refers to the expenditures incurred by the company in order to acquire and understand new scientific or technical knowledge through original and planned investigations. Expenditures for the research phase of internal research and development projects of the company are included in the current profit and loss when incurred.

Expenditure in the development stage refers to the expenditure incurred in applying research results or other knowledge to a plan or design to produce new or substantially improved materials, devices, products, etc. before commercial production or use. Expenditure at the development stage can only be capitalized if the following conditions are met at the same time, namely:

(1) It is technically feasible to complete the intangible asset so that it can be used or sold;

(2) Have the intention to complete the intangible asset and use or sell it;

(3) The ways in which intangible assets generate economic benefits include the ability to prove that the products produced by the intangible assets exist in the market or the intangible assets themselves exist in the market, and the intangible assets will be used internally to prove their usefulness;

(4) There are sufficient technical, financial and other resources to support the development of the intangible asset, and the ability to use or sell the intangible asset;

(5) The expenditure attributable to the development stage of this intangible asset can be measured reliably.

Development expenditures that do not meet the above conditions are included in the current profit and loss when incurred.

20. Long-term asset impairment

20.1 Scope of application

The asset impairment mentioned in this note mainly includes long-term equity investment, investment real estate (excluding investment real estate measured by fair value model), fixed assets, construction in progress, engineering materials, and intangible assets (including capitalized development expenditure) , Asset group and asset group combination, goodwill, etc.

20.2 Identification of possible impaired assets

On the balance sheet date, the company judges whether there is any sign of possible impairment of assets. The goodwill and intangible assets with uncertain service life formed by the business combination are tested for impairment every year regardless of whether there is any sign of impairment. The following signs indicate that the asset may be impaired:

(1) The market price of assets has fallen sharply in the current period, and the decline is significantly higher than the expected decline due to the passage of time or normal use;

(2) The economic, technological or legal environment in which the company operates and the market in which the assets are located will undergo major changes in the current period or in the near future, thereby adversely affecting the company;

(3) The market interest rate or the rate of return on investment in other markets has increased in the current period, which affects the company 's discount rate for calculating the present value of the asset 's expected future cash flow, resulting in a substantial reduction in the amount of assets recoverable;

(4) There is evidence that the asset is obsolete or its entity has been damaged;

(5) Assets have been or will be idle, terminated or planned for early disposal;

(6) The evidence in the internal report of the company indicates that the economic performance of the asset has been lower than or will be lower than expected, such as the net cash flow created by the asset or the realized operating profit (or loss) is far lower (or higher) than expected Amount etc .;

(7) Other signs that assets may have been impaired.

20.3 Measurement of asset recoverable amount

If there are signs of asset impairment, the recoverable amount is estimated. The recoverable amount is determined based on the higher of the net value of the asset's fair value minus disposal costs and the present value of the asset's expected future cash flow.

20.4 Determination of asset impairment losses

The measurement result of the recoverable amount shows that if the recoverable amount of the asset is lower than its book value, the book value of the asset is written down to the recoverable amount. The

reduced amount is recognized as an asset impairment loss and is included in the current profit and loss Provide corresponding asset impairment provision. After the asset impairment loss is recognized, the depreciation or amortization expense of the impaired asset will be adjusted accordingly in the future period, so that the asset will systematically allocate the adjusted asset book value (deducting the estimated net residual value) within the remaining useful life. Once an asset impairment loss is recognized, it will not be reversed in a subsequent accounting period.

20.5 Identification and impairment treatment of asset group

If there are signs that an asset may be impaired, the company estimates its recoverable amount on the basis of a single asset. If it is difficult for the company to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group is determined based on the asset group to which the asset belongs. The identification of an asset group is based on whether the main cash inflow generated by the asset group is independent of the cash inflow of other assets or asset groups. At the same time, when determining the asset group, the company also considers the way the company's management manages production and operation activities and the decision-making method for the continued use or disposal of assets.

If the recoverable amount of an asset group or asset group combination is lower than its book value (if the headquarters assets and goodwill are allocated to an asset group or asset group combination, the book value of the asset group or asset group combination shall include the relevant headquarters assets and business Reputation), confirm the corresponding impairment loss. The amount of the impairment loss is offset against the book value of the goodwill allocated to the asset group or asset group combination, and then proportionally based on the proportion of the book value of other assets in the asset group or asset group combination other than goodwill. Offset the book value of other assets.

20.6 Impairment of goodwill

The goodwill formed by the company due to business combination shall be tested for impairment at least at the end of each year. The book value of goodwill resulting from the merger is allocated to the relevant asset group in a reasonable manner from the date of purchase; if it is difficult to allocate to the relevant asset group, it is allocated to the relevant asset group combination. The relevant asset group or asset group combination is an asset group or asset group combination that can benefit from the synergies of the business combination and is not greater than the reporting segment determined by the company. When performing an impairment test on a related asset group or asset group combination that includes goodwill, if there are signs of impairment in the asset group or asset group combination related to goodwill, the asset group or asset group that does not contain goodwill should be The combination performs an impairment test, calculates the recoverable amount, and compares it with the relevant book value to confirm the corresponding impairment loss. Then conduct an impairment test on the asset group or asset group combination that includes goodwill, and compare the book value of these related asset groups or asset group combinations (including the portion of the book value of the goodwill allocated) and its recoverable

amount, such as the relevant asset group Or, if the recoverable amount of the asset group combination is lower than its book value, the impairment loss of goodwill is recognized and dealt with in accordance with the asset group impairment provisions described in this note. The estimate of the recoverable amount of an asset group or combination of asset groups is determined based on the higher of the net value of its fair value minus disposal costs and the present value of the expected future net cash flow.

21. Long-term deferred expenses

Expenses incurred during the start-up period of an enterprise (excluding those incurred in connection with the construction of fixed assets) are as long-term prepayments first and then charged in lump sum as income or losses of the first month in which the enterprise commences operation.

Other long-term deferred expenses are amortised on a straight-line basis over the expected beneficial periods.

22. Employee benefit

22.1 Contents

Employee benefits refer to all forms of consideration or comprehension given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employment benefits include short-term employment benefits, post-employment benefits, termination benefits and other long-term employment benefits. Benefits provided to an employee's spouse, children, dependents, family members of deceased employees or other beneficiaries are also employee benefits.

(1) Short-term employee benefits are employees' benefits (other than compensation for termination of employment relationship) that are expected to be settled wholly within twelve months after the end of the annual reporting period in which the employees render the service. Short-term employee benefits include: employee wages or salaries, bonus, allowance and subsidies, staff welfare, social insurance charges, housing funds, union running costs and employee education costs, short-term paid absence, short-term profit-sharing benefits and other short-term benefits.

(2) Post-employment benefits are any remuneration and benefits (other than short-term employee benefits and termination benefits) in exchange for service rendered by employees that are payable after the retirement of the employee or the termination of the employment relationship. Based on the risks and obligations that the Company is intended to undertake, post-employment benefits could be classified as either defined contribution plans or defined benefit plans. Defined contribution plans are post -employment benefits under which the Company shall not have obligation to pay further contribution after it pays fixed contributions into a separate fund. Defined contribution plans include: basic pension insurance, unemployment insurance, corporate pension contribution. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

(3) Termination benefits are compensation provided when the Company decides to terminate the

employment relationship with employees before the end of the employment contracts, or compensation provided as an offer to encourage employees to accept voluntary redundancy before the end of the employment contracts.

(4) Other long-term employee benefits are all employee benefits except short-term employee benefits, post-employment benefits and termination benefits. Other long-term employment benefits include long-term paid absence, long-term disability benefits, and long-term profit-sharing plan.

22.2 Determination principle and measurement method

(1) Short-term employee benefits

Short-term employee benefits incurred in the Company generally shall be recorded into either profits or losses of current period or relative assets cost according to unit that take the benefits. If non-monetary welfare is provided to employees, the short-term employee benefits shall be measured at fair value.

In accordance with the nature of the paid absence and the right employees enjoy, paid absences are classified into accumulating paid absence and non-accumulating paid absence and are accounted correspondingly and respectively.

The Company shall recognize the related employee benefits payable and record it into the current profits and losses under a profit-sharing plan when all of following conditions are satisfied:

1) The Company has a present legal or constructive obligation to make such payments as a result of past event; and

2) A reliable estimate of the amount of employee benefits obligation arising from profit-sharing plan can be made.

(2) Post-employment benefits

For defined contribution plans, on the balance sheet date, the contribution deposited to a separate entity in exchange for the service rendered by employees during the accounting period shall be recognized as employee benefits payable and be recorded either into current profits and losses or as asset costs.

For defined benefit plan, defined benefit plan obligations shall be discounted on the rate determined by reference to market yield at the balance sheet date on government bonds or on high quality corporate bonds in an active market, of which the term and currency are consistent with the term and currency of the defined benefit obligation so as to determine the current value of obligation of defined benefit plan and service costs of current period. When a defined benefit plan has assets, the Company shall recognize the deficit or surplus by deducting the fair value of defined benefit plan assets from the present value of the defined benefit plan obligation as a net defined benefit plan liabilities or net defined benefit assets.

At the end of reporting period, the Company shall recognize the following components of employee benefit costs recorded into profits and losses of current period arising from defined benefit plan: (1) service cost; (2)

net interest on the net defined benefit plan liabilities (assets); (3) changes as a result of remeasurement of the net defined benefit liabilities (assets) shall be recorded into other comprehensive income and shall not be reclassified to profits or losses in subsequent period. However the Company may transfer those amounts recognized in other comprehensive income within equity.

(3) Termination benefits

The Company which provides termination benefits to employees shall recognize an employee benefit liabilities for termination benefits, with a corresponding charge to the profits or losses of the current period, at the earlier of the following dates:

1) When the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or curtailment proposal.

2) When the Company recognizes costs or expenses related to restructuring that involves the payment of termination benefits.

(4) Other long-term employee benefits

At the end of reporting period, the Company shall recognize the components of cost of employee benefit arising from other long-term employee benefits as follows:

1) Service cost

2) Net interest on the net liabilities or net assets of other long-term employee benefits.

3) Changes as a result of remeasurement of the net liabilities or net assets of other long-term employee benefits.

The net total of the aforesaid amounts shall be recognized in profits or losses of current period or included in the cost of a relevant asset.

23. Share-based Payment and Equity Instrument

23.1 Classification of share-based payment

It comprises equity-settled share-based payment and cash-settled share-based payment.

23.2 Recognition method of fair value of equity instrument

23.2.1 If active market exists, it is recognized by quoted price in active market.

23.2.2 If active market does not exist, it is recognized by valuation techniques, including referring to the price used by all parties who are familiar with all the circumstances and are willing to trade in the market, current fair value of other financial instruments which is the same with equity instrument in essence, discount cash flow method, options pricing model etc.

23.3 Recognition of basis on optimal estimation of feasible right equity instrument

It is estimated by subsequent information such as the changes of feasible right's staff total number obtained lately.

23.4 Relevant accounting treatment of implement, modification, termination of share-based payment.

23.4.1 Equity-settled share-based payment

Equity-settled share-based payment which gains feasible right immediately after granting and exchanges for employee service is counted into related cost or expenses according to the fair value of equity instrument on grant day, and corresponding adjustment in capital reserve should be made. On every balance sheet day in waiting period, service that finishes waiting period or equity-settled share-based payment that reaches conditions of achievements in regulations include service that is obtained in current period into related cost or expenses and make corresponding adjustment in capital reserve on basis of optimal estimation of equity instrument's quantity and fair value of equity instruments on grant day.

If fair value of other parties could be measured reliably, the equity-settled share-based payment which exchanges service from other parties is measured by fair value on achieving day. If fair value of other parties could not be measured reliably but fair value of equity instrument could be measured reliably, the equity-settled share-based payment is measured by fair value on service achieving day, and it is accrued in related cost or expenses. Corresponding owner's equity should be increased as well.

23.4.2 Cash-settled share-based payment

Cash-settled share-based payment which gains feasible right immediately after grant and exchanges for employee service, it is counted into related cost or expenses according to the fair value of debt on grant day, and make corresponding adjustment in debt. On every balance sheet day in waiting period, service that finishes waiting period or cash-settled share-based payment that reaches conditions of achievements in regulations includes service that is obtained in current period into related cost or expenses and adjusts corresponding debt on basis of optimal estimation of feasible right's condition and fair value of debt.

23.4.3 Modification and termination of share-based payment

If modification increases fair value of granted equity instrument, the Company recognizes the increase in service in accordance with the increase mentioned above. If modification increases the amount of granted equity instrument, the Company recognizes the increase of fair value in equity instrument as the increase in service. When dealing with feasible right's condition, the Company takes the modified feasible right's condition into consideration if the Company modifies it in the way that is beneficial to staff.

If the modification decreases the fair value of granted equity instrument, the Company will ignore decrease of equity instrument's fair value and recognizes the amount of service on basis of fair value of equity instrument on granted day continuously. If the modification decreases the amount of granted equity instrument, the Company will regard the decreasing part as cancellation of granted equity instrument. When dealing with feasible right's condition, the Company will not take the modified feasible right's

condition into consideration if the Company modifies it in the way that is not beneficial to staff.

If the Company cancels or settles granted equity instrument (excluding the instruments that could not satisfy the feasible right's condition), the cancellation or settlement is dealt as accelerating feasible right, and the Company recognize the amount in remaining waiting period immediately.

24. Estimated Liabilities

24.1 Estimated liabilities recognition

The obligation pertinent to contingencies such as guarantee for outsiders, pending litigations or arbitrations, products quality assurance, staff redundancy plan, onerous contracts, restructuring obligation, and disposal of fixed assets obligation are recognized as an estimated liability when meet all the following conditions:

24.1.1 That obligation is a present obligation of the Company.

24.1.2 It is probable that an outflow of economic benefits from the Company will be required to settle the obligation.

24.1.3 A reliable estimate can be made of the amount of the obligation.

24.2 Estimated liabilities measurement

The estimated liabilities initially recognized should be the best estimate of the expenditure required to settle the present obligation. On balance sheet day, book value of estimated liabilities should be rechecked.

If there is a sequent range for the necessary expenditure and all the outcomes within this range are equally likely to occur, the best estimate shall be the middle number within the range. In other cases, the best estimate shall be conducted in accordance with the following method:

24.2.1. Contingencies for a single item are measured at the most likely amount.

24.2.2. Provisions for large populations of events are measured at a probability-weighted expected value.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized when and only when, it is virtually certain that reimbursement will be received if the Company settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognized for the reimbursement shall not exceed the amount of the provision.

25. Preferred shares and perpetual bonds

25.1 Basic principles of accounting for other financial instruments

The financial instruments issued by the company are initially recognized and measured in accordance with the Financial Instruments Reporting Standards and the "Division of Financial Liabilities and Equity Instruments and Related Accounting Treatment Rules" promulgated by the Ministry of Finance; thereafter, interest or accrued on each balance sheet date Dividends are distributed according to the relevant specific

enterprise accounting standards. That is, based on the classification of financial instruments issued, the accounting treatment of interest payments or dividend distribution of the instrument is determined.

