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This announcement appears 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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 the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any 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 within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the securities offer are being offered and sold only outside the United States in offshore transaction in compliance with Regulation S under the Securities Act.*

Notice to Hong Kong investors: *The Issuer and the Guarantor (each as defined below) confirm that the Notes (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 the Issuer and the Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.*

PUBLICATION OF THE OFFERING CIRCULAR

THREE GORGES FINANCE I (CAYMAN ISLANDS) LIMITED

(incorporated in the Cayman Islands with limited liability)

(the "Issuer")

US$300,000,000 3.625% GUARANTEED NOTES DUE 2025 (THE "NOTES")

(Stock Code: 5380)

Unconditionally and irrevocably guaranteed by

中國長江三峽集團有限公司
CHINA THREE GORGES CORPORATION

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

(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 21 July 2022 (the "**Offering Circular**") appended hereto in relation to the Notes. As disclosed in the Offering Circular, the Notes to be issued 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.

Hong Kong, 29 July 2022

As at the date of this announcement, the directors of Three Gorges Finance I (Cayman Islands) Limited are Mr. LIU Xipu and Ms. ZHANG Mo.

As at the date of this announcement, the directors of China Three Gorges Corporation are Mr. LEI Mingshan, Mr. HAN Jun, Mr. LI Fumin, Mr. WANG Yilin, Mr. XIA Dawei, Mr. QU Dazhuang, Mr. MI Shuhua, Mr. HE Guangbei and Mr. CAI Yongzhong.

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE THE UNITED STATES WHO ARE NON-U.S. PERSONS

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular (the "**Offering Circular**"). You are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached. In accessing the attached, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of your representation: You have accessed the attached document on the basis that you have confirmed your representation to Bank of China Limited, Deutsche Bank AG, Hong Kong Branch, J.P. Morgan Securities plc, ABCI Capital Limited, DBS Bank Ltd., ICBC International Securities Limited, Industrial and Commercial Bank of China (Asia) Limited, CCB International Capital Limited, China Construction Bank (Asia) Corporation Limited, Standard Chartered Bank, Mizuho Securities Asia Limited, Bank of Communications Co., Ltd. Hong Kong Branch, CLSA Limited, Citigroup Global Markets Limited, Morgan Stanley & Co. International plc, UBS AG Hong Kong Branch and Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch (collectively, the "**Initial Purchasers**") and Industrial Bank Co., Ltd. Hong Kong Branch, CNCB (Hong Kong) Capital Limited and Haitong International Securities Company Limited (collectively, the "**Co-managers**") that (1) you are a non-U.S. Person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**")) outside the United States and, to the extent you purchase the securities described in the attached Offering Circular, you will be doing so pursuant to Regulation S under the Securities Act, and (2) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

The attached document has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Initial Purchasers nor the Trustee nor the Agents nor the Co-managers nor any of their respective employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. **We will provide a hard copy version to you upon request.**

Restrictions: The attached Offering Circular is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described in the Offering Circular. You are reminded that the information in the attached document is not complete and may be changed.

PRIIPs REGULATION – PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes 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 MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, 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 Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes 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 Notes 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 (the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, 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 the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MIFID II product governance/Professional investors and ECPs only target market – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the securities has led to the conclusion that: (i) the target market for the securities is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the securities described in this document to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the securities described in this document (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the securities (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

UK MiFIR PRODUCT GOVERNANCE/Professional investors and ECPs only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), 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.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either the issuer or guarantor of the securities or the Initial Purchasers, the Co-managers, the Trustee or the Agents to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute a general advertisement or general solicitation (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) in the United States or elsewhere.

Notification under Section 309B of the Securities and Futures Act 2001 of Singapore – 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 (the "**SFA**"), the Issuer has determined and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes (as defined in the Offering Circular) are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore).

You are reminded that you have accessed the attached Offering Circular 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 authorized to deliver or forward this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

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

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Initial Purchaser or its affiliate on behalf of the Issuer in such jurisdiction.

THE ATTACHED OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED.

You are responsible for protecting against viruses and other destructive items. Your use of this e-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.

THREE GORGES FINANCE I (CAYMAN ISLANDS) LIMITED

(an exempted company incorporated in the Cayman Islands with limited liability)

US$300,000,000 3.625% Guaranteed Notes due 2025
unconditionally and irrevocably guaranteed by
中國長江三峽集團有限公司
CHINA THREE GORGES CORPORATION

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

The 3.625% Guaranteed Notes due 2025 (the "**Notes**") will be issued in an initial aggregate principal amount of US$300,000,000 by Three Gorges Finance I (Cayman Islands) Limited (the "**Issuer**"). The Notes will be the unsecured unsubordinated obligations of the Issuer, unconditionally and irrevocably guaranteed by China Three Gorges Corporation (the "**Guarantor**" or the "**Company**") (the "**Guarantees**"). The Notes will rank equally with all of the Issuer's other unsecured and unsubordinated obligations. The obligations of the Guarantor under the Guarantees are unsecured and will rank equally with all of the Guarantor's other unsecured and unsubordinated obligations.

The Notes will bear interest from July 28, 2022 at the rate of 3.625% per annum, payable semi-annually in arrears on January 28 and July 28 of each year, commencing on January 28, 2023.

The Issuer may redeem the Notes at any time upon the occurrence of certain tax events. At any time, the Issuer or the Guarantor may at its option redeem the Notes, in whole or in part, at the relevant early redemption amount. In addition, unless previously redeemed, upon a Change of Control Triggering Event, the Issuer shall be required to make an offer to repurchase all of the Notes at a price in cash equal to 101% of the principal amount of the Notes repurchased, plus accrued and unpaid interest, if any, on the Notes being repurchased to but excluding the date of repurchase. For a more detailed description of the Notes, see "*Description of the Notes and Guarantees*" herein.

Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號))(the "**NDRC Circular**") issued by the National Development and Reform Commission of the People's Republic of China (the "**NDRC**") on September 14, 2015 which came into effect on the same day, the Issuer has registered the issuance of the Notes with the NDRC and obtained a certificate from the NDRC on April 21, 2022 evidencing such registration and intends to provide the requisite information on the issuance of the Notes to the NDRC within 10 PRC Business Days (as defined in "*Description of the Notes and Guarantees*") after the Original Issue Date (as defined below).

Under the Regulation on the Administration of Foreign Exchange for Cross-Border Guarantee and its operation guideline (collectively, the "**Cross-Border Guarantee Regulation**"), which became effective on June 1, 2014, the Guarantor is required to register the Guarantees with the relevant branch (being the Hubei Branch as at the Issue Date) of the State Administration of Foreign Exchange within 15 PRC Business Days after the date of execution of the Guarantees. If on the date that is 150 PRC Beijing Business Days after the Original Issue Date, the SAFE Completion Event (as defined under "*Description of the Notes and Guarantees – Repurchase upon Occurrence of Certain Events*") shall not have occurred, the Issuer will be required to make an offer to repurchase all of the Notes at a price in cash equal to 100% of the principal amount of the Notes repurchased, plus accrued and unpaid interest on the principal amount of Notes being repurchased to but excluding the date of repurchase. See "*Description of the Notes and Guarantees – Repurchase upon Occurrence of Certain Events*" herein.

The Notes will rank *pari passu* with all of the Issuer's other existing and future unsecured and unsubordinated obligations and will be effectively subordinated to its secured obligations. The Guarantees will rank *pari passu* with all of the Guarantor's other existing and future unsecured and unsubordinated obligations and will be effectively subordinated to its secured obligations and the obligations of its subsidiaries.

Investing in the Notes involves risks. See "Risk Factors" beginning on page 14.

The Notes are expected to be assigned a rating of "A1" by Moody's Investors Service ("**Moody's**") and "A+" by Fitch Ratings Inc. ("**Fitch**"). A rating is not a recommendation to buy, sell or hold the Notes and may be subject to suspension, reduction or withdrawal at any time by Moody's or Fitch. A suspension, reduction or withdrawal of the rating assigned to the Notes may adversely affect the market price of the Notes. The Guarantor is assigned a rating of "A1 (Stable)" by Moody's, "A+ (Stable)" by Fitch and "A (Stable)" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors ("**S&P**"), respectively.

Notification under Section 309B of the Securities and Futures Act 2001 of Singapore – The Issuer has determined that the Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore).

PRICE FOR THE NOTES: 99.795% OF PRINCIPAL AMOUNT PLUS ACCRUED INTEREST, IF ANY, FROM JULY 28, 2022

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any other place. Accordingly, the Notes and the Guarantees may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such terms are defined under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes and the Guarantees may be offered and sold only to a non-U.S. person (as defined in the Securities Act) in offshore transactions in reliance on Regulation S under the Securities Act, and in each case, in accordance with any other applicable law. For a description of certain restrictions on resales and transfers, see "*Transfer Restrictions*."

Application will be made to The Stock Exchange of Hong Kong Limited (the "**SEHK**") for the listing of, and permission to deal in, the Notes 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 Offering Circular is for distribution to Professional Investors only.

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

The SEHK 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 Notes on the SEHK is not to be taken as an indication of the commercial merits or credit quality of the Notes, the Issuer, the Guarantor or its subsidiaries taken as a whole (the "Group") or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the SEHK 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.

This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the Guarantor and the Group. Each of the Issuer and Guarantor accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

The Notes will be evidenced by one or more global notes (the "**Global Notes**") in registered form which will be registered in the name of a nominee of, and shall be deposited on or about July 28, 2022, with, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). Beneficial interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, individual certificates for Notes will not be issued in exchange for interests in the Global Notes.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

Bank of China | Deutsche Bank | J.P. Morgan | ABC International | DBS Bank Ltd.

Joint Lead Managers and Joint Bookrunners

ICBC | China Construction Bank | Standard Chartered Bank | Mizuho Securities | Bank of Communications

CLSA | Citigroup | Morgan Stanley | UBS | Shanghai Pudong Development Bank Hong Kong Branch

Co-managers

Industrial Bank Co., Ltd. Hong Kong Branch | CNCB Capital | Haitong International

The date of this Offering Circular is July 21, 2022

IMPORTANT NOTICES

You should rely only on the information contained in this Offering Circular or to which we have referred you. No person has been or is authorized to give any information or to make any representation concerning us, the Notes, the Guarantees and, if given or made, any such other information or representation should not be relied upon as having been authorized by us, the Initial Purchasers (as defined in the "*Plan of Distribution*"), Industrial Bank Co., Ltd. Hong Kong Branch, CNCB (Hong Kong) Capital Limited and Haitong International Securities Company Limited (collectively, the "Co-managers"), the Trustee (as defined in the "*Description of the Notes and Guarantees*") or the Agents (as defined in the "*Description of the Notes and Guarantees*"). Neither the delivery of this Offering Circular nor any offer, sale or delivery made in connection with the issue of the Notes 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 or any of them since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof.

This Offering Circular is confidential. You are authorized to use this Offering Circular solely for the purpose of considering the purchase of the Notes described in this Offering Circular. You may not reproduce or distribute this Offering Circular, in whole or in part, and you may not disclose any of the contents of this Offering Circular or use any information herein for any purpose other than considering a purchase of the Notes. You agree to the foregoing by accepting delivery of this Offering Circular.

The Notes and the Guarantees have not been approved or disapproved by the United States Securities and Exchange Commission (the "SEC"), any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offense in the United States.

PRIIPs REGULATION – PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes 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 MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, 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 Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes 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 Notes 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 (the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, 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 the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MIFID II product governance/Professional investors and ECPs only target market – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

UK MiFIR PRODUCT GOVERNANCE/Professional investors and ECPs only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Notification under Section 309B of the Securities and Futures Act 2001 of Singapore – 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 (the "**SFA**"), the Issuer has determined and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes (as defined in the Offering Circular) are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore).

This Offering Circular has been prepared by us solely for use in connection with the proposed offering of the Notes and the Guarantees described in this Offering Circular. The distribution of this Offering Circular and the offering of the Notes and the Guarantees in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Initial Purchasers and the Co-managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Notes or the Guarantees or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Notes and the Guarantees, and the circulation of documents relating thereto, in certain jurisdictions, including the United States, the Cayman Islands, Hong Kong, European Economic Area, Japan, the PRC, Singapore and the United Kingdom, and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Notes and the Guarantees and distribution of this Offering Circular, see "*Plan of Distribution*" and "*Transfer Restrictions*." This Offering Circular does not constitute an offer of, or an invitation by or on behalf of us, the Initial Purchasers, the Co-managers, The Bank of New York Mellon, London Branch as trustee (the "**Trustee**"), The Bank of New York Mellon, London Branch as paying agent and The Bank of New York Mellon SA/NV, Luxembourg Branch as transfer agent and registrar (collectively referred to as the "**Agents**") to subscribe for or purchase any of, the Notes or the Guarantees and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized or is unlawful.

We, the Issuer, the Initial Purchasers and the Co-managers reserve the right in our and their own absolute discretion to reject any subscription for the Notes or offer to purchase Notes that we, the Issuer, the Initial Purchasers, the Co-managers or their agents believe may give rise to a breach or violation of any laws, rules or regulations.

No representation, warranty or undertaking, express or implied, is made or given by the Initial Purchasers, the Comanagers, the Trustee, the Agents or any person affiliated with them as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Initial Purchasers, the Co-managers, the Trustee, the Agents or any person affiliated with them. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by us, the Initial Purchasers, the Co-managers, the Trustee, the Agents or any person affiliated with them that any recipient of this Offering Circular should purchase the Notes. Each potential purchaser of the Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Notes should be based upon such investigations with its own tax, legal and business advisors as it deems necessary. As none of the Initial Purchasers, the Comanagers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisors has independently verified any of the information contained in this Offering Circular, they can give no assurance that this information is accurate, truthful or complete, and, none of them accepts any responsibility for any acts or omissions of the Issuer or the Guarantor or any other person (other than the Initial Purchasers) in connection with the issue and offering of the Notes. To the fullest extent permitted by law, none of the Initial Purchasers, the Co-managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisors accepts any responsibility for the contents, accuracy, completeness or sufficiency of any such information or for any other statement, made or purported to be made by the Initial Purchasers, the Co-managers, or on their behalf in connection with the Issuer, the Guarantor or the issue and offering of the Notes or the giving of the Guarantee. Each of the Initial Purchasers, the Co-managers, the Trustee and the Agents and each of their respective affiliates, directors, officers, employees, representatives, agents and advisors accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of this Offering Circular or any such statement herein.

In making an investment decision, you must rely on your own examination of us and the terms of the offering, 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 Notes. Each person receiving this Offering Circular acknowledges that such person has not relied on the Initial Purchasers, the Co-managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisors in connection with its investigation of the accuracy of such information or its investment decision. By purchasing the Notes, you will be deemed to have acknowledged that you have made certain acknowledgements, representation and agreements as set forth under the sections headed "*Plan of Distribution*" and "*Transfer Restrictions*" below.

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

IN CONNECTION WITH THIS OFFERING, ONE OR MORE OF THE INITIAL PURCHASERS, AS STABILIZATION MANAGER (THE "STABILIZATION MANAGER"), OR ANY PERSON ACTING FOR THE STABILIZATION MANAGER, MAY, SUBJECT TO ALL APPLICABLE LAWS AND REGULATIONS, PURCHASE AND SELL THE NOTES IN THE OPEN MARKET WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL. THESE TRANSACTIONS MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND REGULATIONS, INCLUDE SHORT SALES, STABILIZING TRANSACTIONS AND PURCHASES TO COVER POSITIONS CREATED BY SHORT SALES. HOWEVER, NEITHER THE STABILIZATION MANAGER NOR ANY PERSON ACTING ON BEHALF OF THE STABILIZATION MANAGER IS OBLIGATED TO COMMENCE SUCH TRANSACTIONS. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF

THE TERMS OF THE OFFER OF THE NOTES IS MADE. IF THESE ACTIVITIES ARE COMMENCED, THEY MAY BE DISCONTINUED AT ANY TIME AND MUST IN ANY EVENT BE BROUGHT TO AN END AFTER A LIMITED TIME THAT IS NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF ALLOTMENT OF THE NOTES.

Neither we nor the Issuer nor any of our or their affiliates (as defined in Rule 405 of the Securities Act), nor any person acting on our or their behalf will take, directly or indirectly, any action designed to cause or to result in or which might reasonably be expected to cause or result in, the stabilization in violation of applicable laws or manipulation of the price of any security to facilitate the sale or resale of the Notes.

The Initial Purchasers, the Co-managers, the Trustee and the Agents make no assurances as to (i) whether the Notes will meet investor criteria and expectations with regard to environmental impact and sustainability performance for any investors, (ii) whether the use of the net proceeds will be used for eligible green projects or (iii) the characteristics of eligible green projects, including their environmental and sustainability criteria.

CERTAIN DEFINITIONS AND CONVENTIONS

As used in this Offering Circular, references to "**we**," "**us**," "**our**," the "**Guarantor**" and the "**Company**" are to China Three Gorges Corporation, a limited liability company incorporated in the People's Republic of China, and its subsidiaries, including the Issuer, unless the context otherwise requires.

As used in this Offering Circular, a reference to:

"**Baihetan Project**" refers to Baihetan hydropower project, a multi-purpose project;

"**BOO**" means build-own-operate, a public-private partnership project model in which a private organization builds, owns and operates some facility or structure with some degree of encouragement from the government;

"**BOOT**" means build-own-operate-transfer, a public-private partnership project model in which a private organization conducts a large development project under contract to a public-sector partner, such as a government agency;

"**BOT**" means build-operate-transfer, a public-private partnership project model in which a private organization builds an infrastructure project, operates it and eventually transfers ownership of the project to the government;

"**CAGR**" refers to Compound Annual Growth Rate;

"**China**" or "**PRC**" means the People's Republic of China, excluding, for purposes of this Offering Circular, Hong Kong, Macau and Taiwan, and references to the "**PRC national government**" or the "**PRC government**" mean the central government of the PRC;

"**consolidated installed capacity**" refers to the aggregate installed capacity of our power project companies that we fully consolidate in our consolidated financial statements and our proportion of the aggregate installed capacity of our jointly controlled power project companies. It is calculated by including 100% of the installed capacity of our project companies that we fully consolidate in our consolidated financial statements and are deemed as our subsidiaries and our proportion of the aggregate installed capacity of our jointly controlled power project companies, excluding the capacity of our associated companies;

"**CPC**" refers to Communist Party of China;

"**CSRC**" refers to China Securities Regulatory Commission;

"**CTG Brasil**" refers to China Three Gorges Brasil Energia Ltda.;

"**CTGI**" refers to China Three Gorges International Corporation, formerly named "**CWE Investment Corporation**;"

"**CTGPC**" refers to China Three Gorges Project Corporation, the former name of the Guarantor;

"**CTGR**" refers to China Three Gorges Renewables (Group) Co., Ltd., formerly named "China Three Gorges New Energy (Group) Co., Ltd.;

"**CSAIL**" refers to China Three Gorges South Asia Investment Limited;

"**CWE**" refers to China International Water & Electric Corporation;

"**CYPC**" refers to China Yangtze Power Co., Ltd., a company listed on the Shanghai Stock Exchange under the stock code 600900;

"**CYPC Investment**" refers to China Yangtze Power Investment Management Co., Ltd.;

"**CYPI**" refers to China Yangtze Power International (Hong Kong) Co., Ltd.;

"**EDP**" refers to Energias de Portugal, S.A., a cross-border clean energy group listed on the Lisbon Stock Exchange;

"**EIT Law**" refers to Enterprise Income Tax Law of the PRC;

"**Electric Power Law**" refers to Electric Power Law of the PRC;

"**EPC**" refers to engineering, procurement and construction, a prominent form of contracting agreement in the construction industry. The engineering and construction contractor will carry out the detailed engineering design of the project, procure all the equipment and materials necessary, and then construct to deliver a functioning facility or asset to their clients;

"**Gaobazhou Project**" refers to the Gaobazhou Water Conservancy Complex, a multi-purpose facility;

"**GDP**" means gross domestic product;

"**Geheyan Project**" refers to the Geheyan Water Conservancy Complex, a multi-purpose facility;

"**Gezhouba Project**" refers to the Gezhouba Water Conservancy Complex, a multi-purpose facility;

"**Goldwind Technology**" refers to Xinjiang Goldwind Science and Technology Co. Ltd., a company listed on the Hong Kong Stock Exchange under the stock code 2208 and on the Shenzhen Stock Exchange Code under the stock code 002202;

"**GW**" means gigawatt, a unit for measuring power;

"**GWH**" means gigawatt hour, a unit of electrical energy equal to 10^9 watt-hours;

"**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China;

"**Hubei Energy**" refers to Hubei Energy Group Co., Ltd., a company listed on the Shenzhen Stock Exchange under the stock code 000883;

"**hydropower project**" refers generally to any facility containing hydropower stations, regardless of whether it serves other functions and purposes;

"**ICOLD**" refers to International Commission on Large Dams;

"**IEA Hydro**" refers to the International Energy Agency Technology Collaboration Programme on Hydropower;

"**IEC**" refers to the International Electrotechnical Commission;

"**IFC**" refers to International Finance Corporation, a member of the World Bank Group;

"**IHA**" refers to International Hydropower Association;

"**Issuer**" refers to Three Gorges Finance I (Cayman Islands) Limited, an exempted company incorporated with limited liability in the Cayman Islands and an indirect wholly owned subsidiary of the Guarantor;

"**KW**" means kilowatt, a unit for measuring power equal to 1,000 watts;

"**KWH**" means kilowatt hour, a unit of electrical energy equal to 1,000 watt-hours;

"**LDS**" refers to Luz del Sur S.A.A., a Peruvian company listed on the Bolsa de Valores de Lima;

"**LSE**" refers to the London Stock Exchange;

"**MEP**" refers to Ministry of Ecology and Environment of the PRC;

"**MFA**" refers to Ministry of Foreign Affairs of the PRC;

"**MNR**" refers to Ministry of Natural Resources of PRC;

"**MOF**" refers to Ministry of Finance of the PRC;

"**MOST**" refers to Ministry of Science and Technology of the PRC;

"**MW**" means megawatt, a unit for measuring power equal to 10^6 watts;

"**MWH**" means megawatt hour, a unit of electrical energy equal to 10^6 watt-hours;

"**MWR**" refers to Ministry of Water Resources of the PRC;

"**NAO**" refers to National Audit Office of the PRC;

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

"**NEA**" refers to National Energy Administration;

"**OECD**" refers to Organization for Economic Co-operation and Development;

"**on-grid tariff**" means the wholesale price at which power companies sell the power they generate to grids;

"**PBOC**" refers to People's Bank of China;

"**PPA**" refers to power purchase agreement;

"**Renminbi**" or "**RMB**" refers to the currency of the PRC, references to "**HKD**" are to the currency of Hong Kong, references to "**U.S. dollars**" or "**USD**" or "**US$**" are to the currency of the United States of America, references to "**S$**" are to the currency of Singapore, references to "**BRL**" are to the currency of Brazil, references to "**PEN**" are to the currency of Peru and reference to "**Euro**" or "**EUR**" or "**€**" are to the currency of the eurozone;

"**PPP**" refers to public-private partnership;

"**SAFE**" refers to State Administration of Foreign Exchange;

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

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

"**SERC**" refers to State Electricity Regulatory Commission of the PRC;

"**ShineWing**" refers to ShineWing Certified Public Accountants LLP, our independent public accountants;

"**Shuibuya Project**" refers to Shuibuya Water Conservancy Complex, a multi-purpose facility;

"**Sichuan Investment**" refers to Sichuan Energy Industry Investment Group Co., Ltd.;

"**Social Security Funds**" refers to the National Council for Social Security Fund of the PRC;

"**SOE**" refers to state-owned enterprises;

"**Southern Grid**" refers to China Southern Power Grid;

"**State Grid**" refers to State Grid Corporation of China;

"**State Grid Xinyuan**" refers to State Grid Xinyuan Company Limited;

"**TGEE**" refers to Three Gorges Electric Energy Co., Ltd.;

"**TGPCC**" refers to Three Gorges Project Construction Committee under the State Council;

"**TGWC**" refers to Chongqing Three Gorges Water Conservancy and Electric Power Co., Ltd., a company listed on the Shanghai Stock Exchange under the stock code 600116;

"**Three Gorges Capital**" refers to Three Gorges Capital Holdings Co., Ltd.;

"**Three Gorges Chuanyun**" refers to Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd.;

"**Three Gorges Project**" refers to the Three Gorges Water Conservancy Complex, a multi-purpose facility project;

"**Three Gorges Reservoir Region**" refers to the region directly or indirectly involved in the submersion of the water storage of the reservoir region of the Three Gorges Project, including 25 county-level divisions of Chongqing municipality and Hubei province;

"**Three Gorges Yunchuan**" refers to Three Gorges Jinsha River Yunchuan Hydropower Development Co., Ltd.;

"**TNC**" refers to The Nature Conservancy;

"**TWH**" means terawatt-hour, a unit of electrical energy equal to 10^{12} watt-hours;

"**VAT**" means value-added tax, a form of consumption tax;

"**Wudongde Project**" refers to Wudongde hydropower project, a multi-purpose project;

"**WWF**" refers to World Wide Fund for Nature;

"**Xiangjiaba Project**" refers to Xiangjiaba hydropower project, a multi-purpose project;

"**Xiluodu Project**" refers to Xiluodu hydropower project, a multi-purpose project; and "Yunnan Investment" refers to Yunnan Provincial Energy Investment Group Co., Ltd.;

"**13th Five-Year Plan**" refers to a series of initiatives for the years from 2016 to 2020 for national economic and social development of China approved by the National People's Congress;

"**14th Five-Year Plan**" refers to a series of initiatives for the years from 2021 to 2025 for national economic and social development of China approved by the National People's Congress.

We record and publish our financial statements in Renminbi. Unless otherwise stated in this Offering Circular, all translations from Renminbi amounts to U.S. dollars were made at the rate of RMB6.3726 to US$1.00, the exchange rates as set forth in the H.10 weekly statistical release of the Board of Governors of the Federal Reserve System of the United States on December 30, 2021. All such translations in this Offering Circular are provided solely for your 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, Euro or Renminbi at any particular rate or at all. For further information relating to exchange rates, see "*Exchange Rate Information.*"

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although we believe this information to be reliable, it has not been independently verified by us or the Initial Purchasers, the Co-managers, the Trustee or the Agents or our or their respective affiliates, directors, officers, employees, representatives, agents or advisors, and neither we, the Initial Purchasers, the Co-managers, the Trustee nor the Agents nor our or their respective affiliates, directors, officers, employees, representatives, agents or advisors make any representation as to the accuracy or completeness of that information. Such information may not be consistent with other information compiled within or outside of the PRC. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. This Offering Circular summarizes certain documents and other information, and investors should refer to them for a more complete understanding of what is discussed in those documents. In making an investment decision, each investor must rely on its own examination of us and the terms of the offering and the Notes, including the merits and risks involved.

The Issuer and the Company confirm that the information referred to in the paragraph above has been accurately reproduced and that, so far as the Issuer and the Company are aware and have been able to ascertain from public and private sources, including market research, publicly available information and industry publications, no facts have been omitted which would render the reproduced statistics and data inaccurate or misleading.

PRESENTATION OF FINANCIAL AND OTHER DATA

Except for amounts presented in U.S. dollars, the Guarantor's consolidated income statement, balance sheet and cash flow statement data as of and for the years ended December 31, 2019, 2020 and 2021 have been extracted from the consolidated financial statements included elsewhere in this Offering Circular. The Guarantor prepares its consolidated financial statements in accordance with the Basic Standard of Accounting Standards for Business Enterprises issued and modified by the Ministry of Finance of the PRC and the 42 specific accounting standards issued on or after February 15, 2006 (as subsequently modified), Application Guidance of Accounting Standards for Business Enterprises, Interpretation of Accounting Standards for Business Enterprises and other regulations ("**PRC GAAP**"). PRC GAAP differs in certain material respects from the International Financial Reporting Standards ("**IFRS**"). For a discussion of certain differences between PRC GAAP and IFRS, see "*Description of Certain Differences between PRC GAAP and IFRS.*" Historical results are not necessarily indicative of the results of operations to be expected for future periods.

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

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is an exempted company incorporated with limited liability in the Cayman Islands, and the Guarantor is a wholly state-owned enterprise established in the PRC. Substantially all of the directors and officers of the Issuer and the Guarantor and the experts named herein reside outside the United States (principally in the PRC or Hong Kong). All or a substantial portion of the assets of such persons and of the Issuer and the Guarantor are or may be located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons, the Issuer and the Guarantor, or to enforce against them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States or any state thereof.

Maples and Calder (Hong Kong) LLP, Cayman Islands counsel to the Issuer, and Beijing Deheng Law Offices, our special PRC counsel, have advised us that there is uncertainty as to whether the courts of the Cayman Islands and the PRC, respectively, would:

- recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States; or

- entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

The Issuer has been advised by its Cayman Islands legal counsel, Maples and Calder (Hong Kong) LLP, that the courts of the Cayman Islands are unlikely (i) to recognize or enforce against the Issuer judgments of courts of the United States predicated upon the civil liability provisions of the securities laws of the United States or any State; and (ii) in original actions brought in the Cayman Islands, to impose liabilities against the Issuer predicated upon the civil liability provisions of the securities laws of the United States or any State, so far as the liabilities imposed by those provisions are penal in nature. In those circumstances, although there is no statutory enforcement in the Cayman Islands of judgments obtained in the United States, the courts of the Cayman Islands will recognize and enforce a foreign money judgment of a foreign court of competent jurisdiction without retrial on the merits based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the sum for which judgment has been given provided certain conditions are met. For such a foreign judgment to be enforced in the Cayman Islands, such judgment must be final and conclusive and for a liquidated sum, and must not be in respect of taxes or a fine or penalty, inconsistent with a Cayman Islands judgment in respect of the same matter, impeachable on the grounds of fraud or obtained in a manner, and or be of a kind the enforcement of which is, contrary to natural justice or the public policy of the Cayman Islands (awards of punitive or multiple damages may well be held to be contrary to public policy). A Cayman Islands Court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

Beijing Deheng Law Offices has further advised us that the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between the PRC and the country where the judgment is made or on principles of reciprocity between jurisdictions. The PRC does not have any treaties or recognized form of reciprocity with the United States or the Cayman Islands that provide for certain reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, courts in the PRC will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC law or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States or the Cayman Islands. Tian Yuan Law Firm has advised us that in the event a security holder brings an action against a company in the PRC for disputes related to contracts or other property interests, the PRC court may accept the case if (a) the subject matter of the case is located in the PRC, (b) the company (as the defendant) has sizeable property in the PRC, (c) the company has a representative organization in the PRC, or (d) the parties choose to submit to the jurisdiction of PRC courts in the contract. The action may be initiated by such security holder by filing a claim with the competent PRC court which will then determine whether to accept the claim in accordance with the PRC Civil Procedures Law.

In addition, there are uncertainties as to whether the courts of the PRC would (i) recognize or enforce the judgments of United States courts obtained against the Issuer and/or the Guarantor or their respective directors, and officers predicated upon the civil liability provision of the U.S. federal or state securities laws or (ii) entertain original actions brought in the courts of the PRC against the Issuer and/or the Guarantor or such persons predicated upon the U.S. federal or state securities laws.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains certain forward-looking statements and information that involve risks, assumptions and uncertainties. All statements other than statements of historical facts are forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to our competitive position, our business strategies and plans, our future business condition and targets, future financial results, cash flows, financing plans and dividends, and future regulatory and other developments in the PRC in respect of our industry.

The words "expect," "plan," "anticipate," "believe," "could," "estimate," "intend," "may," "seek," "will" and similar expressions, as they relate to us, are intended to identify certain of these forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. In addition, these forward-looking statements reflect our current views with respect to future events and are not guarantees of our future performance. Actual results may differ materially from those expressed or implied in the forward- looking statements as a result of a number of factors, including, without limitation:

- our business and operating strategies;
- our capital expenditure and funding plans;
- various business opportunities that we may pursue;
- our operations and business prospects;
- our financial condition and results of operations;
- availability of and changes to bank loans and other forms of financing;
- estimates of power generation of and tariffs applicable to our hydropower projects;
- our ability to acquire productive hydropower companies and assets;
- our dividend policy;
- extra time required in obtaining the necessary permits or approvals for the operation of our projects;
- projects under development, construction and planning;
- future developments in the hydropower and renewable energy industry (both in the PRC and globally);
- the regulatory environment for the power industry in general and the level of policy support for clean energy;
- changes in the political, economic, legal and social conditions in the PRC, including the PRC government's policies and initiatives with respect to the reform of economic system;
- the development of global economy, particularly in the countries where we have existing projects or investment plans; and
- other factors beyond our control.

All of our forward-looking statements made herein and elsewhere are qualified in their entirety by the risk factors discussed in "*Risk Factors*" in this Offering Circular. These risk factors and statements describe circumstances which could cause actual results to differ materially from those contained in any forward-looking statements. Other sections of this Offering Circular include additional factors which could adversely impact our business and financial performance. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

The forward-looking statements made in this Offering Circular relate only to events or information as of the date on which the statements are made in this Offering Circular. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this Offering Circular with the understanding that our actual future results may be materially different from what we expect. You should not rely upon forward-looking statements as predictions of future events.

CAYMAN ISLANDS DATA PROTECTION

The Issuer has certain duties under the Data Protection Act (As Revised) of the Cayman Islands (the "**DPA**") based on internationally accepted principles of data privacy.

Prospective investors should note that, by virtue of making investments in the Notes and the associated interactions with the Issuer and its affiliates and/or delegates, or by virtue of providing the Issuer with personal information on individuals connected with the investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents) such individuals will be providing the Issuer and its affiliates and/or delegates with certain personal information which constitutes personal data within the meaning of the DPA. The Issuer shall act as a data controller in respect of this personal data and its affiliates and/or delegates may act as data processors (or data controllers in their own right in some circumstances).

By investing in the Notes, the Noteholders shall be deemed to acknowledge that they have read in detail and understood the Privacy Notice set out below and that such Privacy Notice provides an outline of their data protection rights and obligations as they relate to the investment in the Notes.

Oversight of the DPA is the responsibility of the Ombudsman's office of the Cayman Islands. Breach of the DPA by the Issuer could lead to enforcement action by the Ombudsman, including the imposition of remediation orders, monetary penalties or referral for criminal prosecution.

PRIVACY NOTICE

Introduction

The purpose of this notice is to provide Noteholders with information on the Issuer's use of their personal data in accordance with the DPA.

In the following discussion, "Issuer" refers to the Issuer and its affiliates and/or delegates, except where the context requires otherwise.

Investor Data

By virtue of making an investment in the Issuer and a Noteholder's associated interactions with the Issuer (including any subscription (whether past, present of future), including the recording of electronic communications or phone calls where applicable) or by virtue of a Noteholder otherwise providing the Issuer with personal information on individuals connected with the Noteholder as an investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents), the Noteholder will provide the Issuer with certain personal information which constitutes personal data within the meaning of the DPA ("**Investor Data**"). The Issuer may also obtain Investor Data from other public sources. Investor Data includes, without limitation, the following information relating to a Noteholder and/or any individuals connected with a Noteholder as an investor: name, residential address, email address, contact details, corporate contact information, signature, nationality, place of birth, date of birth, tax identification, credit history, correspondence records, passport number, bank account details, source of funds details and details relating to the Noteholder's investment activity.

In the Issuer's use of Investor Data, the Issuer will be characterised as a "data controller" for the purposes of the DPA. The Issuer's affiliates and delegates may act as "data processors" for the purposes of the DPA.

Who this Affects

If a Noteholder is a natural person, this will affect such Noteholder directly. If a Noteholder is a corporate investor (including, for these purposes, legal arrangements such as trusts or exempted limited partnerships) that provides the Issuer with Investor Data on individuals connected to such Noteholder for any reason in relation to such Noteholder's investment with the Issuer, this will be relevant for those individuals and such Noteholder should transmit the content of this Privacy Notice to such individuals or otherwise advise them of its content.

How the Issuer May Use a Noteholder's Personal Data

The Issuer, as the data controller, may collect, store and use Investor Data for lawful purposes, including, in particular:

(i) where this is necessary for the performance of the Issuer's rights and obligations under any subscription agreements or purchase agreements;

(ii) where this is necessary for compliance with a legal and regulatory obligation to which the Issuer is subject (such as compliance with anti-money laundering and the Foreign Account Tax Compliance Act or the Common Reporting Standard requirements); and/or

(iii) where this is necessary for the purposes of the Issuer's legitimate interests and such interests are not overridden by the Noteholder's interests, fundamental rights or freedoms.

Should the Issuer wish to use Investor Data for other specific purposes (including, if applicable, any purpose that requires a Noteholder's consent), the Issuer will contact the applicable Noteholders.

Why the Issuer May Transfer a Noteholder's Personal Data

In certain circumstances the Issuer and/or its authorised affiliates or delegates may be legally obliged to share Investor Data and other information with respect to a Noteholder's interest in the Issuer with the relevant regulatory authorities such as the Cayman Islands Monetary Authority or the Tax Information Authority. They, in turn, may exchange this information with foreign authorities, including tax authorities.

The Issuer anticipates disclosing Investor Data to others who provide services to the Issuer and their respective affiliates (which may include certain entities located outside the Cayman Islands or the European Economic Area), who will process a Noteholder's personal data on the Issuer's behalf.

The Data Protection Measures the Issuer Takes

Any transfer of Investor Data by the Issuer or its duly authorised affiliates and/or delegates outside of the Cayman Islands shall be in accordance with the requirements of the DPA.

The Issuer and its duly authorised affiliates and/or delegates shall apply appropriate technical and organisational information security measures designed to protect against unauthorised or unlawful processing of Investor Data, and against accidental loss or destruction of, or damage to, Investor Data.

The Issuer shall notify a Noteholder of any Investor Data breach that is reasonably likely to result in a risk to the interests, fundamental rights or freedoms of either such Noteholder or those data subjects to whom the relevant Investor Data relates.

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SUMMARY

The following summary highlights information contained elsewhere in this Offering Circular. Because this is only a summary, it does not contain all of the information that you should consider before deciding to invest in the Notes. You should read the entire Offering Circular carefully, including the "Risk Factors" section and our consolidated financial statements and related notes.

Overview

We are a leading clean energy group focusing on large-scale hydropower development and operations, and we are the largest hydropower enterprise in the world in terms of installed capacity. Complementing our global leadership in hydropower, we also engage in other renewable energy businesses including wind power, solar power and other forms of clean energy. CYPC and CTGR, our subsidiaries, are the largest listed hydropower company globally and the largest A-share listed renewable energy company in China by market capitalization, respectively[1]. CTGR is also the largest offshore wind power company in China in terms of installed capacity. Our domestic power generation business spans substantially all of the provinces, autonomous regions and municipalities in the PRC, and as of December 31, 2021, our international business, consisting of international investments in the hydropower and renewable energy sectors and international contracting, had reached approximately 40 countries and territories. Besides, we are the only power generation company in China with sovereign credit ratings from two international rating agencies.