For financial instruments classified as equity instruments, regardless of whether the name includes "debt", their interest expenditure or dividend distribution should be used as the profit distribution of the issuing enterprise, and their repurchase and cancellation should be treated as changes in equity; For financial instruments that are financial liabilities, regardless of whether their names include "shares", their interest expenses or dividend distribution are in principle treated as borrowing costs, and the gains or losses resulting from their repurchase or redemption are included in the current profit and loss.

The transaction fees, commissions and other transaction costs incurred by the company when issuing financial instruments are included in the initial measurement amount of the issued instruments if they are classified as debt instruments and measured at amortized cost; if they are classified as equity instruments, they are deducted from equity.

25.2 Accounting for reclassification

When the conditions or matters stipulated in the original contract terms of the issued financial instruments change with the passage of time or the economic environment changes, resulting in the reclassification of issued financial instruments, the following methods shall be followed:

(1) Financial instruments that were originally classified as equity instruments should be reclassified as financial liabilities from the date when they are no longer classified as equity instruments. They are measured at the fair value of the instrument on the date of reclassification. The difference between the book value and the fair value of the financial liability is recognized as equity.

(2) Financial instruments originally classified as financial liabilities shall be reclassified as equity instruments from the date when they are no longer classified as financial liabilities, and shall be measured at the book value of the financial liabilities on the date of reclassification.

26. Revenue

26.1 Selling products

The income of selling products shall be recognized if the following conditions are satisfied simultaneously:

26.1.1 Main risk and reward of goods property will be transferred to the purchase party

26.1.2 The Company will not retain continuous administrative authority which is related to ownership, and will not implement effective control to the sold products.

26.1.3 The amount of income could be measured reliably

26.1.4 Related economic benefits is likely to flow in

26.1.5 Related cost incurred or is to incur could be measured reliably

26.2 Rendering service

If the result of rendering service transaction on balance sheet day could be estimated reliably, (and it satisfies the following conditions at the same time: the amount of income could be measured reliably, related economic benefits is likely to flow in, completion progress of transaction could be determined reliably, related cost incurred or is to incur could be measured reliably), the income of rendering service is recognized by completion percentage method, and the completion progress of rendering service transaction is determined by measurement of completed work/the ratio of service which have been rendered in service which should be rendered/ the ratio of cost which has incurred in the total estimated cost. If the result of rendering service transaction on balance sheet day could not be estimated reliably and the incurred service cost is estimated to be compensated, the income of rendering service is recognized by the amount of incurred service cost, and the service cost is carried forward according to the same amount; If the incurred service cost is estimated not to be compensated, the incurred service cost shall be accrued into current profit and loss, and service income is not to be recognized.

26.3 Delivering right to use assets

If delivering right to use assets satisfies the following conditions: related economic benefits is likely to flow in, the amount of income could be measured reliably, the income of delivering right to use assets is recognized. Interest income is calculated and determined according to the time and actual interest rate of using the cash and cash equivalents of the Company by the others; royalty revenue is calculated and recognized in accordance with chargeable time and method appointed by related contract and protocol.

27. Construction Contract

27.1 If the result of construction contract on balance sheet day could be estimated reliably, the contract income and contract expense are recognized with completion percentage method. If the result of construction contract on balance sheet day could not be estimated reliably, for recoverable contract cost, contract income is recognized by recoverable contract cost. For unrecoverable cost, it is recognized as contract expense immediately when it happens and contract income is not recognized.

27.2 The result of fixed cost contract could be estimated reliably if the following conditions could be satisfied simultaneously: The total income of contract could be measured reliably. It is likely that economic interest related to contract will flow in. The contract cost actually occurred could be distinguish clearly and measured clearly. The contract completion progress and the cost which will need to occur for contract completion could be measured reliably. If cost plus contract satisfies the following conditions simultaneously, it indicates that its result could be measured reliably: It is likely that economic interest related to contract will flow in. The contract cost actually occurred could be distinguish clearly and measured clearly.

27.3 The method to recognize contract completion progress is the proportion of accumulative total contract cost actually occurred in total estimated contract cost/the proportion of completed contract workload in

contract estimated total workload/completion progress which is measured actually.

27.4 On balance sheet day, if contract estimated total cost exceeds contract total income, anticipated loss is recognized as period charges. For executory construction contract, inventory falling price reserve is accrued by its difference; For deficient contract, estimated liabilities is recognized by its difference.

28. Government Subsidies

28.1 Government subsidies are transfer of monetary assets and non-monetary assets from the government to the Company at no consideration, excluding the capital invested by the government as equity owner.

28.2 Government subsidies can be classified as subsidies related to the assets and subsidies related to the income.

If government subsidies are in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If government subsidies are in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount. A government subsidies measured at a nominal amount is recognized immediately in profit or loss for the period.

28.3 Government subsidies are measured by gross method.

A government subsidies related to an asset is recognized as deferred income, and amortized to profits and losses with reasonable and systematic methods. If the relevant assets are sold, transferred, scrapped or damaged before the end of service life, the relevant deferred income balance shall be transferred to the current profit and loss.

For a government subsidies related to income, if the subsidies are compensation for related expenses or losses to be incurred in subsequent period, the subsidies are recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized. If the subsidies are compensation for related expenses or losses already incurred, the subsidies are recognized immediately in profit or loss for the period.

28.4 Government subsidies are measured by net method.

Government subsidies related to assets should offset against the book value of the related assets.

Government subsidies related to income used to compensate for the related expenses or losses incurred in the subsequent period shall be recognized as deferred income. During the period of recognition of the relevant expenses, the relevant costs shall be reduced. Compensation for the related costs or losses should directly reduce the related costs.

28.5 For the government subsidies that includes related assets and related income, accounting treatment should be separated. Indistinguishable subsidies should be classified as income related government subsidies.

28.6 The company will include the government subsidies into other income or offset related costs according

to its business activities. Government subsidies that are not related to the daily activities of the company should be recognized as non-operating income.

28.7 The company has two different accounting treatments for the interest discount from the government policy.

28.7.1 The financial interest discount should be allocated to the loan bank, and the loan bank should provide the loan to the company with the policy concessionary interest rate.

The book value of the loan is the actual amount of the loan, and the related borrowing costs are calculated according to the principal of the loan and the preferential interest rate of the policy.

The book value of the loan is the fair value. The borrowing expense is calculated according to the real interest rate method. The difference between the actual amount received and the fair value of the loan is recognized as deferred income. The deferred income should be amortized by the real interest rate method in the period of borrowing, and the related borrowing costs should be reduced accordingly.

28.7.2 The financial interest will be allocated directly to the company, and the company will reduce the relevant borrowing costs.

29. Deferred Income Tax Assets and Deferred Income Tax Liabilities

29.1 According to the difference between the book value of assets, debt and their base for taxation (The projects which have not been recognized as assets or debts but could determine their base for taxation. The difference exists between the base for taxation and their book value) Deferred income tax assets and deferred income tax liabilities could be recognized and calculated on basis of applicable tax rate during the period which assets could be withdrawn and debt could be liquidated as expected.

29.2 Recognition of deferred income tax assets is within the limit of taxable income which is probably used to deduct deductible temporary differences. On balance sheet day, there is unambiguous evidence that sufficient taxable income is available for deduction of deductible temporary differences, the deferred income tax assets which is not recognized in the past period should be recognized.

29.3 On balance sheet day, the enterprise will recheck the book value of deferred income tax assets. If taxable income is not enough to deduct the interest of deferred income tax assets in the future, the book value of deferred income tax assets shall be decreased. The time when sufficient taxable income is obtained, the amount that has been decreased should return back to the accounting.

29.4 Income tax and deferred income tax of the Company in current period should be included in current profit and loss as income tax expense, excluding income tax in the following situations:

29.4.1 Business combination

29.4.2 Trades and items recognized in owner's equity directly.

30. Leases

A finance lease is a lease that transfers in substance all the risks and rewards incident to ownership of an asset. Title may or may not eventually be transferred. An operating lease is a lease other than a finance lease.

30.1 Operating lease

30.1.1 The Company as lessee under operating lease

Lease payments under an operating lease are recognized by a lessee on a straight-line basis over the lease term, and either included in the cost of the related asset or charged to profit or loss for the current period. The contingent rents shall be recorded in the profit or loss of the period in which they actually arise.

30.1.2 The Company as leaser under operating lease

Lease income from operating leases shall be recognized by the leaser in profit or loss on a straight-line basis over the lease term. Initial direct cost of significance in amount shall be capitalized when incurred. If another basis is more systematic and rational, that basis may be used. Contingent rents are credited to profit or loss in the period in which they actually arise.

30.2 Financing lease

30.2.1 The Company as lessee under financing lease

For an asset that is held under a finance lease, at the lease commencement, the leased asset is recorded at the lower of its fair value at the lease commencement and the present value of the minimum lease payments, and the minimum lease payment is recorded as the carrying amount of the long-term payables; the difference between the recorded amount of the leased asset and the recorded amount of the payable is accounted for as unrecognized finance charge, Initial direct costs incurred by the lessee during the process of negotiating and securing the lease agreement shall be added to the amount recognized for the leased asset. The net amount of minimum lease payment deducted by the unrecognized finance shall be separated into long-term liabilities and long-term liability within one year for presentation. Unrecognized finance charge shall be computed by the effective interest method during the lease term. Contingent rent shall be booked into profit or loss when actually incurred.

30.2.2 The Company as leaser under financing lease

For an asset that is leased out under a finance lease, the aggregate of the minimum lease receipts at the inception of the lease and the initial direct costs is recorded as a finance lease receivable, and unguaranteed residual value is recorded at the same time; the difference between the aggregate of the minimum lease receipt, initial direct costs, and unguaranteed residual value, and the aggregate of their present values, is recognized as unearned finance income, which is amortized using the effective interest rate method over each period during the lease term.

Finance lease receivable less unearned finance income shall be separated into long-term liabilities and long-term liability within one year for presentation.

Unearned finance income shall be computed by the effective interest method during the lease term. Contingent rent shall be credited into profit or loss in which actually incurred.

31. Fair value measurement

Fair value refers to the price that market participants can receive or transfer a liability in the orderly transaction that occurs on the measurement date. The company measures related assets or liabilities at fair value, assuming that the orderly transaction of selling assets or transferring liabilities is conducted in the main market of related assets or liabilities; if there is no main market, the company assumes that the transaction is in the most favorable position of the related assets or liabilities Market. The main market (or the most favorable market) is the trading market that the company can enter on the measurement date. The company uses the assumptions used by market participants to maximize their economic benefits when pricing the asset or liability. When measuring non-financial assets at fair value, consider the ability of market participants to use the asset for optimal use to generate economic benefits, or sell the asset to other market participants that can be used for optimal use to generate economic benefits.

The company determines whether the fair value at initial recognition is equal to its transaction price based on the nature of the transaction and the characteristics of the relevant assets or liabilities. The fair value of the relevant asset or liability at initial recognition is usually equal to its transaction price, but the two may not be equal in the following cases: the transaction occurs between related parties, but the company has evidence that the related party transaction is under market conditions Except for conducting; the transaction is forced; the unit of measurement represented by the transaction price is different from the unit of measurement identified in Article 7 of Accounting Standards for Business Enterprises 39-Fair Value Measurement; the transaction market is not the main market for related assets or liabilities (or the most favorable market). If other relevant accounting standards require or allow an enterprise to initially measure related assets or liabilities at fair value, and the transaction price is not equal to the fair value, relevant gains or losses should be included in the current profit and loss, but other relevant accounting standards provide otherwise Except.

The company uses valuation techniques that are applicable in the current situation and have sufficient available data and other information to support it. To measure related assets or liabilities at fair value, the valuation techniques used mainly include market method, income method and cost method. The company uses a method consistent with one or more of these valuation techniques to measure fair value. Where multiple valuation techniques are used to measure fair value, the rationality of each valuation result is considered, and the amount that best represents the fair value under the current circumstances is selected as the fair value. In the application of valuation techniques, the relevant observable input values are preferentially used, and the unobservable input values can be used only when the relevant observable input values are unavailable or not feasible. If the transaction price is used as the fair value at the initial

confirmation, and the valuation technique involving unobservable input value is used in the subsequent measurement of the fair value, the company shall correct the valuation technique in the valuation process to make the valuation technique determined The initial confirmation result is equal to the transaction price.

For assets and liabilities measured or disclosed at fair value in the financial statements, the fair value hierarchy to which they belong is determined based on the lowest level input value that is important to the fair value measurement as a whole: the first level input value can be obtained on the measurement date The unadjusted quotation of the same asset or liability in an active market; the second level input value, except for the first level input value, the direct or indirect observable input value of the relevant asset or liability; the third level input value, the relevant asset or Unobservable input value of liabilities.

On each balance sheet date, the company reassessed the assets and liabilities continuously measured at fair value confirmed in the financial statements to determine whether there is a conversion between the levels of fair value measurement.

V. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Change of accounting policies

1.1. The Company adopted relevant provisions of Notification in Regard to Revise and Issue 2019 General Enterprise Financial Statement Form issued by the Ministry of Finance. (Financial and Accounting [2019] No.6) The influence caused by accounting policies is as follows.

Contents and reasons for the change of accounting policies	The name and amount of the report item affected
"Notes receivable and account receivable" is divided into "Notes receivable" and "Accounts receivable".	Item and amount in original reporting statement on 31 Dec 2018: accounts receivable and note receivable is 74,127,473,313.74. Item and amount in new reporting statement on 31 Dec 2018: the reported amount of account receivable is 6,228,423,866.85, and notes receivable is 67,899,049,446.89.
"Notes payable and accounts payable" is divided into " Notes payable" and " accounts payable".	Item and amount in original reporting statement on 31 Dec 2018: the amount of notes payable and accounts payable is 161,630,877,691.62. Item and amount in new reporting statement on 31 Dec 2018: the amount of notes payable is 17,963,448,378.64, and the amount of accounts payable is 143,667,429,312.98.
"Deferred income" that has only one year or less than one year, or is expected to be amortized within one year (including one year), cannot be reclassified in "Non-current liabilities due within one year".	Item and amount in original reporting statement on 31 Dec 2018: the amount of deferred income is 1,829,057,833.09, and the amount of other current liabilities is 8,280,746,930.69. Item and amount in new reporting statement on 31 Dec 2018: the amount of deferred income is 2,490,153,604.03, and the amount of other current liabilities is 7,619,651,159.75.

Contents and reasons for the change of accounting policies	The name and amount of the report item affected
Adjust "Less: asset impairment losses" to "Add: asset impairment losses (losses are indicated by"-")	Item and amount in original reporting statement on 31 Dec 2018: the amount of asset impairment losses is 3,879,585,883.02. Item and amount in new reporting statement on 31 Dec 2018: the amount of asset impairment losses (Losses are indicated by "-") is -3,879,585,883.02.

1.2. The Company adopted relevant provisions of Accounting [2017] No. 7、Accounting [2017] No. 8、Accounting [2017] No. 9、Accounting [2017] No. 14 and adjusted the amount of retained earnings at the beginning of the year and other relevant items in the financial statements (not include the information of comparable periods). The influence caused by accounting policies is as follows.