In China, we are the largest clean energy enterprise in terms of installed capacity:

- ***Hydropower business:*** We have been mandated by the PRC government to develop the hydropower resources of the Yangtze River and its tributaries. Along the Yangtze River, which has the most abundant water resources in China, we have managed the development and operation of the Three Gorges Project, currently the largest hydropower project in the world in terms of installed capacity. We have also been mandated by the PRC government to develop four major Jinsha River hydropower projects: the Xiluodu Project, the Xiangjiaba Project, the Baihetan Project and the Wudongde Project. The Xiluodu Project, the Xiangjiaba Project and the Wudongde Project commenced full operations in 2014, 2014 and 2021, respectively, and are the fourth, eleventh and seventh largest hydropower projects in operation or under development in the world in terms of installed capacity, respectively[2]. Our major hydropower project under development, the Baihetan Project, which commenced initial operation in 2021 and is expected to be in full operation by 2022, also ranks the second in terms of installed capacity among the 12 largest hydropower projects globally currently in operation or under development[3]. In addition, we have been developing pumped storage power stations since 2010. In 2015, we commenced the construction of the Changlongshan pumped storage power station in Zhejiang province. The first batch of units commenced operation in June 2021 and all units commenced full operation in 2022 with a total installed capacity of 2.1 GW. In June 2022, we commenced the construction of the Tiantai pumped storage power station located in Tiantai county of Zhejiang province with a planned installed capacity of 1.7 GW. The first batch of generators are expected to commence operation in 2025.

- ***Wind power and solar power business****:* We are diversifying our clean energy business in China by actively developing wind power, solar power and other forms of clean energy. We plan to further implement our "Pioneer of Offshore Wind Power" strategy in China and to build the largest offshore wind power corridor along the coast. As of December 31, 2021, we have offshore wind power projects in operation in four coastal provinces in China, including Fujian, Guangdong, Jiangsu and Liaoning, with an aggregate installed capacity of approximately 4.6 GW, ranking the first in China. In October 2016, the Jiangsu Xiangshui offshore wind farm commenced full operation with an installed capacity of 202 MW, becoming the largest offshore wind farm in China

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1 Based on the information known to the Company as of June 30, 2022.
2 Same as above.
3 Same as above.

in terms of standalone installed capacity at the time. In September 2017, the first batch of generators of the Fujian Xinghua Bay offshore wind farm demonstration project commenced operation, which marked the world's first large-scale offshore wind farm demonstration project. In November 2020, the Dalian Zhuanghe offshore wind farm was connected to the grid at full capacity of 300 MW, becoming the first fully completed offshore wind farm in Northeast China. In December 2021, the Guangdong Yangjiang Shapa offshore wind farm commenced full operation with an installed capacity of 1.7 GW, becoming the first GW-level offshore wind farm in China. The Fujian Changle offshore wind farm was also connected to the grid at full capacity of 300 MW in 2021, becoming the first offshore wind farm that have a batch of wind power generators each with a maximum capacity of 10 MW. As of December 31, 2021, our onshore wind power projects in China have a total installed capacity of approximately 10.6 GW, including the largest single onshore wind power project in Asia, the largest source-grid-load-storage demonstration project in the world and the first MW-level high-altitude project in China. As of December 31, 2021, the total installed capacity of our solar power projects in China reached 11.3 GW, including the largest water surface solar power project in the world, the first large-scale grid parity solar power project in China and the largest single solar power project in mountainous areas in China.

- ***Yangtze River Ecological and environmental protection business:*** We have expanded our business into the ecological and environmental protection industry. We aim to cultivate industries related to ecological and environmental protection and promote social capital to focus on ecological and environmental protection and clean energy development. Taking urban sewage treatment as an entry point, by the end of 2021, we have expanded the pilot urban sewage water treatment PPP projects to 11 provinces and municipalities along the Yangtze River. In July 2021, we launched a new model for urban water management, the "Urban Smart Water Management System" model and signed partnership agreements of "Urban Smart Water Management System" with 23 cities and counties in China, to solve the fundamental problems of water ecological environment in cities along the Yangtze River, achieve long-term stability and continuous improvement of urban water environment and promote the low-carbon development of cities. The "Urban Smart Water Management System" adopts unified planning, construction, operation, management and scheduling of water-related facilities, including water supply, drainage, pipeline network, flood control, rivers and lakes to achieve the marketization of urban water ecological environment protection.

Internationally, we are expanding our global footprint. Leveraging our leading positions in the global hydropower industry, we have actively engaged in the development of power infrastructure which is aligned with China's Go Global policies. In addition, we have accelerated our overseas business expansion in developed markets such as Europe, emerging markets with abundant clean energy resources such as South America, the Middle East and Africa, and China's neighboring countries. For example:

- ***In Europe:*** As of December 31, 2021, our attributable and consolidated installed capacity in Europe exceeds 7.2 GW. As of March 31, 2022, we were the single largest shareholder of EDP with a 20.22% equity interest. EDP is an international clean energy group listed on the Lisbon Stock Exchange which, as of December 31, 2021, operated consolidated installed hydropower capacity of over 7.1 GW. We have acquired an 80% interest in WindMW, an offshore wind power joint-venture and owner of a German offshore wind power project, Meerwind, from Blackstone Energy Partners and its affiliated private equity funds. In 2018, we invested in the Moray East offshore wind power project in the United Kingdom, which allowed us entry into one of the largest offshore wind power market in terms of total installed capacity. In 2021, we expanded our global footprint in Spain, which has the largest photovoltatic power market in Europe. In January 2021, we acquired 100% of the Daylight Project in Spain, which has 13 photovoltaic power stations with a total installed capacity of 572 MW. In August 2021, we acquired 100% of the Horus Project in Spain, which has 11 wind power stations and one photovoltaic power station with a total installed capacity of 405 MW. In November 2021, Three Gorges International, our subsidiary, signed an agreement with EDP Renováveis, a subsidiary of Portuguese Electric Power, to acquire 100%

equity of the Flores onshore wind power project in Spain, with a total installed capacity of 181 MW. As of the date of this Offering Circular, we were actively promoting the settlement procedures of the Flores project. The recent transactions reinforced our presence in Spain, with more than 1 GW of installed capacity of clean energy in operation.

- ***In South America, the Middle East and Africa:*** We have strategically acquired 30-year concessions, effective from January 2016, for two major hydropower stations in Brazil, the Ilha Solteira hydropower plant and the Jupia hydropower plant, and have further acquired Duke Energy's Brazilian business with an installed capacity of 2.27 GW in October 2016, making us the third largest power generation company in Brazil in terms of installed capacity and increasing CTG Brasil's aggregate consolidated and attributable installed capacity in Brazil for projects in operation or under development to 8.3 GW. In April 2019, as part of a consortium with ACE Investment Fund II LP and CNIC Corporation Limited, our subsidiary, Hubei Energy, acquired the Chaglla hydropower station in Peru. In April 2020, CYPC completed a transaction to acquire 83.64% of equity interest of Luz del Sur S.A.A. ("**LDS**"), a Peruvian private electricity distribution company that serves more than one million customers in the Southeast of Lima. In February 2021, CYPC completed the mandatory tender offer of LDS's remaining equity and as of the date of this Offering Circular, CYPC indirectly held 97.14% of the equity interest in LDS. In August 2021, our subsidiary, CSAIL, in consortium with other Chinese investors, acquired 100% of equity interest in Alcazar Energy Partners ("**AEP**"), a Dubai-headquartered leading renewable energy company. AEP's portfolio includes seven wind and solar projects in Jordan and Egypt with a total generation capacity of 411 MW. The transaction enabled us to extend our business and gain exposure to the renewable energy markets in the Middle East and North Africa region.

- ***In neighboring countries:*** Since 2016, we had been building the Karot hydropower station on the Jhelum River in Pakistan. In June 2022, the Karot hydropower station commenced full operation. In addition, we have acquired the right to operate the Pakistan II and III wind power projects. The Pakistan II and III wind power projects commenced operations in 2018. In Laos, we have completed the Laos Nam Lik 1-2 hydropower station and the Nam Ngier 2 hydropower station under the BOOT model. As of December 31, 2021, our aggregate installed capacity of the projects in operation and under development in South Asia surpassed 0.89 GW.

We believe that our strengths in branding, technology and financing, and our expertise and presence along the value chain of the hydropower industry, including design, construction, operation and maintenance, will drive our growth as a first-tier international clean energy group.

Our revenue for 2019, 2020 and 2021 was RMB99.2 billion, RMB111.6 billion and RMB136.0 billion, respectively. Our net profit for 2019, 2020 and 2021 was RMB36.3 billion, RMB43.4 billion and RMB50.2 billion, respectively. Our total assets as of December 31, 2019, 2020 and 2021 were RMB837.6 billion, RMB969.7 billion and RMB1,154.3 billion, respectively. Our EBITDA for 2019, 2020 and 2021 was RMB66.4 billion, RMB75.6 billion and RMB86.5 billion, respectively.

Competitive Strengths

We believe that our historical success and future prospects depend on a combination of the following strengths:

- We are the largest hydropower enterprise in the world and the leader in the global hydropower industry
- We make significant social contributions, underpinning our great strategic importance to China
- We receive significant support from the PRC government
- We maintain a stable profitability, benefiting from our effective cost control, robust demand and stable tariffs
- Our growing clean energy and international businesses balance and diversify our asset portfolio
- We have extensive expertise across the full industry value chain for large-scale hydropower projects
- Our diversified financing channels optimize our financing costs
- We have an experienced management team with a rigorous corporate governance system and a talented technical team
- We are a sustainable and environmentally friendly enterprise
- We have strong scientific research capabilities with a talented technical team

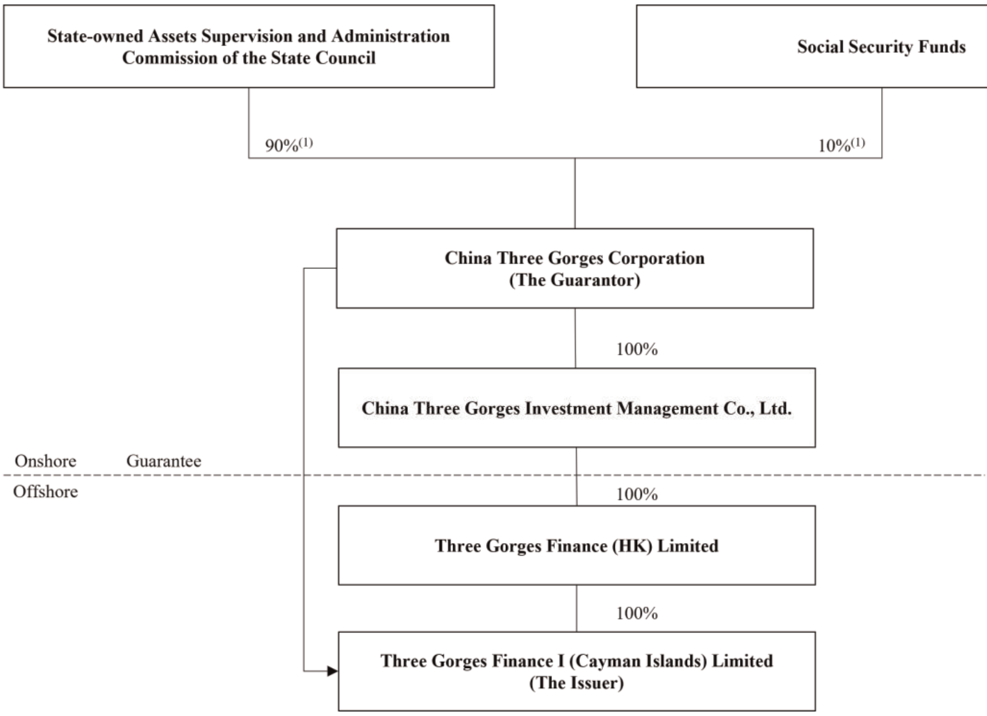
Business Strategies

During the 14th Five-Year Plan period, we will continue to focus on clean energy development and the Yangtze River ecological environmental protection. Our goal is to build ourselves into the largest clean energy corridor and ecological green corridor along the river and the largest offshore wind power corridor along the coast. To achieve this goal, we seek to implement the following strategies:

- Continue to strengthen the leading position of our hydropower business
- Fully promote our wind power and solar power businesses
- Continue to implement our international development strategy and vigorously develop our international business
- Protect the ecological environment of the Yangtze River
- Focus on key research directions and promote core technology development

Corporate Structure

The following chart briefly illustrates our shareholding and simplified group structure as of the date of the Offering Circular:



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(1) According to the Notice of the State Council on Issuing the Implementation Plan for Transferring Part of State-Owned Capital to Fortify Social Security Funds issued by the State Council on November 9, 2017 and the Circular on the Comprehensive Promotion of the Transfer of Part of State-owned Capital to Enrich the Social Security Funds issued by the MOF, the Ministry of Human Resources and Social Security, and the State-owned Assets Supervision and Administration Commission on September 10, 2019, 10% of the capital of the Company owned by the SASAC shall be transferred to the Social Security Funds. See "*Regulation – The PRC – Regulations on Transferring Part of State-Owned Capital to Fortify Social Security Funds*" for further information. As of the date of this Offering Circular, the 10% shares of the Company has been transferred to the Social Security Funds in SASAC's asset management system, but the filing for the transfer of the 10% shares of the Company with the Administration for Industry and Commerce of the People's Republic of China has not been completed.

SUMMARY CONSOLIDATED FINANCIAL DATA AND OPERATING DATA

Summary Consolidated Financial Data

Except for amounts presented in U.S. dollars, the selected consolidated income statement data for each of the fiscal years ended December 31, 2019, 2020 and 2021 and the selected consolidated balance sheet data as of December 31, 2019, 2020 and 2021 have been extracted from the Company's audited consolidated financial statements.

The selected financial data below should be read in conjunction with the Company's consolidated financial statements, as well as the notes thereto, included elsewhere in this Offering Circular. The Company's consolidated financial statements as of and for the years ended December 31, 2019, 2020 and 2021 have been prepared and presented in accordance with PRC GAAP.

Selected Consolidated Income Statement Data

	Year ended December 31,			
	2019	2020	2021	
		RMB *(Audited)*		*US$* *(Unaudited)*
		(In millions)		
Operating Revenue	99,239.4	111,638.1	136,027.3	21,345.7
Less: Operating costs	(49,308.3)	(51,300.9)	(69,866.6)	(10,963.6)
Taxes and surcharges	(2,321.1)	(2,386.9)	(2,600.0)	(408.0)
Selling and distribution expenses	(123.2)	(180.4)	(260.9)	(40.9)
General and administrative expenses	(4,230.7)	(4,920.8)	(6,800.1)	(1,067.1)
Research and development expenses	(224.3)	(288.5)	(738.5)	(115.9)
Financial expenses	(9,575.6)	(11,936.0)	(12,987.7)	(2,038.1)
Add: Other income	2,554.9	1,162.3	1,841.5	289.0
Investment income	8,770.0	14,227.0	15,814.6	2,481.6
Gains/losses from changes in fair value	(218.0)	265.7	1,275.0	200.1
Loss on impairment of credits	–	–	(368.4)	(57.8)
Loss on impairment of assets	(68.5)	(1,261.6)	(273.1)	(42.9)
Gains on disposal of assets	21.0	19.0	22.7	3.6
Operating Profit	44,515.6	55,037.0	61,085.8	9,585.7
Add: Non-operating income	2,454.7	202.3	829.9	130.2
Less: Non-operating expenses	(2,587.6)	(2,505.3)	(1,611.0)	(252.8)
Profit before income taxes	44,382.7	52,734.0	60,304.7	9,463.1
Less: Income tax expenses	(8,110.1)	(9,284.2)	(10,059.6)	(1,578.5)
Net Profit	36,272.6	43,449.8	50,245.1	7,884.6
Attributable to owners of the Company	24,588.5	28,431.0	32,474.6	5,096.0
Attributable to non-controlling interests	11,684.1	15,018.8	17,770.5	2,788.6

Selected Consolidated Balance Sheet Data

	Year ended December 31,			
	2019	2020	2021	
		RMB *(Audited)*		*US$* *(Unaudited)*
		(In millions)		
Total Current Assets	83,780.5	87,823.8	140,258.9	22,009.7
Total Non-current Assets	753,779.5	881,919.5	1,014,051.9	159,126.9
Total Assets	837,560.0	969,743.3	1,154,310.8	181,136.6
Total Current Liabilities	118,025.4	157,095.4	189,743.5	29,774.9
Total Non-current Liabilities	296,343.7	334,831.3	409,831.7	64,311.5
Total Liabilities	414,369.1	491,926.7	599,575.2	94,086.4
Total Owners' Equity Attributable to the Company	305,963.6	336,291.8	364,275.2	57,162.8
Non-controlling Interests	117,227.3	141,524.8	190,460.4	29,887.4
Total Owners' Equity	423,190.9	477,816.6	554,735.6	87,050.2
Total Liabilities and Owners' Equity	837,560.0	969,743.3	1,154,310.8	181,136.6

Other Financial Data

	Year ended December 31,			
	2019	2020	2021	
		RMB		*US$*
	(In millions, except percentages and ratios)			
	(Unaudited)			
EBITDA[(1)]	66,443.7	75,583.1	86,472.7	13,569.5
EBITDA margin[(2)]	67.0%	67.7%	63.6%	63.6%
Net profit margin[(3)]	36.6%	38.9%	36.9%	36.9%
Total interest[(4)]	13,187.0	14,480.3	17,660.7	2,771.3
Total debt[(5)]	345,164.2	416,175.5	491,265.2	77,090.2
Total cash[(6)]	44,164.7	37,825.4	41,916.2	6,577.6
Net debt[(7)]	300,999.5	378,350.1	449,349.0	70,512.7
Net debt/EBITDA (ratio)	4.5	5.0	5.2	5.2
EBITDA/Total interest (ratio)	5.0	5.2	4.9	4.9
Funds from operation[(8)]	37,102.9	44,780.6	52,569.9	8,249.4
Funds from operation/Net debt	12.3%	11.8%	11.7%	11.7%
Weighted average cost of financing	4.00%	3.55%	3.53%	3.53%

(1) EBITDA for any period is calculated as operating profit adjusted for investment income (except cash dividends), gains/losses from changes in fair value, impairment losses, interest expenses and depreciation and amortization. EBITDA is a widely used financial indicator of a company's ability to incur and service 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 our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, we believe that investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. We have included EBITDA because we believe that it is a useful supplement to the cash flow data as a measure of our performance and our 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 our EBITDA to EBITDA presented by other companies because not all companies use the same definitions.

(2) EBITDA margin is calculated as EBITDA divided by operating revenue.

(3) Net profit margin is calculated as net profit divided by operating revenue.

(4) Total interest consists of interest expenses and capitalized expenses during any specified period.

(5) Total debt consists of all short-term borrowings, long-term borrowings, long-term debt due within one year, short-term bonds payable, bonds payable due within one year and bonds payable.

(6) Total cash is calculated as cash at bank and on hand less the restricted bank balances.

(7) Net debt is calculated as total debt minus cash.

(8) Funds from operation is calculated as net cash flow from operating activities minus decrease in inventories, decrease in operating receivables, increase in operating payables, interest payments and dividends paid to non-controlling interests and plus cash dividends received.

Summary Operating Data

The following table sets forth (i) our aggregate consolidated installed capacity in the PRC and as compared with the total installed capacity of the PRC as of December 31, 2019, 2020 and 2021 and (ii) our aggregate annual power generation in the PRC with the total annual power generation of the PRC in 2019, 2020 and 2021:

	2019		2020		2021	
	Group[(2)]	Percentage of PRC Total[(1)]	Group[(2)]	Percentage of PRC Total[(1)]	Group[(2)]	Percentage of PRC Total[(1)]
Aggregate[(2)] Consolidated Installed Capacity (MW)	65,607.2	3.3%	78,115.2	3.5%	98,333.2	4.1%
Hydropower	49,450.1	13.9%	56,700.1	15.3%	67,201.7	17.2%
Wind Power	6,812.5	3.2%	9,656.1	3.4%	15,179.6	4.6%
Solar Power	4,714.7	2.3%	7,129.0	2.8%	11,322.0	3.7%
Thermal	4,630.0	0.4%	4,630.0	0.4%	4,630.0	0.4%
Aggregate[(2)] Annual Power Generation (TWH)	254.3	3.5%	295.0	3.90%	332.0	4.0%
Hydropower	216.7	17.6%	252.8	18.70%	275.7	20.6%
Wind Power	14.0	3.5%	17.1	3.70%	24.4	3.7%
Solar Power	5.7	2.5%	7.2	2.80%	10.9	3.3%
Thermal	17.9	0.3%	17.9	0.30%	21.0	0.4%

(1) Source for PRC total amounts: China Electricity Council (the installed capacity amounts are approximate amounts).

(2) Includes hydropower, wind power, solar power, thermal power and other.

We are expanding our footprint internationally. The following table shows our aggregate consolidated installed capacity as of December 31, 2019, 2020 and 2021 as well as our aggregate annual power generation in 2019, 2020 and 2021, respectively:

	2019	2020	2021
Aggregate Consolidated Installed Capacity (MW)	74,956.0	87,603.9	109,368.2
China	65,607.2	78,115.2	98,333.2
Overseas	9,348.8	9,486.8	11,035.0
Aggregate Annual Power Generation (TWH)	289.5	330.5	363.3
China	254.3	295.0	332.0
Overseas	35.2	35.5	31.3

THE OFFERING

The following is a brief summary of the terms of this offering and is qualified in its entirety by the remainder of this Offering Circular. For a more complete description of the terms of the Notes and Guarantees, see "Description of the Notes and Guarantees" in this Offering Circular. Terms used in this summary and not otherwise defined shall have the meanings given to them in "Description of the Notes and Guarantees."

Issuer	Three Gorges Finance I (Cayman Islands) Limited, an exempted company incorporated with limited liability in the Cayman Islands.
Guarantor	China Three Gorges Corporation, a limited liability company incorporated in the PRC (Unified Social Credit Code: 91110000100015058K).
Notes Offered	US$300,000,000 aggregate principal amount of 3.625% guaranteed notes due 2025 (the "**Notes**")
Guarantee	Payment of principal of, interest and all other amounts payable on, the Notes is irrevocably and unconditionally guaranteed by the Guarantor.
Issue Price	99.795% of the principal amount plus accrued interest, if any, from July 28, 2022.
Issue Date	July 28, 2022.
Maturity Date	July 28, 2025.
Interest Payment Dates	January 28 and July 28, commencing on January 28, 2023.
Interest	The Notes will bear interest from and including July 28, 2022 at the rate of 3.625% per annum, payable semi-annually in arrears on January 28 and July 28 of each year, commencing and including January 28, 2023. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months.
Further Issues	The Notes will be issued in an initial aggregate principal amount of US$300,000,000. The Issuer may from time to time, without the consent of the existing holders of the Notes, create and issue unlimited additional notes under the Indenture having the same terms and conditions as the previously outstanding Notes in all respects, except for issue date, issue price, the first interest payment date. the timing for reporting to the NDRC and the timing for the occurrence of a SAFE Noncompliance Event (as defined under "*Description of the Notes and Guarantees – Repurchase upon Occurrence of Certain Events*") and, to the extent necessary, certain temporary securities law transfer restrictions, with respect thereto.

Ranking . . . . The Notes will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank equally and without any preference among themselves. The payment obligations of the Issuer under the Notes will rank equally with all its other present and future unsecured and unsubordinated obligations, be effectively subordinated to all its present and future secured obligations to the extent of the value of the collateral securing such obligations, be senior to all its present and future unsecured and subordinated obligations. The Guarantees will constitute a direct, unconditional, unsecured and unsubordinated obligation of the Guarantor. The payment obligations of the Guarantor under the Guarantees will rank equally with all its other present and future unsecured and unsubordinated obligations, be effectively subordinated to all its present and future secured obligations to the extent of the value of the collateral securing such obligations, be senior to all its present and future unsecured and subordinated obligations and be structurally subordinated to all the present and future obligations (whether secured or unsecured) of its Subsidiaries.

Certain Covenants . . . . The Guarantor has covenanted in the Indenture not to, and not to permit the Issuer to, create or permit to subsist certain security interests or consolidate, merge or sell its assets substantially as an entirety unless certain conditions are satisfied. The Notes and the Indenture do not otherwise restrict or limit the Guarantor's or the Issuer's ability to incur additional indebtedness by itself or its subsidiaries or its ability to enter into transactions with, or to pay dividends or make other payments to, affiliates. See "*Description of the Notes and Guarantees – Certain Covenants – Negative Pledge*," and "*– Consolidation, Merger and Sale of Assets*."

Additional Amounts . . . . In the event that the Issuer or the Guarantor (or an applicable successor entity) is required to deduct or withhold from payments on the Notes or under the Guarantees taxes imposed by any jurisdiction in which the Issuer or the Guarantor (or an applicable successor entity) is organized or resident for tax purposes or any jurisdiction through which payment is made by or on behalf of the Issuer, the Guarantor (or an applicable successor entity) (including, without limitation, the jurisdiction of any Paying Agent) (in each case including any political subdivision or taxing authority thereof or therein), the Issuer or the Guarantor (or such successor entity), as the case may be, will, subject to certain exceptions, pay (except in certain circumstances set out in the Description of the Notes and Guarantees) such Additional Amounts as will result, after deduction or withholding of such taxes, in the receipt by the holders of the amounts that would have been received in respect of the Notes had no deduction or withholding been required. See "*Description of the Notes and Guarantees – Additional Amounts*."

Optional Redemption	The Issuer may, at the Issuer or Guarantor's option, at any time and from time to time prior to June 28, 2025 redeem any of the Notes, in whole or in part, on not less than 10 nor more than 60 calendar days' prior notice delivered to the Holders, with a copy provided to the Trustee. The applicable Notes will be redeemable at a redemption price equal to the greater of (1) 100% of the principal amount of the Notes to be redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Notes to be redeemed through June 28, 2025 (not including interest accrued to the date of redemption), discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 10 basis points, plus, in each case, accrued and unpaid interest on the Notes to be redeemed, if any, to but excluding the date of redemption. Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the sum noted in (2) of the preceding sentence. In addition, the Issuer may, at the Issuer or Guarantor's option, at any time and from time to time on or after June 28, 2025 redeem any of the Notes, in whole or in part, on not less than 10 nor more than 60 calendar days' prior notice delivered to the Holders, with a copy provided to the Trustee. The applicable Notes will be redeemable at a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid interest on the Notes to be redeemed, if any, to but excluding the date of redemption.
Optional Tax Redemption.	The Notes may be redeemed at the option of the Issuer, in whole but not in part, at the principal amount thereof, plus accrued and unpaid interest, in the event the Issuer or the Guarantor (or an applicable successor entity) becomes obligated to pay Additional Amounts in respect of deduction or withholding of taxes from payments on the Notes or the Guarantees (at a rate of more than 10% in the case of PRC withholding tax imposed on a payment made by the Guarantor) as a result of certain changes in tax law. See "*Description of the Notes and Guarantees – Optional Tax Redemption*."
Repurchase Upon a Change of Control Triggering Event	Upon a Change of Control Triggering Event, the Issuer shall be required to make an offer to repurchase all of the Notes at a price in cash equal to 101% of the principal amount of the Notes repurchased, plus accrued and unpaid interest, if any, on the Notes being repurchased to but excluding the date of repurchase.

Notification to NDRC	The Issuer undertakes to file or cause to be filed with the NDRC the requisite information and documents within 10 PRC Business Days after the Original Issue Date (or, with respect to Additional Notes, the issue date of such Additional Notes) in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) issued by the NDRC and which came into effect on September 14, 2015, and any implementation rules as issued by the NDRC from time to time. See "*Description of the Notes and the Guarantees – Certain Covenants – Notification to NDRC*."
Redemption upon the Failure to Register the Guarantees with SAFE	If on the date that is 150 PRC Business Days after the Original Issue Date, the SAFE Completion Event shall not have occurred, the Issuer will be required to make an offer to repurchase all of the Notes at a price in cash equal to 100% of the principal amount of the Notes repurchased, plus accrued and unpaid interest on the principal amount of Notes being repurchased to but excluding the date of repurchase. See "*Description of the Notes and Guarantees – Repurchase upon Occurrence of Certain Events*."
Transfer Restrictions	The Notes have not been registered under the Securities Act, any state securities laws in the United States or the securities laws of any other jurisdiction. Accordingly, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The securities may be offered and sold only to a non-U.S. person (as defined in the Securities Act) in offshore transactions in reliance on Regulation S under the Securities Act in accordance with any other applicable law. Prior to the 40th day after the later of the commencement of the offering and the Original Issue Date, a beneficial interest in the global note may not be transferred within the United States or to or for the account or benefit of a U.S. person. Each purchaser and transferee of the Notes, in making its purchase, will be subject to certain restrictions and must be able to make and will be deemed to have made certain acknowledgments, representations and agreements, for itself and for each account for which it is purchasing, as set forth under "**Transfer Restrictions**." For a description of important restrictions on resales, see "*Transfer Restrictions*." The Issuer will not register the Notes for resale under the Securities Act or the securities laws of any other jurisdiction or offer to exchange the Notes for registered Notes under the Securities Act or the securities laws of any other jurisdiction.

Use of Proceeds	The net proceeds we expect to receive from this offering, after deducting underwriting commissions and estimated offering expenses, will be approximately US$298.4 million. We intend to use the net proceeds of this offering for refinancing of certain indebtedness and general corporate purposes. For further information, please see "*Use of Proceeds*."
Governing Law	The Notes, the Guarantees and the Indenture will be governed by, and construed in accordance with, the laws of the State of New York.
Denomination, Form and Registration	The Notes will be issued in minimum denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. The Notes will be represented by one or more permanent global notes in fully registered form without interest coupons deposited with The Bank of New York Mellon, London Branch as common depositary and registered in the name of a nominee of the common depositary for the accounts of Euroclear or Clearstream. Euroclear and Clearstream will credit the account of each of its participants with the principal amount of Notes being purchased by or through such participant. Beneficial interests in the global notes will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their participants.
Ratings	The Notes are expected to be rated "A1" by Moody's and "A+" by Fitch. Security ratings are not recommendations to buy, sell or hold the Notes. Ratings are subject to revision or withdrawal at any time by the rating agencies.
Risk Factors	See "*Risk Factors*" and the other information in this Offering Circular for a discussion of factors that should be carefully considered before deciding to invest in the Notes.
Listing	Application will be made to The Stock Exchange of Hong Kong Limited (the "**SEHK**") for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only.
Trustee	The Bank of New York Mellon, London Branch.
Paying Agent	The Bank of New York Mellon, London Branch.
Transfer Agent and Registrar	The Bank of New York Mellon SA/NV, Luxembourg Branch.

RISK FACTORS

Investing in the Notes involves risks, including risks relating to us, the Issuer, the hydropower and renewable energy industries generally, doing business in China and this Notes Offering. We expect to be exposed to a variety of risks, including some or all of the risks described below, in our future operations. Any of the risk factors described below, as well as additional risks of which we are not currently aware, could also affect our business operations and have a material adverse effect on our business activities, financial condition, results of operations and prospects and cause the value of the Notes offered hereunder to decline. Investors could lose all or part of their investment. Moreover, if and to the extent that any of the risks described below materialize, they may occur in combination with other risks which would compound the adverse effect of such risks on our business activities, financial condition, results of operations and prospects.

Prospective investors in the Notes should carefully consider the following information in conjunction with the other information contained in this Offering Circular. The sequence in which the risk factors are presented below is not indicative of their likelihood of occurrence or of the potential magnitude of their financial consequences.

RISKS RELATING TO OUR OPERATIONS

Our hydropower business is dependent upon hydrological conditions, which may from time to time result in conditions that are unfavourable to our business operations.

Our hydropower generation prospects are dependent upon hydrological conditions prevailing from time to time in the broad geographic regions in which our existing and future hydropower projects are located. There can be no assurance that the water inflows at our existing and future sites will be consistent with our expectations, or that climatic and environmental conditions will not change significantly from the prevailing conditions at the time our projections were made. Water inflows vary each year and depend on factors such as precipitation, rate of snowmelt and seasonal changes. In addition, hydrological conditions are subject to seasonal variation. For example, during the rainy seasons, typically every June to September in the Yangtze River regions where our hydropower stations are primarily located, the ample precipitation generally brings water inflows to our hydropower stations and thus increases their power generation. However, if such regions experience significant flooding, then the operational focus of our hydropower stations will shift to the joint operation of flood control and hydropower generation. Under such circumstances, our power generation schedule, which mainly consists of the frequency of water release and the operation of turbines in the hydropower stations of the cascade hydropower system, becomes even more crucial for the optimal operation of our hydropower stations. Failure to properly manage this schedule may result in lower power generation levels than what might otherwise be achievable. Our existing and future hydropower projects may be subject to substantial variations in climatic and hydrological conditions, which may result in water inflow fluctuations, thus affecting our ability to generate electricity. While we have selected and will continue to select our hydropower projects for development on the basis of their projected outputs based on their average historical water inflow, the optimal water inflow required to produce those outputs may not exist or be sustained.

Hydrological conditions are particularly important for our business because our results of operations depend on, to a large extent, the power generation of our six hydropower projects along the Yangtze River. As a result, any variation in hydrological conditions resulting in fluctuations in the water flow of the Yangtze River affects our results of operations and financial condition. If in any given year the Yangtze River is affected by a severe drought or flood, our business may be significantly affected. If hydrological conditions result in droughts or other conditions that negatively affect the hydropower projects on which our business currently depends, our results of operations will be materially and adversely affected.

Natural and man-made disasters, epidemics and other acts of God may materially and adversely affect our results of operations.

Force majeure events, natural and man-made disasters, epidemics, catastrophe or other events could significantly affect our operations. Our facilities may be disrupted or damaged by catastrophic events, such as typhoons, floods, severe weather conditions or man-made disasters. Any equipment breakdown due to catastrophic events or otherwise will increase the cost of repair and maintenance, further adversely affecting our results of operations.

In particular, the operation of our hydropower projects and customer demand for our power are vulnerable to disruptions caused by natural and man-made disasters. Water supply to our hydropower projects and the projects themselves are vulnerable to natural disasters including, but not limited to, earthquakes, storms, tornadoes and floods, as well as disasters caused by human actions such as explosions, fires and acts of terrorism. Our hydropower projects could be required to operate fewer generating units in the event of a drought, and to cease operating or even be damaged in the event of a flood. For example, in the past, heavy floods in certain regions of China have resulted in large-scale damage to dams and crucial water supply systems. Also, a major breakdown in our electric system could result in forced outages of our generating units. Such disasters are unpredictable and can significantly damage our access to water supply and power station equipment as well as the properties of our consumers. Under such circumstances, market demand for power in general may be significantly and adversely affected, reducing the need for the electricity we generate, and we may be unable to continue operation of our hydropower stations or to generate the level of electricity as expected.

The ongoing Coronavirus Disease 2019 ("**COVID-19**") has affected China and many countries around the world and there have been increased initial infection and fatality rates across the world. On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. The global outbreak of COVID-19 and the rise of new variants such as Delta and Omicron, has created negative economic impact and increased volatility in the PRC and global market and continues to exert uncertainties on the global economy, which may in turn adversely affect our business. In particular, the outbreak of COVID-19 has resulted in a decline in nationwide demand for electricity as China and other countries have implemented certain lock down measures and travel restrictions to address the spread of the COVID-19. The full extent of such impacts cannot necessarily be foreseen at the present of time. Although COVID-19 vaccines have been made available to the public in many countries including China, there remains uncertainty regarding the efficacy, safety and durability of such vaccines. Whilst we have adopted certain preventive measures and contingency plans in light of the current COVID-19 outbreak, there can be no assurance that these measures and plans can effectively combat or prevent the current or any future epidemic outbreaks. The COVID-19 outbreak poses risks to the wellbeing of our employees and the safety of our workplace, which may materially and adversely affect our business operations. There is no assurance that the pandemic will not escalate or become resurgent, or that we will not be affected adversely by it.

We may encounter difficulties in identifying suitable project development and acquisition opportunities, which would result in our dependence upon our current portfolio of hydropower, wind power and solar power projects and having limited revenue growth potential.

Our ability to implement our growth strategy will depend on a number of factors, in particular our ability to identify suitable project development opportunities, select proper acquisition targets, reach agreements with PRC and foreign governments, governments and grid operators, and obtain the necessary authorizations, or acquire concessions for major projects from PRC and foreign governments. We believe identifying and developing projects may become increasingly difficult in the future as domestic and international competition for the development of power projects increases.

If we are unable to find suitable opportunities to develop power projects in China or elsewhere, we will continue to remain dependent on our hydropower, wind and photovoltaic power projects in operation or under development and, in particular, on our major hydropower projects along the Yangtze River, which account for the majority of our current power sales and revenue. This may:

- result in our dependence upon the performance of our projects in operation or under development;
- result in our dependence upon electricity sales in the geographical areas in which we operate;
- expose us to increased risks associated with drought, meteorological conditions or other natural disasters in the existing geographical areas where we operate; and
- limit our ability to grow our revenue and to obtain the economies of scale that we anticipate.

Greenfield projects and other projects under development present substantial development, construction, start-up and partnership risks, which could materially and adversely affect our results of operations, financial condition and growth prospects.

Greenfield projects and other projects under development (including EPC projects) present substantial development risks. The development and construction of hydropower and other power projects is time-consuming and requires significant capital investment. In China, we currently have one major hydropower project under development, the Baihetan Project. In connection with the development and construction of power projects, we will seek to obtain government permits and approvals, land purchase or leasing agreements, equipment procurement and construction contracts, operation and maintenance agreements, and sufficient financing. Factors that may impair our ability to develop and construct hydropower and other power projects include:

- delays in obtaining various regulatory approvals, licenses or permits from different governmental authorities at different levels, including permission for the construction and operation of the power project itself, those relating to the financing of our projects, the environmental permits and permits to use the relevant land;
- costs, delays or difficulties in the acquisition of land and associated resettlement and rehabilitation issues;
- shortages or increases in the cost of equipment, power and transport facilities, materials or skilled labor;
- adverse weather conditions, which may delay the completion of power projects, or natural disasters, accidents or other unforeseen events;
- unforeseen engineering, design, environmental, hydrological or geological problems;
- disruptions caused by natural disasters such as earthquakes, landslides or floods, accidents, explosions, fires, or the breakdown, failure or substandard performance of equipment due to improper installation or operation;
- non-viability of a project or a shift in the location of a project on account of technology feasibility reasons or otherwise;
- failure to receive essential power generating equipment or other critical components from third parties on schedule and according to design specifications;
- failure to receive quality and timely performance of third-party services;
- strikes and labor disputes;

- adverse changes in the regulatory environment of the jurisdictions in which we operate; and

- force majeure or other events beyond our control.

Also, due to our hydropower projects' potential, actual or perceived environmental and other impact, local residents, environmental activists or other special interest groups may protest the development and construction of these projects. Moreover, local government authorities may also choose not to support the development of hydropower facilities to protect the local environment and community from potential risks. There is no assurance that we or our affiliates or partners will not fail to manage community relationships appropriately. Opposition from local community, political or environmental groups or local government authorities with respect to the development or construction of our hydropower projects could increase our development costs, cause delays, interruptions or even cancellations of our development plans, harm our reputation and hamper our ability to acquire or construct new hydropower projects to grow our business.

Any of these factors may cause delays in the completion of hydropower and other power projects and may increase the cost of contemplated projects. If we are unable to complete the projects as contemplated, the costs incurred in connection with such projects may not be recoverable, which may materially and adversely affect our results of operations, financial condition and growth prospects. Our decision to develop or modify a project is typically based on the results of a thorough feasibility study, which estimates the expected project costs, benefits and various other factors. However, our feasibility study report may not be accurate and there are a number of the aforementioned uncertainties inherent in the development and construction of any power project, some of which are beyond our control.

Even if we complete these projects, as a result of project delays, cost overruns, changes in market circumstances or other reasons, we may not be able to achieve the intended economic benefits or demonstrate the commercial viability of these projects, which may materially and adversely affect our results of operations, financial condition and growth prospects.