Category	31 Dec 2018	1 Jan 2019	Adjusted amount
Tradable financial assets		4,544,779.49	4,544,779.49
Financial assets measured by fair value through profit or loss	4,145,437.75		-4,145,437.75
Notes receivable	6,228,423,866.85	3,399,007,569.78	-2,829,416,297.07
Accounts receivable	67,899,049,446.89	68,757,211,225.05	858,161,778.16
Accounts receivable financing		2,759,768,314.42	2,759,768,314.42
Other receivables	34,715,442,000.55	33,325,082,753.31	-1,390,359,247.24
Non-current assets due within one year	13,429,199,406.81	13,421,195,242.59	-8,004,164.22
Creditor's investment		72,081,121.85	72,081,121.85
Available-for-sale financial assets	11,709,148,249.92		-11,709,148,249.92
Held-to-maturity investments	70,875,169.10		-70,875,169.10
Long-term receivables	100,787,838,854.69	100,504,594,998.12	-283,243,856.57
Other equity instrument investment		11,723,574,983.48	11,723,574,983.48
Other non-current financial assets		115,297,365.34	115,297,365.34
Deferred tax assets	3,979,559,426.37	4,223,371,856.24	243,812,429.87
Other non-current assets	3,476,983,092.33	3,485,983,092.33	9,000,000.00
Short-term borrowings	75,015,972,532.24	75,054,364,681.50	38,392,149.26
Other payables	31,384,166,204.56	30,742,430,337.88	-641,735,866.68
Non-current liabilities due within one year	26,085,724,694.39	26,633,715,500.85	547,990,806.46
Other current liabilities	7,619,651,159.75	7,675,004,070.71	55,352,910.96
Deferred tax liabilities	774,895,451.07	849,959,843.06	75,064,391.99
Other comprehensive income	-1,079,775,972.77	-1,098,308,738.05	-18,532,765.28
Surplus reserve	971,718,827.57	971,716,468.35	-2,359.22
Undistributed profit	24,013,121,249.50	23,628,923,017.53	-384,198,231.97

Category	31 Dec 2018	1 Jan 2019	Adjusted amount
Minority interests	102,360,794,250.11	102,179,511,565.33	-181,282,684.78

The amounts include the influence of business combination under the same control in this period.

1.3 The Company adopted relative provisions in Accounting Standard for Business Enterprise No.7—Non-monetary Assets Exchange (Financial and Accounting [2019] No.8). The exchange of non-monetary assets should be adjusted according to standards since June 10, 2019. The company do not need to make retrospective adjustment to non-monetary asset exchanges that occurred before January 1 2019. This change in accounting policy will not affect the financial statement.

1.4 The company adopted relative provisions in Accounting Standards for Business Enterprise No.12—Debt Restructuring (Financial and Accounting [2019] No.9). Debt restructuring should be adjusted in accordance with the standards since June 17, 2019. The company do not need to make retroactive adjustments to debt restructuring that occurred before January 1, 2019. This change is accounting policy will not affect the financial statement.

2. Changes in accounting estimates

There are no changes in accounting estimates need to be disclosed.

3. Correction of prior period errors

There is no other correction of prior period errors need to be disclosed.

4. The first implementation of the new financial instruments standards, new income standards, new lease standards, adjust the first implementation of the financial statements related to the beginning of the year

Explanation of the adjustment:

Consolidated Balance Sheet

Category	31 Dec 2018	1 Jan 2019	Adjusted amount
Current Assets:			
Cash and bank balances	99,084,832,795.34	99,084,832,795.34	
△Balances with clearing agencies			
△Removal of funds			
Tradable Financial assets		4,544,779.49	4,544,779.49
Financial assets measured by fair value through profit or loss	4,145,437.75		-4,145,437.75
Derivative Financial assets	1,753,670.12	1,753,670.12	

Category	31 Dec 2018	1 Jan 2019	Adjusted amount
Notes receivables	6,228,423,866.85	3,399,007,569.78	-2,829,416,297.07
Accounts receivable	67,899,049,446.89	68,757,211,225.05	858,161,778.16
Accounts receivable Financing		2,759,768,314.42	2,759,768,314.42
Prepayments	31,701,004,778.24	31,701,004,778.24	
△Premium receivables			
△Accounts receivable reinsurance			
△The receivable reinsurance reserve			
Other receivables	34,715,442,000.55	33,325,082,753.31	-1,390,359,247.24
Inc: Interest receivable	18,316,269.14		-18,316,269.14
Dividend receivable	114,593,014.47	114,593,014.47	
△Financial assets purchased under resale agreements			
Inventories	164,206,845,733.72	164,206,845,733.72	
Contract assets			
Available for sale assets	15,394.38	15,394.38	
Non-current assets due within one year	13,429,199,406.81	13,421,195,242.59	-8,004,164.22
Other current assets	15,543,643,652.30	15,543,643,652.30	
Total current assets	432,814,356,182.95	432,204,905,908.74	-609,450,274.21
Non-current assets:			
△Loans and advances to customers			
Creditor's investment		72,081,121.85	72,081,121.85
Available-for-sale financial assets	11,709,148,249.92		-11,709,148,249.92
Other creditor's investment			
Held-to-maturity investments	70,875,169.10		-70,875,169.10
Long-term receivables	100,787,838,854.69	100,504,594,998.12	-283,243,856.57
Long-term equity investments	14,084,622,826.36	14,084,622,826.36	
Other equity instrument investment		11,723,574,983.48	11,723,574,983.48
Other non-current assets		115,297,365.34	115,297,365.34
Investment properties	2,816,689,667.48	2,816,689,667.48	
Fixed assets	114,571,747,625.71	114,571,747,625.71	
Construction in progress	16,288,600,277.86	16,288,600,277.86	
Bearer biological assets	7,356,693.26	7,356,693.26	
Oil and gas assets			
Right-of-use Assets			

Category	31 Dec 2018	1 Jan 2019	Adjusted amount
Intangible assets	146,084,675,839.65	146,084,675,839.65	
Development expenditure	53,860,388.01	53,860,388.01	
Goodwill	1,979,354,886.07	1,979,354,886.07	
Long-term prepaid expenses	1,352,503,971.13	1,352,503,971.13	
Deferred tax assets	3,979,559,426.37	4,223,371,856.24	243,812,429.87
Other non-current assets	3,476,983,092.33	3,485,983,092.33	9,000,000.00
Total Non-current Assets	417,263,816,967.94	417,364,315,592.89	100,498,624.95
Total Assets	850,078,173,150.89	849,569,221,501.63	-508,951,649.26
Current liabilities:			
Short-term borrowings	75,015,972,532.24	75,054,364,681.50	38,392,149.26
△Loans from the central bank			
△ Deposits and deposits with the industry	5,026,649.15	5,026,649.15	
△Placements from banks and other financial institutions			
Tradable financial liabilities			
Financial liabilities measured by fair value through profit or loss			
Derivative Financial liabilities	2,763,010.00	2,763,010.00	
Notes payable	17,963,448,378.64	17,963,448,378.64	
Accounts payable	143,667,429,312.98	143,667,429,312.98	
Advance from clients	120,858,005,632.78	120,858,005,632.78	
△Financial assets sold under repurchase agreements			
△Customer brokerage deposits			
△Securities underwriting brokerage deposits			
Employee benefits payable	3,146,342,584.40	3,146,342,584.40	
Taxes payable	4,036,571,457.82	4,036,571,457.82	
Other payable	31,384,166,204.56	30,742,430,337.88	-641,735,866.68
Inc: Interest payable	656,378,910.81		-656,378,910.81
Dividend payable	528,034,176.64	528,034,176.64	
△Handling charges and commissions payable			
△Cession insurance premiums			

Category	31 Dec 2018	1 Jan 2019	Adjusted amount
payable			
Contract liabilities			
Available-for-sale financial liabilities			
Non-current liabilities due within one year	26,085,724,694.39	26,633,715,500.85	547,990,806.46
Other current liabilities	7,619,651,159.75	7,675,004,070.71	55,352,910.96
Total Current Liabilities	429,785,101,616.71	429,785,101,616.71	
Non-current Liabilities:			
△Provision for insurance contracts			
Long-term borrowings	190,359,330,247.47	190,359,330,247.47	
Bonds payable	18,193,441,684.05	18,193,441,684.05	
Inc: preferred stock			
Perpetual capital securities			
Lease liabilities			
Long-term payables	8,737,288,822.40	8,737,288,822.40	
Long-term employee benefits payable	8,102,048,464.10	8,102,048,464.10	
Estimated liabilities	85,123,407.19	85,123,407.19	
Deferred Income	2,490,153,604.03	2,490,153,604.03	
Deferred tax liabilities	774,895,451.07	849,959,843.06	75,064,391.99
Other non-current liabilities	10,020,299,853.28	10,020,299,853.28	
Total Non-current Liabilities	238,762,581,533.59	238,837,645,925.58	75,064,391.99
Total Liabilities	668,547,683,150.30	668,622,747,542.29	75,064,391.99
Owners' equity:			
Paid-in capital	31,863,390,118.57	31,863,390,118.57	
Other equity instrument	2,959,800,000.00	2,959,800,000.00	
Inc: Preference share			
Perpetual bond	2,959,800,000.00	2,959,800,000.00	
Capital reserve	20,271,438,851.41	20,271,438,851.41	
Deduct: Treasury shares			
Other comprehensive income	-1,079,775,972.77	-1,098,308,738.05	-18,532,765.28
Special reserve	45,340,154.06	45,340,154.06	
Surplus reserve	971,718,827.57	971,716,468.35	-2,359.22
△General risk reserve	124,662,522.14	124,662,522.14	
Unappropriated profits	24,013,121,249.50	23,628,923,017.53	-384,198,231.97

Category	31 Dec 2018	1 Jan 2019	Adjusted amount
Total Owners' Equity Attributable To the Company	79,169,695,750.48	78,766,962,394.01	-402,733,356.47
Minority interests	102,360,794,250.11	102,179,511,565.33	-181,282,684.78
Total Owners' Equity	181,530,490,000.59	180,946,473,959.34	-584,016,041.25
Total Liabilities and Owners' Equity	850,078,173,150.89	849,569,221,501.63	-508,951,649.26

Balance sheet of parent group

Category	31 Dec 2018	1 Jan 2019	Adjusted amount
Current Assets:			
Cash and bank balances	4,946,948,908.91	4,946,948,908.91	
△Balances with clearing agencies			
△Removal of funds			
Tradable Financial assets			
Financial assets measured by fair value through profit or loss			
Derivative Financial assets			
Notes receivables			
Accounts receivable			
Accounts receivable Financing			
Prepayments	1,000,000.00	1,000,000.00	
△Premium receivables			
△Accounts receivable reinsurance			
△The receivable reinsurance reserve			
Other receivables	19,611,393,820.72	19,611,370,720.29	-23,100.43
Inc: Interest receivable			
Dividend receivable	2,616,442,904.97	2,616,442,904.97	
△Financial assets purchased under resale agreements			
Inventories			
Contract assets			
Available for sale assets			

Category	31 Dec 2018	1 Jan 2019	Adjusted amount
Non-current assets due within one year			
Other current assets			
Total current assets	24,559,342,729.63	24,559,319,629.20	-23,100.43
Non-current assets:			
△Loans and advances to customers			
Creditor's investment			
Available-for-sale financial assets	4,655,915,799.81		-4,655,915,799.81
Other creditor's investment			
Held-to-maturity investments			
Long-term receivables	300,000,000.00	300,000,000.00	
Long-term equity investments	51,902,555,251.83	51,902,555,251.83	
Other equity instrument investment		4,728,224,174.74	4,728,224,174.74
Other non-current assets			
Investment properties	384,916,289.69	384,916,289.69	
Fixed assets	5,101,346.17	5,101,346.17	
Construction in progress	291,718,862.61	291,718,862.61	
Bearer biological assets			
Oil and gas assets			
Right-of-use Assets			
Intangible assets	15,689,911.91	15,689,911.91	
Development expenditure			
Goodwill			
Long-term prepaid expenses			
Deferred tax assets			
Other non-current assets			
Total Non-current Assets	57,555,897,462.02	57,628,205,836.95	72,308,374.93
Total Assets	82,115,240,191.65	82,187,525,466.15	72,285,274.50
Current liabilities:			
Short-term borrowings	10,543,000,000.00	10,543,000,000.00	
△Loans from the central bank			
△ Deposits and deposits with the industry			
△Placements from banks and			

Category	31 Dec 2018	1 Jan 2019	Adjusted amount
other financial institutions			
Tradable financial liabilities			
Financial liabilities measured by fair value through profit or loss			
Derivative Financial liabilities			
Notes payable			
Accounts payable	11,007,685.00	11,007,685.00	
Advance from clients			
△Financial assets sold under repurchase agreements			
△Customer brokerage deposits			
△Securities underwriting brokerage deposits			
Employee benefits payable			
Taxes payable	5,943.84	5,943.84	
Other payable	-22,703,279.56	-22,703,279.56	
Inc: Interest payable	5,065,770,288.04	5,065,770,288.04	
Dividend payable			
△Handling charges and commissions payable			
△Cession insurance premiums payable			
Contract liabilities			
Available-for-sale financial liabilities			
Non-current liabilities due within one year			
Other current liabilities			
Total Current Liabilities	15,597,080,637.32	15,597,080,637.32	
Non-current Liabilities:			
△Provision for insurance contracts			
Long-term borrowings	2,500,000,000.00	2,500,000,000.00	
Bonds payable	5,889,231,100.95	5,889,231,100.95	
Inc: preferred stock			

Category	31 Dec 2018	1 Jan 2019	Adjusted amount
Perpetual capital securities			
Lease liabilities			
Long-term payables	3,065,209,118.65	3,065,209,118.65	
Long-term employee benefits payable	10,058.80	10,058.80	
Estimated liabilities			
Deferred Income			
Deferred tax liabilities			
Other non-current liabilities			
Total Non-current Liabilities	11,454,450,278.40	11,454,450,278.40	
Total Liabilities	27,051,530,915.72	27,051,530,915.72	
Owners' equity:			
Paid-in capital	31,863,390,118.57	31,863,390,118.57	
Other equity instrument			
Inc: Preference share			
Perpetual bond			
Capital reserve	17,930,083,185.51	17,930,083,185.51	
Deduct: Treasury shares			
Other comprehensive income	-815,304,440.36	-742,996,065.43	72,308,374.93
Special reserve			
Surplus reserve	971,718,827.57	971,716,468.35	-2,359.22
△General risk reserve			
Unappropriated profits	5,113,821,584.64	5,113,800,843.43	-20,741.21
Total Owners' Equity	55,063,709,275.93	55,135,994,550.43	72,285,274.50
Total Liabilities and Owners' Equity	82,115,240,191.65	82,187,525,466.15	72,285,274.50

VI. TAXES

1. Major categories of taxes and tax rates

Category of tax	Basis of tax computation	Tax rate
Value-added tax	The tax payable of VAT shall be calculated on the basis of the balance of the taxable sales volume multiplied by the applicable tax rate deducting the allowable deducted input tax in the current period	16%、13%、10%、9%、6%、5%、3%
City maintenance and construction tax	Turnover tax payables	7%、5%、1%
Enterprise income tax	Taxable income	25%、20%、15%、

Category of tax	Basis of tax computation	Tax rate
		12.5%、10%
Education surplus	Turnover tax payables	3%
Local education surplus	Turnover tax payables	2%、1%
Property tax	Rent income; 30% deduction from original value of the house	12%、1.2%

Notes: 1. Which the company and its domestic subsidiaries are identified as general taxpayers, according to "the Announcement of the General Administration of Taxation of the Ministry of Finance on Deepening the VAT Reform and Related Policies", from April 1, 2019, the business activity tax rate that applies the 16% is adjusted to 13%; the business activity tax rate that applies the 10% is adjusted to 9%; From April 1, 2019 to December 31, 2021, taxpayers in the production and living service industry are allowed to increase deductible input tax for the current period by 10% and deduct the taxable amount (hereinafter referred to as the additional tax deduction policy).

2. According to the "Provisions on Matters Related to the Pilot Change of Business Tax to VAT" issued by the Ministry of Finance and the State Administration of Taxation in 2016, for general taxpayers to provide construction services for old construction projects, company can choose to apply the simple tax method in accordance with the 3% levy rate; for the general taxpayer sales of self-developed real estate projects, company can choose to apply simple tax method in accordance with the 5% levy rate.

3. In addition to the following tax incentives, enterprises within China are subject to the 25% corporate income tax rate; overseas income tax is implemented at the corporate income tax rate of the place of operation.

VII. NOTES TO IMPORTANT ITEMS IN FINANCIAL STATEMENTS

1. Cash and bank balances

Items	31 Dec 2019	1 Jan 2019
Cash on hand	156,816,805.22	196,777,870.69
Cash in bank	75,334,508,418.03	94,725,485,750.46
Other monetary funds	4,111,314,157.92	4,162,569,174.19
Total	79,602,639,381.17	99,084,832,795.34
Inc: Cash deposited abroad	12,886,353,792.78	11,357,505,455.74

Note 1: The company has CNY10,046,885,048.31 on 31 Dec 2019 with restrictions on use due to mortgages, pledges or freezes etc.

Note 2: At the end of the period, the total amount of abroad funds is CNY2,286,259,746.98.

2. Tradable Financial assets

Items	31 Dec 2019	1 Jan 2019
Classified by financial asset at fair value through profit or loss	13,915,331.54	4,544,779.49
Inc: Debt instrument investment		
Equity instrument investment	5,715,331.54	4,544,779.49
Others	8,200,000.00	
Financial assets that are designated to be measured at fair value through profit or loss		
Inc: Debt instrument investment		
Hybrid instrument investment		
Others		
Total	13,915,331.54	4,544,779.49

3. Derivative financial assets

Items	31 Dec 2019	1 Jan 2019
Forward settlement and sale	3,680,744.17	1,753,670.12
Total	3,680,744.17	1,753,670.12

4. Notes Receivables

4.1 Classification of Notes Receivable

Items	31 Dec 2019			1 Jan 2019		
	Carrying Amount	Bad-debt provision	Book Value	Carrying Amount	Bad-debt provision	Book Value
Commercial acceptance bills	3,305,698,088.78	66,176,321.82	3,239,521,766.96	3,468,655,552.43	69,647,982.65	3,399,007,569.78
Total	3,305,698,088.78	66,176,321.82	3,239,521,766.96	3,468,655,552.43	69,647,982.65	3,399,007,569.78

4.2 The company has no pledged notes receivable at the end of the period

4.3 Endorsed or discounted notes receivable on the balance sheet date which hasn't expired yet

Items	Derecognition amount	Recognition amount
Commercial acceptance bills	281,099,032.85	
Total	281,099,032.85	

4.4 Notes which converted to accounts receivable at the end of the period due to the failure of the drawer to perform

Items	Amount that converted to Accounts receivable
Commercial acceptance bills	8,050,000.00
Total	8,050,000.00

5. Accounts Receivable

Category	31 Dec 2019				1 Jan 2019			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Accounts receivable with bad debts provided individually	2,335,133,216.42	2.66	441,494,163.97	18.91	706,961,728.99	0.96	479,879,465.93	67.88
Accounts receivable with bad debts provided in credit risk feature combination	85,353,757,877.51	97.34	5,682,526,558.27	6.66	72,775,368,751.38	99.04	4,245,239,789.39	5.83
1. Aging analysis	85,353,757,877.51	97.34	5,682,526,558.27	6.66	72,775,368,751.38	99.04	4,245,239,789.39	5.83
2. Related parties								
Total	87,688,891,093.93	100.00	6,124,020,722.24	--	73,482,330,480.37	100.00	4,725,119,255.32	--

5.1 Accounts receivable with bad debts provided in credit risk feature combination

Aging analysis of accounts receivable:

Category	31 Dec 2019			1 Jan 2019		
	Carrying amount		Bad debts provision	Carrying amount		Bad debts provision
	Amount	Ratio (%)		Amount	Ratio (%)	
Within 1 year	61,562,800,008.06	72.13	1,231,256,000.95	59,538,893,066.78	81.81	1,190,777,861.33
1-2 years	14,804,317,959.46	17.34	1,480,439,628.63	6,574,800,121.57	9.03	657,480,012.16
2-3 years	4,495,648,320.67	5.27	674,347,248.57	2,695,716,870.43	3.70	404,357,530.56

Category	31 Dec 2019			1 Jan 2019		
	Carrying amount			Carrying amount		
	Amount	Ratio (%)	Bad debts provision	Amount	Ratio (%)	Bad debts provision
3-4 years	1,757,176,732.78	2.06	527,153,019.99	1,837,931,138.76	2.53	551,379,341.63
4-5 years	1,392,404,085.17	1.63	696,202,043.01	870,589,997.89	1.20	435,294,998.95
Over 5 years	1,341,410,771.37	1.57	1,073,128,617.12	1,257,437,555.95	1.73	1,005,950,044.76
Total	85,353,757,877.51	100.00	5,682,526,558.27	72,775,368,751.38	100.00	4,245,239,789.39

5.2 The amount of bad debt provision recovered or transferred back in the current period is CNY 21,599,164.65.

5.3 The write-off accounts receivable in the reporting period

Items	Amount
Accounts receivable written-off	23,300,037.03

5.4 Top five accounts receivable according to the final balance

Debtor	Carrying amount	Proportion of accounts receivable	Bad debts provision
Central Power Purchasing Agency (Guarantee) Limited	1,464,431,172.85	1.67	29,288,623.45
Lao State Power Co., Ltd	1,354,283,404.40	1.54	118,555,755.65
State Grid Sichuan Electric Power Company	1,029,616,972.27	1.17	45,919,513.89
Dongguan Urban Engineering Construction Administration Bureau	963,372,840.30	1.10	19,267,456.81
House Acquisition Management Office, Qiaokou District, Wuhan	722,410,000.00	0.82	72,241,000.00
Total	5,534,114,389.82	6.30	285,272,349.80

6. Accounts receivable Financing

Items	31 Dec 2019	1 Jan 2019
Notes Receivables	3,298,232,387.97	2,759,768,314.42
Accounts receivable		
Total	3,298,232,387.97	2,759,768,314.42

7. Prepayments

Items	31 Dec 2019			1 Jan 2019		
	Carrying amount		Bad debts	Carrying amount		Bad debts
	Amount	Ratio (%)	provision	Amount	Ratio (%)	provision
Within 1 year (including 1 year)	34,485,482,351.42	80.69	24,273.09	26,370,814,014.75	82.65	62,544,470.08
1-2 years	4,802,148,847.68	11.24	40,806,668.07	3,112,731,493.19	9.76	122,700.00
2-3 years	1,737,024,844.32	4.06	2,700.00	1,112,296,867.19	3.49	32,544,847.86
Over 3 years	1,714,638,802.85	4.01	141,643,558.21	1,310,983,513.39	4.11	110,609,092.34
Total	42,739,294,846.27	100.00	182,477,199.37	31,906,825,888.52	100.00	205,821,110.28

8. Other receivables

Items	31 Dec 2019	1 Jan 2019
Interest receivable	197,243,555.41	
Dividends receivable	305,638,997.07	114,593,014.47
Other receivables	48,032,987,152.14	33,210,489,738.84
Total	48,535,869,704.62	33,325,082,753.31

8.1 Interest Receivable

Items	31 Dec 2019	1 Jan 2019
Time deposit		
Entrusted Loan		
Bond investment		
others	197,243,555.41	
Total	197,243,555.41	

8.2 Dividends receivable

Items	31 Dec 2019	1 Jan 2019	Unrecovered reasons
Within one year	280,373,974.15	72,120,949.95	Unpaid
Over one year	25,265,022.92	42,472,064.52	Unpaid
Total	305,638,997.07	114,593,014.47	

8.3 Other receivables

Category	31 Dec 2019				1 Jan 2019			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Other receivable with bad debts provided individually	812,537,295.55	1.56	773,860,642.43	95.24	574,041,189.48	1.57	549,911,741.97	95.80
Other receivable with bad debts provided in credit risk feature combination	51,331,807,930.80	98.44	3,337,497,431.78	6.50	35,893,579,855.24	98.43	2,707,219,563.91	7.54
Inc: 1 .Aging analysis	51,331,807,930.80	98.44	3,337,497,431.78	6.50	35,893,579,855.24	98.43	2,707,219,563.91	7.54
Total	52,144,345,226.35	100.00	4,111,358,074.21	--	36,467,621,044.72	100.00	3,257,131,305.88	--

9. Inventories

9.1 Classification of Inventories

Category	31 Dec 2019			1 Jan 2019		
	Carrying Amount	Inventory falling price reserves	Book Value	Carrying Amount	Inventory falling price reserves	Book Value
Raw materials	12,499,439,769.46	96,415,837.87	12,403,023,931.59	9,491,635,705.32	96,535,880.04	9,395,099,825.28
Finished goods	5,551,869,082.02	70,818,392.29	5,481,050,689.73	3,749,644,603.09	61,830,372.33	3,687,814,230.76
Revolving materials	1,041,311,587.50	23,577,687.28	1,017,733,900.22	890,820,251.06	24,365,010.50	866,455,240.56
Semi-finished goods	5,964,902,895.82	368,850,889.60	5,596,052,006.22	4,832,863,412.86	398,838,828.12	4,434,024,584.74
Consumptive biological assets						
Engineering construction(completed but unsettled payment)	58,658,184,086.51	1,145,236,897.88	57,512,947,188.63	54,071,369,962.52	1,290,235,636.38	52,781,134,326.14
Merchandise shipped	95,934,814.48		95,934,814.48	109,808,777.36		109,808,777.36
Development cost for real estate	88,759,153,984.00	838,186,469.50	87,920,967,514.50	77,656,865,864.56	372,674,539.22	77,284,191,325.34
Development products for real estate	19,604,987,910.24	92,578,549.29	19,512,409,360.95	14,284,532,217.69		14,284,532,217.69
Others	1,558,876,432.01	32,647,110.14	1,526,229,321.87	1,396,432,315.99	32,647,110.14	1,363,785,205.85
Total	193,734,660,562.04	2,668,311,833.85	191,066,348,728.19	166,483,973,110.45	2,277,127,376.73	164,206,845,733.72

Note: The company acquired CNY 578,617.41 square meters the right of Land-use in this accounting period.

9.2 The book value of capitalized cost of borrowing contains CNY 8,318,184,865.88 at the end of the year.

9.3 Inventory falling price reserves

Category	1 Jan 2019	Increased amount		Decreased amount		31 Dec 2019
		Provision	Others	Write-off	Others	
Raw materials	96,535,880.04	1,984,555.34	235,429.28	2,340,026.79		96,415,837.87
Finished goods	61,830,372.33	8,988,019.96				70,818,392.29
Revolving materials	24,365,010.50	405,929.40		1,193,252.62		23,577,687.28
Semi-finished goods	398,838,828.12	6,099,136.33		36,087,074.85		368,850,889.60
Consumptive biological assets						
Engineering construction(completed but unsettled payment)	1,290,235,636.38	711,572,280.13	150,231.17	856,721,249.80		1,145,236,897.88
Merchandise shipped						
Development cost for real estate	372,674,539.22	465,511,930.28				838,186,469.50
Development products for real estate		92,578,549.29				92,578,549.29
Others	32,647,110.14					32,647,110.14
Total	2,277,127,376.73	1,287,140,400.73	385,660.45	896,341,604.06		2,668,311,833.85

9.4 The ending situation of completed unsettled assets produced by the construction contract

Items	31 Dec 2019
Accumulative cost	794,510,108,510.02
Accumulative recognition of gross profit	62,106,094,106.99
Less: Expected loss	1,145,236,897.88
Amount that has been settled	797,958,018,530.50
Completed unsettled assets produced by the construction contract	57,512,947,188.63

10. Non-current assets due within one year

Items	31 Dec 2019	1 Jan 2019
Creditor's investment due within one year		
Other creditor's investment due within one year		
Long-term accounts receivable due within one year	14,567,671,121.12	13,421,195,242.59
Others	21,134,487.10	
Total	14,588,805,608.22	13,421,195,242.59

11. Other current assets

Items	31 Dec 2019	1 Jan 2019
Prepaid taxes	13,207,389,966.45	10,973,211,886.22
Entrusted loan within one year	1,109,980,823.71	4,567,591,522.71
Others	28,797,615.27	2,840,243.37
Total	14,346,168,405.43	15,543,643,652.30

12. Creditor's investment

12.1 Creditor's investment information

Items	31 Dec 2019			1 Jan 2019		
	Carrying Amount	Provision for impairment	Book Value	Carrying Amount	Provision for impairment	Book Value
National Bond 21 (07)	70,065,619.86		70,065,619.86	70,645,429.28		70,645,429.28
DWS Investment Pensionsfonds	1,429,874.64		1,429,874.64	1,435,692.57		1,435,692.57
Total	71,495,494.50		71,495,494.50	72,081,121.85		72,081,121.85

12.2 Important debt investment at the end of the period

Items	Nominal value	Coupon rate	Real interest rate	Expiry date
National Bond 21 (07)	67,941,000.00	4.26	3.34	2021-7-31
Total	67,941,000.00	—	—	—

13. Long-term receivables

Items	31 Dec 2019			1 Jan 2019		
	Carrying Amount	Bad-debt provision	Book Value	Carrying Amount	Bad-debt provision	Book Value
Accounts receivable from financing lease	2,827,180,758.11	413,601,837.85	2,413,578,920.26	1,441,771,750.20	415,204,893.45	1,026,566,856.75
Inc: Unrealized financing income	699,428,722.76		699,428,722.76	149,511,944.92		149,511,944.92
Accounts receivable from goods by installment sale						
Accounts receivable from providing service by installment sale	113,386,124,699.93	783,528,447.45	112,602,596,252.48	93,877,151,630.47	605,810,284.77	93,271,341,345.70
Others	4,743,848,610.04	75,847,711.40	4,668,000,898.64	6,261,352,006.17	54,665,210.50	6,206,686,795.67
Total	120,957,154,068.08	1,272,977,996.70	119,684,176,071.38	101,580,275,386.84	1,075,680,388.72	100,504,594,998.12

14. Long-term equity investments

Items	1 Jan 2019	Increase or Decrease			
		Increase	Decrease	Investment income recognized under equity method	Other comprehensive income adjustment
Joint venture	1,175,775,524.56	589,806,656.00	2,736,746.44	123,542,326.56	
Joint ownership enterprises	12,910,590,103.48	4,238,408,094.19	133,469,594.62	529,678,284.86	15,274,124.49
Total	14,086,365,628.04	4,828,214,750.19	136,206,341.06	635,827,769.82	15,274,124.49