In addition, the commencement of operations at a newly constructed hydropower or any other power project involves many risks, including start-up problems, the breakdown or failure of equipment, improper processes, performance below expected or contracted levels of output or efficiency and problems with the construction of new supporting infrastructure, such as grid transmission equipment. While manufacturers' warranties are generally obtained for limited periods relating to each project and its equipment in varying degrees, and construction contractors may guarantee certain performance levels, subject to the payment of liquidated damages, the proceeds of such warranties or performance guarantees, if any, may not be adequate to cover lost revenue or increased costs and expenses associated with equipment problems during the project construction phase. We also may develop projects with partners, which expose us to risks associated with our partners' failure to retain development rights, obtain permits and approvals required for the development of a project or perform their management, construction or financing obligations. Realization of any of these risks could materially and adversely affect our results of operations, financial condition and growth prospects.

Any fluctuation or reduction in the demand for electricity could affect our results of operations.

Our business depends on the demand and sale of electricity in the countries where we operate. In China, as the Chinese economy has been shifting from an energy-intensive manufacturing and investment-led model to a less energy-intensive and consumer-driven model, the country's power demand growth has declined in certain regions. Any further decline could have a material and adverse effect on our business, financial condition and results of operations.

The sale of our power is also subject to local demand for electricity in the regional markets we serve. We cannot assure you that the demand for electricity in the regions we serve will not decline because of changing local economic conditions or other factors. Nor can we assure you that the supply of electricity from other power stations and projects in the regions we serve will not increase. Any such increase in the supply of electricity in the regions we serve could result in an imbalance between the supply of and demand for electricity in the regional market, which could affect the utilization rate and power generation of the generating units that we operate. If the sale of our power decreases due to any of these factors, our revenue will decrease accordingly, and this may cause a material and adverse effect on our business, financial condition and results of operations.

Our business and financial condition may be adversely affected by global economic and political conditions.

Our results of operations may be affected by global economic and political conditions. Although nations around the world have adopted various economic policies to mitigate the adverse influences caused by factors such as the slowdown of the world economy, trade conflicts and the COVID-19 outbreak, it is uncertain how quickly the world economy would grow going forward. These events may have an adverse impact on our business, financial condition and results of operations.

Furthermore, since 2018, the U.S.-China trade conflict has brought uncertainty to global markets and to a certain extent, impacted businesses and financial market sentiment, influenced financial market volatility, and slowed investment and trade. Starting in April 2018, the United States imposed tariffs on various categories of imports from China, and China responded with tariffs on products from the United States. Subsequently, additional rounds of tariffs have been imposed by both countries. While the two nations have reached a phase one trade agreement in January 2020, the progress of future trade talks between China and the United States are subject to uncertainties. China and the United States have not initiated the phase two negotiation, and it remains unclear whether the trade disputes between China and the United States will be fully resolved. Further, it remains unclear the impact of the foreign policies of the Biden-Harris administration on the Sino-U.S. relationship.

Against the backdrop of the trade conflict between the U.S. and China, the U.S. government has also taken actions beyond tariffs. For example, the U.S. Department of Defense ("**DOD**") released an initial list of 20 Chinese companies in June 2020 and has continued to update such list of Chinese companies (collectively, the "**DOD List**") that DOD has determined have relevant ties to the Chinese military under Section 1237 of the 1999 National Defense Authorization Act ("**NDAA 1999**"), which provides the U.S. President with additional authority to impose sanctions on the companies on the DOD Lists without requiring the use of that authority or the imposition of any sanctions. The Guarantor was included in the DOD List in August 2020 and has been removed from the DOD List since June 2021. The listing itself is not a sanction, and as of the date of this Offering Circular, the fact that the Guarantor was once included in the DOD List has not had any material impact on us or our business. However, sanctions regimes in the U.S. and other countries are subject to constant changes, and there remains uncertainty as to whether the U.S. government will take further actions in relation to China-based companies, including us, and the impact of such actions.

On-grid tariffs are set based on regulatory guidance, the actual supply of electricity to a power grid and regional demand for electricity, and changes in these factors may materially and adversely affect our results of operations.

Our revenue from power generation depends primarily on two factors: tariff and amount of electricity sold. The power generation industry is highly regulated in the regions in which we operate. For example, in China, we sell all of our electricity to power grids and such sales are subject to on-grid tariffs set by regulators. Since February 2002, the PRC government has gradually implemented an on-grid tariff-setting mechanism based on the operational period of power projects as well as the average costs of comparable power projects that were constructed during the same period within the same provincial power grid. This on-grid tariff-setting mechanism was intended to replace the old mechanism for setting on-grid tariffs for planned output. Based on our experience, the determination of such average tariffs usually takes into consideration factors such as or including:

- construction costs;

- operating and administrative expenses;
- maintenance and repair costs of power projects; and
- interest expense on outstanding debts.

Based on the factors listed above, we receive lower tariffs in China in comparison with other power projects, in part because we have lower operating and maintenance costs.

In addition, our on-grid tariffs may be affected by changes in the benchmark tariffs of other sources of electricity, such as thermal power, which in turn may be affected by, among other things, changes in the price of coal and macroeconomic conditions. Reductions in the benchmark tariffs of thermal power may increase the price pressure for the electricity we generate, and we cannot assure you that our tariffs will not be reduced as a result.

Furthermore, we cannot assure you that regulatory reforms in the PRC will not result in changes to the tariff-setting mechanism in China. Nor can we assure you that any changes such as those incorporating a greater market-based element will not result in reductions in our tariffs or the competitiveness in our tariffs compared with thermal power.

Any future reductions in our tariffs, or inability to obtain higher tariffs, for example, to cover any increased costs we may have to incur, as a result of a change to such on-grid tariff-setting mechanism may adversely affect our revenue and profit.

We will need additional funding for our operations and development plans and may be unable to raise capital on terms favorable to us or at all, which could increase our financing costs, affect our business operations or force us to delay or abandon our growth strategy.

Our growth strategy is to develop additional clean energy and environmental protection projects in China and/or globally and expand some of our existing projects, which require significant capital expenditures. In addition, our ability to maintain or grow our revenue, profit and cash flows depends upon continued capital spending. We finance our capital expenditures principally out of cash flow from operating activities, existing cash resources, proceeds from the issue of domestic bonds, government grants, bank loans and financing from other external sources. Our ability to obtain external financing in the future is dependent on numerous factors, including but not limited to: (i) obtaining the necessary PRC government approvals to raise funding for projects, (ii) our future financial condition, operating results and cash flows, (iii) credit rating and investor confidence in us, (iv) the general condition of the global and domestic financial markets and changes in the monetary policy of the PRC government with respect to bank interest rates and lending policies, (v) the availability of credit from banks or other lenders, and (vi) the continued performance of our power projects.

Given the nature of projects that we develop, we require significant capital. There is no assurance that our operations can generate sufficient cash flows to fund such capital expenditure requirements. Therefore, we may be required to finance our cash needs through public or private equity offerings, bank loans or other debt financing, or otherwise. There can be no assurance that international or domestic financing for future power project development, expansion of existing hydropower, wind power or photovoltaic power projects and acquisitions or investments will be available on terms favorable to us or at all, which could force us to delay or abandon our growth strategy, increase our financing costs, or both.

Additional funding from debt financings may make it more difficult for us to operate our business because we would need to make principal and interest payments on the indebtedness and may be obligated to abide by restrictive covenants contained in the debt financing agreements, which may, among other things, limit our ability to make business and operational decisions and pay dividends. If we are unable to obtain sufficient funding for our operations or development plans, our business and our financial condition could be adversely affected.

We have had net current liabilities and may require additional funding to meet our working capital needs.

We had net current liabilities of RMB34.2 billion, RMB69.3 billion and RMB49.5 billion, as of December 31, 2019, 2020 and 2021, respectively. We cannot assure you that our operations can generate sufficient cash flows to meet our working capital requirements or service our short-term indebtedness. In such case, if we are unable to raise additional funding, we may face a shortfall of working capital or may not be able to service our short-term indebtedness. This could have a material adverse impact on our financial condition and results of operations.

Assumptions applied to our investment analyses and feasibility studies may not be accurate, and thus our actual return on investments, operational results, and overall growth may be materially and adversely affected.

In performing investment analysis and feasibility studies for our investment and development targets, we consider factors such as: (i) demand for power and growth potential in the areas where the power projects are located, (ii) increase in power generation capacity in the locality, (iii) the average tariff of power projects of similar types and capacity, (iv) quality of transmission systems to the local power grids, (v) facilities and technology at the hydropower projects and (vi) ability to retain existing debt financing for the project or obtain new financing. In the PRC, with the rapid development of the clean energy industry in recent years and the uncertainty regarding the rate of future economic growth, there is some increased risk of power projects being built based on inaccurate or incomplete data, such as demand, tariff and financing. As a result, the assumptions we use to perform our internal investment analyses and feasibility studies may not be accurate or complete. If any one of our observations or assumptions, or a combination thereof, proves to be inaccurate, then our estimated returns on investments, operational results and our overall growth may be materially and adversely affected.

Our operations may be interrupted by the realization of unexpected risks or difficulties in integrating new projects, which could interrupt our existing business and materially and adversely affect our results of operations.

Our continued growth and ability to leverage our management expertise depend on the successful implementation of our development strategy. We cannot assure you that any particular project will produce the intended benefits. For instance, if we fail to develop a project successfully, or the synergies or other benefits expected from an integration ultimately fail to materialize, we may have expended significant management time, capital and other resources on the project and our existing business operations may be interrupted.

Risks which may be incurred through new project development include, but are not limited to:

- potential construction or engineering problems which may expose us to severe economic loss or legal liabilities and require substantial expenditure from us to remedy;
- unforeseen or hidden liabilities, including exposure to legal proceedings, associated with new project development;
- failure to generate sufficient revenue to offset the costs and expenses of new project developments; and
- potential impairment losses and amortization expenses relating to goodwill and intangible assets arising from new project developments, which may materially reduce our net income or result in a net loss.

Any one or a combination of the above risks could interrupt our existing business and materially and adversely affect our results of operations.

Our interim financial information as of and for the three months ended March 31, 2022 has not been audited or reviewed by our independent auditors. You should not place undue reliance on such unaudited and unreviewed interim financial information.

Our interim financial information as of and for the three months ended March 31, 2022 included in this Offering Circular has not been audited or reviewed by our independent auditors, ShineWing Certified Public Accountants LLP. Such interim financial information included in this Offering Circular has not been subject to an audit or review and should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or review. Other than the discussion on the interim financial information (see "*Recent Developments – Financial Results as of and for the Three Months ended March 31, 2022*"), such interim financial information is not part of this Offering Circular and should not be used for comparison with any financial information disclosed herein. Furthermore, the interim financial information should not be taken as an indication of our expected financial condition, results of operations and results for the full year ending December 31, 2022. You are advised to exercise caution when using such data to evaluate our financial condition and results of operations, and should not place undue reliance upon such data.

We derive certain of our profit from entities over which we do not have control.

We have invested in EDP and certain other projects over which we do not have control. However, we do not have controlling equity interests in these companies and our ability to influence the management and policies of these companies is limited. Furthermore, in the event that we cannot agree with other shareholders on management decisions, this may result in a deadlock and may impede the further development of the relevant business in that they may delay or prevent critical decisions. In addition, our role as a non-controlling shareholder in these companies may also have an adverse impact on our return on investment, as management or other shareholders of these companies might institute or undertake transactions, strategies, policies or programs that result in a decrease in the value of these companies and, as a consequence, our return on investment. In addition, our results of operations could be materially and adversely affected if we take any significant impairment charge on our investments in any such entity where such entity fails to perform financially as expected or otherwise.

We may experience difficulty in integrating acquisitions into our operations and achieving synergies among newly acquired and existing projects.

We have acquired and plan to continue acquiring new businesses to grow our clean energy business through equity purchase, concession acquisition and other means. For example, since 2015, we have acquired 30-year concessions effective from January 2016 for the Ilha Solteira hydropower plant and the Jupia hydropower plant in Brazil. In June 2016, we acquired an 80% interest in WindMW GmbH ("**WindMW**"), an offshore wind power joint-venture and owner of a German offshore wind power project, Meerwind, from Blackstone Energy Partners and its affiliated private equity funds. In October 2016, we acquired part of Duke Energy's Brazilian business with a total installed capacity of 2.27 GW. In 2018, we obtained the development right to a hydropower project in Chile through the acquisition of Atiaia Energia S.A., and invested in the Moray East offshore wind power project in the United Kingdom. Also, in April 2019, as part of a consortium with ACE Investment Fund II LP and CNIC Corporation Limited, our subsidiary, Hubei Energy, acquired the Chaglla hydropower station in Peru. In April 2020, CYPC completed a transaction to acquire 83.64% of equity interest in LDS. In February 2021, CYPC completed the mandatory tender offer of LDS's remaining equity and as of the date of this Offering Circular, CYPC indirectly held 97.14% of the equity interest in LDS. In August 2021, our subsidiary, CSAIL, in consortium with other Chinese investors, acquired 100% of equity interest in Alcazar Energy Partners ("**AEP**") which owns seven wind and solar projects in Jordan and Egypt with a total generation capacity of 411 MW. In 2021, we expanded our global footprint in Spain, including the acquisition of the Daylight Project involving 13 photovoltaic power stations with a total installed capacity of 572 MW, the acquisition of the Horus Project involving 11 wind power stations and one photovoltaic power station with a total installed capacity of 405 MW and the proposed acquisition of the Flores onshore wind power project with a total installed capacity of 181 MW. The successful integration of such newly acquired businesses and other potential or future new businesses into our operations may require, among other things, the retention and assimilation of key management, sales and other personnel, the adaptation of technology and other operation processes, and the retention and transition of customers. Unexpected difficulties in integrating any acquisition could result in increased expenses and the diversion of management time and resources. If we do not successfully integrate any acquired business into our operations, we may not realize the anticipated benefits of the acquisition, which could have a material adverse impact on our business, financial condition and results of operations. Further, any potential acquisitions may require significant capital outlays, and we may incur additional financing costs, in which case our results of operations could be adversely impaired.

Our operations in China are extensively regulated by the PRC government and subject to inspections and examinations by PRC regulatory authorities, and our costs associated with compliance with such regulations can be substantial. Our results of operations and future growth prospects may be materially and adversely affected by future changes in government regulations and policies.

All of our power projects in China are subject to extensive regulation by PRC government authorities, including PRC national government authorities such as the SASAC, the NDRC, the NEA, the SAT, the MEP, the Ministry of Communications and Transportation, the MWR, the MNR, the State Administration for Industry and Commerce and the Ministry of Housing and Urban-Rural Development, as well as their provincial and local counterparts. Government regulations address virtually all aspects of our operations, including, among others, the following:

- planning and construction of new power projects;
- the granting of power generation permits;
- the amount and timing of power generation;
- the setting of on-grid tariffs paid to power producers and power tariffs paid by consumers of electricity;
- transmission system constraints and power dispatch, including the setting of preferential policies for the dispatch of renewable energy generated power;
- allocation of water resources and control of water flows;
- environmental protection, safety standards and social impact minimization; and
- taxes, in particular enterprise income tax and VAT.

Our cost of compliance with, and reliance on, this regulatory system is significant to our business. An increase in the cost of compliance could increase our operating and maintenance costs and expenses and materially and adversely affect our results of operations.

In addition, we are subject to periodic inspections and examinations by PRC regulatory authorities. For example, the NAO from time to time performs audits of certain state-controlled companies in China, and issues its audit results. In recent years, the NAO has identified certain issues in their audits of us. Although we believe the issues identified by the NAO in these past audits were not material to our overall financial results, we have taken corrective actions in response to them, including measures to strengthen our internal controls. However, we cannot predict the timing or the outcome of our next NAO audit. If, as a result of any such audit, material irregularities or other instances of non-compliance were found to have been committed by us, we may be subject to fines and other administrative penalties, which may result in an adverse effect on our reputation, as well as our business and prospects.

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

We may be exposed to fraud or other misconduct committed by employees, representatives, agents, customers or other third parties that could subject us to litigation, financial losses and sanctions imposed by governmental authorities, which would in turn affect our reputation and business. Our corporate governance and internal control procedures are designed to monitor its operations and ensure overall compliance. However, such internal control procedures may be unable to identify all incidents of non-compliance or suspicious transactions in a timely manner or at all. Although we have made efforts to detect and prevent employee misconduct, such efforts may not be effective in all respects. It is not always possible to detect and prevent fraud and other misconduct, and the precautions we take to prevent and detect such activities may not be effective in all cases. We cannot assure you that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it may cause negative publicity and damage to our public image.

Our business benefits from certain PRC government subsidies, grants and favourable tax treatment. Expiration of, or changes to, the subsidies or favourable tax treatment could adversely affect our operating results.

We receive certain subsidies from the PRC government. For details, see "*Business – Competitive Strengths – We receive significant support from the PRC government.*"

We also benefit from favourable tax treatment. For example, some of our subsidiaries incorporated in central and western China are subject to a favourable enterprise income tax rate of 15%. Our projects falling under the Catalog for Favorable Enterprise Income Tax on Public Infrastructure Projects benefit from an enterprise income tax exemption for the first three years starting from the year when the project first generates revenue, and a 50% income tax deduction for three years thereafter. We also receive 50% refunds of our VAT burden for our wind power projects.

We cannot assure you that the subsidies that we receive or the favorable tax treatment that we enjoy will not expire or change in the future due to changes of government policy or law or otherwise, in which case our business, financial condition and results of operations could be adversely affected. For example, the changes of measures on the granting and distribution of subsidies or the delegation of review authority thereof under the Administrative Measures on Additional Subsidies for Renewable Energy Electricity Prices jointly issued by the Ministry of Finance, the NDRC and the NEA on January 20, 2020 may have an impact on the length of time before any such subsidies can be obtained by us.

In addition, the controlling relationship between the Guarantor and the SASAC does not necessarily correlate to, or provide any assurance as to the Issuer's or the Guarantor's financial conditions. The repayment obligations under the Notes remain the sole obligation of the Issuer and/or the Guarantor.

We derive our revenue mainly from the sale of electricity and most of our power projects typically have only a limited number of customers. Any prolonged disruption to the demand for hydropower, wind power or photovoltaic power or termination of a customer relationship may cause our revenue to decrease significantly.

We derive revenue mainly from the sale of electricity generated by our hydropower, wind power and photovoltaic power projects, and most of the power in any given project is sold to a limited number of national power grids and provincial grid companies. For example, our hydropower projects under operation are connected to two national grids, namely State Grid and Southern Grid. If, for any reason, the national power grids reduce or eliminate their purchases of hydropower, wind power or photovoltaic power, whether due to the emergence of a cheaper renewable energy source, withdrawal of government policy support for the dispatch of renewable energy, or a severe drop in the PRC's demand for power, we may not have alternative customers readily available to us. Without alternative sources of income, our revenue would decrease significantly should a reduction in demand for hydropower, wind power or photovoltaic power or lack of customers continue for a prolonged period.

Failure to renew our PPAs could result in a reduction or complete loss of revenue from the specific power project affected, which would have a material and adverse effect on our revenue, results of operations and net cash used in operating activities.

For our hydropower, wind power and solar power projects, we generally renew our PPAs annually, although in connection with the Three Gorges Project, we have entered into master PPAs which has a term between three and five years with each of the grid companies that we deliver power to. For further information, please see "*Business – Our Clean Energy Business in China – Power Sale.*" If we are unable to renegotiate and renew a PPA or master PPA with the grid companies when their original terms expire, it is unlikely we would be able to obtain alternative customers to replace that power grid and purchase the power generated by our project, as there are only a very limited number of grids to each power project and there are no neighbouring industrial sites ready to take up the power.

We may incur substantially more debt that may have an adverse effect on our financial condition and prevent us from fulfilling our obligations under the Notes, diminish our ability to raise additional capital to fund our operations and limit our ability to react to changes in the economy or the industries in which we operate.

Subject to the restrictions in the Indenture, governing the Notes and in other instruments governing our outstanding debt, we may incur substantial additional debt in the future, which could be structurally senior to the Notes, including secured debt. As of December 31, 2021, our total consolidated debt was approximately RMB491.3 billion. Although the terms of the Indenture governing the Notes and the instruments governing certain of our other outstanding debt contain restrictions on the incurrence of additional debt, these restrictions are subject to a number of significant qualifications and exceptions, and debt incurred in compliance with these restrictions could be substantial. Our level of indebtedness could have important negative consequences for us and to you as a holder of the Notes. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to the Notes and our other debt;
- require us to dedicate a large portion of our cash flow from operations to fund payments on our debt, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes;
- increase our vulnerability to adverse general economic or industry conditions;
- limit our flexibility in planning for, or reacting to, changes in our business or the industry in which we operate;
- limit our ability to raise additional debt or equity capital in the future or increase the cost of such funding;
- restrict us from making strategic acquisitions or exploiting business opportunities; and
- place us at a competitive disadvantage compared to our competitors that have less debt.

Any of these risks could impact our ability to fund our operations or limit our ability to expand our business, which could have a material adverse effect on our business, financial condition, liquidity and results of operations and our ability to pay the principal of and interest on the Notes.

The businesses or projects we develop, acquire or invest in the future may not be as profitable as we expect, or at all, and may subject us to additional risks and liabilities.

The businesses that we develop, acquire or invest in may not be as profitable as we expect, or at all. Acquisitions or investments that we carry out in the future may cause us to incur liabilities, or result in the impairment of goodwill or other intangible assets or other related expenses. Business expansion carried out through acquisitions and investments could also expose us to successor liability and litigation resulting from the actions of the company we have acquired or in which we made an investment before or after the acquisition or investment. The due diligence that we conduct in connection with an acquisition or investment may not be sufficient to discover unknown liabilities, and any contractual guarantees or indemnities that we receive from the sellers of the companies we have acquired or invested in may not be sufficient to protect us from, or compensate us for, actual liabilities. Any material liability associated with an acquisition and investment could adversely affect our reputation and reduce the benefits of the acquisition and investment. Any of the events mentioned above could have a material and adverse effect on our business, financial condition, results of operations and prospects.

The operations of our power projects may be adversely affected by the breakdown or failure of key equipment, civil structures or transmission systems, which could result in lost revenue, increased maintenance costs and potential liability to our customers.

The breakdown of generation equipment or failure of other key equipment or of a civil structure in one or more of our power projects (especially in our hydropower projects) could disrupt the generation of electricity and result in reduced revenue. Further, any breakdown or failure of one or more of our transmission systems could disrupt transmission of electricity by a power station to the power grid. Repair of such equipment failures may take several few weeks, depending on the nature of the problem and availability of spare parts. In addition, if the problem is related to the grid, we will not be able to dispatch our power until the grid carries out the necessary repairs. Our key equipment may from time to time require significant capital expenditure to keep it operating efficiently. Such equipment is also likely to require periodic upgrading and improvement. Breakdown or failure of one of our power projects may also prevent us from performing under the applicable power sales agreement and, in certain situations, this could result in termination of the agreement or incurring liability to our customers for damages. Although to date we have not experienced any major breakdowns or failures in our power stations, a breakdown or failure of one of our power stations may reduce our ability to generate power, resulting in loss of revenue and increased maintenance costs. In addition, any of the above circumstances may also affect end-users of the power we generate and result in harm to our reputation.

Our power generating operations may be adversely affected by operational risks, which may result in uninsured losses.

Operating hydropower and other power projects involves many risks and hazards which may be beyond our control and could cause significant business interruptions, personal injuries and property or environmental damage, and could increase power generating costs at affected hydropower projects for an unknown duration. These risks include but are not limited to:

- breakdown of power transmission systems;
- unexpected maintenance or technical problems;
- human error;
- breakdown of our mechanical, software or monitoring systems; and
- industrial accidents.

The occurrence of any of these events, and the consequences resulting from them, may not be covered adequately or at all by our insurance policies. While we believe our insurance coverage to be commensurate with our business structure, risk profile and industry practice in the PRC, there is no assurance that our current insurance policies will insure us fully against all risks and losses that may arise in the future. Uninsured losses incurred or payments we may be required to make may have a material adverse effect on our business, results of operations and financial condition.

Our growth strategy is dependent upon our ability to manage our growth effectively which, if unsuccessful, could result in a material adverse impact on our financial condition and results of operations.

Our business and operations have been expanding. The success of our growth strategy depends in part upon our ability to manage our rapid growth, including, for example, our ability to successfully develop new power projects, to hire, train, supervise and manage new employees, to establish and maintain adequate financial control and reporting systems and other systems and processes, and to manage a rapidly growing and much larger operation. We cannot assure you that we will be able to:

- expand our systems and processes effectively or efficiently or in a timely manner;
- allocate our human resources optimally or reduce headcount without experiencing community protests, strikes or other social unrest;
- identify and hire qualified employees or retain valued employees;
- maintain good relationships with power grids; or
- centralize and improve the efficiency of the management and operations of the power projects we develop.

If we fail to effectively manage our growth, then our results of operations and financial condition could be materially and adversely affected.

We may be unable to manage risks associated with our international expansion.

As part of our growth strategy, we plan to proactively acquire clean energy assets in overseas markets and expand our overseas businesses. For example, in 2012, we acquired 21.35% of the equity interest in EDP. We have also acquired 30-year concessions effective from January 2016 for two major hydropower stations in Brazil, the Ilha Solteira plant and the Jupia plant, with an aggregate installed capacity of 4,995 MW, at a consideration of 13.8 billion Brazilian reals (equivalent to approximately US$3.7 billion[4]). In June 2016, we acquired an 80% interest in WindMW, an offshore wind power joint-venture and owner of a German offshore wind power project, Meerwind, from Blackstone Energy Partners and its affiliated private equity funds. In October 2016, we acquired part of Duke Energy's Brazilian business with a total installed capacity of 2.27 GW. In 2018, we obtained the development right to a hydropower project in Chile through acquisition of Atiaia Energia S.A., and invested in the Moray East offshore wind power project in the United Kingdom. Also, in April 2019, as part of a consortium with ACE Investment Fund II LP and CNIC Corporation Limited, our subsidiary, Hubei Energy acquired the Chaglla hydropower station in Peru. In April 2020, CYPC completed a transaction to acquire 83.64% of equity interest in LDS, a Peruvian company listed on the Bolsa de Valores de Lima. In February 2021, CYPC completed the mandatory tender offer of LDS's remaining equity and as of the date of this Offering Circular, CYPC indirectly held 97.14% of the equity interest in LDS. Our subsidiary, CSAIL, in consortium with other Chinese investors, acquired 100% of equity interest in AEP which owns seven wind and solar projects in Jordan and Egypt with a total generation capacity of 411 MW in August 2021. In 2021, we expanded our global footprint in Spain, including the acquisition of the Daylight Project involving 13 photovoltaic power stations with a total installed capacity of 572 MW, the acquisition of the Horus Project involving 11 wind power stations and one photovoltaic power station with a total installed capacity of 405 MW and the proposed acquisition of the Flores onshore wind power project with a total installed capacity of 181 MW. As we continue to expand our operations globally, we will enter into markets in which we have limited or no experience, and become increasingly exposed to a number of risks, including, but not limited to, the following:

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4 At an exchange rate of 3.7508 Brazilian reals to US$1.00, the exchange rate as set forth in the H.10 weekly statistical release of the Board of Governors of the Federal Reserve System of the United States on November 25, 2015.

- difficulty in managing multinational operations;
- difficulty or increased costs in ensuring compliance with environmental and tax regulatory regimes in different jurisdictions, some of which may be more stringent than the PRC's;
- difficulty with staffing and managing our overseas workforce, including complying with various labor regulatory requirements in different jurisdictions;
- changes in a specific country's or region's political and economic conditions or policies, as well as social conditions;
- difficulty in managing foreign exchange risks;
- challenges caused by distance, language, local business customs and cultural differences;
- difficulty in obtaining licenses, permits or other regulatory approvals from local
- authorities and in enforcing contractual or legal rights in certain jurisdictions;
- difficulty in collecting receivables from international customers;
- imposition of additional restrictions on currency conversion and remittances abroad and fluctuations in currency exchange rates;
- failure to establish appropriate risk management and internal control structures tailored to overseas expansions; and
- in the case of acquired business, failure to manage inherited liability.

Our failure to manage or respond to these risks or challenges may adversely affect the success of our global expansion, which in turn could materially and adversely affect our business, financial condition, results of operations and prospects.

We depend on grid companies to purchase electricity and provide electricity transmission services, which particularly affect our wind power and photovoltaic power projects due to strong domestic competition in wind power and photovoltaic power sales.

The transmission of the full output of our power projects may be curtailed as a result of unplanned outages due to system breakdowns, accidents and severe weather conditions and temporary interruptions due to repair and maintenance. In our domestic wind power and photovoltaic power business, we compete against other power projects for power sales. We cannot assure you that we will sell the full amount of the planned generation of our power projects. A reduction in demand in the amount of electric power relative to our power projects' planned generation could have a material adverse effect on our power generation and thus reduce our revenue.

Compliance with environmental regulations can be costly, and we may become subject to further environmental compliance requirements in connection with our operations, which could materially and adversely affect our results of operations and financial condition.

We are required to comply with PRC national and local regulations regarding environmental protection for the construction and operation of our power projects. In particular, the Three Gorges Project, owing to its large scale and the wide-ranging impact it has on the environment, surrounding ecosystems and human population, has faced significant environmental challenges and is subject to environmental regulations relating to all aspects of its operations. Furthermore, to the extent that our existing power projects may have been in compliance with PRC environmental protection laws and regulations at the time they were constructed, we cannot assure you that the PRC government will not require retroactive application of current laws and regulations to such older power projects. Compliance with environmental regulations can involve significant costs, and non-compliance with these regulations may result in adverse publicity, potentially significant monetary damages and fines and suspension of our business operations. In addition, if more stringent regulations are adopted in the future, the costs of compliance with these new regulations could be substantial. If we fail to comply with any future environmental regulations, we may be required to pay substantial fines, suspend production or even cease operations, and our reputation may be adversely affected.

Our business and business prospects rely in part on policy support from the PRC government, and our results of operations and financial condition may be materially and adversely affected if we lose such support.

National, provincial and local governments in China support the expansion of various renewable energies, including hydropower, wind power and photovoltaic power, which ease the approval process for facility acquisition, construction and financing. Under the PRC Renewable Energy Law and other relevant laws, expansion of hydropower, wind power and photovoltaic power generation is one of the priorities for the development of the nation's power supply. We currently enjoy several types of government support, including provision of bank loans, sometimes with higher interest reimbursement rates than those available to other private companies, policy support for grid companies to purchase all the power we generate and preferential tax treatment for some of our hydropower, wind power and photovoltaic power projects. If, for any reason, such as development of renewable energy production technologies or migration to other renewable energy sources, we lose such policy support, our results of operations and financial condition may be materially and adversely affected.

New lines of business may subject us to additional risks and uncertainties.

From time to time, we may enter into new lines of business, which involve additional risks and uncertainties. For example, although we have substantial experience in the development of hydropower, wind power and solar power projects, we have limited or no specific experience in the development of certain clean energy projects that we may pursue in the future. The development of clean energy power projects is a particularly high-risk and capital-intensive activity and we may lack the physical service infrastructure, knowledge and experience to develop certain clean energies, which increases both the financial and operational risk involved in such developments. As another example, we have recently entered into the ecological and environmental protection business, for which we have piloted the PPP model. The PPP model may involve uncertainties in predicting future income, a requirement for us to fund the initial development costs and a long payback period. In addition, this business is subject to credit risks of our contractual counterparties, changing governmental policies, and ability to pass on increases in costs to customers.

In addition, the management of our growth requires qualified personnel, systems and other resources, which we may not have or may not be able to easily obtain. Even though we believe that much of our experience is valuable for the development of clean energy projects generally, failure to successfully develop new and future clean energy projects or ecological and environmental protection business or integrate newly developed or acquired businesses could have a material adverse effect on our business and financial results.

The generation of wind power depends heavily on suitable wind conditions. If wind conditions are unfavorable or below our estimates, our power generation, and therefore our revenue, may substantially be below our expectations.

The electricity and revenue generated at a wind power project are highly dependent on climatic conditions, particularly wind conditions, which vary across seasons and regions and are difficult to predict. Turbines will only start to operate when the wind speed reaches a certain minimum velocity, and must be disconnected when the wind speed exceeds a certain maximum velocity to avoid damage. If wind speed falls outside the operating ranges, which vary by turbine model and manufacturer, the amount of electricity we generate will decrease or cease. We cannot assure you that the wind conditions at any given wind site will always fall within such ranges.

We base our investment decisions for each wind power project on the findings of feasibility studies conducted onsite before starting construction. However, actual climatic conditions at a wind site, particularly wind conditions, may not conform to the findings of these feasibility studies, and, therefore, our wind power projects may not meet anticipated generation levels, which could adversely affect our forecast profitability.

We cannot assure you that actual climatic conditions at any project site will conform to our assumptions during the project planning phase. As a result, we cannot guarantee that our wind farms will meet their anticipated electricity output. Our wind farms have natural seasonal variation that we track historically. In our wind farms in northern China, the seasons with the highest average wind speed are spring and autumn, whereas summer generally has the lowest average wind speed. In contrast, in our coastal wind farms, summer is the windiest season, generally allowing for an increase in power generation. If seasonal variations and fluctuations in the wind conditions in the regions in which we currently operate do not conform to our historical observations or do not meet our assumptions, we may experience unexpected fluctuations in the electricity output of our wind farms. Similarly, extreme wind or weather conditions could reduce our operational efficiency and power generation, which could materially and adversely affect our business, financial condition and results of operations.

We may fail to keep pace with technological changes in the rapidly evolving renewable energy industry.

The technologies used in the renewable energy industry are evolving rapidly, and in order to remain competitive and expand our business, we must be able to respond to these technological changes. We may be unable to update our technologies swiftly and regularly, possibly rendering our operations less competitive. Failure to respond to current and future technological changes in the renewable energy industry in an effective and timely manner may have a material adverse effect on our business, financial condition or results of operations.

Negative reports or allegations, whether substantiated or not, regarding the Three Gorges Project and our other projects may result in harm to our reputation, divert our management's time, and adversely affect our ability to raise funding or implement our future projects.

The Three Gorges Project, owing to its large scale and wide-ranging economic, social and environmental impact, has been the subject of significant debate and discussion since the initial planning stages, and there are certain third party and other sectors that continue to challenge and question various aspects of the Three Gorges Project in the media. In particular, there have been negative reports and allegations in various media sources regarding the Three Gorges Project, including its environmental and ecological impact, the resettlement of local residents and flooding of undiscovered archaeological and cultural sites, which, in most cases, we believe are unfair and fail to take into account the many benefits the Three Gorges Project has provided. The dissemination of negative press or public allegations about the Three Gorges Project, whether or not substantiated, may adversely affect public opinion about the Three Gorges Project and harm our reputation and the share price of CYPC. In addition, such negative publicity or allegations may require us to engage in defensive actions, which may divert our management's attention and result in an increase in our expenses and may adversely affect our ability to raise funding. Furthermore, as we continue to develop future projects, there may continue to be challenges and criticisms from third parties that result in further negative publicity and affect the implementation of our projects.

Our activities in certain countries that are the subject of U.S. sanctions could result in negative media and investor attention and adversely affect your investment in the Notes.

We engage, through our wholly owned subsidiary, CWE, and certain of our affiliates also engage, in limited international infrastructure contracting services in a few countries that are the subject of various United States economic sanctions regimes. The interpretation or implementation of government policy at the U.S. federal, state or local levels with respect to any current or future activities by us or our affiliates in countries that are the subject of U.S. sanctions may not be favorable to us. Although our overall operations and activities in these countries represent only a small percentage of our consolidated assets, revenue and net income, such activities may have an adverse effect on your investment in the Notes. It is possible that, as a result of activities by us or our affiliates in these countries, we may be subject to negative media or investor attention, which may distract management's attention, consume internal resources and affect investors' perception of our company. In addition, certain U.S. state and local governments and colleges have restrictions on the investment of public funds or endowment funds, respectively, in companies that are members of corporate groups with activities in certain countries that are the subject of U.S. sanctions and hence may materially and adversely affect our ability to raise financing.

There have been increased routine and/or ad-hoc examinations of PRC public accountants, and we cannot assure you there will not be negative news about our independent auditors.

In recent years, as part of an effort to improve effective regulatory oversight, PRC regulators have increased their examinations of PRC public accountants. As a result, auditors in China have been subject to more frequent examinations. For example, the CSRC issued warning letters（警示函）in December 2021 and November 2021 and issued administrative penalties in April 2022 and July 2021 to our current independent auditor, ShineWing, in respect of its audit work for certain companies unrelated to us. The aforementioned administrative measures were related to inadequate audit procedures on certain areas, and ShineWing has confirmed that rectifications have been made in accordance with the CSRC's recommendations. ShineWing has also confirmed to us that: (1) the CSRC has not raised follow-up or further comments on these companies; (2) ShineWing has paid all relevant penalties to the aforementioned administrative measures in full, and the CSRC has not made any further adverse decision or imposed any further penalties; and (3) ShineWing's audit teams involved in these companies are not related to its audit team serving as our independent auditors and hence, ShineWing's participation in this offering has not been affected by this incident.

Our independent auditors have re-examined the auditing work performed for us, including in respect of the financial statements included elsewhere in this Offering Circular, and confirmed to us that such auditing work is not affected by the above incidents and the audit reports included elsewhere in this Offering Circular remain valid and effective.

However, we cannot assure you that there will not be prolonged, broadened or new investigations against our independent auditors, or what the results or impact of the investigations will be. Furthermore, we cannot assure you that there would be no additional negative news about our independent auditors and that negative news about our auditors would not have a material and adverse effect on us. Potential investors must consider all the aforementioned factors when evaluating our financial statements and the audit reports included elsewhere in this Offering Circular and prior to making any investment decision.

RISKS RELATING TO THE POWER INDUSTRY

Competition in the PRC power industry may increase, and our results of operations and growth prospects may be materially and adversely affected if we are unable to compete effectively.

We compete in the Chinese domestic market with other PRC power generation companies primarily for securing natural resources and project development and acquisition opportunities. There are an increasing number of energy companies operating in China and globally that are starting to focus on the development of clean energy. In addition, we expect competition for natural resources and project development and acquisition opportunities to intensify as traditional energy resources become scarcer. Certain domestic and international power companies may have greater or comparable financial, infrastructure or other resources than we do. We may also face competition from new entrants to the hydropower industry having business objectives similar to ours and other operating businesses that may have greater financial resources. The ability of our competitors to access resources that we cannot access may prevent us from developing additional hydropower and other power projects in strategic locations or from increasing our generating capacity and revenue.

In addition, we currently compete against producers of electricity from other energy sources. In particular, other renewable energy technologies that we have yet to develop may become more competitive and attractive. Competition from such producers may increase if the technology used to generate electricity from these other renewable energy sources becomes more sophisticated and they are able to offer lower electricity prices. If we are unable to compete successfully, our growth opportunities to increase generating capacity may be limited and our revenue and profitability may be adversely affected. We cannot assure you that increased competition in the future will not have a material adverse effect on our results of operations and growth prospects.

Our business depends on the competitiveness of hydropower generation in relation to other forms of electric power generation.

The demand for power projects that produce electricity from renewable energy sources such as water depends in part on the cost of generation from other sources of energy. The terms under which supplies of petroleum, coal, natural gas and other fossil fuels, as well as uranium, can be obtained are key factors in determining the economic interest of using these energy sources rather than renewable energy sources. The principal energy sources in competition with renewable energy sources are petroleum, coal, natural and gas. The recent decrease of the price levels for fossil fuels, in particular coal and petroleum, can enhance the price competitiveness of other power. A decline in the competitiveness of electricity from renewable energy sources in terms of cost of generation, technological progress in the exploitation of other energy sources, discovery of large new deposits of oil, gas or coal, or a decline in prices of those fuels, could weaken demand for electricity generated from renewable energy sources.

In the renewable energy sector, competition primarily exists with regard to factors such as bidding for available sites, performance of sites in general, quality of technologies used, price of power produced and scope and quality of services provided, including operation and maintenance services. As the majority of our revenue is derived from our hydropower projects, a decline in the competitiveness of electricity generated from hydropower sources in terms of such factors could weaken demand for hydropower. Should hydropower generation become uncompetitive with other forms of renewable energy generation, or if fossil fuel production becomes more cost competitive, the construction of hydropower projects may slow, thus reducing our ability to grow our operations.

War and acts of terrorism could materially and adversely affect us.

We have operations and assets in various countries and regions, some of which have a high degree of political risk. We face the risks of kidnapping, damage to property and business interruption caused by war, regional conflicts, political turmoil, terrorism activities and strikes. These acts could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO DOING BUSINESS IN CHINA

Changes in PRC economic and political policies could have a material adverse effect on the overall economic growth of China, which could reduce the demand for electricity and other services and materially and adversely affect our power and other business.

A substantial majority of our operating businesses are based in China. As such, our business, financial condition, results of operations and prospects are affected significantly by economic, political and legal developments in China. China's economy differs from the economies of most developed countries in many aspects, including:

- the level of government involvement;
- the level of development;
- the economic growth rate;
- the level and control of capital investment;
- the control of foreign exchange; and
- the allocation of resources.

While the Chinese economy has grown significantly in the past two decades, the growth has been geographically uneven, among various sectors of the economy and during different periods. We cannot assure you that the Chinese economy will continue to grow or to do so at the pace that has prevailed in recent years, or that, if there is growth, such growth will be steady and uniform. The Chinese economy has been facing slowdown in growth, and this could have a negative effect on our business. It is uncertain whether various macroeconomic measures and monetary policies adopted by the PRC government will be effective in sustaining the fast growth rate of the Chinese economy. In addition, such measures, even if they benefit the overall Chinese economy in the long-term, may have a negative effect on us. For example, our results of operations and financial condition may be materially and adversely affected by government control over capital investments, and our ability to access bank financing may be adversely affected by continued tightening of the PRC's monetary policy.

A substantial portion of the productive assets in China is owned by the PRC government. The PRC government also exercises significant control over Chinese economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Any adverse change in the economic conditions or government policies in China could have a material adverse effect on the overall economic growth and the level of investments and expenditures in China, which in turn could lead to a reduction in demand for electricity and other services and consequently have a material adverse effect on our businesses.

Uncertainties with respect to the PRC legal system could limit the protections available to us.

The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since many laws, rules and regulations are relatively new, and as the PRC legal system continues to evolve rapidly, the interpretations of many laws, regulations and rules are not always uniform. Enforcement of these laws, regulations and rules involve uncertainties, which may limit legal protections available to us. For example, we may have to resort to administrative and court proceedings to enforce legal protections under law or contract. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate and predict the outcome of PRC administrative and court proceedings and the enforceability of rights in China as compared to more developed legal systems. These uncertainties may impede our ability to enforce contracts with current or future partners, service providers and suppliers. We cannot predict the effect of future developments in the PRC legal system, particularly with regard to the hydropower, wind power and photovoltaic power industries in China, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the pre-emption of local regulations by national laws. These uncertainties could limit the legal protections available to us. In addition, any litigation in China may be protracted and result in substantial costs and the diversion of our resources and management attention.

For example, the NDRC issued the NDRC Circular on September 14, 2015, which requires any issue of the offshore bonds or loans with a maturity of more than one year, regardless of whether they are denominated in RMB or a foreign currency, that are issued by an onshore entity or its controlled offshore branches and subsidiaries, including international bond issuances and mid- and long-term international commercial loans, shall be registered with the NDRC prior to the relevant issue and the particulars of the relevant issue shall be notified to NDRC within 10 business days after the completion of such issue. There is no clarity on the legal consequences of noncompliance with the post-issue notification requirement under the NDRC Circular. The SAFE issued the Notice on Further Advancing the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance(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)on January 26, 2017, which allows an issuer to repatriate funds raised in overseas lending secured by a domestic guarantor to the PRC directly or indirectly by way of domestic borrowing, equity or securities investment, or any other means. See "*Regulation – Regulations Relating to NDRC Registration.*"

Government control of currency conversion and future movements in exchange rates may adversely affect our business, results of operations and financial condition.

A portion of our Renminbi revenue may need to be converted into other currencies to meet our requirements for foreign currencies, including debt service on foreign currency-denominated debt, overseas development or acquisitions of power projects and purchases of imported equipment.

Foreign exchange transactions under the capital account, including principal payments with respect to foreign currency-denominated obligations, are subject to the approval requirements of the SAFE. In addition, the value of Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. Fluctuations in the exchange rate of Renminbi against the U.S. dollar and certain other foreign currencies may adversely affect our business, results of operations and financial condition.

Changes in PRC laws and regulations could have an adverse effect on our operations.

A significant percentage of our operations and assets are in the PRC. The PRC government exercises control over the PRC hydropower industry, including producing, distributing, pricing, taxing and allocating various resources. We have benefited from various favorable PRC government policies, laws and regulations that have been enacted to encourage the development of renewable energies. We cannot guarantee that the legal and fiscal regimes affecting our businesses will remain substantially unchanged or that we will continue to benefit from favorable PRC government policies. Any unfavorable changes to current laws, regulations and policies relevant to our business may have a material adverse effect on our business, results of operations and financial condition.

Under the EIT Law, the Issuer may be classified as a "resident enterprise" of the People's Republic of China. Such classification could result in unfavorable tax consequences for us and non-PRC noteholders.

Under the EIT Law, an enterprise established under the laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) with a "de facto management body" within the PRC may be treated as a "resident enterprise" for PRC enterprise income tax purposes. The Implementation Regulations define "de facto management" as "substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. The Issuer currently believes that it is not a PRC resident enterprise. However, there is uncertainty as to whether the Issuer will be treated as a PRC resident enterprise for the purpose of the EIT Law. If the PRC tax authorities determine that the Issuer is a PRC resident enterprise, a number of PRC tax consequences could result, as described below. As of the date of this Offering Circular, the Issuer has not been given notice or informed by the PRC tax authorities that it is considered a PRC resident enterprise for the purpose of the EIT Law. However, the Issuer cannot assure you that it will not be treated as a "resident enterprise" under the EIT Law. For further information, please see "*Taxation – The PRC.*"

Pursuant to the EIT Law and its Implementation Regulations, in the event the Issuer is deemed to be a PRC resident enterprise by the PRC tax authorities, the Issuer's worldwide income would be subject to PRC tax at a rate of 25%. In addition, in such case, income or gain from the Notes may be treated as derived from sources within the PRC and therefore the Issuer may be required to withhold tax at a rate of 10% from payments of interest in respect of the Notes to any non-PRC resident enterprise holders of the Notes, and any gain realized by a non-PRC resident enterprise from the transfer of the Notes may be subject to a 10% PRC tax (in each case, subject to the provisions of any applicable tax treaty) if such non-PRC resident enterprise does not have an establishment or place of business in the PRC or, despite the existence of an establishment or place of business in the PRC, the relevant income is not effectively connected with such establishment or place of business in the PRC. In the case of interest payments to, or gains realized by, individual holders of Notes, the tax described above may be imposed at a rate of 20%. Under the terms of the Notes, if the Issuer is treated as a PRC resident enterprise and payments to non-PRC holders of the Notes are subject to PRC withholding tax, or if the Guarantor makes a payment under the Guarantees, the Issuer or Guarantor, as the case may be, will, subject to certain exceptions, be required to pay such additional amounts as will result in receipt by each holder of any Note of such amounts as would have been received by such holder had no withholding been required. This requirement to pay additional amounts may have an adverse effect on our results of operations and financial condition. See "*Taxation – The PRC*" for further information. In the event that PRC tax is withheld from payments under the Notes, an overseas investor in the Notes may be required under the tax laws applicable to it in its home jurisdiction to include in its income the full amount of the payment, including the amount withheld, and may need to claim a foreign tax credit in such jurisdiction to preserve its after-tax yield. In addition, under the terms of the Notes, the Issuer may have the right to redeem the Notes in the event such additional amounts need to be paid unless they are in respect of PRC withholding tax imposed on a payment made by the Guarantor (but not the Issuer) at a rate of 10% or less. Holders of the Notes are therefore subject to reinvestment risk if the Issuer is deemed to be a PRC resident enterprise by the PRC tax authorities and redeems the Notes. See "*Risk Factors – Risks Relating to the Notes and Guarantees – The Issuer may be able to redeem the Notes in whole for tax reasons at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest*" for further information.

RISKS RELATING TO THE NOTES AND GUARANTEES

The Notes will be structurally subordinated to the existing and future indebtedness and other liabilities of our existing and future subsidiaries (other than the Issuer) and effectively subordinated to the Issuer's and our secured debt to the extent of the value of the collateral securing such indebtedness.

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

Consequently, except to the extent that the Issuer or we are creditors of that subsidiary, the Notes will be effectively subordinated to all of the Issuer's liabilities or any of those of our subsidiaries' and of any subsidiaries that we may in the future acquire or establish.

The Notes and the Guarantees are the Issuer's and our unsecured obligations and will: (i) rank equally in right of payment with all the Issuer's and our other present and future unsecured and unsubordinated indebtedness; (ii) be effectively subordinated to all of the Issuer's and our 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 our present and future unsecured subordinated obligations. As a result, claims of secured lenders, whether senior or junior, with respect to assets securing their loans will take priority with respect to those assets. In the event of the Issuer's or our bankruptcy, insolvency, liquidation, reorganization, dissolution or other winding up, or upon any acceleration of the Notes, these assets will be available to pay obligations on the Notes only after all other debt secured by these assets has been repaid in full. Any remaining assets will be available to you ratably with all of our other unsecured and unsubordinated creditors, including trade creditors. If there are not sufficient assets remaining to pay all these creditors, then all or a portion of the Notes then outstanding would remain unpaid.

The Notes do not restrict the Issuer's or the Guarantor's ability to incur additional debt, repurchase the Notes or repay other indebtedness or to take other actions that could negatively impact holders of the Notes.

The Issuer and the Guarantor are not restricted under the terms of the Notes and the Guarantees from incurring additional debt or from repurchasing the Notes or repaying other indebtedness. In addition, the covenants applicable to the Notes do not require the Issuer or the Guarantor to achieve or maintain any minimum financial results relating to their respective financial positions or results of operations. The Issuer's and the Guarantor's ability to recapitalize, incur additional debt and take other actions that are not limited by the terms of the Notes could have the effect of diminishing the Issuer's and the Guarantor's ability to make payments on the Notes and the Guarantees when due.

If the Guarantor fails to submit the Guarantees for registration with SAFE or complete the SAFE registration in connection with the Guarantees within the requisite time period, there may be logistical hurdles for cross-border payment under the Guarantees.

We will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Notes. We are required to register the Guarantees with the local SAFE in accordance with, and within the time period prescribed by, the Regulation on the Administration of Foreign Exchange for Cross-Border Guarantee. Although the Regulation on the Administration of Foreign Exchange for Cross-Border Guarantee provides that the non-registration does not render the Guarantees ineffective or invalid, SAFE may impose penalties on the Guarantor if registration is not carried out within the stipulated time-frame. In addition, if we fail to complete the SAFE registration, for holders of the Notes who choose not to exercise their option to require the Issuer to redeem their Notes, there may be logistical hurdles at the time of remittance of funds (if any cross-border payment is to be made by us under the Guarantees) as domestic banks may require evidence of SAFE registration in connection with the Guarantees in order to effect such remittance, although the Regulation on the Administration of Foreign Exchange for Cross-Border Guarantee provides that this does not affect the validity of the Guarantees themselves.

The Guarantees and the Indenture will be governed by the laws of the State of New York.

The Guarantees and the Indenture, which set out the terms of the Guarantees, will be governed by the laws of the State of New York. Judgments of foreign courts, including New York courts, are unlikely to be recognized or enforced in the PRC unless there is a treaty between China and the country where the judgment is made or on reciprocity between jurisdictions. China does not have any treaties or other agreements that provide for reciprocal recognition and enforcement of foreign judgments with the United States. As a result, you may need to pursue claims based on the Guarantees and the Indenture in the PRC courts.

The Issuer has no material assets and relies on the subsidiary of the Guarantor that the Issuer lends the proceeds from the Notes to and the Guarantor to make payment under the Notes.

The Issuer, a wholly owned indirect subsidiary of the Guarantor, will not conduct business or any other activities other than the offering, sale or issuance of indebtedness and the lending of the proceeds thereof to the Guarantor or any company controlled by the Guarantor and any other activities in connection therewith. The Issuer does not and will not have any material assets other than amounts due to it in respect of such intercompany loans, and the Issuer's ability to make payments under the Notes will depend on its receipt of timely payments from the relevant borrowers in respect of such intercompany loans.

The Notes and Guarantees are unsecured obligations.

As the Notes and Guarantees are unsecured obligations, the repayment of the Notes may be compromised if:

- we or the Issuer enter into bankruptcy, liquidation, reorganization or other winding-up proceedings;
- there is a default in payment under the Issuer's or our future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer's or our indebtedness.

Although we do not expect any of these events to occur with respect to the Issuer or the Guarantor, if any of them occur, the Issuer's and our assets and any amounts received from the sale of such assets may not be sufficient to pay amounts due on the Notes.

The ratings of the Notes may be lowered, suspended or withdrawn; changes in such credit ratings may adversely affect the value of the Notes.

The Notes are expected to be assigned a rating of "A1" by Moody's and "A+" by Fitch, respectively. Ratings are limited in scope, and do not address all material risks relating to an investment in the Notes, but rather reflect only the view of each rating agency at the time the rating is issued. An explanation of the significance of a rating may be obtained from the relevant rating agency. Ratings are not recommendations to buy, sell or hold securities, and there can be no assurance that ratings will remain in effect for any given period of time or that ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in each rating agency's judgment, circumstances so warrant. Each rating should be evaluated independently of any other rating. Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under further review for a downgrade, could affect the market value of your Notes and increase our corporate borrowing costs.

The Issuer may be able to redeem the Notes in whole for tax reasons at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest in certain circumstances.

As described under "*Description of the Notes – Optional Tax Redemption*," in the event that the Issuer or Guarantor is required to withhold from payments on the Notes and pay additional amounts with respect thereto as a result of changes in specified tax law or changes to an existing official position or the stating of an official position regarding the application or interpretation of such tax law (including in the event the Issuer is treated as a PRC resident enterprise and required to withhold taxes from payments on the Notes as a result of the stating of an official position), subject to certain exceptions, the Issuer may redeem the Notes in whole, but not in part, at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest.

The insolvency laws of the PRC may differ from those of other jurisdictions with which the holders of the Notes are familiar.

Because the Company is incorporated under the laws of the PRC, any insolvency proceeding relating to the Company would likely involve PRC insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Notes are familiar.

An active trading market may not develop for the Notes and the trading price of the Notes could be materially and adversely affected.

The Notes are a new issue of securities for which there is currently no trading market. Although application will be made to The Stock Exchange of Hong Kong Limited (the "**SEHK**") for the listing and quotation of the Notes on the SEHK, we cannot assure you that we will obtain or be able to maintain a listing of the Notes on the SEHK, or that, even if listed, a liquid trading market will develop. The liquidity of the Notes will be adversely affected if the Notes are held or allocated to limited investors. The Initial Purchasers have advised us that they presently intend to make a market in the Notes as permitted by applicable laws. However, the Initial Purchasers are not obligated to make a market in the Notes and may discontinue their market-making activities at any time at their discretion without notice. In addition, the liquidity of the trading market in the Notes, and the market price quoted for the Notes, may be adversely affected by changes in the overall market for securities and by changes in our financial performance or prospects of companies in our industry in general. As a result, we cannot assure you that an active trading market will develop or be maintained for the Notes. If a market for the Notes does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected. In addition, the Notes may trade at prices that are higher or lower than the price at which the Notes have been issued. The price at which the Notes trade depends on many factors, almost all of which are beyond our control, including:

- prevailing interest rates and interest rate volatility;
- our results of operations, financial condition and future prospects;
- changes in our industry and competition;
- the market conditions for similar securities; and
- general economic conditions such as the downgrade of the long-term sovereign credit rating of the U.S. and the ongoing European debt crisis.

As a result, there can be no assurance that you will be able to resell the Notes at attractive prices or at all.

Certain facts and statistics are derived from publications not independently verified by the Company, the Initial Purchasers or their respective advisors.

Facts and statistics in this Offering Circular relating to China's economy and the industries in which the Company operates are derived from publicly available sources. While the Company has taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such sources, they have not been independently verified by the Company, the Initial Purchasers or their respective advisors and, therefore, the Company makes no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside China. Due to ineffective calculation and collection methods and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced for other economies and should not be unduly relied upon.

Investment in the Notes may subject investors to foreign exchange risks.

The Notes are denominated and payable in U.S. dollars. If an investor measures its investment returns by reference to a currency other than U.S. dollars, an investment in the Notes entails foreign exchange-related risks, including possible significant changes in the value of the U.S. dollars to the currency by reference to which an investor measures its investment returns, due to, among other things, economic, political and other factors over which the Issuer has no control. Depreciation of the U.S. dollars against such currency could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss when the return on the Notes is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign exchange gains resulting from any investment in the Notes.

Holders of the Notes will not be entitled to registration rights, and we do not currently intend to register the Notes under applicable securities laws. There are restrictions on your ability to transfer or resell the Notes.

The Notes are being offered and sold pursuant to an exemption from registration under the Securities Act and applicable securities laws, and we do not currently intend to register the Notes in any jurisdiction. The holders of the Notes will not be entitled to require the Issuer to register the Notes for resale or otherwise. Therefore, you may transfer or resell the Notes only in a transaction registered under or exempt from the registration requirements of the Securities Act and applicable securities laws of your jurisdiction and/or state, and you may be required to bear the risk of your investment for an indefinite period of time. See "*Transfer Restrictions*."

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

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

You may experience difficulties in effecting service of legal process and enforcing judgments against us, our directors or senior management.

We are a company incorporated under the laws of the PRC and most of our assets and subsidiaries are located in China. Our directors and senior management reside within the PRC. The assets of these directors and senior management may also be located within the PRC. As a result, it may not be possible to effect service of process upon most of our directors and senior management outside the PRC. Moreover, the PRC does not have treaties providing for reciprocal recognition and enforcement of court judgments in the United States, the United Kingdom, Japan or most other countries. As a result, recognition and enforcement in the PRC of court judgments from the jurisdictions mentioned above may be difficult or impossible in relation to any matter that is not subject to a binding arbitration provision. See "*Enforcement of Civil Liabilities.*"

PRC corporate disclosure and accounting standards differ from IFRS.

We are a private company not listed on any stock exchange. There may be less publicly available information about us and our subsidiaries than is regularly made available by public companies in certain other countries, including those in the European Union. In addition, our financial statements are prepared and presented in accordance with PRC GAAP. PRC GAAP differs in certain respects from IFRS. See "*Description of Certain Differences Between PRC GAAP and IFRS.*"

The Issuer and the Company will follow the applicable corporate disclosure standards for debt securities listed on the SEHK, which standards may be different from those applicable to companies in certain other countries.

The Issuer and the Company will follow the applicable disclosure standards in relation to the reporting obligations in respect of the Notes to be listed on the SEHK. The disclosure standards imposed by the SEHK may be different from those imposed by securities exchanges in other countries or regions such as the United States or Europe. As a result, the level of information that is available may not correspond to what investors in the Notes are accustomed to.

USE OF PROCEEDS

The net proceeds we expect to receive from this offering, after deducting underwriting commissions and estimated offering expenses, will be approximately US$298.4 million. We intend to use the proceeds from this offering for refinancing of indebtedness and general corporate purposes.

EXCHANGE RATE INFORMATION

This Offering Circular contains translations of certain RMB and Euro amounts into U.S. dollar amounts at specified rates. Unless otherwise stated, all translations from Renminbi amounts to U.S. dollars were made at the rate of RMB6.3726 to US$1.00, the exchange rates as set forth in the H.10 weekly statistical release of the Board of Governors of the Federal Reserve System of the United States on December 30, 2021. We make no representation that the RMB or U.S. dollar amounts referred to in this Offering Circular could have been, or could be, converted into U.S. dollars or RMB, as the case may be, at any particular rate, the rates stated below, or at all. See "*Risk Factors – Risks Related to Doing Business in the PRC – Government control of currency conversion and future movements in exchange rates may adversely affect our business, results of operations and financial condition*" for discussions of the effects of fluctuating exchange rates and currency control on the value of your investment in the Notes.

China

The PBOC sets and publishes daily base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. The PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. From 1994 to July 20, 2005, the official exchange rate for the conversion of Renminbi to U.S. dollars remained generally stable. On July 21, 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 value of the Renminbi against the U.S. dollar appreciated on the same day by approximately 2% and has since appreciated significantly in general. The PBOC authorized the China Foreign Exchange Trading Center, effective since January 4, 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi on 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 the business day. On May 18, 2007, the PBOC announced that the floating band for the trading prices in the inter-bank foreign exchange market of the Renminbi against the U.S. dollar was to be expanded from 0.3% to 0.5% around the central parity rate, effective on May 21, 2007. In April 2012, this trading band has been widened to 1%, and in March 2014 it was widened further to 2%, which allows the Renminbi to fluctuate against the U.S. dollar by up to 2% above or below the central parity rate published by the PBOC. In August 2015, the PBOC changed the way it calculates the mid-point price of Renminbi against U.S. dollar, requiring the market-makers who submit for the PBOC's reference rates to consider the previous day's closing spot rate, foreign exchange demand and supply as well as changes in major currency rates. On December 11, 2015, China Foreign Exchange Trading Centre (the "**CFETS**"), a sub-institutional organization of the PBOC, published the CFETS Renminbi exchange rate index for the first time which weighs the Renminbi based on 13 currencies, to guide the market in order to measure the Renminbi exchange rate from a new perspective. In January and February 2016, Renminbi experienced further fluctuations in value against the U.S. dollar. From 1 January 2017, according to the sampling rule of "CNY versus FX currency pair listed on CFETS", CFETS will add 11 currencies newly listed on CFETS in 2016 and the number of basket currencies will increase from 13 to 24. Following the gradual appreciation against U.S. dollar in 2017, Renminbi experienced a recent depreciation in value against U.S. dollar followed by a fluctuation in 2018 and early 2019. On August 5, 2019, the PBOC set the Renminbi's daily reference rate above RMB7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. The PRC Government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future.

The following table sets forth the noon buying rate for U.S. dollars in New York City for cable transfer in Renminbi as certified by the Federal Reserve Bank of New York for customs purposes for the periods indicated as set forth in the H.10 statistical release of the Federal Reserve Board:

	Exchange Rate			
Period	**Period End**	**Average**[(1)]	**Low**	**High**
	(RMB per US$1.00)			
2017	6.5063	6.7350	6.4773	6.9575
2018	6.8755	6.6292	6.2649	6.9737
2019	6.9618	6.9014	6.6822	7.1786
2020	6.5250	6.8878	6.5208	7.1681
2021	6.3726	6.4446	6.3435	6.5716
2022				
January	6.3610	6.3556	6.3206	6.3822
February	6.3084	6.3436	6.3084	6.3660
March	6.3393	6.3446	6.3116	6.3720
April	6.6080	6.4310	6.3590	6.6243
May	6.6715	6.6990	6.6079	6.7880
June	6.6981	6.6952	6.6534	6.7530
July (through July 15)	6.7565	6.7190	6.6945	6.7565

(1) Annual averages are calculated using the average of month-end rates of the relevant year. Monthly averages are calculated using the average of daily rates of the relevant month.

CAPITALIZATION

The following table sets forth our consolidated capitalization under PRC GAAP as of December 31, 2021:

- on an actual basis; and
- on an as adjusted basis to give effect to the issuance of the Notes and the net proceeds of approximately US$298.4 million from such issuance after deducting the underwriting discounts and commissions and estimated offering expenses payable by us after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

	As of December 31, 2021			
	Actual		As Adjusted[1]	
	RMB	US$[2] (Unaudited)	RMB (Unaudited)	US$[2] (Unaudited)
		(In millions)		
Short-term Borrowing:				
Short-term borrowings	18,769.6	2,945.4	18,769.6	2,945.4
Non-current liabilities due within one year	54,967.4	8,625.6	54,967.4	8,625.6
Short-term bonds payable	23,996.9	3,765.6	23,996.9	3,765.6
Total Short-term Borrowings	**97,733.9**	**15,336.6**	**97,733.9**	**15,336.6**
Long-term Borrowings:				
Notes offered hereby	–	–	1,901.6	298.4
Long-term borrowings	213,906.2	33,566.6	213,906.2	33,566.6
Long-term and medium-term bonds	164,976.7	25,888.4	164,976.7	25,888.4
Other long-term borrowings	14,648.4	2,298.6	14,648.4	2,298.6
Total Long-term Borrowings	**393,531.3**	**61,753.6**	**395,432.9**	**62,052.0**
Total Owners' Equity	554,735.6	87,050.2	554,735.6	87,050.2
Total Capitalization[3]	**948,266.9**	**148,803.8**	**950,168.5**	**149,102.2**

(1) The "as adjusted" columns reflect estimated net proceeds received from the issuance of the Notes.

(2) Renminbi amounts are translated into U.S. dollars using RMB6.3726 to US$1.00, the exchange rate set forth in the H.10 weekly statistical release of the Board of Governors of the Federal Reserve System of the United States on December 30, 2021.

(3) Total capitalization equals the sum of total long-term borrowings plus total owners' equity.

Except as disclosed in this Offering Circular, there has been no material adverse change in our consolidated capitalization since December 31, 2021.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA AND OPERATING DATA

Except for amounts presented in U.S. dollars, the selected consolidated income statement data for each of the fiscal years ended December 31, 2019, 2020 and 2021 and the selected consolidated balance sheet data as of December 31, 2019, 2020 and 2021 have been extracted from the Company's audited consolidated financial statements.

The selected financial data below should be read in conjunction with the Company's consolidated financial statements, as well as the notes thereto, included elsewhere in this Offering Circular. The Company's consolidated financial statements as of and for the years ended December 31, 2019, 2020 and 2021 have been prepared and presented in accordance with PRC GAAP.

Selected Consolidated Income Statement Data

	Year ended December 31,			
	2019	2020	2021	
		RMB		*US$*
		(Audited)		*(Unaudited)*
		(In millions)		
Operating Revenue	99,239.4	111,638.1	136,027.3	21,345.7
Less: Operating costs	(49,308.3)	(51,300.9)	(69,866.6)	(10,963.6)
Taxes and surcharges	(2,321.1)	(2,386.9)	(2,600.0)	(408.0)
Selling and distribution expenses	(123.2)	(180.4)	(260.9)	(40.9)
General and administrative expenses	(4,230.7)	(4,920.8)	(6,800.1)	(1,067.1)
Research and development expenses	(224.3)	(288.5)	(738.5)	(115.9)
Financial expenses	(9,575.6)	(11,936.0)	(12,987.7)	(2,038.1)
Add: Other income	2,554.9	1,162.3	1,841.5	289.0
Investment income	8,770.0	14,227.0	15,814.6	2,481.6
Gains/losses from changes in fair value	(218.0)	265.7	1,275.0	200.1
Loss on impairment of credits	–	–	(368.4)	(57.8)
Loss on impairment of assets	(68.5)	(1,261.6)	(273.1)	(42.9)
Gains on disposal of assets	21.0	19.0	22.7	3.6
Operating Profit	44,515.6	55,037.0	61,085.8	9,585.7
Add: Non-operating income	2,454.7	202.3	829.9	130.2
Less: Non-operating expenses	(2,587.6)	(2,505.3)	(1,611.0)	(252.8)
Profit before income taxes	44,382.7	52,734.0	60,304.7	9,463.1
Less: Income tax expenses	(8,110.1)	(9,284.2)	(10,059.6)	(1,578.5)
Net Profit	36,272.6	43,449.8	50,245.1	7,884.6
Attributable to owners of the Company	24,588.5	28,431.0	32,474.6	5,096.0
Attributable to non-controlling interests	11,684.1	15,018.8	17,770.5	2,788.6

Selected Consolidated Balance Sheet Data

	Year ended December 31,			
	2019	2020	2021	
		RMB		*US$*
		(Audited)		*(Unaudited)*
		(In millions)		
Total Current Assets	83,780.5	87,823.8	140,258.9	22,009.7
Total Non-current Assets	753,779.5	881,919.5	1,014,051.9	159,126.9
Total Assets	837,560.0	969,743.3	1,154,310.8	181,136.6
Total Current Liabilities	118,025.4	157,095.4	189,743.5	29,774.9
Total Non-current Liabilities	296,343.7	334,831.3	409,831.7	64,311.5
Total Liabilities	414,369.1	491,926.7	599,575.2	94,086.4
Total Owners' Equity Attributable to the Company	305,963.6	336,291.8	364,275.2	57,162.8
Non-controlling Interests	117,227.3	141,524.8	190,460.4	29,887.4
Total Owners' Equity	423,190.9	477,816.6	554,735.6	87,050.2
Total Liabilities and Owners' Equity	837,560.0	969,743.3	1,154,310.8	181,136.6

Other Financial Data

	Year ended December 31,			
	2019	2020	2021	
		RMB		US$
		(In millions, except percentages and ratios) (Unaudited)		
EBITDA[1]	66,443.7	75,583.1	86,472.7	13,569.5
EBITDA margin[2]	67.0%	67.7%	63.6%	63.6%
Net profit margin[3]	36.6%	38.9%	36.9%	36.9%
Total interest[4]	13,187.0	14,480.3	17,660.7	2,771.3
Total debt[5]	345,164.2	416,175.5	491,265.2	77,090.2
Total cash[6]	44,164.7	37,825.4	41,916.2	6,577.6
Net debt[7]	300,999.5	378,350.1	449,349.0	70,512.7
Net debt/EBITDA (ratio)	4.5	5.0	5.2	5.2
EBITDA/Total interest (ratio)	5.0	5.2	4.9	4.9
Funds from operation[8]	37,102.9	44,780.6	52,569.9	8,249.4
Funds from operation/Net debt	12.3%	11.8%	11.7%	11.7%
Weighted average cost of financing	4.00%	3.55%	3.53%	3.53%

(1) EBITDA for any period is calculated as operating profit adjusted for investment income (except cash dividends), gains/losses from changes in fair value, impairment losses, interest expenses and depreciation and amortization. EBITDA is a widely used financial indicator of a company's ability to incur and service 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 our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, we believe that investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. We have included EBITDA because we believe that it is a useful supplement to the cash flow data as a measure of our performance and our 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 our EBITDA to EBITDA presented by other companies because not all companies use the same definitions.

(2) EBITDA margin is calculated as EBITDA divided by operating revenue.

(3) Net profit margin is calculated as net profit divided by operating revenue.

(4) Total interest consists of interest expenses and capitalized expenses during any specified period.

(5) Total debt consists of all short-term borrowings, long-term borrowings, long-term debt due within one year, short-term bonds payable, bonds payable due within one year and bonds payable.

(6) Total cash is calculated as cash at bank and on hand less the restricted bank balances.

(7) Net debt is calculated as total debt minus cash.

(8) Funds from operation is calculated as net cash flow from operating activities minus decrease in inventories, decrease in operating receivables, increase in operating payables, interest payments and dividends paid to non-controlling interests and plus cash dividends received.

The following table sets forth the breakdown of our indebtedness by types as of December 31, 2021.

	Total RMB	Total US$ equivalents	Percentage of
		(Unaudited) (In millions)	
Short-term borrowings	18,769.6	2,945.4	3.8%
Long-term borrowings due within one year	28,091.5	4,408.1	5.7%
Long-term borrowings due over one year	228,554.6	35,865.2	46.6%
Short-term bonds payable	23,996.9	3,765.6	4.9%
Bonds payable	191,852.6	30,105.9	39.0%
Total	**491,265.2**	**77,090.2**	**100.0%**

The following table sets forth the breakdown of our indebtedness by loan and bonds types as of December 31, 2021.

	Total RMB	Total US$ equivalents	Percentage of
		(Unaudited) *(In millions)*	
Bonds	215,849.5	33,871.5	43.9%
Loan	275,415.7	43,218.7	56.1%
Total	**491,265.2**	**77,090.2**	**100.0%**

The following table sets forth the breakdown of our indebtedness by maturity as of December 31, 2021.

	Total RMB	Total US$ equivalents	Percentage of
		(Unaudited) *(In millions)*	
One year or less	97,733.9	15,336.6	19.9%
Over one year to five years	259,024.1	40,646.5	52.7%
Over five years	134,507.2	21,107.1	27.4%
Total	**491,265.2**	**77,090.2**	**100.0%**

The following table sets forth the breakdown of our fixed rate and floating rate indebtedness as of December 31, 2021.

	Total RMB	Total US$ equivalents	Percentage of
		(Unaudited) *(In millions)*	
Fixed rate	255,512.2	40,095.4	52.0%
Floating rate	235,753.0	36,994.8	48.0%
Total	**491,265.2**	**77,090.2**	**100.0%**

The following table sets forth the breakdown of our indebtedness by currency as of December 31, 2021.

	Total RMB	Total US$ equivalents	Percentage of
		(Unaudited) *(In millions)*	
Renminbi	409,326.0	64,232.2	83.3%
U.S. dollar	49,796.3	7,814.1	10.2%
Euro	22,776.8	3,574.2	4.6%
BRL	4,997.4	784.2	1.0%
PEN	4,368.7	685.5	0.9%
Total	**491,265.2**	**77,090.2**	**100.0%**

The following table shows a breakdown of our domestic and international revenue and assets:

	Year ended/As of December 31,					
	2019		**2020**		**2021**	
	(Unaudited) *(RMB in millions, except percentages)*					
Operating revenue:						
China	80,098.7	80.7%	91,078.3	81.6%	112,978.0	81.3%
Overseas	19,140.7	19.3%	20,559.8	18.4%	23,049.3	16.9%
Total	**99,239.4**	**100.0%**	**111,638.1**	**100.0%**	**136,027.3**	**100.0%**
Assets:						
China[(1)]	691,354.5	82.5%	793,512.3	81.8%	965,101.1	83.6%
Overseas[(2)]	146,205.5	17.5%	176,231.0	18.2%	189,209.7	16.4%
Total	**837,560.0**	**100.0%**	**969,743.3**	**100.0%**	**1,154,310.8**	**100.0%**

(1) China assets refer to the assets of our group except CTGI, CWE, Three Gorges Finance (HK) Limited, Hubei Energy International Investment (HK) Company Limited and China Yangtze Power International (Hongkong) Co., Ltd.

(2) Overseas assets refer to the assets of CTGI, CWE, Three Gorges Finance (HK) Limited, Hubei Energy International Investment (HK) Company Limited and China Yangtze Power International (Hongkong) Co., Ltd.

Our overseas net profit[5] amounted to 13.7% of our total net profit in 2021.

Selected Operating Data

Installed Capacity and Annual Power Generation

The following table sets forth (i) our aggregate consolidated installed capacity in the PRC and as compared with the total installed capacity of the PRC as of December 31, 2019, 2020 and 2021 and (ii) our aggregate annual power generation in the PRC with the total annual power generation of the PRC in 2019, 2020 and 2021:

	2019		2020		2021	
	Group[(2)]	Percentage of PRC Total[(1)]	Group[(2)]	Percentage of PRC Total[(1)]	Group[(2)]	Percentage of PRC Total[(1)]
Aggregate[(2)] Consolidated Installed Capacity (MW)	65,607.2	3.3%	78,115.2	3.5%	98,333.2	4.1%
Hydropower	49,450.1	13.9%	56,700.1	15.3%	67,201.7	17.2%
Wind Power	6,812.5	3.2%	9,656.1	3.4%	15,179.6	4.6%
Solar Power	4,714.7	2.3%	7,129.0	2.8%	11,322.0	3.7%
Thermal	4,630.0	0.4%	4,630.0	0.4%	4,630.0	0.4%
Aggregate[(2)] Annual Power Generation (TWH)	254.3	3.5%	295.0	3.90%	332.0	4.0%
Hydropower	216.7	17.6%	252.8	18.70%	275.7	20.6%
Wind Power	14.0	3.5%	17.1	3.70%	24.4	3.7%
Solar Power	5.7	2.5%	7.2	2.80%	10.9	3.3%
Thermal	17.9	0.3%	17.9	0.30%	21.0	0.4%

(1) Source for PRC total amounts: China Electricity Council (the installed capacity amounts are approximate amounts).

(2) Includes hydropower, wind power, solar power, thermal power and other.

The following tables shows the power generation of our four major hydropower projects in operation along the Yangtze River, the Three Gorges Project, the Gezhouba Project, the Xiangjiaba Project and the Xiluodu Project.

	2019	2020	2021
Aggregate Annual Power Generation (TWH)	210.5	226.9	208.3
The Three Gorges Project	96.9	111.8	103.6
The Gezhouba Project	19.1	18.6	19.3
The Xiangjiaba Project	33.7	33.1	30.1
The Xiluodu Project	60.8	63.4	55.4

We are expanding our footprint internationally. The following table shows our aggregate consolidated installed capacity as of December 31, 2019, 2020 and 2021as well as our aggregate annual power generation in 2019, 2020 and 2021, respectively:

	2019	2020	2021
Aggregate Consolidated Installed Capacity (MW)	74,956.0	87,603.9	109,368.2
China	65,607.2	78,115.2	98,333.2
Overseas	9,348.8	9,486.8	11,035.0
Aggregate Annual Power Generation (TWH)	289.5	330.5	363.3
China	254.3	295.0	332.0
Overseas	35.2	35.5	31.3

5 Overseas assets refer to the assets of CTGI, CWE, Three Gorges Finance (HK) Limited, Hubei Energy International Investment (HK) Company Limited and China Yangtze Power International (Hongkong) Co., Ltd.

Hydrological Data

The power generation of the Three Gorges Project, the Gezhouba Project, the Xiangjiaba Project and the Xiluodu Project is primarily affected by the water flow of the Yangtze River. The table below sets forth the hydrographical data of the Yangtze River during the past three years.

	Water Flow of the Yangtze River*							
	Average Water Flow (m^3/s)			Average (from 2019 to 2021)	Actual Water Inflow (billion m^3)			Average (from 2019 to 2021)
	2019	**2020**	**2021**	**(m^3/s)**	**2019**	**2020**	**2021**	**(m^3/s)**
Q1	6,720	6,970	6,470	6,720	523	548	503	525
Q2	13,500	12,100	11,300	12,300	1,064	951	888	968
Q3	22,800	34,000	27,800	28,200	1,809	2,700	2,208	2,239
Q4	11,600	13,200	11,800	12,200	919	1,048	938	968
Full Year	**13,700**	**16,600**	**14,400**	**14,900**	**4,314**	**5,247**	**4,536**	**4,699**

Source: Bureau of Hydrology, Yangtze River Water Resources Commission

* Water flow measured at approximately 45 kilometers downstream of the Three Gorges Project dam site.

This section sets forth a summary of the most significant PRC regulations that affect our business and the industry in which we operate.