(Continued)

Items	Increase or Decrease				31 Dec 2019	Ending balance of provision for impairment
	Other equity changes	Declare cash dividends or profits	Provision for impairment	Others		
Joint venture		1,654,177.35			1,884,733,583.33	
Joint ownership enterprises	-725,731,660.47	567,942,763.95		-24,575,792.34	16,224,837,954.04	1,742,801.68
Total	-725,731,660.47	569,596,941.30		-24,575,792.34	18,109,571,537.37	1,742,801.68

15. Other equity instrument investment

Items	31 Dec 2019	1 Jan 2019
Non-trading equity instrument investment	12,318,116,371.11	11,723,574,983.48
Total	12,318,116,371.11	11,723,574,983.48

16. Other non-current financial assets

Items	31 Dec 2019	1 Jan 2019
Non-current financial assets due more than one year from the balance sheet date and expected to be held for more than one year	161,308,672.87	115,297,365.34
Total	161,308,672.87	115,297,365.34

17. Investment properties

Items	1 Jan 2019	Increase	Decrease	31 Dec 2019
Original cost				
Inc: Buildings & construction	3,351,882,592.32	547,793,254.15	36,832,535.68	3,862,843,310.79

Items	1 Jan 2019	Increase	Decrease	31 Dec 2019
Land-use right	326,236,391.85		89,637.76	326,146,754.09
Total	3,678,118,984.17	547,793,254.15	36,922,173.44	4,188,990,064.88
Accumulated depreciation				
Inc: Buildings & construction	806,966,410.78	156,641,892.68	8,247,083.57	955,361,219.89
Land-use right	49,888,888.12	5,778,282.23		55,667,170.35
Total	856,855,298.90	162,420,174.91	8,247,083.57	1,011,028,390.24
Investment property-net				
Inc: Buildings & construction	2,544,916,181.54	—	—	2,907,482,090.90
Land-use right	276,347,503.73	—	—	270,479,583.74
Total	2,821,263,685.27			3,177,961,674.64
Provision for impairment				
Inc: Buildings & construction	4,574,017.79	—	—	4,574,017.79
Land-use right				
Total	4,574,017.79			4,574,017.79
Investment properties book value				
Inc: Buildings & construction	2,540,342,163.75	—	—	2,902,908,073.11
Land-use right	276,347,503.73	—	—	270,479,583.74
Total	2,816,689,667.48			3,173,387,656.85

18. Fixed assets

Items	31 Dec 2019	1 Jan 2019
Fixed assets	120,053,774,796.73	113,639,461,887.70
Disposal of fixed assets	278,291,373.57	932,285,738.01
Total	120,332,066,170.30	114,571,747,625.71

18.1 Detail Information

Items	1 Jan 2019	Increase	Decrease	31 Dec 2019
Original cost				
Land	142,321,857.55		26,560,809.44	115,761,048.11
Buildings & construction	69,638,102,144.59	6,970,796,151.72	1,746,577,473.11	74,862,320,823.20
Machinery equipment	82,048,856,842.09	9,804,130,700.85	3,578,040,809.01	88,274,946,733.93
Transportation	8,983,231,624.91	924,279,611.91	585,092,583.71	9,322,418,653.11
Electronic equipment	1,900,318,616.85	258,507,856.66	125,069,468.85	2,033,757,004.66

Items	1 Jan 2019	Increase	Decrease	31 Dec 2019
Office equipment	2,181,869,560.78	323,732,295.84	123,660,388.39	2,381,941,468.23
Other equipment	801,487,136.55	110,258,038.65	77,800,758.85	833,944,416.35
Total	165,696,187,783.32	18,391,704,655.63	6,262,802,291.36	177,825,090,147.59
Accumulated depreciation				
Land	660,028.25			660,028.25
Buildings & construction	10,465,726,007.78	1,735,942,943.08	385,369,213.59	11,816,299,737.27
Machinery equipment	31,636,476,818.61	5,456,976,666.19	1,792,236,843.37	35,301,216,641.43
Transportation	6,260,920,835.24	849,746,713.88	470,528,049.51	6,640,139,499.61
Electronic equipment	1,179,964,462.97	166,722,157.70	71,784,152.86	1,274,902,467.81
Office equipment	1,553,674,233.36	272,747,704.99	115,423,352.57	1,710,998,585.78
Other equipment	525,285,784.82	75,233,533.37	54,337,978.64	546,181,339.55
Total	51,622,708,171.03	8,557,369,719.21	2,889,679,590.54	57,290,398,299.70
Provision for impairment				
Land				
Buildings & construction	119,050,816.35	1,952,624.52		121,003,440.87
Machinery equipment	250,196,404.43	2,563,271.56		252,759,675.99
Transportation	59,664,688.47	42,329,549.73		101,994,238.20
Electronic equipment	3,008,249.10	50,990.89		3,059,239.99
Office equipment	1,607,866.49	2,889.87		1,610,756.36
Other equipment	489,699.75			489,699.75
Total	434,017,724.59	46,899,326.57		480,917,051.16
Total fixed assets net value				
Land	115,101,019.86	—	—	141,661,829.30
Buildings & construction	62,925,017,645.06	—	—	59,053,325,320.46
Machinery equipment	52,720,970,416.51	—	—	50,162,183,619.05
Transportation	2,580,284,915.30	—	—	2,662,646,101.20
Electronic equipment	755,795,296.86	—	—	717,345,904.78
Office equipment	669,332,126.09	—	—	626,587,460.93
Other equipment	287,273,377.05	—	—	275,711,651.98
Total	120,053,774,796.73			113,639,461,887.70

18.2The situation of temporarily idle fixed assets

Items	Original cost	Accumulated depreciation	Provision for impairment	Book value	Note
Buildings & construction	126,903,689.88	65,620,529.40		61,283,160.48	
Machinery equipment	221,216,319.80	171,788,429.17		49,427,890.63	
Transportation	293,047.38	273,171.82		19,875.56	
Electronic equipment	3,090,220.00	1,125,520.20		1,964,699.80	
Office equipment	2,015,567.26	1,829,656.55		185,910.71	
Other equipment	42,468,462.50	565,032.85		41,903,429.65	
Total	395,987,306.82	241,202,339.99		154,784,966.83	

18.3 Fixed assets leased through finance lease

Items	Original cost	Accumulated depreciation	Provision for impairment	Book value
Machinery equipment	2,804,109,430.01	1,063,257,799.11		1,740,851,630.90
Transportation	71,382,825.32	38,401,503.83		32,981,321.49
Electronic equipment	14,993,495.56	5,808,181.93		9,185,313.63
Other equipment	31,102,692.77	14,679,061.58		16,423,631.19

18.4 Fixed assets leased through operating lease

Items	Book value
Buildings & construction	834,550,857.02
Machinery equipment	87,142,361.44
Transportation	7,542,089.80
Electronic equipment	3,320,872.47
Office equipment	2,495,787.89

18.5 Disposal of fixed assets

Items	31 Dec 2019	1 Jan 2019	Reasons
Buildings & construction	141,360,510.53	58,167,300.73	To be scrapped or disposed
Machinery equipment	28,643,787.15	29,484,424.45	To be scrapped or disposed
Transportation	7,196,097.02	6,718,881.13	To be scrapped or disposed
Electronic equipment	1,742,739.75	1,298,519.33	To be scrapped or disposed
Office equipment	979,535.87	919,238.88	To be scrapped or disposed

Items	31 Dec 2019	1 Jan 2019	Reasons
Other equipment	98,368,703.25	835,697,373.49	To be scrapped or disposed
Total	278,291,373.57	932,285,738.01	

19. Construction in progress

Items	31 Dec 2019			1 Jan 2019		
	Carrying Amount	Impairment	Book Value	Carrying Amount	Impairment	Book Value
Construction in Progress	14,421,374,435.53	88,800,694.39	14,332,573,741.14	16,280,703,000.19	55,589,583.60	16,225,113,416.59
Engineering material	115,789,518.06		115,789,518.06	63,486,861.27		63,486,861.27
Total	14,537,163,953.59	88,800,694.39	14,448,363,259.20	16,344,189,861.46	55,589,583.60	16,288,600,277.86

19.1 Detail Information

Items	31 Dec 2019			1 Jan 2019		
	Carrying Amount	Impairment	Book value	Carrying Amount	Impairment	Book value
Barra Power Station	1,215,704,496.43		1,215,704,496.43	1,030,758,171.71		1,030,758,171.71
Xiate Hydroelectric power station	957,848,144.42		957,848,144.42	448,925,027.11		448,925,027.11
Gonghe Photothermall Project	831,462,949.48		831,462,949.48	500,169,015.68		500,169,015.68
Jinmao Century Center, Fengtai District, Beijing	808,000,000.00		808,000,000.00			
Changjiu (Shenshan) Limestone Project	577,969,135.61		577,969,135.61	3,007,803,413.96		3,007,803,413.96
Furongjiang Road Zhenguanzhuang Hydropower Station	496,762,005.15		496,762,005.15	393,921,529.99		393,921,529.99
Iron Furnace Wind Farm	479,187,692.22		479,187,692.22	295,443,160.26		295,443,160.26
Xinjiang (Fengguang Diesel Storage) Ronghe Distribution Network Project	361,952,836.31		361,952,836.31	323,819,376.42		323,819,376.42
Shilichong Wind Farm	325,467,627.20		325,467,627.20	213,189,875.49		213,189,875.49
Maiduoshan Project 200MW	292,580,757.37		292,580,757.37			
Others	8,074,438,791.34	88,800,694.39	7,985,638,096.95	10,066,673,429.57	55,589,583.60	10,011,083,845.97
Total	14,421,374,435.53	88,800,694.39	14,332,573,741.14	16,280,703,000.19	55,589,583.60	16,225,113,416.59

19.2 Construction materials

Items	31 Dec 2019	1 Jan 2019
Special materials	15,491,867.32	6,818.89
Special equipment	98,652,104.08	53,766,155.95
Instruments and appliance for production	152,788.48	76,614.95
Prepaid large equipment	1,492,758.18	9,637,271.48
Total	115,789,518.06	63,486,861.27

20. Productive living assets

Items	1 Jan 2019	Increase	Decrease	31 Dec 2019
Original cost				
1.Plant industry				
Inc: Immature Productive living assets	1,300,909.30	8,000.00	1,027,260.30	281,649.00
Mature Productive living assets	1,719,752.19	1,027,260.30		2,747,012.49
2.Animal industry				
Inc: Immature Productive living assets	18,297.73	307,400.73	302,279.64	23,418.82
Mature Productive living assets	2,152,020.00	678,783.70	450,051.00	2,380,752.70
3.Forestry				
Inc: Immature Productive living assets	3,076,823.59	62,655.00		3,139,478.59
Mature Productive living assets	1,835,581.33			1,835,581.33
Total	10,103,384.14	2,084,099.73	1,779,590.94	10,407,892.93
Accumulated amortization				
1.Plant industry				
Inc: Immature Productive living assets				
Mature Productive living assets	398,519.16	2,348,493.33		2,747,012.49
2.Animal industry				
Inc: Immature Productive living assets				
Mature Productive living assets	726,253.33	412,505.40	374,810.15	763,948.58
3.Forestry				
Inc: Immature Productive living assets				
Mature Productive living assets	994,273.15	183,558.12		1,177,831.27
Total	2,119,045.64	2,944,556.85	374,810.15	4,688,792.34
Provision for impairment				
1.Plant industry				

Items	1 Jan 2019	Increase	Decrease	31 Dec 2019
Inc: Immature Productive living assets	627,645.24		627,645.24	
Mature Productive living assets				
2.Animal industry				
Inc: Immature Productive living assets				
Mature Productive living assets				
3.Forestry				
Inc: Immature Productive living assets				
Mature Productive living assets				
Total	627,645.24		627,645.24	
Net of intangible assets				
1.Plant industry				
Inc: Immature Productive living assets	673,264.06	—	—	281,649.00
Mature Productive living assets	1,321,233.03	—	—	
2.Animal industry				
Inc: Immature Productive living assets	18,297.73	—	—	23,418.82
Mature Productive living assets	1,425,766.67	—	—	1,616,804.12
3.Forestry				
Inc: Immature Productive living assets	3,076,823.59	—	—	3,139,478.59
Mature Productive living assets	841,308.18	—	—	657,750.06
Total	7,356,693.26			5,719,100.59

21. Intangible assets

Items	1 Jan 2019	Increase	Decrease	31 Dec 2019
Original cost				
Software	1,037,255,913.82	245,636,288.87	32,527,562.75	1,250,364,639.94
Land use rights	11,578,457,816.27	419,853,700.94	348,573,600.50	11,649,737,916.71
Patent right	371,485,502.76	2,214,289.65	645,000.00	373,054,792.41
Non-patent technology	160,018,168.33	119,495.69	4,342,122.91	155,795,541.11
Trademarks	12,996,416.70	57,492.15	48,622.20	13,005,286.65
Copyright	25,505,793.91	2,262,000.00		27,767,793.91
Franchise	131,325,187,379.09	50,145,725,642.35	3,619,386,152.15	177,851,526,869.29
Others	7,240,995,602.28	92,187,520.94	2,864,285,445.74	4,468,897,677.48
Total	151,751,902,593.16	50,908,056,430.59	6,869,808,506.25	195,790,150,517.50

Items	1 Jan 2019	Increase	Decrease	31 Dec 2019
Accumulated amortization				
Software	624,266,789.18	136,396,722.69	8,938,164.95	751,725,346.92
Land use rights	1,473,747,307.93	272,326,708.24	43,427,023.28	1,702,646,992.89
Patent right	155,245,982.54	32,706,243.09	645,000.00	187,307,225.63
Non-patent technology	63,124,899.58	14,832,210.06	3,949,287.82	74,007,821.82
Trademarks	4,404,374.28	915,410.75	15,937.27	5,303,847.76
Copyright	6,838,639.33	2,978,347.44		9,816,986.77
Franchise	3,212,258,158.82	2,042,374,737.97	281,037,872.44	4,973,595,024.35
Others	118,596,162.47	46,859,732.55	358,972.71	165,096,922.31
Total	5,658,482,314.13	2,549,390,112.79	338,372,258.47	7,869,500,168.45
Provision for impairment				
Software	11,324.48			11,324.48
Land use rights				
Patent right				
Non-patent technology				
Trademarks				
Copyright				
Franchise	8,214,907.46	15,022,314.97		23,237,222.43
Others	518,207.44			518,207.44
Total	8,744,439.38	15,022,314.97		23,766,754.35
Net of intangible assets				
Software	412,977,800.16	—	—	498,627,968.54
Land use rights	10,104,710,508.34	—	—	9,947,090,923.82
Patent right	216,239,520.22	—	—	185,747,566.78
Non-patent technology	96,893,268.75	—	—	81,787,719.29
Trademarks	8,592,042.42	—	—	7,701,438.89
Copyright	18,667,154.58	—	—	17,950,807.14
Franchise	128,104,714,312.81	—	—	172,854,694,622.51
Others	7,121,881,232.37	—	—	4,303,282,547.73
Total	146,084,675,839.65			187,896,883,594.70