The PRC

We operate our business in China under a legal regime consisting of the State Council, or PRC government, and several ministries and agencies under its authority, including the TGPCC, the NDRC, the NEA, (the former SERC was merged into the NEA and dissolved in 2013), the MEP, the MWR, the MNR, the MOF and the SAT. From time to time, these regulatory authorities issue rules and regulations applying to our business, which govern a wide range of areas including, among other things, project approvals, power generation, transmission and dispatch, on-grid tariffs and environmental protection and safety. In addition, our operations are subject to taxes and other fees in the PRC and the general laws and regulations without industry-specific requirements.

PRC POWER INDUSTRY REGULATORY ENVIRONMENT

Overall Regulatory Scheme in the PRC Power Industry

The regulatory framework of the PRC power industry is mainly codified in the Electric Power Law (revised and effected on August 27, 2009, April 24, 2015 and December 29, 2018) and the Regulation on Electric Power Supervision, which became effective on May 1, 2005. One of the main purposes of the Electric Power Law is to protect the legitimate interests of investors, operators and users and to ensure the safety of power operations. The Electric Power Law also states that the PRC government encourages and supports power generation by utilizing renewable and clean energy. The Regulation on Electric Power Supervision sets forth regulatory requirements for many aspects of the power industry, including, among others, the issuance of electric power business permit, the regulatory inspections of power generators and grid companies and the legal liabilities resulting from violations of the regulatory requirements.

Electric Power Business Permit

Pursuant to the former SERC's Provisions on the Administration of the Electric Power Business Permit (the "**Permit Provisions**"), which became effective on December 1, 2005 and was amended on May 30, 2015, the PRC power industry adopted the market-access permit system in respect of the electric power business. Pursuant to the Permit Provisions, unless otherwise provided by the former SERC (now the NEA), no entity or individual in the PRC may engage in any electric power business (including power generation, transmission, distribution and sales) without obtaining an electric power business permit granted by the former SERC (now the NEA). Applicants for the electric power business permit to conduct power generation business must submit relevant evidentiary documents to the former SERC (now the NEA) in respect of the power project's construction, the power facilities' generation capacity and power project's environmental compliance. The former SERC (now the NEA) will grant the electric power business permit to the applicants after examination and satisfaction of the application materials. The electric power business permit is valid for 20 years and may be renewable subject to the approval of the former SERC (now the NEA).

Pursuant to the NEA's Notice on Implementing the Reform Spirit of "streamline administration, delegate powers, and improve regulation and services" and Optimizing the Administration of Electric Power Business Permit, which became effective on March 23, 2020, the NEA simplifies the procedures for applications for electric power business permit for generation. Measures for the Supervision and Administration of Electric Power Business Permit was promulgated by the NEA on December 25, 2020, which refined the supervision and management of Electric Power Business Permit.

The Circular on Issues Concerning Strengthening Licensing and Supervision of Power Generation Enterprises, which was promulgated by the NEA and became effective on December 8, 2016, further emphasized the implementation of electric power business permit system, strengthened the supervision of overdue generating sets, and clarified the relevant licensing requirements of the continued operation of generating sets.

Dispatch

To achieve more efficient and reasonable electricity dispatch, the State Council promulgated the Regulations on the Administration of Electric Power Dispatch to Power Grids (the "**Dispatch Regulations**"), effective as of November 1, 1993 and revised on January 8, 2011. The former Ministry of Power Industry (whose major function is now performed by the NEA) promulgated the Implementation Measures on the Regulations on the Administration of Electric Power Dispatch to Power Grids on October 11, 1994. Pursuant to the Dispatch Regulations, all power generation entities and power grid entities must comply with the centralized dispatch of the dispatch centers. The dispatch centers shall be responsible for the administration and dispatch of power distribution to the grids by the power stations. Pursuant to the Dispatch Regulations and its implementation measures, dispatch centers are established at each of five levels: (i) dispatch centers of the national power grids ("**national dispatch centers**"); (ii) dispatch centers of the power grids of inter-provinces, autonomous regions and municipalities directly under the PRC national government ("**inter-provincial dispatch centers**"); (iii) dispatch centers of the power grids of provinces, autonomous regions and municipalities directly under the PRC national government ("**provincial dispatch centers**"); (iv) dispatch centers of the power grids of provincial cities ("**city-level dispatch centers**"); and (v) dispatch centers of the county power grids ("**county-level dispatch centers**"). Inter-provincial power grid administrative departments and provincial-level power grid administrative departments shall formulate power generation and power supply plans and file the power generation and power supply plans with the power administrative department of the State Council for record. The inter-provincial power grid administrative departments and provincial- level power grid administrative departments shall formulate power generation and power supply plans, and dispatch centers shall formulate power generation and power supply dispatch plans based on the plans issued by the PRC national government, the relevant power supply agreements and grid interconnection agreements, and the equipment capability of the power grids. Dispatch centers shall formulate power generation dispatch plans by day, month and year for local power stations to implement.

Pursuant to the Notice on Strengthening and Standardizing the Administration on Power Grid Planning and Investment jointly issued by the NDRC and NEA on May 28, 2020, during the formulation process of grid plan, the total planned investment and new transmission and distribution capacity should be measured, and the impact of the implementation of the plan on transmission and distribution prices should be assessed. In principle, for transmission and distribution infrastructure projects with a capacity of 110 kV (66 kV) and above, the plan should specify the project construction arrangements. For the rest of the infrastructure projects, such as transmission and substation projects with a capacity of 35 kV and below, the scale of construction shall be clearly defined in the plan. For all kinds of technical transformation projects, the plan should specify the goal and scale of technical transformation. On this basis, the provincial energy authorities may further consider improving the depth requirements for the preparation of the provincial power grid plan.

On-grid Tariff

The Electric Power Law sets out the general principles for the determination of on-grid tariffs, according to which on-grid tariffs are to be set to provide reasonable compensation for costs and a reasonable return on investment, to share expenses fairly and to promote the construction of future power projects. The on-grid tariffs of power stations, the supply power tariffs between the grid companies and the sales power tariffs of the grid companies are based on a centralized policy, fixed in accordance with a unified principle and administered at different levels. The on-grid tariffs are subject to review and approval by the NDRC and other competent pricing administration authorities.

The Power Tariff Reform Plan (the "**Reform Plan**"), approved by the State Council in July 2003, sets forth the long-term objective to establish a standardized and transparent on-grid tariff-setting mechanism.

Pursuant to the Circular on Several Issues Concerning the Administration of Electricity Energy Transaction Prices, jointly issued by the NDRC, the former SERC and the NEA on October 11, 2009, after starting commercial operation of the power generating units, all on-grid power other than the interprovincial or cross-regional electricity energy transactions shall be priced in accordance with the tariffs set by the pricing administration authorities of the government unless otherwise provided by the PRC national government. Before the commercial operation of the power generating units, the on-grid tariffs during the trial operation shall be a certain percentage of the local benchmark on-grid tariff of thermal power, i.e., in the case of hydropower projects, the on-grid tariff during the trial period is 50% of the local benchmark on-grid tariff of thermal power; in the case of other renewable power projects, generating units are subject to the on-grid tariff approved by the relevant pricing administration authorities from the date when they begin to transmit electric power to the grid. As to the interprovincial or cross-regional electricity energy transactions, the settlement tariff shall be subject to the state-fixed tariff, or in the absence of state-fixed tariff, be fixed by the supplier and purchaser through consultation with reference to the average on-grid tariff of the dispatching grid and average purchasing tariff of the receiving grid under the guidance of provincial pricing administration authorities and the power supervision and administration departments.

Pursuant to the Several Opinions on Further Deepening the Reform of the Electric Power System jointly issued by the Central Committee of the Communist Party of the PRC and the State Council on March 15, 2015, the tariff for power generation and sale will gradually be determined by the market except that the tariff for power used for residential, agricultural, major public utility and public welfare service purposes will be determined by the government. In addition, the tariff setting mechanism for power transmission and distribution which is based on the principle of "the permitted costs plus reasonable profits" and differentiation of voltage levels will be gradually accepted from the currently fixed power transmission and distribution tariff independently.

Pursuant to the Circular on Relevant Issues Concerning Improving the Tariff Setting Mechanism for Interprovincial or Cross-Regional Power Transaction issued by the NDRC on May 5, 2015, the quantity and the tariff for interprovincial or cross-regional power transmission shall be determined through the consultation between the buyer and seller based on the principle of "risk-sharing, benefit-sharing," or determined by market transactions, and corresponding tariff adjustment mechanism shall be established. For the tariff of interprovincial or cross-regional power transaction that has been approved by the government, the buyer and seller may negotiate for and adopt new tariff, which shall be filed with the NDRC and the NEA. In accordance with the Certain Results of Negotiations on Tariffs for Interprovincial or Cross-regional Power Transaction, which is the attachment to such Circular, from April 20, 2015, the on-grid tariff of power produced by Xiangjiaba Project and Xiluodu Project is RMB0.3149/KWH for transmission to Shanghai, RMB0.3391/KWH for transmission to Zhejiang, RMB0.3565/KWH for transmission to Guangdong. The power from on-grid gateway of Xiangjiaba Project and the generators located on the left bank of Xiluodu Project shall be settled at the on-grid tariff of RMB0.3218/KWH, and the power from the on-grid gateway of the generator located on the right bank of Xiluodu Project shall be settled at the on-grid tariff of RMB0.3421/KWH.

The NDRC and the NEA jointly issued the Circular on Issuing Supportive Documents for Electric Power System Reforms on November 26, 2015, which includes six supportive documents to prompt the electric power system reform. The Implementation Measures on Promoting the Reform of Power Transmission and Distribution Tariff, one of six supportive documents, provides main measures to promote the reform of power transmission and distribution tariff, including gradually expanding the scope of pilots programs for power transmission and distribution tariff reform, undertaking to calculate the power transmission and distribution tariff carefully, promoting the reform of cross subsidy in a classified manner and clarifying the power transmission and distribution tariff policy for direct power transaction in the transitional period.

The NDRC and the NEA jointly issued the Opinions on Deepening the Experimental Work of Constructing the Electricity Spot Market on July 31, 2019, which aims at establishing a power market with medium and long-term transactions as the mainstay and the electricity spot market as a supplement, and improving the market-based power balance mechanism and price formation mechanism. In the electricity spot market, the power suppliers can unilaterally propose the electricity volume and price, and the consumers are the market price receiver. Some districts may allow the electricity consumers to propose the electricity volume together with or without price. The price generated by the above mentioned mechanism shall be used as the basis for the settlement price of electricity in the electricity spot market, which is also subject to the electricity spot market limit price to be determined according to the principle of promoting clean energy and stagger of power consumption and preventing abnormal price fluctuations.

Guiding Opinions of the National Development and Reform Commission on Deepening the Reform of the Feed-in Tariff Formation Mechanism for Coal-fired Power, effective as of January 1, 2020, aims at improving the coal-fired power feed-in tariff information mechanism, the coal-electricity pricing linkage mechanism would be abolished, and the existing benchmark feed-in tariff mechanism would be replaced by a market-based price formation mechanism that combines the "benchmark price and upward and downward float ranges". The benchmark price should be determined based on the existing local coal-fired power feed-in tariffs; the range of upward fluctuations is 10%, and that of downward fluctuations should not exceed 15%, in principle. The actual electricity price should be determined by power generators, power sales companies and consumers through consultation or via auction, but will not be increased next year. The existing catalogue tariffs will continue to be applicable to household, agriculture and other sectors affecting people's livelihood. Circular of the National Development and Reform Commission on Further Stepping up the Market-oriented Reform of On-grid Tariffs for Coal-fired Power Generation, effective as of October 15, 2021, further releases the on-grid tariff for all coal-fired power generation and expands the range of fluctuation to no more than 20% in principle.

Regulations on Renewable Energies

Overall Regulatory Scheme

The Outline of the Development of New and Renewable Energies, effective as of January 5, 1995, provides that the principle for the development of the energy industry in the PRC is to save energy, enhance the efficiency of the usage of energy, and substitute clean energy as much as possible for high-carbon mineral fuel.

The Energy Conservation Law of the PRC, adopted by the Standing Committee of the Eighth National People's Congress on November 1, 1997 and amended on October 28, 2007, July 2, 2016 and October 26, 2018, provides that saving energy is a fundamental policy of the PRC.

The Renewable Energy Law of the PRC, adopted by the Standing Committee of the Tenth National People's Congress on February 28, 2005 and amended on December 26, 2009, provides for the regulatory framework for the development and use of renewable energies. Renewable energies include wind energy, solar energy, hydraulic energy, biomass energy, geothermal energy, ocean energy and certain other types of non-fossil energy. The law states that the PRC government will give priority to the development and utilization of renewable energies and will promote the establishment and development of the renewable energies market through setting the target for the total quantity of renewable energies to be developed and utilized and other relevant measures.

In accordance with the Renewable Energy Law, the NDRC promulgated the Catalog for Guiding the Development of Renewable Energy Industry (the "**Renewable Energy Catalog**") on November 29, 2005. The Renewable Energy Catalog sets forth 88 types of projects relating to renewable energies including wind energy, solar energy, biomass energy, geothermal energy, ocean energy and hydraulic energy, which may be entitled to preferential tax treatment or preferential loans if other requirements are satisfied. For projects listed in the Renewable Energy Catalog which are deemed to be worthy of being promoted to large-scale use, the relevant departments of the State Council will set forth preferential treatment in respect of technical development, project demonstration, taxation, pricing, marketing and sale, import and export and others.

Pursuant to the Energy Development Twelfth Five-Year Plan approved by the State Council, non-fossil energy consumption will take up 11.4% of the total primary energy consumption in the PRC and the installed capacity of power generation using non-fossil energy is expected to reach 30% of the total installed capacity of power generation in China by 2015, of which the installed capacities of hydropower, wind power and solar power are expected to reach 290,000 MW, 100,000 MW and 21,000 MW, respectively. In December 2016, the NDRC promulgated the Renewable Energy Development Thirteenth Five-Year Plan, according to which, non-fossil energy consumption is expected to take up 15% of the total primary energy consumption in the PRC by 2020, of which the installed capacities of hydropower, wind power and solar power are expected to reach 340,000 MW, 210,000 MW and 110,000 MW, respectively.

Pursuant to the 2014-2020 Action Plan for Energy Development Strategy approved by the State Council, non-fossil energy consumption is expected to take up 15% of the total primary energy consumption in China by 2020, and the installed power generation capacities of conventional hydropower, wind power and photovoltaic power are expected to reach 350,000 MW, 200,000 MW and 100,000 MW, respectively.

Pursuant to the Guiding Opinions of the National Energy Administration on Establishing a Guiding System for Renewable Energy Development and Unitization Targets, approved by the NEA on February 29, 2016 (the "**Guiding Opinions**"), the power generation enterprises in the PRC are obliged to achieve the threshold proportionality of the use of non-hydro renewable energy set by local NEA authorities in their power generation processes. According to the Guiding Opinions, for all power generation enterprise (except those limited enterprises using only non-fossil-fuel energy) in the PRC, the power generation using non-hydro renewable energy shall amount for 9% of their aggregate annual power generation by 2020. The Guiding Opinions also urged local NEA authorities to establish the monitoring and assessment system of the development and use of renewable energy and make strategic plans to promote the use of renewable energy throughout the society.

The Administrative Measures for the Guaranteed Purchase of Renewable Energy-generated Power in Full Amount approved by NDRC on March 24, 2016, provides further details relating to full amount guaranteed purchase of wind power generation, solar power generation, biomass power generation, geothermal power generation, and ocean power generation. Subject to the benchmark on-grid tariff determined by the State (or ascertained power-plant on-grid tariff) and designed average utilization hours, preferential generation system and guaranteed full-amount purchase in respect of hydroelectric generation shall be implemented through various ways, for instance, carrying out long-term agreements on purchases and sales of power, preferentially arranging annual power generation plan and participating in spot market transaction.

Project Approval

The Provisions on the Administration of Power Generation from Renewable Energy, promulgated by the NDRC on January 5, 2006, provides that hydropower projects on major rivers, hydropower projects with the total installed capacity of 250 MW or above and wind power projects with total installed capacity of 50 MW or above are subject to the approval by the NDRC, while other power generation projects are subject to approval by the provincial development and reform administrations and a report on approval of such projects shall be filed with the NDRC. Filing with and approval by the NDRC are required for other renewable projects including biomass, geothermal, oceanic and solar power projects if the owners of such projects apply for support of government policies and funding.

The Interim Measures for the Administration of the Development and Construction of Wind Power Projects, promulgated by the NEA on August 25, 2011, provides that the provincial programs of wind farm s are required to be filed for record with the energy administration of the State Council, and projects listed in the annual development plan of local wind farms are eligible for price subsidies granted by the national fund for renewable energy development only after they are filed with the energy administration under the State Council. Before starting preparation work for the construction, developers of wind power projects must apply to and obtain from a competent energy administration at the provincial level or above an approval for carrying out the preparation work. In addition, the wind power projects approved by competent investment administration departments at the provincial level must be carried out pursuant to the programs and the annual development plan of wind farms already filed with the energy administration under the State Council.

The Administrative Measures for the Development and Construction of Offshore Wind Power Projects, jointly promulgated by the NEA and the State Oceanic Administration (which was merged into the Ministry of Natural Resources and dissolved in 2018) on December 29, 2016 (the "**New Measures"**), defines the offshore wind power projects as projects located at sea areas where the coastal line is below the average level of spring tide and high tide over a multiple year period, including projects located on uninhabited islands in the corresponding sea area. An offshore wind power project should be no less than 10 kilometers from the shore, and water should be no less than 10 meters deep if the beach measures more than 10 kilometers in width in principle. The NEA uniformly organizes preparation and management of national off-shore wind power development planning, and together with the State Oceanic Administration, reviews and approves the offshore wind power plans of every province (autonomous region, province-level municipality). The provincial and lower-level energy regulatory authorities are entitled to conduct wind power project approval according to the plan approved by the NEA and the documents on approval of such projects shall be open to the public and filed with the NEA and the ocean department at the same level. The enterprises engaged in the development and investment of the offshore wind power projects are encouraged to be selected through a tender process originated by provincial-level (autonomous region, province-level municipality) energy regulatory authorities. Important considerations for the tender include the on-grid tariff, the project plan and technical competence, etc. In addition, the offshore wind power projects which have been approved shall not commence construction until the rights to use such sea areas have been obtained.

Implementation Plan for Promoting the High-quality Development of Renewable Energy in the New Era jointly issued by the NDRC and NEA on May 14, 2022, promotes the adjustment from the approval system to the record- filing system for wind power projects.

Mandatory Purchase and Dispatch Priority

Pursuant to the Renewable Energy Law, the Provisions on the Administration of Power Generation from Renewable Energy and the Regulatory Rules for the Full Purchase by Grid Enterprises of Electric Power Generated from Renewable Energies promulgated by the former SERC (now the NEA) and effective as of September 1, 2007, mandatory obligations shall be imposed on grid companies to purchase all the electricity generated from renewable energy projects that are within the coverage of their grids, and to provide grid-connection services. In addition, the former SERC (now the NEA) and its local branches shall supervise the performance of grid companies on their mandatory purchase obligations and grid-connection obligations under the Renewable Energy Law. Grid companies that fail to fulfill these obligations may be punished. The former SERC (now the NEA) may also determine a time limit within which the grid companies must compensate the losses incurred by such renewable energy enterprise due to the grid companies' failure to fulfill their obligations and remedy their failure, otherwise the grid companies may be given a fine not exceeding the amount of the losses suffered by such renewable energy enterprise.

In order to improve the efficiency in the use of natural resources and encourage energy savings to achieve sustainable development, the State Council approved the Measures for the Dispatch of Energy Saving Power Generation (For Trial) (the "**Measures for Saving Power**") on August 2, 2007. The

Measures for Saving Power apply to all power generating units which have access to the grid. Pursuant to the Measures for Saving Power, power generators are able to enjoy the dispatch priority if they generate renewable energy, and the order of the power dispatch priority enjoyed by power generating units shall be as follows: (a) non-adjustable power generating units utilizing renewable energies, including wind energy, solar energy, ocean energy and hydraulic energy; (b) adjustable power generating units utilizing renewable energies, including hydraulic energy, biomass energy, geothermal energy, and waste-to-energy power generating units which satisfy the environmental protection requirements; (c) nuclear power generating units; (d) cogenerating units and comprehensive resource utilization power generating units; (e) gas-fired power generating units; (f) other coal power generating units, including cogenerating units without heat load; and (g) oil-fired power generating units.

Pursuant to the Guiding Opinions on Improving the Electric Power Operation and Adjusting and Promoting More and Full Electricity Generation of Clean Energies jointly issued by the NDRC and the NEA on March 20, 2015, the capacity of wind power generation, photovoltaic power generation and biomass power generation shall be utilized to the fullest extent possible according to the conditions of the relevant local resources and hydropower generation capacity shall be determined based on its historical average water flow and the conditions of the local resources.

Additionally, NDRC issued the Circular on Electric Power Operation Adjustment of 2016 on February 26, 2016 (the "**2016 Circular**"'). The 2016 Circular encouraged local government authorities and power generation enterprises to optimize their allocation of power generation units, increase the proportionality of the use of clean energy in power generation, and promote the direct transactions between power generators and end-user customers.

Pursuant to the Circular on Effectively Managing the Guaranteed Purchase of Wind Power and Solar Power in Full Amount jointly issued by the NDRC and the NEA on May 27, 2016, the amount of electricity purchased by the grid should be determined according to the benchmark price and the minimum annual utilization hours guaranteed to be purchased. Wind energy and solar energy generated exceeding the minimum annual utilization hours should be consumed by market transactions and shall enjoy the renewable energy subsidies. For areas where there is no requirement concerning full purchase of electric power, wind energy and solar energy shall be acquired in full. Without the consents of both the NDRC and the NEA, the minimum annual utilization hours shall not be set.

The Circular on Pilot Program concerning Priority Generation of Renewable Energy Peaking Regulating Units jointly promulgated by the NDRC and the NEA, effective as of July 14, 2016, promoted the priority generation of renewable energy peak regulating units to enhance the power system peak load capacity, and to effectively alleviate abandoned water, wind and solar energy.

On March 2017, the NDRC promulgated the Notice on Orderly Easing Restrictions over the Power Generation Assumption Plans, providing that the power generation of existing large hydropower, wind power, solar and other clean energy projects developed within national planning initiatives will be given priority protection through the priority power generation plan.

On-grid Tariff and Cost Sharing Program

Pursuant to the Renewable Energy Law and the Provisions on the Administration of Power Generation from Renewable Energy, the pricing administration department under the State Council shall determine the on-grid tariff of renewable energy power based on various factors, including the nature of the power generated from different types of renewable energies, different geographic locations, and the need to enhance the development and use of renewable energy on a reasonable commercial basis.

The Interim Measures for the Management of Tariff and Cost Sharing for Electricity Generated from Renewable Energy (the "**Tariff and Cost Sharing Regulation**"), promulgated by the NDRC and effective as of January 1, 2006, provides for details about the determination of renewable energy tariffs for renewable energy projects that were approved local authorities after January 1, 2006, including wind power, biomass power, solar power, ocean power and geothermal power (but excluding hydropower). The Tariff and Cost Sharing Regulation provides two types of on-grid tariff for electricity generated from renewable energy: "government fixed tariff" and "government guided tariff." (1) On-grid tariffs for wind power projects shall be the "government guided price," which is determined by the price administration department of the State Council based on the price determined through the public tender procedure; (2) on-grid tariffs for biomass power projects which win a bidding process shall be determined based on the price offered by such projects in the bidding process, while all other biomass power projects are subject to "government fixed tariffs," which shall be determined by the relevant pricing authorities and be equivalent to the provincial benchmark on-grid tariff of desulfurized coal power units in 2005 plus a government subsidy of RMB0.25/KWH. This government subsidy will be eliminated once a biomass power project has been in operation for 15 years. For all biomass power projects approved after 2010, compared to the new biomass power projects approved in the previous year, the government subsidy provided to a new biomass power project will decrease at a rate of 2%; (3) on-grid tariffs of power generated by projects of other renewable energy shall be "government fixed tariffs," which are determined by the relevant pricing authorities on the basis of "reasonable cost plus reasonable return on investment." In addition, pursuant to the Tariff and Cost Sharing Regulation, that part of the on-grid tariff of renewable energy power exceeding the benchmark on-grid tariff of desulfurized coal power units, the part of that operation and maintenance costs of the independent public renewable power system invested or subsidized by the PRC government exceeding the average sales tariff of the provincial grid, and the grid-connection costs for renewable energy power projects, will be borne by power consumers (including wholesale clients of provincial grid companies, companies with self-supply power stations, and large clients directly purchasing power from power stations) within the coverage of the grid companies, at or above the provincial level by paying tariff surcharges.

The Circular Regarding the Improvement of On-grid Pricing Policy of Wind Power, which came into effect on August 1, 2009, introduced the geographically unified benchmark on-grid tariffs for onshore wind power. Specifically, the territory of the PRC is split into four zones of wind resource, according with the conditions of wind power and the construction of wind power projects, and different benchmark on-grid tariffs, of RMB0.51/KWH, RMB0.54/KWH, RMB0.58/KWH or RMB0.61/KWH.

These apply to onshore wind power projects approved after August 1, 2009 in each zone, respectively. For wind farms spanning two or more regions with different fixed on-grid tariffs, the higher or highest tariff applies in principle.

Pursuant to the Circular on the Adjustment of Benchmark On -Grid Tariff for Onshore Wind Power promulgated by the NDRC on December 31, 2014, the benchmark on-grid tariffs have been adjusted to RMB0.49/KWH, RMB0.52/KWH, RMB0.56/KWH and RMB0.61/KWH, respectively, for the four different wind power regions. Competition methods, including invitations for tender, are encouraged to be adopted to determine the operator of the wind power project and the on-grid tariff, provided that the on-grid tariff determined through competition methods shall not be higher than the local benchmark on-grid tariff of wind power set by the relevant governmental authority. The aforementioned adjustment of benchmark on-grid tariffs apply to onshore wind power projects approved after January 1, 2015, and those projects that had been approved before January 1, 2015 but which do not become operational until after January 1, 2016.

Pursuant to the Circular on Improving the Policies on Benchmark On-grid Tariffs for Onshore Wind Power and Photovoltaic Power Generation Projects promulgated by the NDRC on December 22, 2015, which came into effect on January 1, 2016, the benchmark on-grid tariffs for on shore wind power have been adjusted to RMB0.47/KWH, RMB0.50/KWH, RMB0.54/KWH and RMB0.60/KWH, respectively, for the four different wind power regions. The aforementioned benchmark on-grid tariffs apply to onshore wind power projects approved after January 1, 2016, and those projects that had been approved before January 1, 2016 but which are not under construction until the end of 2017. Those projects are not under construction within two years after approval shall not implement the benchmark on-grid tariffs of the corresponding period.

Pursuant to the Circular on Adjusting the Policies on Benchmark On-grid Tariffs for Onshore Wind Power and Photovoltaic Power Generation Projects promulgated by the NDRC on December 26, 2015, which came into effect on January 1, 2017, after January 1, 2018, the benchmark on-grid tariffs for onshore wind power generation projects newly approved to be built in Class-I – Class-IV Resource Areas would be reduced to RMB0.40/KWH, RMB0.45/KWH, RMB0.49/KWH, and RMB0.57/KWH (tax included), respectively, for the four different wind power regions. According to this notice, the on-grid tariffs for offshore wind power remain unchanged and become clearer, for non-bidding offshore wind power projects, the on-grid tariffs for intertidal offshore wind power projects differ from that for nearshore wind power projects and shall be determined respectively. The on-grid tariffs for nearshore wind power projects shall be RMB0.85/KWH, and the on-grid tariffs for intertidal offshore wind power projects shall be RMB0.75/KWH.

Pursuant to the Circular on Improving the On-grid Pricing Policy of Wind Power promulgated by the NDRC on May 21, 2019 which came into effect on July 1, 2019, the benchmark on-grid tariffs for centralized onshore wind power generation projects and all offshore wind power generation projects newly approved would all be determined by means of competition, and shall not be higher than the guided price of the Resource Area where the project is located. In 2019, the guided on -grid tariffs for centralized on shore wind power generation projects newly approved to be built in Class-I – Class-IV Resource Areas would be reduced to RMB0.34/KWH, RMB0.39/KWH, RMB0.43/KWH, and RMB0.52/KWH (tax included), respectively, for the four different wind power regions; and in 2020, the guided on-grid tariffs for would be further reduced to RMB0.29/KWH, RMB0.34/KWH, RMB0.38/KWH, and RMB0.47/KWH (tax included), respectively, for the four different wind power regions. According to the above circular, the guided on-grid tariffs for offshore wind power would be adjusted to RMB0.8/KWH (tax included) for nearshore wind power projects newly approved in 2019 and RMB0.75/KWH (tax included) for nearshore wind power projects newly approved in 2020; offshore wind power generation projects approved before the end of 2018 are eligible for the guided on-grid tariffs which is applicable to the time of approval if the project is fully grid-connected before the end of 2021.

On January 11, 2014, the NDRC issued the Circular on Improving the Formation Mechanism of Hydropower On-grid Tariff to provide for the on-grid tariff setting mechanism for hydropower stations that are put in operation after February 1, 2014. Under such circular, (1) the interprovincial or cross-regional transaction tariff shall be fixed by the supplier and purchaser through consultation; (i) the on-grid tariff of the hydropower station that dispatches power across provinces or regions shall be determined by deducting the transmission tariff (including transmission wastage) from the purchasing tariff of the power receiving region; (ii) the interprovincial (including cross districts or cities) transmission tariff shall be determined by the NDRC; (iii) the cross-regional transmission tariff shall be examined by the NEA and approved by the NDRC; (iv) the purchasing tariff of the power-receiving region shall be determined by the supplier and purchaser through consultation based on the principles of fair and mutual benefit and with reference to the average purchasing tariff of provincial-level grids in the power-receiving region; (2) the on-grid tariff for power transmission within a province shall adopt the benchmark tariff system; the benchmark hydropower on-grid tariff of each province (or district or city) shall be determined based on the average purchasing tariff of provincial-level grids in such province while taking into account the trend of power supply and demand change and the hydropower development cost; based on the benchmark on-grid tariff of hydropower, the provinces (or districts or cities) which have a large proportion of hydropower may adopt different tariff standards for wet and dry seasons or adopt the classified benchmark tariff standards, based on the importance of the hydropower plants in the electrical power system; upon NDRC's approval, special tariff arrangements can be made for certain hydropower stations in certain special conditions; and (3) the dynamic adjustment mechanism of hydropower tariff shall be established. The hydropower tariff shall remain stable within a certain period and shall be adjusted in case of material changes in the power supply or demand, the hydropower development costs and national policies.

On July 24, 2011, the NDRC issued the Notice on Improving the On-Grid Tariff Policy of Solar Photovoltaic Power Generation, which provides for a unified benchmark on-grid tariff system for solar photovoltaic power generation projects other than those obtained through bidding and tendering procedures. Pursuant to such notice, (i) for projects approved before July 1, 2011 and completed and put in operation before December 31, 2011, for which an on-grid tariff has not been set by the NDRC, a uniform on-grid tariff of RMB1.15/KWH (including tax) applies; and (ii) for projects approved on and after July 1, 2011, or approved before July 1, 2011 but not completed or put into operation before December 31, 2011, a uniform on-grid tariff of RMB1.0/KWH (including tax) applies, except that the on-grid tariff of RMB1.15/KWH (including tax) applies to those projects located in Tibet. The NDRC may adjust the on-grid tariff from time to time based on changes in investment costs and technology developments. The on-grid tariff for the projects obtained through bidding and tendering procedures shall be determined through bidding and tendering, but shall not be higher than the benchmark on-grid tariff. For the projects that are entitled to the central government's subsidies, the applicable on-grid tariff shall be the same as the benchmark on-grid tariff for coal-fired power plants with desulfurization installations in the same location.

Pursuant to the Notice on Promoting the Healthy Development of the Photovoltaic Industry by Utilizing Price Leverage issued by the NDRC on August 26, 2013, the territory of the PRC (except Tibet) is divided into three solar energy resource zones according to the conditions of solar energy resources and the construction costs, and different benchmark on-grid tariffs (tax inclusive) of RMB0.9/KWH, RMB0.95/KWH or RMB1.0/KWH apply to solar power projects filed or approved after September 1, 2013 and projects that had been filed or approved before September 1, 2013 but were put into operation on or after January 1, 2014, in the respective zone.

Pursuant to the Circular on Improving the Policies on Benchmark On-grid Tariffs for Onshore Wind Power and Photovoltaic Power Generation Projects promulgated by the NDRC on December 22, 2015 which came into effect on January 1, 2016, the benchmark on-grid tariffs for solar photovoltaic power generation projects have been adjusted to RMB0.80/KWH, RMB0.88/KWH or RMB0.98/KWH, respectively, for the three zones. The aforementioned benchmark on-grid tariffs apply to photovoltaic power generation projects filed and included in the annual scale management of solar photovoltaic power generation projects after January 1, 2016. Those projects that had filed and included in the annual scale management of solar photovoltaic power generation projects before January 1, 2016 but which do not become operational until June 30, 2016 shall implement the benchmark on-grid tariffs of 2016.

Pursuant to the Circular on Adjusting the Policies on Benchmark On-grid Tariffs for Onshore Wind Power and Photovoltaic Power Generation Projects promulgated by the NDRC on December 26, 2016 which came into effect on January 1, 2017, the benchmark on-grid tariffs for newly built PV power generation projects in Class-I – Class-III Resource Areas are adjusted to RMB0.65/KWH, RMB0.75KWH, and RMB0.85/KWH (including tax), respectively. It was also stated that the benchmark on-grid tariffs for PV power generation projects would be adjusted once a year. The aforementioned benchmark on-grid tariffs apply to photovoltaic power generation projects filed and included in the annual scale management of solar photovoltaic power generation projects after January 1, 2017. Those projects that had filed and included in the annual scale management of solar photovoltaic power generation projects before January 1, 2017 but which do not become operational until June 30, 2017 shall implement the benchmark on-grid tariffs of 2017.

Pursuant to the Circular on the Policies on Tariffs for Photovoltaic Power Generation Projects of 2018 promulgated by the NDRC on December 19, 2017 which came into effect on January 1, 2018, the benchmark on-grid tariffs for the normal PV power generation projects starting operation after January 1, 2018 in Class-I – Class-III Resource Areas would be further reduced to RMB0.55/KWH, RMB0.65/KWH and RMB0.75/KWH (tax included), respectively. The aforementioned benchmark on-grid tariffs apply to photovoltaic power generation projects filed and included in the annual scale management of solar photovoltaic power generation projects after January 1, 2018. Those projects that had filed and included in the annual scale management of solar photovoltaic power generation projects before January 1, 2018 but which do not become operational until June 30, 2018 shall implement the benchmark on-grid tariffs of 2018.

Pursuant to the Circular on Matters Relating to Photovoltaic Power Generation Projects in 2018 promulgated by the NDRC, the MOF and the NEA on May 31, 2018 which came into effect on the same date, from the date of May 31, 2018, the benchmark on-grid tariffs for the normal photovoltaic power stations newly put into operation after May 31, 2018 in Class-I – Class-III Resource Areas would be further reduced to RMB0.5/KWH, RMB0.6/KWH and RMB0.7/KWH (tax included), respectively, for the three different wind power regions.

Pursuant to the Circular on Improving the Mechanism on On-grid Tariffs for Photovoltaic Power Generation Projects promulgated by the NDRC on April 28, 2019 which came into effect on July 1, 2019, the on-grid tariffs for the normal concentrated solar power ("**CSP**") station would be determined by means of competition, and shall not be higher than the guided price. The guided on-grid tariffs for CSP generation projects newly approved to be built in Class-I – Class-III Resource Areas would be reduced to RMB0.40/KWH, RMB0.45/KWH, and RMB0.55/KWH (tax included), respectively, for the three different PV power regions.

Pursuant to Circular of the National Development and Reform Commission on Matters concerning the On-grid Price Policies for Photovoltaic Power Generation in 2020 promulgated by the NDRC on March 31, 2020 which came into effect on June 1, 2020, the guided tariffs for the new normal CSP stations which have been subsidized by the finance in Class-I, Class-II and Class-III Resource Areas would be RMB0.35/KWH, RMB0.4/KWH and RMB0.45/KWH (tax included).

Pursuant to Circular on Matters Relating to New Energy Feed-in Tariff Policy in 2021 promulgated by the NDRC on 7 June, 2021, which came into effect on 1 August, 2021,(i) from the year of 2021, the new record of CSP plants, commercial and industrial distributed photovoltaic projects and newly approved onshore wind power projects ("**New Projects**"), the central financial no longer subsidize, the implementation of parity; (ii) the New Projects feed-in tariff, according to the local coal-fired power benchmark price, New projects can voluntarily participate in market-based transactions to form feed-in tariffs to better reflect the value of photovoltaic power generation, wind power green electricity; (iii) the newly approved (for the record) offshore wind power projects, solar thermal power generation project feed-in tariff by the local provincial price authorities, with conditions can be formed through competitive configuration, feed-in tariff higher than the local benchmark price of coal-fired power generation, the benchmark price within the part of the grid enterprise settlement; and (iv) encourages the introduction of targeted support policies around the support of photovoltaic power generation, onshore wind power, offshore wind power, solar thermal power generation and other new energy industries to continue healthy development.

The Circular Regarding Positively Promoting the Work on Subsidy-free Grid Price Parity for Wind Power and Photovoltaic Power promulgated by NDRC and NEA on January 7, 2019, provided the relevant requirements and supporting policies and measures for on-grid price parity in respect of wind power and photovoltaic power.

On January 20, 2020, the MOF, NDRC and NEA promulgated Several Opinions on Promotion of the Sound Development of Power Generation with Non-hydropower Renewable Energy Resources (the "**Non-hydropower Opinion**") in order to promote the healthy and stable development of power generation by non-hydropower renewable energy resources. Non-hydropower Opinion provided the directions in respect of (i) improving the existing means of subsidy, (ii) improving the mechanism for market allocation of resources and the subsidy downgrade, and (iii) optimizing subsidy cashing process.

The Administrative Measures on Additional Subsidies for Renewable Energy Electricity Prices jointly issued by the Ministry of Finance, the NDRC and the NEA on January 20, 2020 stipulates that (i) for the new renewable energy power generation projects needing subsidies, the Ministry of Finance shall reasonably determine the total subsidies for the new renewable energy power generation projects supported by the subsidy funds in the current year according to the annual increase level of the subsidy funds, technological progress, industry development and other situations, and NDRC and the NEA shall, according to the renewable energy development plan, technological progress and other situations, reasonably determine the newly-installed capacity of renewable energy power generation projects that are subject to subsidy and within the total annual new subsidies determined by the Ministry of Finance; (ii) the existing renewable energy power generation projects which need subsidies shall meet the requirements of the national competent energy authority. Those projects under scale management shall be included in the scope of annual construction scale management, and be included in the list of subsidy projects upon examination and approval by power grid enterprises in accordance with the procedures.

Pursuant to the Notice on Matters related to the Policy for On-grid Tariff of Photovoltaic Power Generation in 2020 promulgated by the NDRC on March 31, 2020 which came into effect on June 1, 2020, the guided on-grid tariffs for new CSP stations located in class I–III resource areas which are included in the scope of state subsidies is RMB0.35/KWH (tax included, the same below), RMB0.40/KWH, and RMB0.49/KWH respectively. If the guided price is lower than the benchmark price of coal-fired power generation in the project location (including desulfurization, denitrification, dust removal tariffs), then the guide price should be the benchmark price of local coal- fired power generation. In principle, the on-grid tariff of new CSP stations should be determined through market competition, and shall not exceed the guided price applied to the resource area where the power stations are located.

The NDRC issued the Notice on Matters Concerning the 2021 Renewable Energy Feed-in Tariff Policy, effective as of August 1, 2021, starting from 2021, the on-grid electricity price of newly registered CSP plants, industrial and commercial distributed photovoltaic projects and newly approved onshore wind power projects, shall be implemented according to the local benchmark price for coal-fired power generation; new projects can voluntarily participate in market-based transactions to form on-grid electricity prices.

*Clean Development Mechanism (“**CDM**”) and Carbon Emissions Trading*

CDM is an arrangement under the Kyoto Protocol under the United Nations Framework Convention on Climate Change (the “**UNFCCC**”). It is designed to reduce the emission of greenhouse gas through international cooperation. It allows industrialized countries with a greenhouse gas emission reduction commitment to invest in emission-reducing projects in developing countries in order to earn Certified Emission Reductions (“**CERs**”). These CERs can be used by investors from industrialized countries to offset their domestic emission reduction commitment or sold to others, and therefore provide an alternative to more expensive emission reductions in their own countries. The PRC joined the UNFCCC in 1993. The PRC, as one of the signatory states of the Kyoto Protocol, filed a ratification letter with the UN in August 2002 to ratify the Kyoto Protocol of UNFCCC. Among the PRC national governmental agencies in charge of policy-making, approval and regulation of CDM projects in PRC, the National Leading Committee on Climate Change is responsible for policy-making and overall coordination, and the National CDM Board is responsible for checking and approving CDM in the PRC.

On May 31, 2004, the NDRC, the MOST and the MFA jointly promulgated the Interim Measures for the Operation and Management of Clean Development Mechanism Projects (the “**Interim Measures**”). On October 12, 2005, the NDRC, the MOST, MFA and the MOF jointly promulgated the Measures for the Operation and Management of Clean Development Mechanism Projects (the “**CDM Measures**”), which replaced the Interim Measures and have been amended and re-promulgated in 2011. The CDM Measures set forth general rules and specific requirements for the examination and approval of CDM projects, including, among others, the following:

(1) Only wholly Chinese-funded or Chinese-controlled companies may carry out CDM projects;

(2) The approval procedure of CDM projects is as follows: (i) except for the Central Enterprises listed in the appendix of the CDM Measures, preliminary review by provincial development and reform administrations, (ii) review by experts from relevant organizations appointed by the NDRC, (iii) examination and approval by the National CDM Board of application for approval of a CDM project, and (iv) approval jointly by the NDRC, the MOST and MFA, and issuance by the NDRC of a letter of approval;

(3) The proceeds from the sale of CERs of a CDM project are owned by the PRC government and the CDM project operator and are allocated by a designated portion. With respect to wind projects and other renewable energy projects, the PRC government only imposes a levy of 2% on the proceeds from the sale of CERs; and

(4) With respect to the CDM emission reduction produced after 2012 for the approved projects, the transfer shall obtain the approval of the NDRC.

Administrative Measures for Carbon Emission Right Trading (for Trial Implementation) was promulgated by the Ministry of Ecology and Environment ("**MEE**"), effective as of February 1,2021, for the purpose of implementing the construction of national carbon emission right trading market and regulating national carbon emission right trading and related activities, and in accordance with the requirements of greenhouse gas emissions control, the Measures set out the supervision and administration measures for national carbon emission right trading and related activities, including the allocation and settlement of carbon emission quotas, registration, trading and settlement of carbon emission rights, report and verification of greenhouse gas emissions, etc. In accordance with the Measures, parties to the national carbon emissions trading shall include the key emission entities, the subjects traded at the national carbon emissions trading market shall be emission allowances, and carbon emissions trading shall be conducted via the national carbon emissions trading system in the forms of agreement-based transfer, one-way bidding or other methods permitted.

Rules for Administration over Carbon Emissions Trading was further issued by MEE on May 14, 2021, refines the rules for national carbon emission right trading and its risk management, information management and disputes disposal.

Regulations on Hydropower Station Dams

The Regulations on Administration of Safety of Reservoir Dams promulgated by the State Council on March 22, 1991 and amended on January 8, 2011 and March 19, 2018, the Regulations on the Administration and Supervision of Safe Operation of Hydropower Station Dams promulgated by the former SERC (now the NEA) on December 1, 2004, which was replaced by the Regulations on the Administration and Supervision of Safe Operation of Hydropower Station Dams promulgated by the NDRC on April 1, 2015, the Measures for Delivery of Safety Information for Dam Operation in Hydropower Stations promulgated by NEA on September 26, 2016, the Measures for Administration of Safety Monitoring for Dam Operation in Hydropower Stations promulgated by NEA on October 18, 2017 and relevant rules issued thereunder, provide for the regulations on the administration and supervision of the safe operation of large and medium-sized hydropower station dams. The dam operator shall conduct supervision and analysis during the construction period and the first phase of water storage, conduct safety appraisals at the time of water storage and project completion, and file the supervision and analysis documents, safety appraisal report and acceptance report with the Large Dam Safety Supervision Center administered by the former SERC (now the NEA) (the "**Dam Center**") for record. The dam operator is responsible for the daily and annual inspection while the Dam Center is responsible for periodic inspections and non-routine inspections. The periodic inspection shall be conducted every five years and non-routine inspections shall be conducted upon the occurrence of any large flood, strong earthquake and other unusual circumstances that may affect the safety of the dam.

According to their safety status, dams are classified as normal, defective and dangerous. A defective and dangerous dam shall be reinforced, reconstructed or maintained within a prescribed period, and its operation will be altered, limited or stopped before being reclassified as a normal dam. Within one year after the safety appraisal for project completion, or six months after the first periodic inspection, the dam operator shall file the safety registration with the Dam Center, which will issue the Certificate of Safety Registration of Power Station Dam based on the safety and management conditions.

Regulations on Overseas Projects Contracting

For the promotion and healthy development of the contracting associated with overseas projects, the State Council promulgated the Administrative Regulation on Contracting Foreign Projects (the "**Foreign Projects Regulation**"), effective on September 1, 2008 and amended on March 1, 2017. The competent department of commerce of the State Council and its local counterparts shall take charge of the supervision and administration of foreign project contracting. The competent department of commerce of the State Council shall, together with other relevant departments of the State Council, set up a safety risk assessment mechanism for foreign projects, publish the safety evaluation results in the relevant countries and regions on a regular basis (so as to provide pre-warning information in a timely manner), and guide foreign project contractors with respect to safety protection.

Regulations on Work Safety and Labor Protection

Pursuant to the Work Safety Law of the PRC, effective on November 1, 2002 and amended on August 27, 2009, August 31, 2014 and 21 June 2021, and the Regulation on Work Safety License, effective on January 13, 2004 and amended on July 18, 2013 and July 29, 2014, and other relevant laws and regulations, the State Administration of Work Safety shall regulate and supervise work safety in the PRC.

Pursuant to the Regulations on the Administration and Supervision of Work Safety in the Electric Power Generation Industry issued by NDRC on February 17, 2015, any electric-power related enterprises shall establish a strict safety responsibility distribution scheme and a work safety management scheme. The NEA is responsible for the specific supervision and administration of electric power-related enterprises in the PRC, while the State Administration of Work Safety is responsible for the comprehensive administration of electric power-related enterprises in the PRC. Electric power-related enterprises are responsible for maintaining their safe operation, so they must strictly comply with the relevant laws and regulations, industrial code and standards.

Pursuant to the Interim Provisions on the Investigation into Electric Power Generation Accidents, promulgated by the former SERC (now the NEA) on December 28, 2004 and effective as of March 1, 2005, in the case of any major personal injury, power grid accident, equipment accident, fire incident, dam-collapse incident, or any power breakdown that results in serious harm to the public, the electric power enterprise involved shall promptly, but in any case within 24 hours, report to the former SERC (now the NEA) the time, place and general situation of the accident and the emergency measures being taken.

The Labor Law of the PRC, effective as of January 1, 1995 and amended on August 27, 2009 and December 29, 2018, was principally designed to set forth the rights and obligations of both the employers and the employees to an employment contract, to protect the legitimate rights and interests of the employees and to establish and develop harmonious and stable employment relationships. The Employment Contract Law of the PRC, effective on January 1, 2008 and amended on December 28, 2012, and the Implementing Regulations for the Employment Contract Law of the PRC, effective on September 18, 2008, principally deal with the contractual relationships between employers and employees, and the entry into, performance and termination of, and amendment(s) to, an employment contract.

Regulations on Environmental Protection

The main PRC environmental laws and regulations applicable to us are as follows: the Environmental Protection Law of the PRC (the "**Environmental Protection Law**"), the Law on the Prevention and Control of Water Pollution of the PRC, the Law on the Prevention and Control of Air Pollution of the PRC, the Law on Prevention and Control of Solid Waste Pollution of the PRC and the Law on Environment Impact Assessment of the PRC.

The Environmental Protection Law, promulgated by the Standing Committee of the Seventh National People's Congress of the PRC on December 26, 1989 and amended on April 24, 2014, is the most important legislation on environmental protection in the PRC. Pursuant to the Environmental Protection Law, environmental protection is a fundamental national policy. The environmental protection administration under the State Council has the power to set national standards for environment quality and the standards for the emission of pollutants, and carry out overall regulation and supervision over the environment; the governments at county level and above undertake the environmental protection in their jurisdictions; the governments at provincial or autonomous regional level, or municipalities directly under central government control, have powers to set more strict environmental protection standards; and the enterprises discharging pollutants in the relevant region shall strictly comply with both national and local standards. In addition, the Environmental Protection Law provides that enterprises that discharge pollutants shall take measures to prevent or control the environmental pollution and harm caused by waste gas, waste water, waste residue, dust, and other waste substances.

According to the Law of the PRC on Prevention and Control of Water Pollution promulgated on May 11, 1984 and amended on May 15, 1996, February 28, 2008 and June 27, 2017, discharges of water pollutants shall adhere to the relevant national or local discharge limits. Pollutant discharge permits are required for the discharge of certain industrial waste water and medical sewage, as well as certain other types of waste water or sewage.

Pursuant to the Law on Environmental Impact Assessment promulgated by the Standing Committee of the Ninth National People's Congress on October 28, 2002, and amended on July 2, 2016 and December 29, 2018, and the Regulations on Administration of Environmental Protection of Construction Projects promulgated by the State Council on November 29, 1998 and amended on July 16, 2017, enterprises are required to engage qualified and certified institutions to make environmental impact assessments before the construction of projects. Construction of projects may only be commenced after such an assessment is submitted to and approved by the relevant environmental protection authority. Facilities for environmental protection shall be designed, constructed and put into operation simultaneously with the principal part of the construction project and subject to a completion acceptance.

Pursuant to the Water and Soil Conservation Law of the PRC, promulgated on June 29, 1991 and amended on August 27, 2009 and December 25, 2010, enterprises are required to prepare or engage qualified and certified institutions to prepare the water and soil conservation plan on the construction of projects located in mountainous, upland and sandy areas with high wind or other soil erosion areas. Construction of projects may only be commenced after such an assessment is submitted to and approved by the relevant water resources authority. Facilities for water and soil conservation shall be designed, constructed and put into operation simultaneously with the principal part of the construction project and subject to the completion acceptance by the relevant water resources authority.

The NDRC, MOF, the Ministry of Housing and Urban-Rural Development, MEP and MWR jointly issued Guiding Opinions on Improving Policies Related to the Sewage Treatment Charging Mechanism for the Yangtze River Economic Zone on April 7, 2020, which provided that the relevant departments of the provinces and municipalities along the Yangtze River should improve the sewage treatment fee adjustment mechanism, reasonably formulate sewage treatment fee standards, and intensify the collection of sewage treatment fees.

The Yangtze River Protection Law of the PRC, promulgated by the Standing Committee of the 13th National People's Congress of the PRC on December 26, 2020, is formulated with a view to strengthening the ecological environment protection and restoration of the Yangtze River Basin. Pursuant to the Yangtze River Protection Law, the people's governments at the provincial level in the Yangtze River Basin shall supplement and formulate local standards for the discharge of water pollutants of characteristic industries and special pollutants for which the State does not have water pollutant discharge standards, or special water pollution sources or water pollutants that the State has clearly required, and report the same to the competent department of ecological environment under the State Council for the record.

Regulations on Water Drawing

Pursuant to the Water Law of the PRC promulgated by the Standing Committee of the National People's Congress on January 1, 1988, and amended on August 29, 2002, August 27, 2009 and July 2, 2016, and the Regulations on Administration of Water Drawing Permit and the Levy of Water Resource Fees (the "**Water Drawing Regulations**") promulgated by the State Council on February 21, 2006 and effective as of April 15, 2006 and amended on March 1, 2017, any entity or individual, except for the circumstances prescribed in Article 4 of the Water Drawing Regulations, drawing water directly from rivers, lakes or underground through water drawing engineering structures or facilities shall apply to the water resources authority or the river basin administration authority for a water drawing permit and pay the water resource fees in order to obtain the water drawing rights. A water-drawing entity or individual shall draw water according to the government-approved annual water drawing plan. For water drawing exceeding the plan or quota, water resource fees shall be charged progressively on the excess. In accordance with the Water Drawing Regulations, the amount of water resource fees due shall be determined based on the standard of water resource fees at the locality of the water intake and the actual volume of water drawing. As to water drawing for the purpose of hydropower generation, the amount of water resource fees may be determined based on the standard of water resource fees at the locality of the water intake and the actual quantity of electricity generated.

Pursuant to the Administrative Measures on the Collection and Use of Water Resource Fees (the "**Water Resource Fees Measures**") jointly promulgated by the MOF, the NDRC and the MWR on November 10, 2008 and effective as of January 1, 2009, the water resource fees shall be levied on a monthly basis. A water-drawing entity or individual shall submit the volume of water drawn (or the quantity of electricity generated) to the competent water resources authority in charge of collection of water resource fees on a monthly basis and shall make payment of water resource fees within seven days after receiving the payment notice of water resource fees issued by the competent water resources authority in charge of collecting of water resource fees. The Water Resource Fees Measures further clarify that the standard of water resource fees shall be set by the NDRC jointly with the MOF and the MWR with respect to the water conservancy projects directly under the administration of the PRC national government or covering different provinces, autonomous regions, or municipalities, which water drawing shall be subject to examination and approval of the river basin administration authority. In addition, the Water Resource Fees Measures stipulate that the levied water resource fees are to be exclusively used for water conservation protection and administration, as well as for the reasonable development of water resources.

Pursuant to the Notice on Adjustment of Water Resource Fee Collection Standard for Hydropower Generation from Central and Interprovincial Hydroelectric Power Plants, jointly promulgated by the NDRC, the MOF and the MWR on August 26, 2014, after January 1, 2015, the water resource fee for hydropower generation from national and interprovincial hydroelectric power plants was increased to RMB0.5 cent per KWH if the then current fee was lower than RMB0.5 cent per KWH, or remained unchanged if the then current fee was higher than RMB0.5 cent per KWH, provided that the fee shall not exceed RMB0.8 cent per KWH.

Pursuant to the Implementation Measures on the Reform of Water Resources Taxes, jointly promulgated by the MOF, the SAT and the MWR on May 9, 2016 and effective as of July 1, 2016, water resources taxes are levied on the surface water and ground water, instead of the Water Resource Fees in Hebei Province. The applicable tax standards of water resources taxes are determined according to the classification of surface water and ground water. After the introduction of water resources taxes in Hebei Province from July 1, 2016, the collection standard of water resources fees would be reduced to zero. Pursuant to the Implementation Measures on Expanding the Reform Pilot of Water Resources Taxes jointly promulgated by the MOF, the SAT and the MWR on November 24, 2017 and effective as of December 1, 2017, the pilot program of water resources taxes has been expanded to Beijing, Tianjin, Shanxi Province, Inner Mongolia Autonomous region, Henan Province, Shandong Province, Sichuan Province, Shaanxi Province and Ningxia Hui Autonomous region.

Regulations on Bid Invitation and Tendering

Pursuant to the Law on Tenders and Bids of the PRC, effective on January 1, 2000 and amended on December 27, 2017, the Implementing Regulations for the Law on Tenders and Bids of the PRC effective on February 1, 2012 and amended on March 1, 2017, March 19, 2018 and March 2, 2019 and relevant regulations, except for certain circumstances, a bidding process is mandatory within the PRC for projects of large-scale infrastructure, public utilities relating to social public interests and public security. The bidding process covers the survey, design, construction and supervision of the project, as well as the procurement of the important equipment and materials relevant to the construction of the project. Pursuant to the Provisions for Engineering Projects Compulsorily Subject to the Bidding Process, promulgated by the NDRC on March 27, 2018, projects invested wholly or partially with state-owned funds or funds raised, projects funded with loans or aid funds from international organizations or foreign government and other large infrastructure or public utility projects relating to social benefits and the security of the general public determined by the NDRC and related departments must undergo the bidding process if the procurement of survey, design or construction services, or important equipment and materials relating to engineering construction meets any of the following standards that (1) the imputed price of a single contract for a particular service in the construction exceeds RMB4 million; (2) for the procurement of important equipment, materials or other goods, the estimated price of single contract for each procurement exceeds RMB2 million; and (3) for the procurement of survey, design or supervision services, the estimated price of single contract for each procurement exceeds RMB1 million.

Pursuant to the Administrative Provisions on Bid Invitation and Bid Tendering of Water Resources Construction Projects, promulgated by the MWR on October 29, 2001, the bid invitation procedure shall be mandatory where any of surveying and prospecting, design, engineering, and supervision of water resource construction projects, and the procurement of substantial equipment and materials related to water resource construction projects, falls within the following specific scope and concurrently meets any of the following scale standards:

1. Specific scope:

   (a) water resource construction projects involving social and public interests and public safety, such as flood control, drainage, irrigation, hydraulic power generation, diversion (supply) of water, harnessing power generated between and over shoals, water conservation and the protection of water resources;

   (b) water resource construction projects which are, wholly or partially, invested in by state-owned funds, or funded through state financing; or

   (c) water resource construction projects using loans or aid funds from international organizations or foreign governments.

2. Scale standards:

   (a) the estimated price for any single construction contract exceeds RMB2,000,000;

   (b) the estimated price for any single procurement of substantial equipment and materials exceeds RMB1,000,000;

   (c) the estimated price for any surveying and prospecting, design or supervision elements exceeds RMB500,000; or

   (d) the estimated price of the element projects is lower than the above standards, but the total investment of the projects exceeds RMB30,000,000.

Regulations Relating to Land

All land in China is either state owned or collectively owned, depending on its location. All land in urban areas of a city or town is state owned, while all land in the suburban areas of a city or town, and all rural land, is, unless otherwise specified by law, collectively owned. The PRC government has the right to expropriate or requisition land with compensation in accordance with law if required for the benefit of the public.

In April 1988, the Constitution of the PRC was amended by the National People's Congress to allow for the transfer of land use rights for value. In December 1988, the Land Administration Law was amended to permit the transfer of land use rights for value. In accordance with the Land Administration Law newly amended in 2019, the construction entity shall obtain use rights over state-owned land through a grant, or by other means with consideration, except that, the following land may be obtained through governmental allocation, with the approval of people's governments at or above the county level according to law:

- land for use by government organizations and for military use;
- land for building urban infrastructure and for public welfare undertakings;
- land for building energy, communications and water conservancy and other infrastructure projects heavily supported by the PRC government; and
- other land as provided for by the law and administrative decrees.

Under the Interim Provisional Regulations of the PRC concerning the Assignment and Transfer of the Land Use Rights of State-owned Land in Urban Areas (the "**Urban Land Regulations**") promulgated in May 1990, and amended on November 29, 2020, local governments at or above the county level are empowered to grant land use rights for specific purposes and for a definite period to a land user pursuant to a contract for the grant of land use rights against payment of a grant premium. Under the Urban Land Regulations, all local and foreign enterprises are permitted to acquire land use rights unless the law provides otherwise. The PRC government may not resume possession of lawfully granted land use rights prior to expiration of the term of grant. If the public interest requires a resumption of possession by the PRC government under special circumstances during the term of grant, compensation must be paid by the PRC government. A land user may lawfully assign, mortgage or lease its granted land use rights to a third party for the remainder of the term of grant. Under the Urban Land Regulations, there are different maximum periods of grant for different uses of land: 70 years for residential purposes; 40 years for commercial, tourism and entertainment purposes; 50 years for industrial, public utilities, comprehensive or other purposes. Measures for the Administration of the Planning on the Assignment or Transfer of the Right to the use of State-owned Urban Land, issued on December 4, 1992 and amended on January 26, 2011, provided the specific operation rules on the basis of the Urban Land Regulations.

On October 22, 2001, the MNR promulgated the Catalogue of Allocated Land, according to which, for infrastructure facilities projects, such as energy, transportation and water resources heavily supported by the PRC government, the land use rights may be allocated. For infrastructure facilities projects, such as energy, transportation and water resources which are aimed at profit-making and are not heavily supported by the PRC government, land use rights shall be supplied at value.

On January 3, 2008, the State Council promulgated the Notice of the State Council Regarding Promoting Saving and Intensive Use of Land, according to which, except for land used for military, social security housing and special purposes, the practice of paid use should be explored in an active manner in respect of the use of land required for governmental offices, transportation, energy, water resources and other infrastructure.

On March 5, 2011, the State Council issued the Regulations on Land Reclamation, which became effective on the same date. According to these regulations, "**land reclamation**" means adopting rectification measures on land damaged by production or construction activities or natural disasters to restore the land to usable condition. With respect to reclaiming the land, the land damaged by production or construction activities shall be reclaimed by the production or construction entity according to the principle of "reclamation by the party causing the damage." The party responsible for rehabilitating the land shall submit the land reclamation plan together with other relevant materials when filing an application for construction land or mining rights. If such party fails to prepare the land reclamation plan or the land reclamation plan fails to meet the relevant requirements, the application will be denied.

On May 28, 2020, the National People's Congress promulgated the Civil Code of the PRC effective from January 1, 2021, which stipulates that the right to use construction land may be created through grant, allocation or other means. For land used for industrial, commercial, tourist, entertainment, commercial residential purposes, or for other profit-making purposes, or there are two or more persons who are willing to use the same piece of land, the right to use construction land must be granted by means of public tender, auction or other open bidding. To create the right to use construction land through allocation is constrained stringently.

Regulations Relating to Resettlement of Relocated Residents

Pursuant to the Water Law of the PRC, developers of water projects must arrange the resettlement of the relocated residents and protect their lawful rights and interests according to the principles of providing compensation and subsidies in the early stages, and support in the latter stages. The resettlement of relocated residents is to be conducted at the same pace as that of the project construction. The construction entity shall, according to the capacity of the area of resettlement and the principle of sustainable development, formulate a plan for the resettlement of relocated residents in accordance with local conditions, and, the relevant local people's government will organize the implementation of the plan after it is legally approved. The expenses arising from the resettlement of relocated residents are to be included in the investment plan for project construction.

Pursuant to the Regulations on Land Requisition Compensation and Resettlement of Relocated Residents for Construction of Large and Medium-sized Water Resources and Hydropower Projects (the "**Requisition and Resettlement Regulations**") promulgated by the State Council on February 15 1991, and amended on July 7, 2006, and effective as of September 1, 2006 and amended on July 18, 2013, December 7, 2013 and April 14, 2017, relevant governmental authorities will not approve or verify the construction of those large and medium-sized water resources and hydropower projects for which a plan for the resettlement of relocated residents has not been formulated or approved. Prior to commencement of the construction of large and medium-sized water resources and hydropower projects, the project operator must enter into the resettlement agreement with the people's government (at the provincial, municipal or county level) located in the relocated residents' regions and resettlement regions. The project operator must pay the compensation for land requisition and resettlement funds to the local government with which it has entered into the resettlement agreement in accordance with the resettlement schedule. The staged completion acceptance or overall completion acceptance for large and medium-sized water resources and hydropower projects will not be made if the relocated residents' resettlement has not been accepted.

The State Council promulgated the Regulations on Relocated Residents in Construction of Three Gorges Project (the "**Regulations on TGP Relocated Residents**") on August 19, 1993, which was further amended on February 21, 2001, taking effect as of March 1, 2001 and was further amended on January 8, 2011. Pursuant to the Regulations on TGP Relocated Residents, TGPCC is the decision-making authority, and the relocated resident administration department under the Committee is responsible for resettlement of the relocated residents. In addition, the governments of Hubei Province and Chongqing Municipality are responsible for the resettlement of the relocated residents within their respective administrative region, while the governments at city, county or district level of the flooded regions and resettlement regions are responsible for resettlement of the relocated residents within their respective administrative regions. The MWR Yangtze River Committee, jointly with the governments of Hubei Province and Chongqing Municipality, formulated the Relocated Residents Resettlement Outline and submitted the same to the TGPCC for approval. The governments of Hubei Province and Chongqing Municipality are responsible for organizing the formulation of and approving the resettlement plan of related cities, counties or districts, and formulating the resettlement plan of their respective province or municipality and filing the same with the TGPCC for record. The relocated residents are compensated by the PRC government. The annual resettlement fund plan is included in the PRC government's annual investment plan and the resettlement fund is allotted in accordance with the plan. In order to support the relocated residents, the PRC government deducts certain amounts from the revenue obtained from the power generated by Three Gorges Project for contribution to a fund. These are allotted to the governments of Hubei Province, Chongqing Municipality and other provinces resettling the relocated residents.

Regulations on Foreign Exchange Administration

The principal regulations governing foreign currency exchange in the PRC are the Foreign Exchange Administration Regulations, as amended and effective as of August 5, 2008. According to the Foreign Exchange Administration Regulations, foreign currency received under current account by onshore entities will not be required to be converted into Renminbi and foreign currency under capital account may also be retained in foreign currency or be converted into Renminbi upon approval. The Renminbi will be convertible for current account items (including trade and service related foreign exchange transactions) upon presentation of valid receipts and proof certifying the purposes of the conversion of Renminbi into foreign currency to the designated foreign exchange banks.

On May 12, 2014, the SAFE released the Regulation on the Administration of Foreign Exchange for Cross-Border Guarantee and its operation guideline (collectively, the "**Cross-Border Guarantee Regulation**"), which became effective on June 1, 2014. According to the Cross-Border Guarantee Regulation, a "**cross-border guarantee**" is a written and legally binding guarantee provided by the guarantor to the creditor to fulfill the relevant payment obligations under the guarantee contract, which may involve cross-border payments, cross-border asset transfers or other transaction of balance of payments. Depending on the place of registration of the relevant party to the guarantee, a cross-border guarantee can be classified as overseas lending secured by a domestic guarantor, domestic lending secured by an overseas guarantor, and other forms of cross-border guarantee. Overseas lending secured by a domestic guarantor refers to a cross-border guarantee in which the guarantor is registered in the PRC, and both the debtor and the creditor are registered outside of the PRC. Domestic lending secured by an overseas guarantee refers to a cross-border guarantee in which the guarantor is registered outside of the PRC, and both the debtor and the creditor are registered within the PRC. Other forms of cross-border guarantee shall include cross-border guarantees other than overseas lending secured by a domestic guarantor, and domestic lending secured by an overseas guarantor. Overseas lending secured by a domestic guarantor, and domestic lending secured by an overseas guarantor, shall be registered with the SAFE or its local counterpart. The domestic guarantor may perform its guarantee obligations, and the domestic creditor may collect funds, upon completion of such registration. Other forms of cross-

¬border guarantee are not required to be registered or filed with the SAFE or its local counterpart except as otherwise required by the SAFE or its local counterpart. Funds involved in overseas lending secured by a domestic guarantor transaction shall not be used for any purpose or transaction outside the normal business scope of the debtor, or for arbitrage transactions under a false trade background, or any other speculative transactions. On January 18, 2017, the SAFE issued a Circular on Further Advancing the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance. According to this Circular, the debtor is allowed to repatriate funds raised in overseas lending secured by a domestic guarantor to the PRC directly or indirectly by way of domestic borrowing, equity or securities investment, or any other means. For domestic lending secured by overseas guarantee, an overseas institution or individual may only provide a guarantee for loans or credit facilities granted by domestic financial institutions to domestic non-financial institutions.

Regulations Relating to NDRC Registration

On September 14, 2015, NDRC issued the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations, (the "**NDRC Circular**"), which came into effect on the same date. According to the NDRC Circular and the guideline issued in connection with the NDRC Circular on December 18, 2015, any issue of the offshore bonds or loans with a maturity of more than one year, regardless of whether they are denominated in RMB or a foreign currency, that are issued by an onshore entity or its controlled offshore branches and subsidiaries, including international bond issuances and mid- and long -term international commercial loans, shall be registered with the NDRC prior to such issue, and the particulars of such issue shall be notified to NDRC within 10 business days after such issue. The SAFE issued the Notice on Further Advancing the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance on January 18, 2017, which allows an issuer to repatriate funds raised in overseas lending secured by a domestic guarantor to the PRC directly or indirectly by way of domestic borrowing, equity or securities investment, or any other means.

Regulations on Transferring Part of State-Owned Capital to Fortify Social Security Funds

On November 9, 2017, the State Council issued the Notice of the State Council on Issuing the Implementation Plan for Transferring Part of State-Owned Capital to Fortify Social Security Funds, which came into effect on the same date. According to the notice, 10% of the state-owned capital of the central and local state-owned and state-owned holding enterprises and financial institutions (only the group companies) (excluding public welfare enterprises, cultural enterprises, policy and development financial institutions), whether large or medium-sized, shall be transferred to the Social Security Funds to compensate for the deficiency of the basic endowment insurance funds for enterprise employees. In 2017, some central enterprises and state-owned enterprises' capital were transferred as pilots. On September 10, 2019, the MOF, the Ministry of Human Resources and Social Security, and the State-owned Assets Supervision and Administration Commission issued the Circular on the Comprehensive Promotion of the Transfer of Part of State-owned Capital to Enrich the Social Security Funds, which came into effect on the same date. Pursuant to the circular, the transfer of 10% of the state-owned capital of the central enterprises shall basically be completed in 2019 to enrich the Social Security Funds. The Social Security Funds, as financial investors of the central enterprises, shall enjoy the right of dividends, disposal and information of the central enterprises, and the transfer shall not change the current state-owned asset management system. The Social Security Funds and the original shareholders of the enterprises can clarify the way in which shareholder rights are exercised through agreements and other means.

Regulations on Taxation

Enterprise Income Tax

The new EIT Law and the Implementation Regulations were promulgated on March 16, 2007 and December 6, 2007, respectively, by the National People's Congress and the State Council, and became effective on January 1, 2008. Then the EIT law was amended on February 24, 2017 and December 29, 2018 and the Implementation Regulations was amended on April 23, 2019.

Pursuant to the Notice on Issues Relevant to Implementation of the Catalog of Public Infrastructure Projects Enjoying Enterprise Income Tax Preferences, issued by the MOF and the SAT on September 23, 2008, public infrastructure projects as specified in the Catalogue for Favorable Enterprise Income Tax on Public Infrastructure Projects (including newly constructed hydropower projects over major rivers approved by the investment administration of the State Council, newly constructed hydropower projects with a total installed capacity of 250 MW or more, and newly constructed wind power projects approved by investment administration authorities) which were approved after January 1, 2008 may be exempted from the enterprise income tax for the first three years beginning in the first year they generate revenue through their operations, and may enjoy a preferential tax reduction of 50% from the fourth to the sixth year.

Pursuant to the Circular on Taxation Policies Related to Deepening the Implementation of West Region Development Campaign, jointly issued by the MOF, the SAT and the General Administration of Customs on July 27, 2011, and partly abolished on April 23, 2020, the Circular on Enterprise Income Tax Related to Deepening the Implementation of West Region Development Campaign issued by the SAT on April 6, 2012 and partly abolished on October 1, 2014 and May 29, 2016, and Announcement on Continuation of the Enterprise Income Tax Policy for Development of Western Region jointly issued by the MOF, the SAT and the NDRC on April 23, 2020, enterprises established in Western China and engaged in industries which fall into the category of "Being Encouraged' as specified in the Catalogue of Encouraged Industry in West Region are entitled to a preferential income tax rate of 15% from January 1, 2011 to December 31, 2020 if 70% of their total income is generated from the encouraged business and are entitled to a preferential income tax rate of 15% from January 1, 2021 to December 31, 2030 if 60% of their total income is generated from the encouraged business.

Value-added Tax

Pursuant to the Interim Regulations of the PRC on Value-added Tax promulgated by the State Council on December 13, 1993 and amended on November 10, 2008, February 6, 2016 and November 19, 2017, the Detailed Rules for the Implementation of the Interim Regulations of the PRC on Value- added Tax promulgated on December 25, 1993 and amended on December 15 2008 and October 28, 2011, and the Measures for the Collection of Value-added Tax on Electric Power Products promulgated by the SAT on December 22, 2004 and amended on June 15, 2018, any entities and individuals engaged in the sale of goods (including electric power), provision of processing, repairs and replacement services, and importation of goods within the territory of the PRC are liable to pay VAT.

Pursuant to the Notice on the VAT Policies for Large Hydropower Enterprises, jointly promulgated by the MOF and the SAT on February 12, 2014, for hydroelectric power plants (including pumped- storage plants) with installed capacity of over one GW, (i) from January 1, 2013 to December 31, 2015, if the actual tax burden for VAT payable on the sale of its power products exceeds 8%, then the portion of VAT in excess of 8% shall be refundable immediately upon payment of such VAT, and (ii) from January 1, 2016 to December 31, 2017, if the actual tax burden for VAT payable for the sale of its power products exceeds 12%, then the portion of VAT in excess of 12% shall be refundable immediately upon payment of such VAT.

Pursuant to the Circular on Value-added Tax Policies for Wind Power Generation issued jointly by SAT and MOF on June 12, 2015, which became effective on July 1, 2015, the taxpayers who sell wind power products produced by themselves shall enjoy an immediate refund of 50% of the VAT they paid.

Pursuant to the Circular on Issuing the Catalogue of Preferential Value-added Tax Policies for Products and Labor Services Generated from the Comprehensive Utilization of Resources, issued by SAT and MOF on June 12, 2015 and partly abolished on December 30, 2021, and the Circular on Value-added Tax Policy for Comprehensive Use of Resources jointly issued by the MOF and the SAT, effective as of March 1, 2022, tax payers who comply with the conditions set out in such circular and engage in certain resources comprehensive utilization practices such as resources conversation, recycling, substitution or other resources sustainable use practices in their production or service delivery will enjoy an immediate refund of value-added tax related to their products or labor services. The Catalogue of Preferential Value-added Tax on Products and Services of Comprehensive Use of Resources set out in the circulars specifically lists the resources comprehensive utilization practices, the technical standard and other conditions and the rate of tax refund.

Pursuant to the Circular on Implementing the Pilot Program of Replacing Business Tax with Value-added Tax in an All-round Manner issued by the MOF and the SAT of the PRC on March 23, 2016 and partially amended on July 1, 2017, December 25, 2017 and March 30, 2019, starting from May 1, 2016, the business tax was replaced by VAT. In accordance with the Circular on Adjusting Value-Added Tax Rates, issued by the MOF and SAT on April 4, 2018, the previous applicable VAT rates 17% and 11% will be adjusted to 16% and 10% respectively, which was further adjusted to 13% and 9% respectively in accordance with Announcement on Relevant Policies for Deepening Value-Added Tax Reform issued by the MOF, the SAT and the General Administration of Customs of the PRC on March 20, 2019.

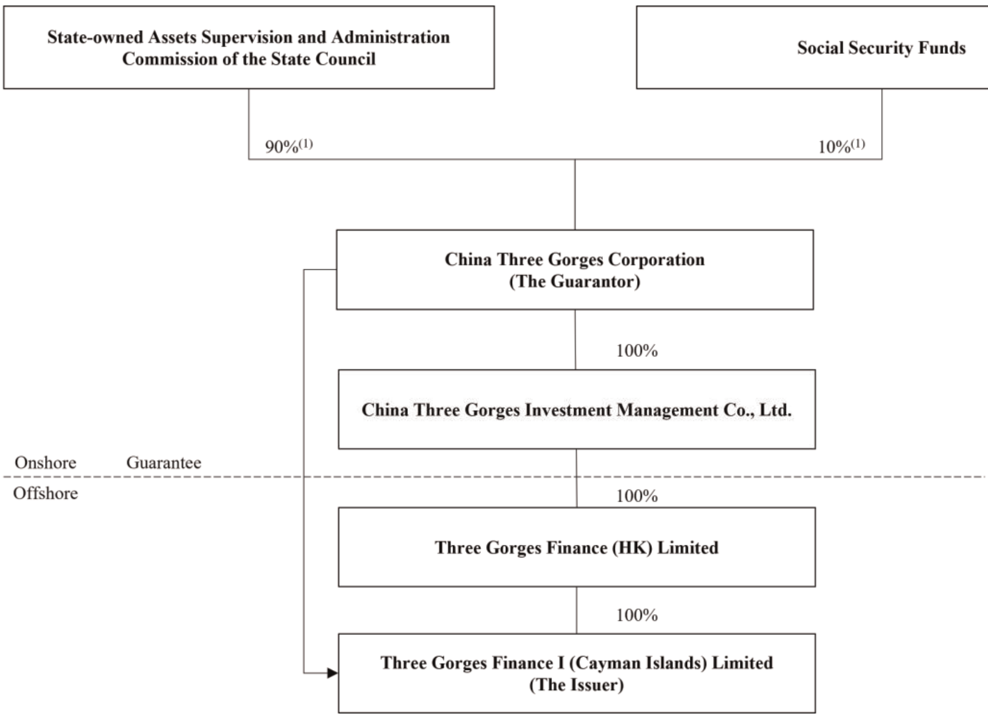
Tariff mechanism for pumped storage

Pursuant to the Opinions on Further Improving the Pumped Storage Power Price Formation Mechanism (the "**Price Opinions**") issued by the NDRC on April 30, 2021, the two-part tariff policy for pumped storage power should be maintained and optimized. Firstly, the Price Opinions suggest that the electricity tariff shall be formed competitively, depending on local situations: i) where the electricity spot market is operational, the electricity tariffs will be settled according to prices and rules in the electricity spot market; ii) where the electricity spot market is not operational, pumped electricity can be provided by grid enterprises, and the pumped tariff is 75% of the base price for coal-fired power. Grid enterprises are encouraged to purchase grid electricity by bidding at the bidding price, or otherwise at the base price for coal-fired power. The on-grid tariffs are the same as the base price for coal-fired power; iii) where a pumped storage power station will serve multiple provinces and regions, electricity tariffs must be determined rationally among the relevant provinces. Secondly, the mechanism for approving capacity tariffs should be improved by two means: i) reasonably determining price parameters against the advanced level of the industry based on cost surveys; ii) establishing an adjustment mechanism which accommodates the development of the electricity market and the industry. Further, the Price Opinions state that if the pumped storage capacity electricity tariffs are approved by the government, these tariffs should be incorporated in the recovery of electricity transmission and distribution tariffs and paid by grid enterprises. When approving transmission and distribution tariffs for provincial power grids, the capacity tariffs for newly commissioned pumped storage power plants in the next three years will be taken into account.

THE ISSUER

The Issuer, Three Gorges Finance I (Cayman Islands) Limited, was incorporated as an exempted company with limited liability in the Cayman Islands under the Cayman Islands Companies Law (as amended) on April 21, 2015 with registration number 298833. The Issuer's registered office is the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. As of the date of this Offering Circular, the Issuer is authorized to issue one share of US$1.00 par value and the issued share capital of the Issuer is US$1.00.