22. Development expenditure

Items	1 Jan 2019	Increase		Decrease			31 Dec 2019
		Internal development	Others	Recognized as Intangible assets	Transfer to profit and loss in current period	Others	
Preliminary survey fees and other fess of Sinohydro Mining(Lao) Co.,Ltd	53,860,388.01	21,190,754.02		1,345,227.52	11,571,565.31		62,134,349.20
Others		14,262,775,727.70		6,850,605.37	14,255,925,122.33		
Total	53,860,388.01	14,283,966,481.72		8,195,832.89	14,267,496,687.64		62,134,349.20

23. Goodwill

23.1 General

Name of investee	1 Jan 2019	Increase	Decrease	31 Dec 2019
Sichuan Songlin River Basin Development Co., Ltd.	39,440,000.00			39,440,000.00
Sichuan ZhongtieNengyuan Wuyiqiao Hydropower Development Co., Ltd.	310,215,093.64			310,215,093.64
Henan Zhongxin Real Estate Co., Ltd.	450,002.66		450,002.66	
LANGOLD REAL ESTATE CO., LTD.	748,217,742.96			748,217,742.96
Geodata S.P.A	8,939,563.17			8,939,563.17
Wuhan Beautiful Oriental Sludge Treatment Technology Co., Ltd.	5,372,533.09			5,372,533.09
Energiya Semirechya LLP		5,748,828.56		5,748,828.56
Eastern Inspirational New Energy Co., Ltd.		1.00		1.00
Shandong Mengzhi Tower Land Co., Ltd.	19,200,000.00		19,200,000.00	
Qingyuan Lion Lake Golf Resort Club Co., Ltd.	119,468,277.95			119,468,277.95
Qingdao Wance Real Estate Development Co., Ltd.	41,044,778.40			41,044,778.40
Qingdao Zhongwang Real Estate Co., Ltd.	423,748.72			423,748.72
Yijie Hongtai Development Group Co., Ltd.	234,122,965.16			234,122,965.16
CLP Electric Fuhai Solar Co., Ltd.	275,733.48			275,733.48
Nanchang Guangyuan Electric Appliance Co., Ltd.	271,533.80			271,533.80
Germany TLT Co., Ltd.	600,101,246.16		2,431,819.82	597,669,426.34
Xichang Anninghewanan Hydropower Development Co., Ltd.	1,106,000.00			1,106,000.00
Shandong Power Construction Tiejun Engineering Co., Ltd.	34,315,838.47			34,315,838.47

Name of investee	1 Jan 2019	Increase	Decrease	31 Dec 2019
Total	2,162,965,057.66	5,748,829.56	22,081,822.48	2,146,632,064.74

23.2 Provision for impairment

Name of investee	1 Jan 2019	Increase	Decrease	31 Dec 2019
Sichuan ZhongtieNengyuan Wuyiqiao Hydropower Development Co., Ltd.	44,941,893.64			44,941,893.64
LANGOLD REAL ESTATE CO., LTD.		68,184,538.05		68,184,538.05
Geodata S.P.A		8,939,563.17		8,939,563.17
Shandong Mengzhi Tower Land Co., Ltd.	19,200,000.00		19,200,000.00	
Qingyuan Lion Lake Golf Resort Club Co., Ltd.	119,468,277.95			119,468,277.95
Total	183,610,171.59	77,124,101.22	19,200,000.00	241,534,272.81

24. Long-term prepaid expenses

Items	1 Jan 2019	Increase	Amortization	Other decrease	31 Dec 2019
Improved expenditures on fixed assets leased in operating leases	157,925,857.84	96,136,341.51	36,798,058.72		217,264,140.63
Other expenses amortized over one year	1,194,578,113.29	612,109,957.18	667,367,429.77	3,020,998.94	1,136,299,641.76
Total	1,352,503,971.13	708,246,298.69	704,165,488.49	3,020,998.94	1,353,563,782.39

25. Deferred tax assets and deferred tax liabilities

25.1 Deferred tax assets and deferred tax liabilities are not shown in net amount after offset

Items	31 Dec 2019		1 Jan 2019	
	Deferred income tax assets/ liabilities	Deductible/taxable temporary difference	Deferred income tax assets/ liabilities	Deductible/taxable temporary difference
Deferred tax assets	4,819,611,048.38	24,102,586,275.52	4,223,371,856.24	22,607,829,583.73
Impairment of financial asset	2,116,940,652.94	11,133,189,705.50	1,629,103,361.63	8,412,549,759.81
1.Unrealized profit from insider trading	969,301,686.99	4,046,865,177.81	989,590,891.28	4,133,052,408.32
2.Deductible losses	534,251,711.53	2,181,717,934.17	498,494,707.62	2,038,528,755.62
3.Unpaid salary of employee benefits	29,478,171.67	120,192,862.80	19,883,802.12	117,307,995.90

Items	31 Dec 2019		1 Jan 2019	
	Deferred income tax assets/ liabilities	Deductible/taxable temporary difference	Deferred income tax assets/ liabilities	Deductible/taxable temporary difference
4.Expenses for three types of personnel	587,518,052.24	3,788,347,014.96	649,748,150.27	4,331,654,335.22
5.Others	582,120,773.01	2,832,273,580.28	436,550,943.32	3,574,736,328.86
Deferred tax liabilities	1,009,220,963.78	4,160,301,741.63	849,959,843.06	3,503,274,831.90
1.Appreciation of assets from mergers of enterprises not under the same control				
2.Changes in fair value of other debt investments				
3.Changes in fair value of other equity instrument investments	59,666,104.74	290,243,378.80	91,901,672.34	413,529,751.36
4.Changes in fair value of trading financial assets (liabilities)	34,320,254.24	140,359,120.36	23,373,473.95	95,579,707.35
5.Long-term equity investment equity method in calculating investment income	146,563.80	586,255.20	143,678.28	574,713.13
6.Investment income from BT projects	814,359,827.91	3,338,220,863.95	646,018,955.79	2,652,054,264.68
7.Others	100,728,213.09	390,892,123.32	88,522,062.70	341,536,395.38

25.2 Details of unrecognized deferred income tax assets

Items	31 Dec 2019	1 Jan 2019
Deductible temporary difference	8,342,138,599.14	8,496,889,012.31
Deductible loss	17,624,906,792.36	15,722,575,058.38
Total	25,967,045,391.50	24,219,464,070.69

25.3 Deductible loss of deferred corporate tax assets the group not confirmed will be due in the following year:

Year	31 Dec 2019	1 Jan 2019
2019		2,109,574,423.63
2020	1,988,886,912.48	2,369,731,424.84
2021	3,201,137,564.81	3,586,713,195.97
2022	3,053,822,804.99	3,203,418,922.89
2023	3,818,760,223.86	4,160,510,660.16
2024	5,215,282,223.50	93,977,445.46
2025	1,478,618.73	1,504,049.00
2026	2,245,506.29	2,252,167.25

Year	31 Dec 2019	1 Jan 2019
2027	2,290,181.28	2,592,034.82
2028	192,300,734.36	192,300,734.36
2029	141,328,200.07	
Indefinite duration	7,373,821.99	
Total	17,624,906,792.36	15,722,575,058.38

26. Other non-current assets

Items	31 Dec 2019	1 Jan 2019
Temporary building	463,539,497.62	376,291,978.11
Entrust loans	2,380,000,000.00	2,430,000,000.00
Input tax to be deducted	2,609,945,842.14	646,916,444.38
Others	207,493,374.72	32,774,669.84
Total	5,660,978,714.48	3,485,983,092.33

27. Short-term borrowings

Items	31 Dec 2019	1 Jan 2019
Pledge loan	173,837,894.31	227,125,093.38
Mortgage	128,569,966.01	261,784,031.38
Guaranteed loan	4,434,343,874.79	5,131,278,895.91
Credit loan	30,729,799,621.37	69,434,176,660.83
Total	35,466,551,356.48	75,054,364,681.50

28. Derivative Financial liabilities

Items	31 Dec 2019	1 Jan 2019
Interest rate swap	18,733,913.78	1,155,332.30
Forward foreign exchange settlement and sale		1,607,677.70
Total	18,733,913.78	2,763,010.00

29. Notes payable

Category	31 Dec 2019	1 Jan 2019
Bank acceptance	2,525,200,085.48	4,397,738,888.11
Trade acceptance	20,162,954,594.12	13,565,709,490.53
Total	22,688,154,679.60	17,963,448,378.64

30. Accounts payable

Aging	31 Dec 2019	1 Jan 2019
Within 1 year	114,205,675,506.02	108,359,721,623.98
1-2 years	23,563,989,372.89	23,074,460,890.78
2-3 years	9,921,630,539.07	7,065,196,688.68
Over 3 years	6,961,974,891.72	5,168,050,109.54
Total	154,653,270,309.70	143,667,429,312.98

31. Advance from clients

Aging	31 Dec 2019	1 Jan 2019
Within 1 year	120,913,338,070.58	98,127,998,116.26
More than 1 year	22,542,848,397.43	22,730,007,516.52
Total	143,456,186,468.01	120,858,005,632.78

32. Employee benefits payable

32.1 General picture

Items	1 Jan 2019	Increase	Decrease	31 Dec 2019
Short-term pay	2,220,026,953.63	35,240,872,910.60	35,199,083,265.67	2,261,816,598.56
Compensation for demission-Defined contribution plans	389,614,444.06	4,857,011,623.20	4,899,819,480.85	346,806,586.41
Termination benefits	11,547,831.31	30,056,393.94	30,868,661.72	10,735,563.53
Other benefits within one year	525,153,355.40	658,762,659.91	675,255,928.30	508,660,087.01
Others				
Total	3,146,342,584.40	40,786,703,587.65	40,805,027,336.54	3,128,018,835.51

32.2 Short-term payable

Items	1 Jan 2019	Increase	Decrease	31 Dec 2019
1.Wages or salaries, bonuses, allowances and subsidies	1,060,038,049.05	23,937,881,176.22	23,920,129,504.40	1,077,789,720.87
2.Welfare expense	4,102,000.00	1,893,297,010.19	1,893,297,010.19	4,102,000.00
3.Social insurance:	328,267,802.37	2,259,599,878.24	2,281,985,930.60	305,881,750.01
1) Medical insurance premium	70,246,214.09	1,550,761,822.65	1,558,190,164.64	62,817,872.10
2) Employment injury insurance	29,773,991.52	154,981,249.72	154,091,941.58	30,663,299.66
3) Maternity insurance	22,919,839.91	127,411,770.77	139,827,271.09	10,504,339.59

Items	1 Jan 2019	Increase	Decrease	31 Dec 2019
4) Others	205,327,756.85	426,445,035.10	429,876,553.29	201,896,238.66
4.Housing fund	189,824,695.63	2,249,015,428.02	2,259,862,739.87	178,977,383.78
5.Labor union expenditure and education fund	525,822,303.64	927,793,410.88	864,370,198.85	589,245,515.67
6.Short-term paid absences				
7.Short-term profit sharing plan				
8.Labor dispatch costs	19,733,644.33	2,770,265,452.08	2,774,491,506.02	15,507,590.39
9.Other short-term compensation	92,238,458.61	1,203,020,554.97	1,204,946,375.74	90,312,637.84
Total	2,220,026,953.63	35,240,872,910.60	35,199,083,265.67	2,261,816,598.56

32.3 Compensation for demission-defined contribution plan

Items	1 Jan 2019	Increase	Decrease	31 Dec 2019
Basic Pension insurance premium	163,639,616.40	3,426,766,402.41	3,491,052,042.79	99,353,976.02
Unemployment insurance premium	45,074,180.52	157,247,152.07	157,479,180.92	44,842,151.67
Annuity premium	180,530,972.40	1,235,234,263.77	1,213,565,655.79	202,199,580.38
Others	369,674.74	37,763,804.95	37,722,601.35	410,878.34
Total	389,614,444.06	4,857,011,623.20	4,899,819,480.85	346,806,586.41

33. Taxes payable

Items	1 Jan 2019	Current payable	Paid at current period	31 Dec 2019
Value added tax	2,126,762,233.47	7,854,177,098.10	7,822,789,587.06	2,158,149,744.51
Resource tax	15,038,083.03	114,189,990.41	99,302,205.76	29,925,867.68
City maintenance and construction tax	21,522,939.03	424,611,528.72	414,592,179.19	31,542,288.56
Property tax	24,059,546.06	258,389,542.12	254,056,814.24	28,392,273.94
Income tax	-58,093,324.21	4,031,423,786.49	4,704,511,393.24	-731,180,930.96
Individual income tax	371,170,393.53	1,214,887,447.10	1,200,782,340.85	385,275,499.78
land use tax	18,704,210.28	162,696,070.75	157,062,594.86	24,337,686.17
Educational surcharges	22,978,004.75	338,880,842.49	340,418,955.05	21,439,892.19
Other tax	1,494,429,371.88	3,062,040,412.78	2,782,859,834.46	1,773,609,950.20
Total	4,036,571,457.82	17,461,296,718.96	17,776,375,904.71	3,721,492,272.07

34. Other payable

Items	31 Dec 2019	1 Jan 2019
Interests payable		
Dividends payable	961,233,822.30	528,034,176.64
Other payables	46,377,929,836.17	30,214,396,161.24
Total	47,339,163,658.47	30,742,430,337.88

34.1 Dividends payable

Items	31 Dec 2019	1 Jan 2019
Ordinary Stock Dividends		
Preferred stock divided into equity instruments/ Perpetual debt dividend		
Others	961,233,822.30	528,034,176.64
Total	961,233,822.30	528,034,176.64

34.2 Other payable

Items	31 Dec 2019	1 Jan 2019
Withhold and remit payments	26,826,038,620.08	17,501,091,236.16
Related funds	1,108,911,080.37	1,204,761,161.44
Deposit, security deposit	11,005,427,405.02	7,062,064,579.41
Others	7,437,552,730.70	4,446,479,184.23
Total	46,377,929,836.17	30,214,396,161.24

35. Non-current liabilities due within one year

Item	31 Dec 2019	1 Jan 2019
Long term loans due within one year	24,065,032,869.88	22,798,957,619.60
Bonds payable due within one year	1,150,342,376.54	3,290,270,775.01
Long-term payable due within one year	1,071,121,983.87	496,017,007.00
Other long-term liabilities due within one year	27,681,516.20	48,470,099.24
Total	26,314,178,746.49	26,633,715,500.85

36. Other current liabilities

Items	31 Dec 2019	1 Jan 2019
Short-term financing bill	11,582,453,487.04	2,453,830,410.96
Inc: Short-term financing bill	1,013,242,375.93	
Ultra short-term financing bill	10,569,211,111.11	2,453,830,410.96

Items	31 Dec 2019	1 Jan 2019
Others	5,404,434,914.27	5,221,173,659.75
Total	16,986,888,401.31	7,675,004,070.71

37. Long-term borrowings

Items	31 Dec 2019	1 Jan 2019
Pledge loan	46,504,848,239.04	28,873,341,087.96
Mortgage loan	63,004,438,771.67	58,383,181,484.35
Guaranteed loan	40,121,588,686.29	39,161,616,055.81
Credit loan	84,937,408,298.20	63,941,191,619.35
Total	234,568,283,995.20	190,359,330,247.47