The Issuer is indirectly owned by the Guarantor through the Guarantor's wholly owned subsidiary, Three Gorges Finance (HK) Limited, a company incorporated with limited liability in Hong Kong. As of the date of this Offering Circular, the Issuer has not engaged, since its incorporation, in any material activities other than entering into arrangements for Relevant Indebtedness and on-lending of the proceeds thereof to the Guarantor's overseas subsidiaries.



The directors of the Issuer are LIU Xipu and ZHANG Mo. Each director's address for the purposes of his directorship of the Issuer is c/o No. 1 Yuyuantan South Road, Haidian District, Beijing, China.

(1) According to the Notice of the State Council on Issuing the Implementation Plan for Transferring Part of State-Owned Capital to Fortify Social Security Funds issued by the State Council on November 9, 2017 and the Circular on the Comprehensive Promotion of the Transfer of Part of State-owned Capital to Enrich the Social Security Funds issued by the MOF, the Ministry of Human Resources and Social Security, and the State-owned Assets Supervision and Administration Commission on September 10, 2019, 10% of the capital of the Company owned by the SASAC shall be transferred to the Social Security Funds. See "*Regulation – The PRC – Regulations on Transferring Part of State-Owned Capital to Fortify Social Security Funds*" for further information. As of the date of this Offering Circular, the 10% shares of the Company has been transferred to the Social Security Funds in SASAC's asset management system, but the filing for the transfer of the 10% shares of the Company with the Administration for Industry and Commerce of the People's Republic of China has not been completed.

THE GUARANTOR AND CORPORATE STRUCTURE

The Guarantor

We unconditionally and irrevocably guarantee the obligations under the Notes. Our legal and commercial name is China Three Gorges Corporation, formerly known as China Three Gorges Project Corporation ("**CTGPC**"). We were incorporated in the PRC on September 18, 1993, and officially commenced operations on September 27, 1993 as authorized by the State Council. On December 28, 2017, we were reorganized as a solely state-owned limited liability company. Our unified social credit code is 91110000100015058K. Our registered office is located at No.1 Liuhe Road, Jiang'an District, Wuhan, Hubei, China and our telephone number is +86 27 8508 6255.

The following illustrates a timeline of key events in our history:

On September 18, 1993, we were founded.

On December 14, 1994, construction of the Three Gorges Project officially commenced. In 1997, river closure for the Three Gorges Project occurred.

On November 4, 2002, CTGPC and five other initial shareholders incorporated CYPC. On November 18, 2003, CYPC was listed on the Shanghai Stock Exchange.

In 2003, the Three Gorges Project achieved three major milestones, being reservoir water enclosure, commencement of navigation, and power generation.

In 2005, the construction of the Xiluodu Project commenced.

In 2006, the construction of the Xiangjiaba Project commenced. In 2007, we entered into the wind power sector.

In 2008, we merged with CWE, resulting in CWE becoming our platform to conduct international business and China Water Investment Group Corporation.

In 2008, China Water Investment Group Corporation became CTGPC's subsidiary resulting in CTGPC becoming an integrated group covering our domestic hydropower, wind power and renewable energy businesses, as well as a dynamic international clean energy contracting business.

On September 27, 2009, CTGPC changed its name to China Three Gorges Corporation. In 2009, the Three Gorges Project commenced full operation. In the same year, the Three Gorges Project's main power generation assets were injected into CYPC.

In 2010, the Three Gorges reservoir achieved 175 meters of trial water filling; the Three Gorges Project began to provide its social benefits of flood prevention, power generation, navigational improvement and water supply.

In 2011, we entered into the solar power sector.

In 2012, we acquired a 21.35% equity interest in EDP and became its single largest shareholder.

In 2012, CSAIL was founded, and in 2015 it attracted IFC and the Silk Road Fund to become its shareholders.

In 2013, CTG Brasil was founded, and in 2014 it completed the acquisition of a 50% equity interest of the Jari and Cachoeira hydropower projects and a 33.33% equity interest of the Sao Manoel do Parana hydropower project.

In 2014, the Xiluodu Project and the Xiangjiaba Project commenced full operation, and our pumped-storage power station in Hohhot commenced partial operation.

In 2015, the Murum hydropower station in Malaysia commenced operations. In 2015, the construction of the Wudongde Project commenced.

In May 2015, we hosted the IHA's 2015 World Congress in Beijing.

In July 2015, we acquired a 30% equity interest in State Grid Xinyuan, a company engaged in pumped storage power business whose other shareholder is State Grid.

In November 2015, we won 30-year concessions effective from January 2016 for two major hydropower stations in Brazil, the Ilha Solteira plant and the Jupia plant, with an aggregate installed capacity of 4,990 MW.

In December 2015, we strategically acquired a controlling interest in Hubei Energy, as a result of which we gained three projects forming the cascade hydropower system of the Qing River.

In 2016, construction of the Karot hydropower station in Pakistan commenced.

In April 2016, we completed our asset injection of the Xiluodu Project and the Xiangjiaba Project into CYPC. Following this, CYPC owned and operated all of our four large-scale hydropower stations along the Yangtze River.

In October 2016, we acquired part of Duke Energy's Brazilian business.

In June 2016, we acquired an 80% stake in Meerwind with an installed capacity of 288 MW.

In October 2016, Jiangsu Xiangshui offshore wind farm commenced full operation with an installed capacity of 202 MW.

In 2016, TGEE was founded to carry out the power distribution and sale business.

In 2017, the cumulative electricity output generated from the Three Gorges Project reached 1,000 TWH.

In 2017, the construction of the Baihetan Project commenced.

In 2018, the annual power generation of the Three Gorges Project exceeded 100 TWH. In 2018, the total installed capacity of CTGR exceeded 10 GW.

In 2018, the Yangtze Ecology and Environment Co. Ltd. was founded, which is a platform for commencing Yangtze River protection.

In 2018, the Yangtze Ecology and Environment Research Center was founded.

In 2018, we began the first batch of pilot urban sewage water treatment PPP projects in four cities along Yangtze River.

In 2018, we invested in the Moray East offshore wind power project in the United Kingdom.

In April 2019, as part of a consortium with ACE Investment Fund II LP and CNIC Corporation Limited, our subsidiary, Hubei Energy, acquired the Chaglla hydropower station in Peru.

In 2019, the Yangtze River Ecological and Environmental Industry Association was founded.

In 2019, we established the Yangtze River Green Development Investment Fund jointly with NDRC.

By the end of 2019, we had expanded the pilot urban sewage water treatment PPP projects to 11 provinces and municipalities along the Yangtze River.

In 2019, we formulated the Three-Year Plan of Eco-environmental Protection Plan of the Yangtze River (2019-2021).

During the first quarter of 2020, the Three Gorges Project's total power generation reached its historical high at 16.5 TWH and played an important role in supporting efforts against COVID-19 and its related impact.

In April 2020, we completed the transaction to acquire 83.64% of equity interest in LDS, entering into the overseas power distribution and sale market for the first time. This transaction is the largest outbound M&A project of PRC enterprises since 2019.

In May 2020, TGWC completed its material asset restructuring which integrated four regional power grids in Chongqing and laid a sound foundation for the future development of our power distribution and sale business.

On June 29, 2020, the first set of generators of the Wudongde Project commenced operations.

In July 2020, together with the China Securities Index, we formulated and published the Yangtze River Protection Index.

In July 2020, the Cascaded Scheduling Regulation for Three Gorges (under Normal Operation) – Gezhouba (2019 Amendment) was approved by MWR, which significantly enhances the comprehensive benefits of the Three Gorges Project.

In December 2020, we officially became a power supply partner of the 2022 Beijing Olympic and Paralympic Winter Games.

In January 2021, we expanded our global footprint in Spain and acquired 100% of the Daylight Project, which has 13 photovoltaic power stations with a total installed capacity of 572 MW.

In June 2021, an aggregated of over 1.6 billion tons of goods have passed through the Three Gorges lock, which has operated safely for 18 years since it commenced operation on June 18, 2003.

In June 2021, our subsidiary CTGR listed its shares on the Shanghai Stock Exchange, which marked the biggest IPO in China's power industry at the time.

In June 2021, the first batch of generators of the Changlongshan pumped storage power station commenced operation.

In August 2021, we acquired 100% of the Horus Project in Spain, which has 11 wind power stations and one photovoltaic power station with a total installed capacity of 405 MW.

In August 2021, in consortium with other Chinese investors, our subsidiary, CSAIL, acquired 100% of equity interest in Alcazar Energy Partners.

In November 2021, our subsidiary, Three Gorges International, signed an agreement with EDP Renováveis, a subsidiary of Portuguese Electric Power, to acquire 100% equity of the Flores onshore wind power project in Spain, with a total installed capacity of 181 MW.

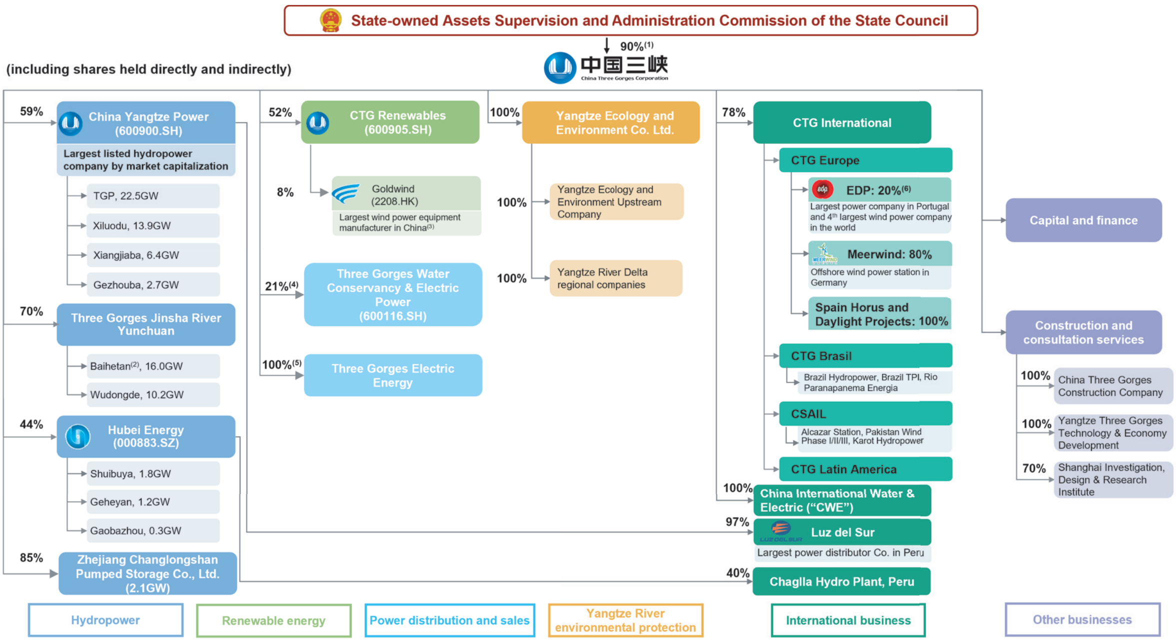
In December 2021, our Guangdong Yangjiang Shapa offshore wind farm commenced full operation with an installed capacity of 1.7 GW, which is China's first floating offshore wind power platform equipped with the world's first typhoon-resistant floating offshore wind turbine.

In 2022, all units of generators of the Changlongshan pumped storage power station commenced full operation with a total installed capacity of 2.1 GW.

In June 2022, the Karot hydropower station commenced full operation.

Corporate Structure

The following chart briefly outlines our simplified group structure as of December 31, 2021.



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(1) According to the Notice of the State Council on Issuing the Implementation Plan for Transferring Part of State-Owned Capital to Fortify Social Security Funds issued by the State Council on November 9, 2017 and the Circular on the Comprehensive Promotion of the Transfer of Part of State-owned Capital to Enrich the Social Security Funds issued by the MOF, the Ministry of Human Resources and Social Security, and the State-owned Assets Supervision and Administration Commission on September 10, 2019, 10% of the capital of the Company owned by the SASAC shall be transferred to the Social Security Funds. See "*Regulation – The PRC – Regulations on Transferring Part of State-Owned Capital to Fortify Social Security Funds*" for further information. As of the date of this Offering Circular, the 10% shares of the Company has been transferred to the Social Security Funds in SASAC's assets management system, but the filing for the transfer of the 10% shares of the Company with the Administration for Industry and Commerce of the People's Republic of China has not been completed.

(2) First batch of Baihetan Project's generators commenced operation on June 28, 2021 and full operation is expected in 2022;

(3) Based on newly installed capacity in 2021 from Bloomberg;

(4) Indirectly owned via CYPC, Three Gorges Capital, Yangtze Power Capital Holdings Co., Ltd., CYPC Investment and TGEE;

(5) Indirectly owned via CYPC and Three Gorges Capital;

(6) As of March 31, 2022;

(7) Directly owned through CTGI; Total indirect and direct ownership is 100%.

OVERVIEW

We are a leading clean energy group focusing on large-scale hydropower development and operations, and we are the largest hydropower enterprise in the world in terms of installed capacity. Complementing our global leadership in hydropower, we also engage in other renewable energy businesses including wind power, solar power and other forms of clean energy. CYPC and CTGR, our subsidiaries, are the largest listed hydropower company globally and the largest A-share listed renewable energy company in China by market capitalization, respectively[6]. CTGR is also the largest offshore wind power company in China in terms of installed capacity. Our domestic power generation business spans substantially all of the provinces, autonomous regions and municipalities in the PRC, and as of December 31, 2021, our international business, consisting of international investments in the hydropower and renewable energy sectors and international contracting, had reached approximately 40 countries and territories. Besides, we are the only power generation company in China with sovereign credit ratings from two international rating agencies.

In China, we are the largest clean energy enterprise in terms of installed capacity:

- ***Hydropower business:*** We have been mandated by the PRC government to develop the hydropower resources of the Yangtze River and its tributaries. Along the Yangtze River, which has the most abundant water resources in China, we have managed the development and operation of the Three Gorges Project, currently the largest hydropower project in the world in terms of installed capacity. We have also been mandated by the PRC government to develop four major Jinsha River hydropower projects: the Xiluodu Project, the Xiangjiaba Project, the Baihetan Project and the Wudongde Project. The Xiluodu Project, the Xiangjiaba Project and the Wudongde Project commenced full operations in 2014, 2014 and 2021, respectively, and are the fourth, eleventh and seventh largest hydropower projects in operation or under development in the world in terms of installed capacity, respectively[7]. Our major hydropower project under development, the Baihetan Project, which commenced initial operation in 2021 and is expected to be in full operation by 2022, also ranks the second in terms of installed capacity among the 12 largest hydropower projects globally currently in operation or under development[8]. In addition, we have been developing pumped storage power stations since 2010. In 2015, we commenced the construction of the Changlongshan pumped storage power station in Zhejiang province. The first batch of units commenced operation in June 2021 and all units commenced full operation in 2022 with a total installed capacity of 2.1 GW. In June 2022, we commenced the construction of the Tiantai pumped storage power station located in Tiantai county of Zhejiang province with a planned installed capacity of 1.7 GW. The first batch of generators are expected to commence operation in 2025.

- ***Wind power and solar power business:*** We are diversifying our clean energy business in China by actively developing wind power, solar power and other forms of clean energy. We plan to further implement our "Pioneer of Offshore Wind Power" strategy in China and to build the largest offshore wind power corridor along the coast. As of December 31, 2021, we have offshore wind power projects in operation in four coastal provinces in China, including Fujian, Guangdong, Jiangsu and Liaoning, with an aggregate installed capacity of approximately 4.6 GW, ranking the first in China. In October 2016, the Jiangsu Xiangshui offshore wind farm commenced full operation with an installed capacity of 202 MW, becoming the largest offshore wind farm in China in terms of standalone installed capacity at the time. In September 2017, the first batch of generators of the Fujian Xinghua Bay offshore wind farm demonstration project commenced operation, which marked the world's first large-scale offshore wind farm demonstration project. In November 2020, the Dalian Zhuanghe offshore wind farm was connected to the grid at full

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6 Based on the information known to the Company as of June 30, 2022.
7 Same as above.
8 Same as above.

capacity of 300 MW, becoming the first fully completed offshore wind farm in Northeast China. In December 2021, the Guangdong Yangjiang Shapa offshore wind farm commenced full operation with an installed capacity of 1.7 GW, becoming the first GW-level offshore wind farm in China. The Fujian Changle offshore wind farm was also connected to the grid at full capacity of 300 MW in 2021, becoming the first offshore wind farm that have a batch of wind power generators each with a maximum capacity of 10 MW. As of December 31, 2021, our onshore wind power projects in China have a total installed capacity of approximately 10.6 GW, including the largest single onshore wind power project in Asia, the largest source-grid-load-storage demonstration project in the world and the first MW-level high-altitude project in China. As of December 31, 2021, the total installed capacity of our solar power projects in China reached 11.3 GW, including the largest water surface solar power project in the world, the first large-scale grid parity solar power project in China and the largest single solar power project in mountainous areas in China.

- ***Yangtze River Ecological and environmental protection business:*** We have expanded our business into the ecological and environmental protection industry. We aim to cultivate industries related to ecological and environmental protection and promote social capital to focus on ecological and environmental protection and clean energy development. Taking urban sewage treatment as an entry point, by the end of 2021, we have expanded the pilot urban sewage water treatment PPP projects to 11 provinces and municipalities along the Yangtze River. In July 2021, we launched a new model for urban water management, the "Urban Smart Water Management System" model and signed partnership agreements of "Urban Smart Water Management System" with 23 cities and counties in China, to solve the fundamental problems of water ecological environment in cities along the Yangtze River, achieve long-term stability and continuous improvement of urban water environment and promote the low-carbon development of cities. The "Urban Smart Water Management System" adopts unified planning, construction, operation, management and scheduling of water-related facilities, including water supply, drainage, pipeline network, flood control, rivers and lakes to achieve the marketization of urban water ecological environment protection.

Internationally, we are expanding our global footprint. Leveraging our leading positions in the global hydropower industry, we have actively engaged in the development of power infrastructure which is aligned with China's Go Global policies. In addition, we have accelerated our overseas business expansion in developed markets such as Europe, emerging markets with abundant clean energy resources such as South America, the Middle East and Africa, and China's neighboring countries. For example:

- ***In Europe:*** As of December 31, 2021, our attributable and consolidated installed capacity in Europe exceeds 7.2 GW. As of March 31, 2022, we were the single largest shareholder of EDP with a 20.22% equity interest. EDP is an international clean energy group listed on the Lisbon Stock Exchange which, as of December 31, 2021, operated consolidated installed hydropower capacity of over 7.1 GW. We have acquired an 80% interest in WindMW, an offshore wind power joint-venture and owner of a German offshore wind power project, Meerwind, from Blackstone Energy Partners and its affiliated private equity funds. In 2018, we invested in the Moray East offshore wind power project in the United Kingdom, which allowed us entry into one of the largest offshore wind power market in terms of total installed capacity. In 2021, we expanded our global footprint in Spain, which has the largest photovoltatic power market in Europe. In January 2021, we acquired 100% of the Daylight Project in Spain, which has 13 photovoltaic power stations with a total installed capacity of 572 MW. In August 2021, we acquired 100% of the Horus Project in Spain, which has 11 wind power stations and one photovoltaic power station with a total installed capacity of 405 MW. In November 2021, Three Gorges International, our subsidiary, signed an agreement with EDP Renováveis, a subsidiary of Portuguese Electric Power, to acquire 100% equity of the Flores onshore wind power project in Spain, with a total installed capacity of 181 MW. As of the date of this Offering Circular, we were actively promoting the settlement procedures of the Flores project. The recent transactions reinforced our presence in Spain, with more than 1 GW of installed capacity of clean energy in operation.

- ***In South America, the Middle East and Africa:*** We have strategically acquired 30-year concessions, effective from January 2016, for two major hydropower stations in Brazil, the Ilha Solteira hydropower plant and the Jupia hydropower plant, and have further acquired Duke Energy's Brazilian business with an installed capacity of 2.27 GW in October 2016, making us the third largest power generation company in Brazil in terms of installed capacity and increasing CTG Brasil's aggregate consolidated and attributable installed capacity in Brazil for projects in operation or under development to 8.3 GW. In April 2019, as part of a consortium with ACE Investment Fund II LP and CNIC Corporation Limited, our subsidiary, Hubei Energy, acquired the Chaglla hydropower station in Peru. In April 2020, CYPC completed a transaction to acquire 83.64% of equity interest of Luz del Sur S.A.A. ("**LDS**"), a Peruvian private electricity distribution company that serves more than one million customers in the Southeast of Lima. In February 2021, CYPC completed the mandatory tender offer of LDS's remaining equity and as of the date of this Offering Circular, CYPC indirectly held 97.14% of the equity interest in LDS. In August 2021, our subsidiary, CSAIL, in consortium with other Chinese investors, acquired 100% of equity interest in Alcazar Energy Partners ("**AEP**"), a Dubai-headquartered leading renewable energy company. AEP's portfolio includes seven wind and solar projects in Jordan and Egypt with a total generation capacity of 411 MW. The transaction enabled us to extend our business and gain exposure to the renewable energy markets in the Middle East and North Africa region.

- ***In neighboring countries:*** Since 2016, we had been building the Karot hydropower station on the Jhelum River in Pakistan. In June 2022, the Karot hydropower station commenced full operation. In addition, we have acquired the right to operate the Pakistan II and III wind power projects. The Pakistan II and III wind power projects commenced operations in 2018. In Laos, we have completed the Laos Nam Lik 1-2 hydropower station and the Nam Ngier 2 hydropower station under the BOOT model. As of December 31, 2021, our aggregate installed capacity of the projects in operation and under development in South Asia surpassed 0.89 GW.

We believe that our strengths in branding, technology and financing, and our expertise and presence along the value chain of the hydropower industry, including design, construction, operation and maintenance, will drive our growth as a first-tier international clean energy group.

Our revenue for 2019, 2020 and 2021 was RMB99.2 billion, RMB111.6 billion and RMB136.0 billion, respectively. Our net profit for 2019, 2020 and 2021 was RMB36.3 billion, RMB43.4 billion and RMB50.2 billion, respectively. Our total assets as of December 31, 2019, 2020 and 2021 were RMB837.6 billion, RMB969.7 billion and RMB1,154.3 billion, respectively. Our EBITDA for 2019, 2020 and 2021 was RMB66.4 billion, RMB75.6 billion and RMB86.5 billion, respectively.

The following table shows a breakdown of our domestic and international revenue and assets:

	Year ended/As of December 31,					
	2019		2020		2021	
	(Unaudited) (RMB in millions, except percentages)					
Operating revenue:						
China	80,098.7	80.7%	91,078.3	81.6%	112,978.0	83.1%
Overseas	19,140.7	19.3%	20,559.8	18.4%	23,049.3	16.9%
Total	**99,239.4**	**100.0%**	**111,638.1**	**100.0%**	**136,027.3**	**100.0%**
Assets:						
China(1)	691,354.5	82.5%	793,512.3	81.8%	965,101.1	83.6%
Overseas(2)	146,205.5	17.5%	176,231.0	18.2%	189,209.7	16.4%
Total	**837,560.0**	**100.0%**	**969,743.3**	**100.0%**	**1,154,310.8**	**100.0%**

(1) China assets refer to the assets of our group except CTGI, CWE, Three Gorges Finance (HK) Limited, Hubei Energy International Investment (HK) Company Limited and China Yangtze Power International (Hongkong) Co., Ltd.

(2) Overseas assets refer to the assets of CTGI, CWE, Three Gorges Finance (HK) Limited, Hubei Energy International Investment (HK) Company Limited and China Yangtze Power International (Hongkong) Co., Ltd.

The following table shows the revenue breakdown for our business segments:

	Year ended December 31,					
	2019		2020		2021	
	(RMB in millions, except percentages)					
Operating revenue:						
Power business	80,742.8	81.4%	90,410.8	81.0%	102,178.4	75.1%
Hydropower	62,796.5	63.3%	70,023.4	62.7%	75,059.9	55.2%
Wind power	8,067.8	8.1%	9,810.2	8.8%	12,973.2	9.5%
Solar power	3,640.8	3.7%	4,326.3	3.9%	6,670.9	4.9%
Thermal power	6,237.7	6.3%	6,250.9	5.6%	7,474.4	5.5%
Other business	18,496.6	18.6%	21,227.3	19.0%	33,848.9	24.9%
Overseas power distribution & sales business	–	–	4,025.4	3.6%	5,751.2	4.2%
Contracting	8,969.9	9.0%	8,939.1	8.0%	11,480.1	8.5%
Electric power Equipment manufacturing	1,172.5	1.2%	–	–	–	–
Finance	746.7	0.7%	1,337.4	1.2%	1,904.8	1.4%
Others	7,607.5	7.7%	6,925.4	6.2%	14,712.8	10.8%
Total	**99,239.4**	**100.0%**	**111,638.1**	**100.0%**	**136,027.3**	**100.0%**

The following table shows our aggregate consolidated and attributable installed capacity as of December 31, 2019, 2020 and 2021, as well as our aggregate annual power generation in 2019, 2020 and 2021, respectively:

	2019	2020	2021
Aggregate Consolidated Installed Capacity (MW)	74,956.0	87,603.9	109,368.2
China	65,607.2	78,117.1	98,333.2
Overseas	9,348.8	9,486.8	11,035.0
Aggregate Annual Power Generation (TWH)	289.5	330.5	363.3
China	254.3	295.0	332.0
Overseas	35.2	35.5	31.3

For the year ended December 31, 2021, our hydropower, wind and solar power, thermal power and international business power generation amounted to 275.7 TWH, 35.3 TWH, 21.0 TWH and 31.3 TWH, respectively. For the year ended December 31, 2021, our clean energy power generation accounted for approximately 13.4% of China's total clean energy power generation. As of December 31, 2021, our aggregate installed capacity of our overseas projects in Latin America, Europe and other regions were 7.9 GW, 1.3 GW and 1.8 GW, respectively.

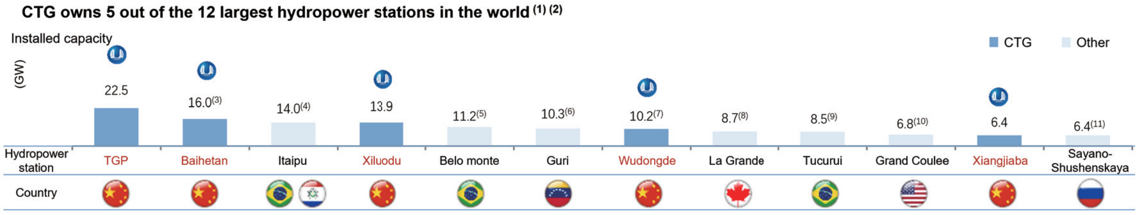
COMPETITIVE STRENGTHS

We believe that our historical success and future prospects depend on a combination of the following strengths:

We are the largest hydropower enterprise in the world and the leader in the global hydropower industry

We are the largest hydropower enterprise in the world in terms of installed capacity. As of December 31, 2021, our consolidated installed hydropower capacity in China was 67.2 GW, which accounted for 17.2% of China's total hydropower installed capacity. In 2021, our projects in China generated 275.7 TWH of hydropower, or 23.4% of China's total hydropower generation. As of December 31, 2021, we had 76 or approximately 60%, of the 127 largest capacity generators (those with a capacity of more than 700 MW) in operation worldwide. The aggregate planned installed capacity of our hydropower stations under development in China was approximately 11.1 GW as of December 31, 2021. Following the full operation of the Baihetan hydropower station, our consolidated installed hydropower capacity in China will reach 76.1 GW, which is expected to account for at least 20% of China's total installed hydropower capacity by 2022.

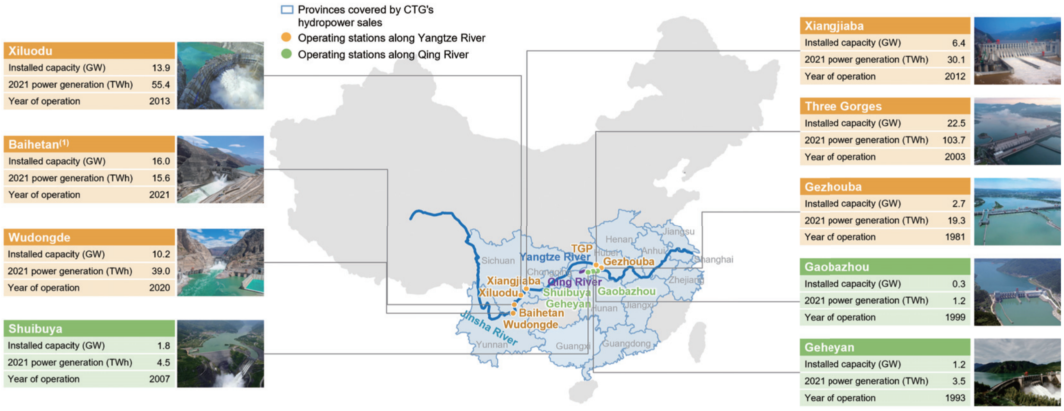
The following chart shows the 12 largest hydropower projects currently in operation or under development in the world in terms of installed capacity, among which five are developed and operated by ourselves.



(1) Total installation, including hydropower stations in operation and under construction;
(2) Based on the information known to us as of the date of the Offering Circular;
(3) First batch of generators started operation in June 2021;
(4) Itaipu disclosure;
(5) Norte Energia disclosure;
(6) HPC Venezuela C.A. disclosure;
(7) All generators started operation and generation in June 2021;
(8) Hydro-Quebec disclosure;
(9) Eletrobras disclosure;
(10) U.S. Department of the Interior Bureau of Reclamation disclosure;
(11) RusHydro disclosure.

We have been mandated by the PRC government to develop the hydropower resources of the Yangtze River and its tributaries. The Yangtze River and its tributaries collectively account for almost half of the nation's total hydro resources. The six Yangtze River cascade hydropower projects, the Gezhouba Project, the Three Gorges Project, the Xiluodu Project, the Xiangjiaba Project, the Wudongde Project and the Baihetan Project have a cascade reservoir capacity of 45.0 billion cubic meters, 12.9 billion cubic meters, 5.2 billion cubic meters, 0.7 billion cubic meters, 7.4 billion cubic meters and 20.6 billion cubic meters, respectively, covering an area of 1 million square kilometers in total. In 2021, the six cascade hydropower stations generated a total of 262.9 TWH of electricity, equivalent to reducing carbon dioxide emissions by approximately 220 million tons, setting a historical power generation record by this world's largest clean energy corridor. Along this corridor, the Three Gorges Project with an installed capacity of 22.5 GW is the largest power station in the world in terms of annual power generation, which generated 111.8 TWH of electricity in 2020, setting a world record and generated 103.7 TWH of electricity in 2021, crossing the 100 TWH mark again.

The following chart illustrates the locations of our major hydropower projects in operation or under development in China, as well as their installed capacity as of December 31, 2021, their annual power generation in 2021, their year of commencement of operations and the transmission coverage of their electricity generation.



(1) First batch of generators commenced operation in June 2021 with full operation expected in 2022

Having a presence along the full industry value chain for large-scale hydropower projects and improved joint optimal dispatch and scheduling of the six Yangtze River cascade hydropower projects, we believe we have realized synergies within the cascade hydropower systems and have further maximized overall power generation across the cascade hydropower systems and achieved better benefits in terms of flood control, drought relief, environmental protection and navigational capabilities. This operation efficiency has further strengthened our leading position in clean energy businesses. Our capability and resources in operating the largest hydropower projects in the world, coupled with our growing international coverage and engagement in other clean energy businesses, including wind power and solar power, have helped strengthen our position as a leader in the global hydropower industry.

We make significant social contributions, underpinning our great strategic importance to China

Our hydropower projects are an important part of China's national economic growth strategy, and contribute significant social and economic benefit to the nation. Founded in 1993, with the approval of the State Council, our mission was to build the Three Gorges Project and develop the hydropower resources of the Yangtze River. Through leveraging more than 20 years of experience in developing China's hydropower resources, as the world's largest clean energy corridor we have made significant contributions, both socially and economically, as illustrated by the following:

- ***Flood control:*** The Three Gorges Project, the key backbone project for the development of the Yangtze River, is of great strategic importance to China. Historically, floods of the Yangtze River in central and eastern China occurred periodically and often caused considerable destruction of property and loss of life: the Three Gorges Project was developed with a key purpose of ameliorating flood risk and the associated damages. The Three Gorges Project has a reservoir with an effective flood control capacity of 22.2 billion cubic meters and has significantly improved flood control along the midstream and downstream sections of the Yangtze River. In 2021, the Three Gorges Project successfully reached its target of 175-meter water storage for twelve consecutive years. The Three Gorges reservoir controlled cumulative flood water of 24.7 billion cubic meters during the 2021 flood season and effectively intercepted floods of over 40,000 cubic meters per second for five times of the Yangtze River in 2021. The accuracy of the flood forecasting level of the Three Gorges Cascade Center has reached the first tier, strengthening the feasibility of the cascade reservoir optimal dispatch plan.

- ***Ecological water supply:*** The Three Gorges Project has China's largest strategic fresh water reservoir and is able to supply water to, among other things, ameliorate drought or achieve ecological benefits. During the dry season of 2021, the Three Gorges Project, together with other five Yangtze River cascade hydropower stations, cumulatively supplied 34.0 billion cubic meters of water to downstream residents for 138 days, effectively alleviating the Yangtze River downstream residents' spring ploughing and keen water usage demand. Since 2004, the Three Gorges Project has cumulatively supplied water to downstream residents for over 2,200 days with over 270 billion cubic meters, equivalent to nearly 20,000 times the water amount of the West Lake.

- ***Sewage treatment:*** We keep exploring the "CTG Model" for urban wastewater treatment and carried out the Yangtze River Environmental Projection Project since 2018 in four pilot cities, *i.e.* Yichang (Hubei), Yueyang (Hunan), Jiujiang (Jiangxi) and Wuhu (Anhui). The Project was expanded to 16 cities and counties along the Yangtze River by the end of 2018 and was in full swing across 11 provinces along the Yangtze River around mid-2019. In July 2021, we launched a new model for urban water management, the "Urban Smart Water Management System" model and signed partnership agreements of "Urban Smart Water Management System" with 23 cities and counties in China. As of December 31, 2021, there were 222 sewage water treatment plants in operation with the sewage water treatment capacity of 2.64 million cubic meters per day and the pipeline network of more than 9,000 km had been inspected, serving nearly 6 million people.

- ***Clean energy generation:*** With our major hydropower projects along the Yangtze River forming the world's largest clean energy and stable power generation base, not only do we play a critical role in China's national energy security and energy structure reform, but we also contribute to China's fulfillment of its international commitments or policies. China announced a "30·60" goal at the United Nations Summit on Biodiversity in September 2020 that it is committed to reach peak carbon dioxide emission by 2030 and achieve carbon neutrality by 2060. In addition, according to the 14th Five-Year Plan for Modern Energy System published in March 2022, China plans to raise the share of non-fossil fuels in its electricity supply to 39% and raise the conventional hydropower generation capacity to 380 GW by 2025. In response to this national goal, we set a "23·40" goal that we will strive to take the lead to reach peak carbon dioxide emission by 2023 and achieve carbon neutrality by 2040. In 2021, our clean energy power generation in China reached 311.0 TWH, accounting for approximately 13.4% of China's total clean energy power generation. During the 14th Five-Year Plan period and subsequent development stages, we will maintain an annual growth of 15 GW of clean energy installed capacity and contribute to the carbon emission reduction target of China. As of December 31, 2021, the cumulative power generation of the Three Gorges Project exceeded 1,471 TWH. In 2021, the electricity output generated from the six Yangtze River cascade hydropower projects reached 262.9 TWH, 103.7 TWH of which was generated by the Three Gorges Project and over 9 TWH of which was generated from water conservation. In 2021, we made every effort to ensure the stable and reliable supply of energy and power in the Eastern China, Central China and Southern China regions. In September 2021, our hydropower generation reached 46.6 TWH, accounting for 6.7% of China's total hydropower generation for the same period, setting a monthly record of power generation. During the winter season of 2021, the maximum peak output of the six Yangtze River cascade hydropower stations reached 57.6 GW, which was equivalent to 4.8% of China's maximum load during the same period.

- ***Navigational improvement:*** The Three Gorges Project has significantly improved navigation in the midstream section of the Yangtze River by enabling 10,000-ton vessels to sail from Shanghai to Chongqing directly, which allows higher shipping capacity with lower oil consumption and reduces the per unit shipping cost. The Three Gorges Project also allows for night navigation in the Sichuan area. In 2021, 146 million tons of goods passed through the Three Gorges lock, which has operated safely for 18 years with an aggregate shipping capacity of approximately 1,684 million tons as of December 31, 2021. The world's largest ship lift at the Three Gorges Dam, which was developed by us, commenced trial operation in September 2016 and passed the completion and acceptance check in 2019. The new lift, with the highest technical difficulty in the world, is able to reduce transit time for most vessels from several hours down to approximately 65 minutes, saving 145 minutes of average transit time. The ship lift of the Xiangjiaba Project, a ship lift with the world's highest unipolar hoisting height, commenced trial operation in 2019.

- ***Independent innovation capacity:*** Our success has indicated that a Chinese enterprise has developed capability to independently design, manufacture, and install large hydroelectric generating units and to develop hydropower turbine generators with a capacity of more than 1 GW in China. We have successfully manufactured gears, racks and other key components for the Three Gorges ship lift on our own, defining the Chinese standard in the world's high-end equipment manufacturing industry. The Baihetan hydropower station, the largest and most difficult-to-build station of its kind that is under construction in the world, is scheduled to reach full operation in 2022. By that time, it will be the second-largest hydropower station in the world following the Three Gorges Project in terms of installed capacity. Its large capacity, advanced technology and outstanding performance evidenced China's breakthroughs in high-end equipment manufacturing.

- ***Effective local strategies to boost quality job creation:*** We strive to improve the local environment, bring more employment opportunities to local residents and benefit resettled residents. Our business along the Yangtze River encourages construction and development of the infrastructures in the towns and ports along the river, and further invites industry resources to be expanded or redistributed to the upstream areas and other areas along the Yangtze River. We have also issued a total of RMB9 billion of poverty alleviation bonds and the proceeds are mainly used for Wudongde Project and Baihetan Project, which promoted local economic development and provided employment opportunities.

- ***Participation in formation of China's hydropower industry policies:*** We have participated in the formulation of national hydropower resources development policies. Through our international operation, we have brought "the Three Gorges Standard" to the world.