38. Bonds payable

Items	31 Dec 2019	1 Jan 2019
Zhongshuidian 2011 Corporate bond	998,456,210.13	997,245,372.12
Zhongshuidian 2012 Corporate bond 02	2,992,138,390.05	2,989,507,588.03
17 Jiulong MTN001	295,750,000.00	294,250,000.00
18 Jiulong MTN001	296,925,000.00	296,025,000.00
16 Shuidianshisi MTN002	500,000,000.00	500,000,000.00
17 Shuidianshisi MTN001		500,000,000.00
15 Shuidianshisi MTN001		200,000,000.00
Dianjian 2018 01	1,986,082,736.08	1,982,418,712.77
US Dollar Bond	2,045,767,663.47	2,042,392,655.34
Dianjian Bond 2019	992,208,568.06	
Dianjian 2019 01	857,322,935.44	
Dianjian Real Estate 2019 MTN001	994,982,616.77	
Langold Real Estate 2019 Corporate bond	695,020,760.00	
Langold Real Estate 2019 MTN001	592,508,938.33	
Langold Real Estate 2019 MTN002	888,447,412.50	
Dianjian 2016 Corporate Bond 01	1,995,720,494.40	1,992,031,274.68
Dianjian Real Estate 2016 MTN001	1,995,914,077.73	1,991,682,274.79
Dianjian Bond 2017	995,296,412.48	993,570,015.57
Senior US Dollar Bond	2,084,277,299.11	
GEODATA 6.4% BOND 2014-2020	5,572,329.50	15,490,961.53

Items	31 Dec 2019	1 Jan 2019
2014 Zhongdianjian Bond		1,998,827,829.22
Zhongdianjian 2014 MTN001		900,000,000.00
Ludiansanjian 2016 PPN001	400,000,000.00	500,000,000.00
Total	21,612,391,844.05	18,193,441,684.05

Changes in bonds payable

Items	Par Value	Issue date	Bond period (Year)	Issuing amount	Opening balance	Opening balance of interest payable	Current issue	Premium/ discount Amortization	Ending balance of interest payable	Current repayment	Ending balance
Zhongshuidian 2011 Corporate bond	100	2011-04-25	10	1,000,000,000.00	1,036,620,372.12	39,375,000.00		1,210,838.01	39,375,000.00		1,037,831,210.13
Zhongshuidian 2012 Corporate bond 01	100	2012-10-29	7	2,000,000,000.00	2,014,758,616.26	16,766,666.67		2,008,050.41		2,000,000,000.00	
Zhongshuidian 2012 Corporate bond 02	100	2012-10-29	10	3,000,000,000.00	3,015,538,789.59	26,031,201.56		2,630,802.02	26,031,201.56		3,018,169,591.61
17 Jiulong MTN001	100	2017-11-15	5	300,000,000.00	294,250,000.00			1,500,000.00			295,750,000.00
18 Jiulong MTN001	100	2018-06-07	5	300,000,000.00	311,127,739.77	15,102,739.77		900,000.00	12,883,561.65		309,808,561.65
16 Shuidianshisi MTN002	100	2016-07-01	5	500,000,000.00	509,000,000.00	9,000,000.00			9,000,000.00		509,000,000.00
17 Shuidianshisi MTN001	100	2017-08-14	3	500,000,000.00	509,263,013.70	9,263,013.70			9,263,013.70		509,263,013.70
15 Shuidianshisi MTN001	100	2015-12-08	5	200,000,000.00	200,482,191.78	482,191.78			482,191.78		200,482,191.78
Dianjian 2018 01	100	2018-08-22	5	2,000,000,000.00	2,026,922,822.36	44,504,109.59		3,664,023.31	44,382,513.66		2,030,465,249.74
US Dollar Bond	1000 (USD)	2018-12-06	3	2,067,000,000.00	2,042,392,655.34			3,375,008.13			2,045,767,663.47
Dianjian Bond 2019	100	2019-01-30	5	1,000,000,000.00			990,000,000.00	2,208,568.06	47,542,465.76		1,039,751,033.82
Dianjian 2019 01	100	2019-07-25	5	860,000,000.00			856,904,000.00	418,935.44	15,953,000.00		873,275,935.44
Dianjian Real Estate	100	2019-08-29	3	1,000,000,000.00			994,000,000.00	982,616.77	13,114,754.10		1,008,097,370.87

Items	Par Value	Issue date	Bond period (Year)	Issuing amount	Opening balance	Opening balance of interest payable	Current issue	Premium/ discount Amortization	Ending balance of interest payable	Current repayment	Ending balance
2019 MTN001											
Langold Real Estate 2019 Corporate bond	100	2019-01-24	3	700,000,000.00			693,000,000.00	2,020,760.00	37,240,000.00		732,260,760.00
Langold Real Estate 2019 MTN001	100	2019-06-19	3	600,000,000.00			591,000,000.00	1,508,938.33	17,691,666.67		610,200,605.00
Langold Real Estate 2019 MTN002	100	2019-07-15	3	900,000,000.00			886,500,000.00	1,947,412.50	21,862,500.00		910,309,912.50
Dianjian 2016 Corporate Bond 01	100	2016-01-26	5	2,000,000,000.00	2,060,760,041.80	68,728,767.12		3,689,219.72	68,728,767.12		2,064,449,261.52
Dianjian Real Estate 2016 MTN001	100	2016-04-21	5	2,000,000,000.00	2,047,846,658.35	56,164,383.56		4,231,802.94	56,010,928.96		2,051,925,006.69
Dianjian 2016 Corporate Bond 02	100	2016-06-08	3	1,070,000,000.00	882,078,992.16	23,297,753.43		1,218,761.27		860,000,000.00	
Dianjian Bond 2017	100	2017-09-25	5	1,000,000,000.00	1,008,399,056.67	14,829,041.10		1,726,396.91	14,788,524.59		1,010,084,937.07
Senior US Dollar Bond	1000 (USD)	2019-06-20	3	2,092,860,000.00			2,082,468,534.11	1,808,765.00	1,978,182.71		2,086,255,481.82
GEODATA6.4% BOND 2014-2020	100	2014-10-10	6	54,616,100.00	33,374,669.22	964,928.89				15,602,473.27	16,807,267.06
2014 Zhongdianjian Bond	100	2014-4-23	5	2,000,000,000.00	2,084,351,006.58	85,523,177.36				1,998,827,829.22	
Zhongdianjian 2014 MTN001	100	2014-11-27	5	900,000,000.00	903,525,000.00	3,525,000.00				900,000,000.00	
Ludiansanjian 2016	100	2016-11-16	5	500,000,000.00	503,020,833.36	3,020,833.36			2,779,166.72	100,000,000.00	402,779,166.72

Items	Par Value	Issue date	Bond period (Year)	Issuing amount	Opening balance	Opening balance of interest payable	Current issue	Premium/ discount Amortization	Ending balance of interest payable	Current repayment	Ending balance
PPN001											
Total				28,544,476,100.00	21,483,712,459.06	416,578,807.89	7,093,872,534.11	37,050,898.82	439,107,438.98	5,874,430,302.49	22,762,734,220.59

39. Long-term payables

Items	1 Jan 2019	Increase	Decrease	31 Dec 2019
Long-term account payable	8,663,170,497.92	13,631,875,850.75	12,339,263,706.09	9,955,782,642.58
Account payable special funds	74,118,324.48	23,028,611.33	19,511,404.92	77,635,530.89
Total	8,737,288,822.40	13,654,904,462.08	12,358,775,111.01	10,033,418,173.47

39.1 Top five long-term payable with the largest balance at the end of period

Items	31 Dec 2019	1 Jan 2019
Anhui Provincial Land and Resources Reserve Development Center	3,447,207,771.69	3,286,275,637.58
Outside-plan expenses for retired personnel paid in the way of third party payment	2,408,908,174.44	2,999,764,461.18
Shenwan Hongyuan-Electric Construction Real Estate Purchase Fund Special Plan	956,000,000.00	
The first phase of ABS special plan for 2019 sub-subscription issued by PowerChina Leasing co., LTD.	719,978,000.00	
Zhongshan Securities Co., Ltd.	622,000,000.00	694,500,000.00
Total	8,154,093,946.13	6,980,540,098.76

39.2 Account payable special funds

Items	1 Jan 2019	Increase	Decrease	31 Dec 2019
Demolition compensation	7,099,647.63	26,802.59	863,772.84	6,262,677.38
Others	67,018,676.85	23,001,808.74	18,647,632.08	71,372,853.51
Total	74,118,324.48	23,028,611.33	19,511,404.92	77,635,530.89

40. Long-term employee benefits payable

40.1 General picture

Items	2019	2018
Post-employment benefits-defined benefit plan net liabilities	7,050,816,093.38	7,941,485,520.24
Dismissal benefits	7,344,308.74	8,658,695.38
Other long-term benefits		
Post-employment benefits-defined contribution plan	139,434,434.93	151,904,248.48
Total	7,197,594,837.05	8,102,048,464.10

40.2 Changes in defined benefits plan

40.2.1 Present value of obligation of defined benefit plan

Items	2019	2018
1.Opening balance	8,437,599,166.04	8,563,137,705.49
2.Cost of defined benefit plan recorded into profit and loss of current year	262,794,162.40	327,409,882.51
1) Interest net amount	262,794,162.40	327,409,882.51
3. Cost of defined benefit plan recorded into other comprehensive income	-491,542,357.00	295,709,351.00
1) Actuarial gain (loss are indicated by "—")	-469,872,357.00	299,619,351.00
2) Actual return on plan assets	-21,670,000.00	-3,910,000.00
4.Other changes	-677,035,928.30	-748,657,772.96
1) Consideration paid when settled	-1,780,000.00	-3,030,000.00
2) Paid welfare	-675,255,928.30	-745,627,772.96
5.Ending balance	7,531,815,043.14	8,437,599,166.04

40.2.2 Assets of defined benefits plan

Items	2019	2018
1.Opening balance	387,847,810.40	542,450,000.00

Items	2019	2018
2.Cost of defined benefit plan recorded into profit and loss of current year	10,513,656.80	18,520,000.00
1) Net interest of current year	10,513,656.80	18,520,000.00
3.Cost of defined benefit plan recorded into other comprehensive income	-9,930,000.00	-18,510,000.00
1) Planned return on assets (net interest except)	-1,250,000.00	-440,000.00
2) Actuarial loss (gains are indicated by "—")	-8,680,000.00	-18,070,000.00
4.Other changes	-148,199,012.40	-154,612,189.60
1) Consideration paid at settlement		
2) Paid welfare	-148,199,012.40	-154,612,189.60
5. Ending balance	240,232,454.80	387,847,810.40

40.2.3 Net liability(asset) of defined benefits plan

Items	2019	2018
1.Opening balance	8,049,751,355.64	8,020,687,705.49
2.Cost of defined benefit plan recorded into profit and loss of current year	252,280,505.60	308,889,882.51
3.Cost of defined benefit plan recorded into other comprehensive income	-481,612,357.00	314,219,351.00
4.Other changes	-528,836,915.90	-594,045,583.36
5.Ending balance	7,291,582,588.34	8,049,751,355.64

41. Estimated liabilities

Items	1 Jan 2019	Increase	Decrease	31 Dec 2019
Disposal costs	82,584,423.92	353,477.24		82,937,901.16
Pending loss contract	2,538,983.27		1,113,843.91	1,425,139.36
Total	85,123,407.19	353,477.24	1,113,843.91	84,363,040.52

42. Deferred Income

Items	1 Jan 2019	Increase	Decrease	31 Dec 2019
Government grant	2,359,526,449.34	493,188,283.59	666,913,528.42	2,185,801,204.51
Sale and lease back	130,627,154.69	17,667,593.48	71,420,348.27	76,874,399.90
Total	2,490,153,604.03	510,855,877.07	738,333,876.69	2,262,675,604.41

43. Other non-current liabilities

Items	31 Dec 2019	1 Jan 2019
Bond finance entrusted by bank	1,129,300,500.00	2,605,196,200.00
Non-bank financial institution financing	5,271,356,075.21	7,386,434,080.00
The due date exceeds 1 year of taxes on write-offs	81,273,112.72	28,669,573.28
Total	6,481,929,687.93	10,020,299,853.28

44. Paid-in capital

Items	Opening balance		Increasing	Decreasing	Ending balance	
	Investment amount	Ratio（%）			Investment amount	Ratio（%）
SASAC	31,863,390,118.57	100.00	124,830,000.00		31,988,220,118.57	100.00
Total	31,863,390,118.57	100.00	124,830,000.00		31,988,220,118.57	100.00

45. Other equity instrument

Items	Opening balance		Increasing		Decreasing		Ending balance	
	Number	Carrying value	Number	Carrying value	Number	Carrying value	Number	Carrying value
Perpetual bond	30,000,000.00	2,959,800,000.00			30,000,000.00	2,959,800,000.00		
Preferred stock								
Total	30,000,000.00	2,959,800,000.00			30,000,000.00	2,959,800,000.00		

46. Capital reserve

Items	1 Jan 2019	Increase	Decrease	31 Dec 2019
Capital surplus	15,092,097,642.56	622,527,377.82		15,714,625,020.38
Other capital reserve	5,179,341,208.85		1,213,364,659.64	3,965,976,549.21
Total	20,271,438,851.41	622,527,377.82	1,213,364,659.64	19,680,601,569.59

Note 1: The capital reserve was increased by CNY 622,527,377.82 in the current period, which mainly for the ten subsidiaries of SINOHYDRO BUREAU 1 CO., LTD. and other subsidiaries to carry out market-oriented debt-to-equity swap to increase the capital reserve by CNY621,601,964.61.

Note 2: The capital reserve was reduced by CNY 1,213,364,659.64 in the current period, which mainly due to the free transfer of claims of CNY 646,413,261.21.

47. Other comprehensive income

Items	Opening balance	Before income tax	Current year Less: recorded into other comprehensive in previous period but transferred into profit and loss of current year	Less: recorded into other comprehensive in previous period but transferred into retained earnings of current year	Less: income tax expense	Post-income tax attributed to parent company	Post-income tax attributed to minority shareholders	Ending balance
1.Other comprehensive income not be reclassified into profit and loss	-1,420,714,145.19	457,790,012.95		61,352,836.65	20,531,138.69	284,533,893.54	152,724,980.72	-1,199,294,243.57
1)Changes as a result of remeasurement of the net defined benefit plan	-695,392,398.99	477,311,857.00			38,662,500.00	325,557,090.32	113,092,266.68	-369,835,308.67
2)The shared portion of other comprehensive oncome of investee under equity method which cannot be reclassified into profit and loss in the future								
3)Changes in fair value of other equity instrument investments	-725,321,746.20	-19,521,844.05		61,352,836.65	-18,131,361.31	-41,023,196.78	39,632,714.04	-829,458,934.90
4)Changes in fair value of the company's own credit risk								
2.Other comprehensive income reclassified into profit or loss	322,405,407.14	-14,890,615.97			-75,180.80	-44,573,071.75	29,757,636.58	277,832,335.39
1)The shared portion of other	-15,295,625.49	15,274,124.49				7,215,700.02	8,058,424.47	-8,079,925.47

Items	Opening balance	Before income tax	Current year Less: recorded into other comprehensive in previous period but transferred into profit and loss of current year	Less: recorded into other comprehensive in previous period but transferred into retained earnings of current year	Less: income tax expense	Post-income tax attributed to parent company	Post-income tax attributed to minority shareholders	Ending balance
comprehensive oncome of investee under equity method which can be reclassified into profit and loss in the future								
2)Changes in fair value of other debt investments								
3)The amount of financial assets reclassified into other comprehensive income								
4)Provision for credit impairment of other debt investments								
5)Effective portion of gain or loss from cash flow hedge	-26,891,067.44	-15,073,812.45				-6,935,409.89	-8,138,402.56	-33,826,477.33
6)Foreign exchange financial statements translation difference	364,592,100.07	-16,863,114.39				-43,540,454.80	26,677,340.41	321,051,645.27
7)Others		1,772,186.38			-75,180.80	-1,312,907.08	3,160,274.26	-1,312,907.08
Total	-1,098,308,738.05	442,899,396.98		61,352,836.65	20,455,957.89	239,960,821.79	182,482,617.30	-921,461,908.18

48. Special reserve

Items	1 Jan 2019	Increase	Decrease	31 Dec 2019
Security funds	45,340,154.06	4,148,515,278.22	4,154,956,278.85	38,899,153.43
Others				
Total	45,340,154.06	4,148,515,278.22	4,154,956,278.85	38,899,153.43

49. Surplus reserve

Items	1 Jan 2019	Increase	Decrease	31 Dec 2019
Statutory surplus reserve	971,716,468.35	107,069,229.61		1,078,785,697.96
Arbitrary Surplus Provident Fund				
Reserve Fund				
Business development fund				
Others				
Total	971,716,468.35	107,069,229.61		1,078,785,697.96

50. Unappropriated profits

Items	2019	2018
Beginning balance	24,013,121,249.50	20,589,783,899.41
Total unadjusted profit adjustment at the beginning of the period	-384,198,231.97	
Beginning balance after adjustment	23,628,923,017.53	20,589,783,899.41
Increase this year:	5,401,987,733.06	5,317,213,104.57
Inc: Net profit for current year	5,338,873,741.14	5,317,213,104.57
Other increase	63,113,991.92	
Decrease this year:	2,501,565,295.53	1,893,875,754.48
Inc: surplus reserve	107,069,229.61	214,793,989.67
General risk preparation		62,378,194.74
Distributed dividend	1,879,823,800.00	1,025,785,700.00
Common Stock dividends change to assets(or stock)		
Other decrease	514,672,265.92	590,917,870.07
Ending balance	26,529,345,455.06	24,013,121,249.50

The company has adopted "Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments" (Caikuai [2017] No. 7) and "Accounting Standards for Enterprises No. 23-Financial Asset Transfer" (Caikuai [2017] No. 8), "Accounting Standards for

Business Enterprises No. 24-Hedging Accounting" (Caikuai [2017] No. 9) and "Accounting Standards for Enterprises No. 37-Presentation of Financial Instruments" (Caikuai [2017] No. 14) Relevant regulations, retroactive adjustments affect the undistributed profit at the beginning of the period CNY -384,198,231.97.

51. Operating income & Operating costs

51.1 Revenue from main operations and Revenue from other operations

Items	2019		2018	
	Income	Cost	Income	Cost
Income from main operations	462,925,158,173.78	403,209,440,758.13	402,414,225,674.80	348,961,060,498.08
Income from other operations	1,997,207,332.71	1,253,946,988.04	2,117,948,437.54	1,486,267,801.03
Total	464,922,365,506.49	404,463,387,746.17	404,532,174,112.34	350,447,328,299.11

51.2 Main business by industry

Items	2019		2018	
	Income	Cost	Income	Cost
Engineering contracting and survey design	381,186,807,612.57	339,925,217,474.78	332,480,561,311.81	294,969,281,058.58
Power investment and operation	17,970,441,331.01	9,988,333,064.22	15,339,559,278.54	8,647,402,124.48
Real estate development	24,096,514,294.97	19,305,336,494.83	21,230,990,124.18	16,188,306,578.58
Equipment manufacturing and leasing	12,053,357,289.28	9,726,111,657.28	10,232,884,196.50	8,336,885,178.70
Other	27,618,037,645.95	24,264,442,067.02	23,130,230,763.77	20,819,185,557.74
Total	462,925,158,173.78	403,209,440,758.13	402,414,225,674.80	348,961,060,498.08

52. Business taxes and levies

Items	2019	2018
Urban maintenance and construction tax	404,777,308.61	369,112,641.73
Educational surcharge	329,615,857.14	309,565,405.45
Property tax	254,960,513.82	210,257,905.59
Stamp duty	275,364,952.72	264,880,660.57
Land value added tax	1,221,012,638.54	1,271,273,652.69
Other	508,266,267.96	588,464,760.60
Total	2,993,997,538.79	3,013,555,026.63

53. Selling expenses

Items	2019	2018
Employee benefit	577,635,611.10	539,005,181.78
Packing fee, loading and unloading, transportation, warehousing, leasing, etc.	244,053,069.35	204,805,917.21
Advertising fee, exhibition fee, sales service fee	408,200,880.03	342,071,892.28
Office expenses, business expenses	113,499,897.08	82,104,594.07
Repair fee	6,753,492.32	7,232,493.60
Depreciation, amortization, and repair costs	18,744,089.25	13,117,407.70
Others	512,016,545.28	466,979,876.90
Total	1,880,903,584.41	1,655,317,363.54

54. Administrative expenses

Items	2019	2018
Employee benefit	9,914,306,287.98	8,814,027,588.37
Party construction work funds	187,427,432.68	164,111,789.89
Depreciation, amortization and lease expenses	1,435,837,839.63	1,389,782,307.59
Travel, business and board expenses	941,127,088.67	891,921,680.32
Insurance and repair costs	254,402,376.22	237,974,424.30
Office, property, water, electricity and sewage charges	745,419,340.41	714,962,195.03
Consulting and intermediary service fees	584,588,552.46	509,498,090.79
Others	1,771,749,280.82	1,815,287,872.96
Total	15,834,858,198.87	14,537,565,949.25

55. Research and development fee

Items	2019	2018
Staff costs	5,093,256,753.48	4,395,790,182.31
Raw materials	5,548,920,072.10	4,742,082,074.17
Outsourcing expenditure	1,808,161,328.35	1,286,576,523.65
Others	1,817,158,533.71	1,346,508,977.05
Total	14,267,496,687.64	11,770,957,757.18

56. Financial expenses

Items	2019	2018
Interest payments	11,882,178,629.94	11,111,709,081.58
Less: interest income	3,509,041,175.51	3,079,809,450.79
Exchange income	-382,162,616.16	-1,319,569,387.74
Exchange losses		
Fees of financial institutions	727,571,932.84	759,504,549.10
Total	8,718,546,771.11	7,471,834,792.15

57. Other Income

Items	2019	2018
Government subsidy	524,070,376.50	80,263,249.95
Refund of personal income tax fees	11,277,260.45	38,614,632.88
Others	30,462,098.84	149,491.12
Total	565,809,735.79	119,027,373.95

58. Investment income

Source of investment income	2019	2018
Long-term equity investment income calculated by equity method	635,827,769.82	786,134,559.93
Disposal of investment income from long-term equity investment	387,303,247.28	24,858,814.75
Investment income of financial assets measured at fair value and whose changes are included in the current profit or loss during the holding period		66,795.65
Investment income of held-to-maturity investments during the holding period		2,333,368.33
Investment income obtained from available-for-sale financial assets, etc.		125,148,246.93
Investment income from disposal of available-for-sale financial assets		103,911,888.52
Investment income obtained during the holding of trading financial assets	441,667.98	
Dividend income obtained during the holding of other equity instrument investments	198,513,744.66	
Interest income during the holding of debt investment	2,314,477.18	
Investment income from disposal of trading financial assets	-299,472.22	

Source of investment income	2019	2018
Derecognized earnings of financial assets measured at amortized cost	-524,561,231.01	
Others	-46,019,614.80	15,228,105.23
Total	653,520,588.89	1,057,681,779.34

59. Gains from changes in fair values

Source of gains from changes in fair values	2019	2018
Tradable Financial assets	45,807,519.94	-2,851,602.30
Gains from changes in fair value arising from derivative financial assets	2,194,824.55	-3,217,233.69
Gains from changes in fair value arising from derivative financial liabilities	1,607,677.70	-1,607,677.70
Total	49,610,022.19	-7,676,513.69

60. Credit impairment loss

Items	2019	2018
Bad debt	-2,571,913,207.11	
Bad debt of creditor's investment		
Bad debt of other creditor's investment		
Bad debt of contract assets		
Others	-1,921,869.05	
Total	-2,573,835,076.16	

61. Asset impairment loss

Items	2019	2018
Provisions-bad debt	2,460,888.22	-2,632,310,622.01
Provisions-decline in value of inventory	-1,050,958,048.45	-1,167,982,035.21
Provisions-decline in value of available-for-sale financial assets		-26,076,464.56
Provisions-decline in value of fixed assets	-39,066,720.00	-6,113,896.22
Provisions-decline in value of construction in progress	-33,211,110.79	-368,422.13
Provisions-decline in value of bearer biological assets		-627,645.24
Provisions-decline in value of intangible asset	-14,759,245.44	-1,610,458.71
Provisions-decline in value of goodwill	-77,124,101.22	-44,941,893.64

Items	2019	2018
Others	21,181.11	445,554.70
Total	-1,212,637,156.57	-3,879,585,883.02

62. Asset disposal income

Items	2019	2018
Gains from disposal of fixed assets	638,542,289.89	160,224,312.22
Gains from disposal of intangible assets	296,539,790.26	125,664,205.25
Gains from disposal of other assets	7,759,020.70	1,065,901.96
Total	942,841,100.85	286,954,419.43

63. Non-operating income

Items	2019	2018	The amount of non-recurring profit and loss in current year
Gains on disposal of non-current assets	38,633,231.86	39,482,134.10	38,633,231.86
Inc: Gains on disposal of fixed assets	36,674,707.08	37,140,440.69	36,674,707.08
Gains on disposal of intangible assets	311,810.62		311,810.62
Gains on disposal of other assets	1,646,714.16	2,341,693.41	1,646,714.16
Gains on debt restructuring		11,125,850.76	
Government subsidy376,033,433.06	376,033,433.06	408,686,732.59	376,033,433.06
Overage profit	2,888,110.32	1,243,940.56	2,888,110.32
Donation income	2,525.31	5,391.00	2,525.31
Default compensation income	69,399,390.64	68,501,518.41	69,399,390.64
Others	67,475,020.86	145,098,081.76	67,475,020.86
Total	554,431,712.05	674,143,649.18	554,431,712.05

64. Non-operating expenses

Items	2019	2018	The amount of non-recurring profit and loss in current year
Loss on disposal of non-current assets	53,339,614.77	25,635,245.54	53,339,614.77
Inc: Loss from disposal of fixed assets	50,154,813.18	25,635,245.54	50,154,813.18
Loss from disposal of intangible assets	200,415.11		200,415.11

Items	2019	2018	The amount of non-recurring profit and loss in current year
Loss from disposal of other assets	2,984,386.48		2,984,386.48
Loss from debt restructuring		1,023,542.00	
Donation expenditures	67,408,826.87	72,799,068.26	67,408,826.87
Abnormal loss	82,364,128.06	700,658.22	82,364,128.06
Inventory loss	50,071.78	18,055.78	50,071.78
Tax delay charge and penalty	60,094,159.94	34,380,919.16	60,094,159.94
Default compensation expenditures	56,226,967.89	63,849,926.02	56,226,967.89
Others	114,992,793.53	236,277,876.92	114,992,793.53
Total	434,476,562.84	434,685,291.90	434,476,562.84

65. Income tax expenses

Items	2019	2018
Current income tax expense	3,995,191,953.64	3,979,782,959.23
Deferred income tax adjustments	-403,354,679.76	-731,438,705.05
Total	3,591,837,273.88	3,248,344,254.18

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名　　称　天职国际会计师事务所（特殊普通合伙）

类　　型　特殊普通合伙企业

执行事务合伙人　邱靖之

经营范围　审查企业会计报表、出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关报告；基本建设年度财务决算审计；代理记账；会计咨询、税务咨询、管理咨询、会计培训；法律、法规规定的其他业务；技术开发、技术咨询、技术服务；应用软件服务；软件开发；计算机系统服务；软件咨询；产品设计；基础软件服务；数据处理（数据处理中的银行卡中心、PUE值在1.4以上的云计算数据中心除外）；企业管理咨询；销售计算机、软件及辅助设备。（依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动。）

成立日期　2012年03月05日

合伙期限　2012年03月05日至 长期

主要经营场所　北京市海淀区车公庄西路19号68号楼A-1和A-5区域

登记机关　北京市海淀区市场监督管理局

2020 年 03 月 12 日

国家企业信用信息公示系统网址：http://www.gsxt.gov.cn

市场主体应当于每年1月1日至6月30日通过国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制

证书序号：000406

会计师事务所
证券、期货相关业务许可证

经财政部、中国证券监督管理委员会审查，批准

天职国际会计师事务所（特殊普通合伙） 执行证券、期货相关业务。

首席合伙人：邱靖之

证书号：08 发证时间：[illegible]年五月[illegible]日

证书有效期至：二〇二〇年五月二十八日

会计师事务所

执业证书

名　　称：天职国际会计师事务所（特殊普通合伙）

首席合伙人：邱靖之

主任会计师：

经营场所：北京市海淀区车公庄西路19号68号楼A-1和A-5区域

组织形式：特殊普通合伙

执业证书编号：11010150

批准执业文号：京财会许可[2011]0105号

批准执业日期：2011年11月14日

天职国际会计师事务所（特殊普通合伙）
与原件核对一致

证书序号：0000175

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1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。

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3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。

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发证机关：北京市财政局

二〇一八　年　七　月　二十六　日

中华人民共和国财政部制

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
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CPAs

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Stamp of the transferred Institute of CPAs

2010年7月3日

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No. of Certificate

批准注册协会：北京注册会计师协会
Authorized Institute of CPAs

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THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
中国注册会计师协会

姓名：王玥
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2017

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BICPA
2014

CPA任职资格检查合格
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2013

2013年6月26日

姓名 Full name 王玥
性别 Sex 男
出生日期 Date of birth 1981-7-28
工作单位 Working unit 天职国际会计师事务所有限公司
身份证号码 Identity card No. 110106198107284513

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证书编号：110002400303

2015年 3月31日

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四、本证书如遗失，应立即向主管注册会计师协会报告，登报声明作废后，办理补发手续。

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1. When practising, the CPA shall show the client this certificate when necessary.
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3. The CPA shall return the certificate to the competent Institute of CPAs when the CPA stops conducting statutory business.
4. In case of loss, the CPA shall report to the competent Institute of CPAs immediately and go through the procedure of reissue after making an announcement of loss on the newspaper.

证书编号：
No. of Certificate
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北京注册会计师协会
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二〇一〇年 九月 廿

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