- ***National strategy execution:*** We align our business strategy to the strategies of China. First, our overseas business expansion is aligned with China's Go Global policies, reaching diverse regions such as Peru, Portugal, Brazil and Pakistan. For example, in Pakistan, we completed the Karot hydropower station (with a designed installed capacity of 720 MW) on the Jhelum River, a project that was jointly announced by the PRC and the Pakistani governments. In 2021, we increased the installed capacity of overseas renewable energy by approximately 1.5 GW and successfully entered the clean energy market in Spain, Egypt, Jordan and other countries through our subsidiary CTGI. Second, we facilitate the national energy strategy of transmitting power from the west to the east. China is a nation with significant regional imbalances of supply and demand of energy. The Three Gorges Project, the Xiluodu Project, the Xiangjiaba Project, the Wudongde Project and the Baihetan Project have promoted the development of the nation's interconnected power transmission network, and significantly reduced power shortages in, and provided stable power supply to, the regions they serve. In 2021, Baihetan hydropower station was on the "Top 10 Super Projects of Central SOEs in 2021" list of SASAC. Furthermore, our investment in clean energy efforts helps in meeting the targets of the 14th Five-Year Plan for Modern Energy System. In 2021, our subsidiary, CTGR, realized several milestone projects such as the new generation of green power station in Ulanqab, the Phase III wind power project in Qinghai Xitieshan, offshore wind power projects in Guangdong, Fujian and Jiangsu provinces, including the first GW-level offshore wind farm in China, the first offshore wind power project using flexible direct current transmission technology in Asia and the farthest offshore wind power project in China. In addition, we have supported state-owned enterprise reform, as demonstrated by securing financial investors for our asset injection of the Xiluodu Project and the Xiangjiaba Project into CYPC and by our acquisition of a controlling interest in Hubei Energy. Furthermore, we have been dedicated to protect Yangtze River ecological environment, following the major national strategy of well-coordinated environmental conservation of the Yangtze River by, for example steadily expanding the scope of pilot urban sewage water treatment PPP projects and further developing our Yangtze River ecological and environmental protection business.

We receive significant support from the PRC government

The PRC government has, since our inception, provided a variety of important and special initiatives and policies to support our development as our business is in line with PRC national energy strategy, including the large-scale development in the western region and the energy structure reform, and in view of our strategic importance and significant social and economic contributions to China. These include:

- ***Favorable industry policies:*** With the growing awareness of environmental pollution and the desire to encourage sustainable development, as evidenced by the General Office of the State Council's issuance of the Energy Development Strategy Action Plan (2014-2020), China has promulgated laws and regulations to reduce emissions from electricity generation by promoting the utilization of renewable and clean energy sources. For example, under PRC laws, grid companies generally must purchase all electricity generated from renewable energy projects in their grid areas, and must provide grid-connection services and related technical support. In April 2019, the state promulgated Notice on Printing and Distributing the Three-Year Action Plan for Efficiency Improvement of Multiple Wastewater Treatment System (2019-2021), aimed to improve the quality and efficiency of comprehensive wastewater treatment. On September 22, 2020, President Xi Jinping announced at the 75th United Nations General Assembly that China will strive to peak carbon dioxide emissions by 2030 and achieve carbon neutrality by 2060. In October 2021, the Opinions of the Central Committee of the Communist Party of China and the State Council on the Complete, Accurate and Comprehensive Implementation of the New Development Concepts to Ensure Effective Carbon Peaking and Carbon Neutrality Operations were officially released, which laid down the working principles that must be observed to achieve the carbon emission peaking and carbon neutral targets, and increasing non-fossil energy consumption relative to total energy consumption would be one of the priorities. Furthermore, in January 2022, the NDRC and the NEA jointly issued the Plan for a Modern Energy System during the 14th Five-Year Plan period (2021-2025), which sets a 18% reduction target for "carbon dioxide intensity" and 13.5% reduction target for "energy intensity", proposes to increase the non-fossil energy power generation to about 39% by 2025 and aims to build a more self-sufficient energy reserve system by 2025, with annual energy production capacity exceeding 4.6 billion tons of standard coal. In addition, according to *China's Mid-term and Long-term Plan for Pumped Storage Power Development (2021-2035) published in September 2021,* China targets to increase its pumped storage power capacity to over 62 GW by 2025 and approximately 120 GW by 2030. In April 2022, the *Notice on Optimizing Tariff Formation Mechanism of Pumped Storage Power Stations* urges provinces to make pumped storage power station construction and development a top energy priority and ensures land supply for eligible pumped storage power stations. We believe that we are well positioned to take advantage of these favorable policies and any future opportunities brought by China's regulatory developments.

- ***Capital injection, financial subsidies and preferential tax treatments:*** To provide support for the construction of the Three Gorges Project, the PRC government set up the Three Gorges Project Construction Fund, which has provided an aggregate funding of RMB137.8 billion in the form of capital injections. We benefit from a variety of government financial support and favorable tax treatment. From 2019 to 2021, we have received subsidies for navigation and flood prevention from the central government totalling RMB3.55 billion. We have also received support from funds earmarked to support scientific innovation and commitment for supporting funding. Finally, we also benefit from preferential tax policies, including VAT refunds on the sale of electricity, and enterprise income tax exemptions or deductions for some of our renewable energy projects, our business in the western region of China, our high-tech enterprises and our donations during the COVID-19 period.

We maintain a stable profitability, benefiting from our effective cost control, robust demand and stable tariffs

We maintain a stable profitability in China because of our effective cost control, robust demand and stable tariffs:

- ***Effective cost control:*** We control our capital expenditure and maintain operating expenditure efficiency. First, our ability to operate large-scale projects and obtain low-cost financing, as well as our technical expertise and extensive experience in project construction, operation and management, have enabled us to effectively control our initial construction costs. For example, we completed the construction of the Three Gorges Project ahead of schedule with actual investment of approximately RMB180 billion, RMB23.9 billion lower than our initial budget. We also completed the Xiangjiaba Project, the Xiluodu Project and the Wudongde Project under budget, which generated power on schedule. Second, the subsequent operating costs of our power stations are relatively low and stable as our power station operating costs are not affected by fluctuations in fuel costs, and our experience helps us manage our personnel and maintenance costs.

- ***Robust demand for our clean energy:*** We enjoy robust demand for our electricity as a result of favorable industry policies and market conditions in the regions that we sell our electricity to. Our electricity generated from hydropower projects is primarily supplied to the more developed regions of China, the Yangtze River Delta and the Pearl River Delta, where electricity demand and electricity prices are among the most robust and the highest in China. In 2021, approximately 51% of the electricity generated by the Three Gorges Project and 88% of the total electricity generated by the Xiangjiaba Project and the Xiluodu Project was sold to the Yangtze River Delta and the Pearl River Delta. The Wudongde station supplies electricity to Southern Grid's supply area including Guangdong, Guangxi and Yunnan provinces and the Baihetan station is expected to supply electricity to State Grid's supply areas including Jiangsu and Zhejiang provinces in the future. Furthermore, in connection with the Three Gorges Project, we have also entered into master PPAs with terms between three and five years. According to Notice on Orderly Opening Up of Electricity Production and Consumption Planning issued by NDRC and NEA in 2017, existing large hydropower, nuclear power, wind power and solar power projects developed under national planning initiatives are protected through the priority power generation scheme and the long-term consumption of the hydropower and nuclear power is guaranteed at priority by entering into medium to long-term PPAs. In May 2020, the NEA stipulated that each of the Wudongde and Baihetan stations is only required to retain 10 TWH of the generated electricity for Yunnan and Sichuan provinces in dry seasons and can sell the rest to the eastern region of China as originally planned. The Wudongde and Baihetan stations will directly connect to power grids in the consuming provinces, and the power dispatch will be directly operated by the dispatching headquarter of Southern Grid and the State Power Dispatch and Control Center, respectively. The priority given to the hydropower in the power consumption and the increase of output capacity of units to meet peak power and water demand during the outbreak of COVID-19 reduces the macro-economic impact of COVID-19 on our hydropower business. Moreover, according to PRC law and regulation, grid companies in China shall generally purchase all electricity generated from renewable energy projects in their grid areas according to the utilization hours of the Guaranteed Purchase of Renewable Energy-generated Power in Full Amount (if any).

- ***Stable tariffs:*** Due to the mechanisms used by the PRC government to set on-grid tariffs, on-grid tariffs for hydropower producers are currently lower than benchmark tariffs for thermal power projects. With the growing awareness of environmental pollution and the desire to encourage sustainable development, China has promulgated laws and regulations to reduce emissions from electricity generation by promoting the utilization of renewable and clean energy sources, and has also accelerated power industry deregulation. Through continued policy support from the PRC government and since our hydropower on-grid tariff is generally significantly lower than that of thermal power, we believe that the tariffs for electricity are more resilient to changes in the commodities cycle and macroeconomic conditions than those of our thermal power competitors.

As a result of the foregoing, once our hydropower projects are completed and commence operations, they should generally generate stable income for us. For example, with average operational lives of more than 50 years, the Three Gorges Project, the Xiangjiaba Project, the Xiluodu Project and the Wudongde Project, which commenced full operations in 2009, 2014, 2014 and 2021, respectively, are expected to continue to generate stable cash flow in the foreseeable future. Our EBITDA for 2019, 2020 and 2021 was RMB66.4 billion, RMB75.6 billion and RMB86.5 billion, respectively.

Our growing clean energy and international businesses balance and diversify our asset portfolio

Building on our leadership in hydropower, we have achieved significant progress in developing our wind and solar power business in the PRC. As of December 31, 2021, the total installed capacity of onshore wind power projects was approximately 10.6 GW, including the first MW-level high-altitude project in China, located in Xitieshan in Qinghai province, the largest source-grid-load-storage demonstration project in the world, located in Inner Mongolia and the largest single onshore wind power project in Asia, located in Inner Mongolia. As of December 31, 2021, CTGR has acquired offshore wind resources in the PRC with installed capacity or planned installed capacity of over 30 GW. As of December 31, 2021, CTGR operated the largest water surface solar power project in the world, located in Huainan in Anhui province with an installed capacity of 150 MW, the first large-scale grid parity solar power project in China, located in Golmud in Qinghai province with an installed capacity of 500 MW, and the largest single solar power project in mountainous areas in China, located in Quyang county in Hebei province with an installed capacity of 200 MW.

We have built up our technology integration capabilities across the value chain, as well as capabilities of large, centralized and cluster development of clean energy projects, and capabilities of intelligent and specialized operation and maintenance of domestic and foreign offshore wind bases. In addition, we have mastered various core technologies to independently manufacture large-capacity wind turbines and key components, pile-bucket composite foundation and flexible direct power transmission of offshore wind bases.

We have also achieved significant success in expanding our footprint internationally in both hydropower and other forms of clean energy. For example:

- ***Developed country markets such as Europe:*** As of March 31, 2022, we were the single largest shareholder of EDP with a 20.22% equity interest. EDP is an international clean energy group listed on the Lisbon Stock Exchange which, as of December 31, 2021, operated consolidated installed hydropower capacity of over 7.1 GW. Through strong business synergies and complementary operational capabilities with EDP in terms of knowledge and resources in our respective local markets, as well as our project management experience, we have further expanded our international coverage, identified co-investment opportunities and diversified our business on an international scale. In addition, in June 2016, we acquired an 80% interest in WindMW, an offshore wind power joint venture and owner of a German offshore wind power project, Meerwind, from Blackstone Energy Partners and affiliated private equity funds. Meerwind, is situated off the German coast in the North Sea with an installed capacity of 288 MW. This acquisition allows us to take advantage of comprehensive and extensive industry experience to further develop our domestic and international offshore wind power business. Moreover, in 2018, we invested in the Moray East offshore wind power project in the United Kingdom. In 2021, we expanded our global footprint in Spain, which has the largest photovoltatic power market in Europe. In January 2021, we acquired 100% of the Daylight Project in Spain, which has 13 photovoltaic power stations with a total installed capacity of 572 MW. In August 2021, we acquired 100% of the Horus Project in Spain, which has 11 wind power stations and one photovoltaic power station with a total installed capacity of 405 MW. In November 2021, Three Gorges International, our subsidiary, signed an agreement with EDP Renováveis, a subsidiary of Portuguese Electric Power, to acquire 100% equity of the Flores onshore wind power project in Spain, with a total installed capacity of 181

MW. The recent transactions reinforced our presence in Spain, with more than 1 GW of installed capacity of clean energy in operation. As of the date of this Offering Circular, we were actively promoting the settlement procedures of the Flores project.

- ***Emerging markets with abundant renewable energy resources such as South America, the Middle East and Africa:*** Leveraging EDP's superior locations and influence in Latin America, we successfully entered into the renewable energy market in South America. We are the third largest power generation company in Brazil in terms of installed capacity and CTG Brasil's aggregate consolidated and attributable installed capacity in Brazil for projects in operation or under development exceeds 8 GW. In October 2016, we acquired part of Duke Energy's Brazilian business with a total installed capacity of 2.27 GW. Previously we have also acquired 30-year concessions effective from January 2016 for two major hydropower stations in Brazil, the Ilha Solteira hydropower plant and the Jupia hydropower plant. In Brazil, we have also acquired the Salto hydropower plant and the Garibaldi hydropower plant in 2015, and completed equity investments in hydropower projects in Jari, Cachoeira and São Manoel in 2014. As of December 31, 2021, our total investment in Brazil amounted to US$7 billion.

  We have also expanded our footprint outside Brazil. In 2018, we acquired the development right to the Rucalhue hydropower project in Chile through Atiaia Energia S.A. Also, in April 2019, as part of a consortium with ACE Investment Fund II LP and CNIC Corporation Limited, our subsidiary, Hubei Energy, acquired the Chaglla hydropower station in Peru. In April 2020, CYPC completed a transaction to acquire 83.64% of equity interest in LDS, a Peruvian private electricity distribution company that serves more than one million customers in the Southeast of Lima. In February 2021, CYPC completed the mandatory tender offer of LDS's remaining equity and as of the date of this Offering Circular, CYPC indirectly held 97.14% of the equity interest in LDS.

  In August 2021, our subsidiary, CSAIL, in consortium with other Chinese investors, acquired 100% of equity interest in Alcazar Energy Partners ("**AEP**"), a Dubai-headquartered leading renewable energy company. AEP's portfolio includes seven wind and solar projects in Jordan and Egypt with a total generation capacity of 411 MW. The transaction enabled us to extend our business and gain exposure to the renewable energy markets in the Middle East and North Africa region.

- ***China's neighbouring countries:*** We have been actively developing our hydropower business in China's neighbouring countries, including Pakistan and Laos. For instance, our wind power projects Pakistan II and III have commenced operations since 2018. In June 2022, we also completed the Karot hydropower station on the Jhelum River in Pakistan. In Laos, we have completed the Laos Nam Lik 1-2 hydropower station and the Nam Ngier 2 hydropower station under the BOOT model. As of December 31, 2021, our aggregate installed capacity of the projects in operation and under development in South Asia surpassed 0.89 GW.

We have extensive expertise across the full industry value chain for large-scale hydropower projects

We have developed extensive expertise in the technologies and processes involved in hydropower development projects through the successful construction and operation of our existing projects. This expertise encompasses the full industry value chain of a large-scale hydropower project, from design to construction to operation:

- ***Planning and design:***

  - Planning and design are crucial for the success of our large-scale hydropower projects. We apply our wealth of past experience to the design process, and also seek innovation to make new improvements. In addition, we work closely with and benefit from the technical support of many research institutes and industry associations in China, holding a 70% equity interest in Shanghai Investigation, Design & Research Institute Co., Ltd. ("**Shanghai Institute**"), which independently designed the first large hydropower project in China, the Xin'an River Project, and the first tidal power station, the Jiangxia Tidal Power Station, and a 40% equity interest in Yangtze River Survey Planning Design Co., Ltd., which has undertaken the survey and design for the Three Gorges Project and the South-to-North Water Diversion Project. We have also set up research and development centers in Lisbon and Shanghai in cooperation with EDP for research on renewable energy technology.

- ***Construction:***

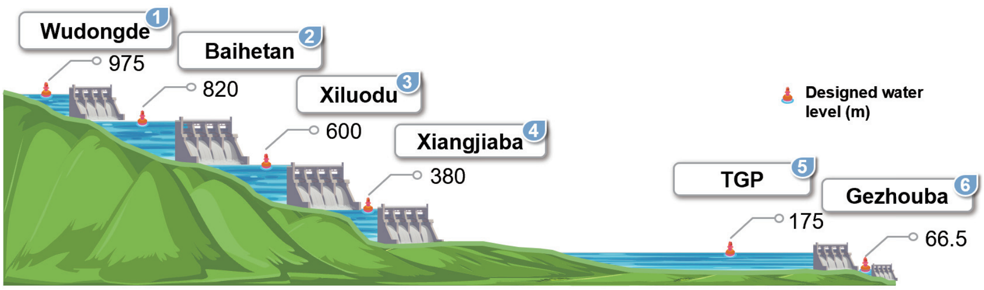
  - *Capital expenditure control and process control:* We have strong capital expenditure control capability and the ability to execute projects on time and within budget. In addition, we have developed strong process control capabilities for safety management and advanced capabilities in ecological environment monitoring such as monitoring of water quality, sediment and geology.

  - *Technical innovations:* We are guided by the principles of independent innovation, seamless integration and improvement of existing technologies and management systems. Our principles and expertise have enabled us to achieve innovations in areas such as high dam construction, flood discharge, high-slope and foundation treatment, construction and installation of large-scale metal structures, concrete aggregate second air cooling, deep water horizontal dumping, underwater anti-seepage construction and the manufacture of power generators with capacities of over 1 GW, and successfully resolved a series of problems in the manufacturing and installation of large-scale hydropower generating units, such as those requiring high-strength concrete construction and high-slope excavation and protection for locks. During the construction of the Xiluodu Project, we have developed the iDam 1.0 smart construction system and achieved no temperature cracks during the whole construction period. Our iDam 2.0 smart construction system is under research and development to face greater challenges from climate changes in the future.

  - *Information technology:* One of our most important innovations is the development of a world-class information technology system – the Three Gorges Project Management System ("**TGPMS**"), which has been widely adopted in major infrastructure construction such as the construction of Beijing Daxing International Airport. This sophisticated management system allowed us to complete the construction of the Three Gorges Project a year ahead of schedule and under the original budget. TGPMS has now become a project management system which we utilize for project construction worldwide.

- ***Operation:***

  - *Cascade hydropower system:* We have the unique advantage of operating six large-scale hydropower projects along the Yangtze River, and have developed significant experience in the management of a multilevel cascade hydropower system. We believe that we have achieved accurate scheduling and maximization of power generation efficiency through the joint optimal dispatch and scheduling of these cascade hydropower projects, which helps us maximize overall power generation across a cascade hydropower system and maximize benefits in flood control, navigation improvement and power generation. For example, in 2021, the accuracy of our 24-hour water flow forecast for our multilevel cascade reservoir reached 98%. We have also continued developing our water resource management decision-making support system, in order to improve solutions to river basin water resource management, by building simulation models for reservoir river channels to predict the water flow at a particular time, multi-object joint optimization scheduling models, and forecasting and dispatching evaluation methods based on long series of data. We are also developing intelligent dispatch capabilities by leveraging new technologies such as big data, cloud computing and artificial intelligence. In 2019 and 2020, our subsidiary, CYPC, acquired additional shares in companies with hydropower assets along the Yangtze River, including SDIC Power Holding Co., Ltd., Sichuan Chuantou Energy Co., Ltd., Guangxi Guiguan Electric Power Company Limited and Jinshajiang Middle Reach Hydropower Development Co., Ltd., which helps to further coordinate the water resources and enhance the dispatch efficiency of the cascade hydropower stations. In July 2020, the Cascaded Scheduling Regulation for Three Gorges (under Normal Operation) – Gezhouba (2019 Amendment) was approved by MWR, which significantly enhances the comprehensive benefits of the Three Gorges Project and improves power generation efficiency and capacity. In 2021, the synergies of our six Yangtze River cascade reservoirs demonstrated great value in flood control, power generation, navigation, ecological protection and water supply. In 2021, power generation by the six Yangtze River cascade hydropower stations increased over 9 TWH. Furthermore, we expect our large-scale hydropower project under development along the Yangtze River, the Baihetan Project, to further strengthen our joint optimal dispatch and scheduling abilities upon completion. The following chart shows the geographic location and water levels of our multilevel cascade hydropower system along the Yangtze River.



  - *Safety management:* We have also improved our safety management process control, maintained safe operation of our large-scale power generators with different water levels, and strengthened our monitoring of ecological conditions such as water quality, mud and geological conditions. Our Three Gorges Project sets the world record of per capita hydropower capacity management of 50 MW. We have experienced no major safety incidents since our large hydropower projects commenced operation. As of December 31, 2021, we achieved the objective of zero quality accident and zero safety accident.

  - *Repairs and maintenance:* We have the technical expertise to carry out our own repairs and maintenance for almost all of our equipment and the capability to allocate inspection resources along the basin, and have established an effective inspection, repair and maintenance system for our cascade hydropower projects. In addition, we believe our quality control standards are among the highest in China's hydropower technology and construction sectors. For example, we have developed an online status monitoring system to monitor equipment failure in real time. We believe that this error diagnosis and failure prediction system has strengthened our maintenance capabilities and lowered our maintenance frequency and costs. As a result, over the past 11 years, we have not experienced any major equipment failures in our cascade hydropower system.

- *Marketing:* We have the marketing capabilities to sell electricity across regions in China.

- ***International operation****:* Through greenfield projects, cooperative developments and equity purchases, and leveraging EDP's global network and management experience as well as our extensive experience in the full industry value chain for hydropower projects, we have gained significant expertise in international operations of hydropower projects. In addition, our relevant personnel and designated experts have participated in the formulation of the IHA Hydropower Sustainability Assessment Protocol (the "**Protocol**") and San José Declaration on Sustainable Hydropower. Moreover, CYPC has set up an international operating company to provide management consulting for overseas project operations. We have also leveraged our industry integration capabilities to help neighbouring countries and regions develop watershed plans. For example, we have helped Pakistan adjust the cascade development program in the Indus River basin, and proposed planning recommendations.

Our expertise is demonstrated by our leadership in the development of technical and project management standards for the clean energy industry. For example, we were engaged by the China Electricity Council to develop the "Specification of Project Management for Hydropower and Water Resources Engineering" standard, which seeks to improve the management of water resources and hydropower project construction, and to standardize procedures for project companies in China. This "Three Gorges Standard" is the first of its kind in China, and has been widely adopted in the domestic power industry. In addition, we also took an active role in setting and revising over 10 IEC standards for hydraulic turbines, electric generators, solar heat and wind resources. Since 2017, we have been involved in five working groups for formulating IEC standards.

Our technical strengths have been recognized by national and international industry publications and associations. The Three Gorges Project was named the "Top Power Plant" of the year 2012 by "Power" magazine, and won the "FIDIC Centenary Award" in 2013. The "300-meter arch dam intelligent construction key technology" of the Xiluodu Project won the grand prize of the "2014 Hydropower Science and Technology Award" awarded by the China Hydropower Engineering Association. Our research, development and demonstration of large capacity wind power generator received a grand prize in the 2014 China Machinery Industry Science & Technology Annual Prize. In 2015, our Xiluodu 770 MW hydropower generation technology received a first-tier prize from the Hydropower Science and Technology Award. Professor Lu Youmei, who is the former president of CTGPC, was the winner of the 2015 WFEO Award of Engineering Excellence. In 2016, the Xiluodu Project, was further recognized with an Outstanding Project of the Year Award by the International Federation of Consulting Engineers (FIDIC), the only hydropower project receiving this award that year. In 2017, the sediment stimulation and control technology for the Three Gorges reservoir and downstream river channel won the grand prize of the "Dayu Water Conservancy Science & Technology Awards." In 2018, our key safety control technology, an engineering application for a 300m-level super-high arch dam, received the "National Prize for Progress in Science & Technology." In 2019, our key gas-insulated transmission lines ("**GIL**") maintenance technology won the "2019 National Quality Innovation Award Highest Prize." The Shuibuya Project was awarded the "2019 Tien-yow Jeme Civil Engineering Prize for Outstanding Project of 20th Anniversary" in 2019. The Three Gorges Project was awarded the "2019 National Award for Progress in Science & Technology Grand Prize" in 2019. In 2020, the Wudongde Project received the first prize of the "2020 Energy Innovation Award" by the China Energy Research Society. The key technologies for adaptive excavation and integral reinforcement of extra-high arch dam foundations won the grand prize of the "2020 Science and Technology Award" by the Chinese Society of Rock Mechanics and Engineering. The key technologies of high arch dam construction of the Wudongde Project received the first prize of the "2020 Science and Technology Award" by the Chinese National Committee on Large Dams. In 2021, we won a series of grand prizes, including the "2021 Hydropower Science and Technology Award" by the China Society for Hydropower Engineering awarded to the Xiangjiaba Project, the "2021 Yangtze River Science and Technology Award" by the Changjiang Technology and Economy Society for the key technologies of decision-making support for hydropower dispatching and operation of giant power stations in the upper reaches of the Yangtze River, the "2021 Progress in Science and Technology Award" by the Chinese National Committee on Large Dams awarded to the Wudongde Project, the "2021 Science and Technology Award" by the Chinese National Committee on Large Dams for the law of sediment movement and prediction and regulation of the Three Gorges Reservoir and the "2021 Science and Technology Award" by the Chinese Society of Rock Mechanics and Engineering for the key technologies of the research on mechanical properties and engineering utilization of the Baihetan basalt.

Our diversified financing channels optimize our financing costs

We maintain prudent financial policies. We adopt centralized financial management and planning, maintain a robust financial structure, perform prudent risk management, and adhere to active liquidity management. Our centralized financial management is evidenced by unified decision-making, centralized management and hierarchical authorization for managing capital. We have established a centralized platform to manage our domestic and overseas funds to optimize our cash management and utilization, and adopt arm's-length terms in our intragroup loans. Our robust capital structure is achieved by tight budget controls, active credit rating maintenance and selective project investment. We have formulated a financial evaluation system to ensure stable financial returns on our investment projects. We strive to match the currency exposure of our assets and liabilities to achieve natural hedging, especially with respect to our overseas projects. In addition, we reasonably select the payment currency for tariff billing and contract fulfilment. We have also formulated derivative management measures to standardize relevant business and strengthen financial management to prevent financial risks. We maintain sufficient liquidity to repay debts that would be due within 18 months, and reduce counterparty risks by diversifying our funding sources. We manage our financing interest costs by maintaining flexibility in financing channels after taking into consideration the projects' characteristics, capital needs and the interest rate periodicity. As of December 31, 2021, our weighted average year to maturity of borrowings was around six years. We form and continuously update our financing plans and strategies by taking into account macroeconomic conditions and inflation, which help us control our financing costs.

As a result, we have achieved strong financial conditions, which have enabled us to readily access multiple financing channels, optimize our capital structure and raise funds at favorable costs.

Equity financing channels include:

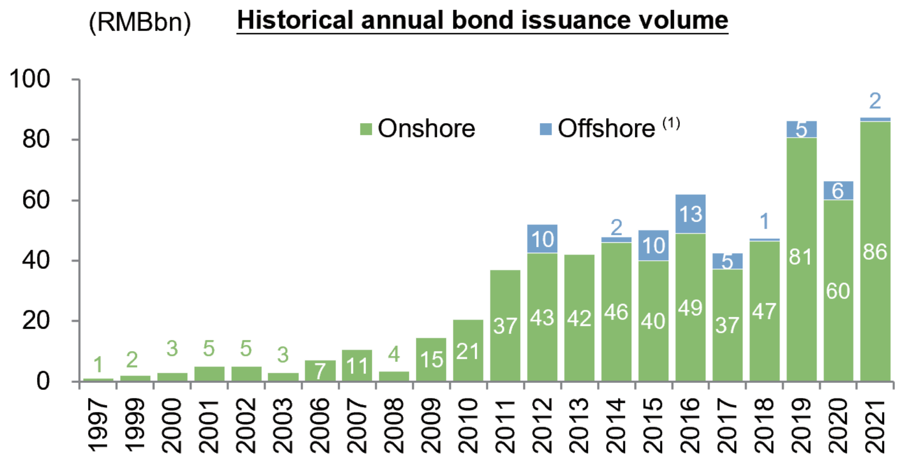
- *Listed platforms:* We have three listed subsidiaries in China: CYPC, Hubei Energy and CTGR. Our primary listed operating subsidiary, CYPC, is the largest listed hydropower company in the world in terms of market capitalization as of December 31, 2021, thus providing us with an established equity financing platform. For example, in 2016, to finance our asset injection of the Xiluodu Project and the Xiangjiaba Project into CYPC, CYPC issued shares to a group of financial investors including Ping An Asset Management, Sunshine Life Insurance, China Life Insurance, Guangzhou Development, Pacific Asset Management, GIC and Chongyang Strategic Investment for an aggregate amount of RMB24.2 billion. In September and October 2020, CYPC issued approximately 74.19 million global depositary receipts ("**GDR**s") (including the partially exercised over-allotment GDRs) at an issue price of US$26.46 per GDR on the LSE via Shanghai-London Stock Connect, raising a total amount of US$1.96 billion. In addition, our subsidiary CTGR listed its shares on the Shanghai Stock Exchange in June 2021, which marked the biggest IPO in China's power industry at the time.

- *Strategic Investors:* We attract strategic investors that are drawn to the strategic benefits of our clean energy projects. For example, in 2015, IFC, a member of the World Bank Group that primarily focuses on investments in emerging markets to transfer knowledge and expertise, and the Silk Road Fund acquired equity interests of CSAIL to support the development of a number of renewable energy projects in Pakistan. In addition, for our acquisition of the concessions for the Ilha Solteira hydropower plant and the Jupia hydropower plant, we received equity-linked financing from the China-LAC Cooperation Fund. In 2021, CTGI introduced international strategic investors.

- *Investment funds:* We have developed innovative ways of financing, participating in investment funds as general or limited partners. For example, we have participated in the ACE Investment Fund, which targets overseas clean energy mergers and acquisition and investment, as both a general partner and a limited partner. In addition, we have also participated in the Three Gorges Clean Energy Industry Investment Fund and the Three Gorges Green (Shandong) Equity Investment Fund.

Debt financing channels include:

- *Bonds:* We hold ratings of "A+", "A1" and "A" from Fitch, Moody's and S&P, respectively. In China, we are the only power generation enterprise that holds sovereign credit ratings by two international rating agencies. As of December 31, 2021, we had raised an aggregate of RMB696.2 billion through bond offerings, of which 92.2% was from domestic offerings and 7.8% was from international offerings. The chart below sets forth certain details of our bond issuance each year since 1997.



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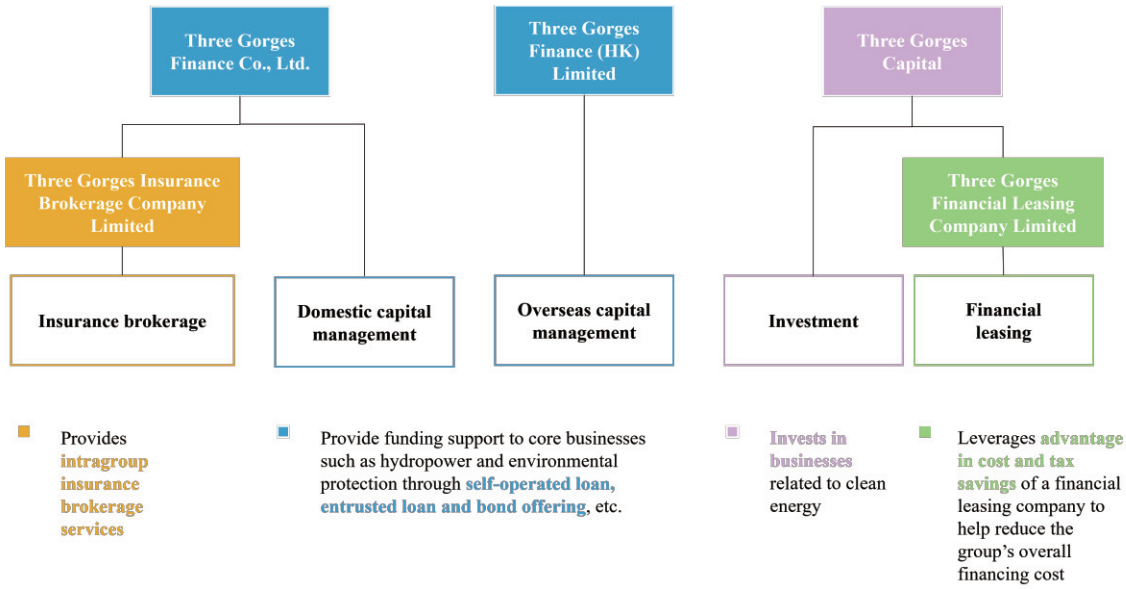
(1) Issuance amounts in foreign currencies are translated to RMB amounts at the exchange rate as set forth in the statistical release of SAFE on December 31, 2021

Since our maiden Three Gorges bond in 1997, we have pioneered bonds with innovative features within the domestic bond markets, including our first series of corporate bonds with a tenor of eight years and annual coupons (1999), floating rates (2000), a 15-year (then the longest) tenor (2001), a 20-year (then the first belonging to the "super long" category) tenor (2002), a 30-year tenor (2003) and no guarantees (2006). In 2007, CYPC issued the first series of corporate bonds issued by a listed issuer in China. In 2010, we issued the first series of short-term bonds in the inter-bank market with market bidding pricing. In 2016, we issued green corporate bonds with an aggregate principal amount of RMB6.0 billion, the largest in China at the time, which was listed on the Shanghai Stock Exchange. In 2017, we issued the first short-term commercial paper in China traded on China Bond Connect. In 2018, we issued the first poverty relief debt financing tool by central SOEs. In 2020, we issued a series of 20-year tenor domestic bonds with the lowest interest rate of 20-year onshore corporate bonds at the time. In 2020, CYPC and Hubei Energy each issued a series of pandemic bonds. In 2021, we issued the first series of carbon-neutral medium-term bonds and the first series of carbon-neutral corporate bonds and the first carbon-neutral ultra-short-term financing bond, and CYPC issued the first series of sustainability-linked medium-term bond in China.

We have also actively participated in international bond markets. We issued maiden U.S.-dollar bonds in 2012 and Euro-denominated bonds in 2014 through private placements. Then, in 2015, we became the first PRC company in the power industry to complete a dual-currency international bond offering. In 2016, CYPC issued an exchangeable dual-currency bond which can be exchanged into shares of China Construction Bank Corporation to international investors. In 2017, we issued the first Euro-denominated green bond and the first climate bond issued by a PRC corporate. In 2019, we issued the first green and also the largest single-size exchangeable bond in China. In 2019, we issued a series of 30-year tenor U.S. dollar-denominated bonds with the lowest interest rate for 30-year U.S. dollar-denominated bonds issued by Chinese enterprises at the time. In 2020, we issued two series of U.S. dollar denominated bonds with a 5-year tenor and a 10-year tenor, respectively, both with the lowest interest rate for Rule 144A bond offering of the same tenor issued by Chinese enterprises at the same time.

- *Loans:* We have borrowed from over 20 domestic and international banks. Because our focus on the development of clean energy corresponds to PRC national government policy, our clean energy projects have received capital support from China's banks, including China Development Bank, the Export-Import Bank of China, China Construction Bank, Bank of China and Industrial and Commercial Bank of China, at relatively low financing cost. Foreign financial institutions are also an important source of debt financing for our international projects. We have also received financings from international banks and financial institutions.

Furthermore, we have been developing finance business to further optimize our financing costs. The following chart illustrates the main sections of our finance business in operation.



We have an experienced management team with a rigorous corporate governance system

Our senior management team is highly experienced. With extensive industry knowledge, expertise and a majority of more than 30 years of experience in the energy industry, our senior management's capabilities have been critical to our success. Their strategic vision and leadership have positioned us for continued growth. We also have a strong mid-level management team with extensive operational experience and a skilled workforce of individuals with significant industry expertise. Under the leadership of our senior management and mid-level management team, we were the only hydropower generation company on SASAC's list of "10 World-leading First-class Companies" in 2019 and received an award for "Outstanding Enterprise for Performance Evaluation" from 2016 to 2020 administered under the SASAC, and we received a Class A rating, the highest rating, for 15 consecutive years in the performance evaluation conducted by SASAC.

We have established a rigorous corporate governance system consisting of a board of directors with a majority of external directors overseeing matters that are expected to have a material impact on our businesses and operations and an experienced and strong senior management team with daily operational responsibilities. As part of our corporate governance structure, we have established a Strategy, Development and Investment Committee, an Audit and Risk Management Committee, a Nomination Committee and a Remuneration and Evaluation Committee.

We are committed to continue examining and refining our corporate governance system as we grow and develop because we believe that our corporate governance structure has been an important factor in our success and will continue to play an important role in our continued success. We believe that this commitment to continuous improvement enables us to guard against complacency and consider corporate governance best practices in a timely manner.

We are a sustainable and environmentally friendly enterprise

We strive to protect the environment, maintain our sustainable development and increase our corporate social responsibility efforts. Our total expenses incurred in respect of environmental protection amounted to approximately RMB75.2 billion for the three years ended December 31, 2021. In 2016, we were recognized with the "2016 International Clean Energy Annual Enterprise Award." In 2018, we were ranked second in the "2018 China 100 Outstanding Green Finance Enterprises" award given by the China Enterprises Evaluation Association under the State Council. In addition, we were awarded for "2018 Contribution to the Ecological Civilization Construction" at the Lucid Waters and Lush

Mountains Forum jointly held by the People's Daily and the State Forestry and Grassland Administration. The Xiangjiaba Project and the Xiluodu Project were recognized as two of nine national soil and water conservation ecological civilization projects in 2019. In 2020, the Wudongde Project was awarded the first prize of the "2020 Energy Innovation Award" by the China Energy Research Society.

When planning and constructing large-scale hydropower projects, we are committed to the guiding principle of building first-class hydropower projects that stimulate the growth of the local economy, improve the local environment, and benefit resettled residents, ensuring local residents are properly relocated to live a stable and prosperous life. Prior to construction, our projects require detailed environmental assessments and approvals from relevant environmental protection authorities. After construction is complete, our projects are managed with the benefit of professional environmental protection management systems. CYPC and CWE have obtained ISO14001 environmental management system certifications and manage their projects accordingly.

We focus on, and dedicate substantial resources to, a variety of environmental, health, safety and social responsibility initiatives such as emission reduction, support of resettlement, the preservation of cultural relics and conservation of aquatic animals. For example:

- ***Carbon emission reduction**:* As of December 31, 2021, our aggregate clean power generation amounted to 342.3 TWH, which is equivalent to the reduction of 280 million tons of carbon dioxide emissions, 55,000 tons of sulfur dioxide emissions or 61,000 tons of nitrogen oxide emissions, or a saving of 100 million tons of standard coal.

- ***Resettlement**:* We have worked with local governments and non-profit organizations to provide support for resettled residents, including the establishment of a special fund in cooperation with the All-China Women's Federation in 2012 to provide medical support for resettled residents. We established the Three Gorges Public Welfare Foundation to provide support to local residents and resettled residents. We have also established a healthcare fund and donated RMB64.9 million. In addition, we have made efforts to improve local infrastructure development for resettled residents in five provinces and municipalities. We have relocated 141,400 immigrants from Wudongde and Baihetan reservoirs.

- ***Relic restoration**:* We make great efforts to restore cultural relics along the Yangtze River. By the end of 2021, there were over a thousand heritage conservation projects in the Three Gorges Reservoir Region. We conducted comprehensive research and adopted protective measures for different types of projects. The completion of the Baiheliang Underwater Museum in 2009 is an important conservation milestone for the Three Gorges Project.

- ***Conservation:*** The Three Gorges Project has also promoted the development of tourism, fisheries, shipping and other relevant industries along the Yangtze River. For example, we have adopted a series of measures, including establishing conservation areas, artificial breeding and releasing, and proprietary monitoring and research, to mitigate the adverse impact on aquatic animal species caused by the Three Gorges Project. We have signed approximately 130 cooperation agreements for Yangtze River protection with local governments along the Yangtze River. We have also established several research centers and conservation areas: these include the Yangtze River Ecological Environment Engineering and Research Center; the Yangtze River Rare Fish Protection Center; the Yangtze River Rare Plant Research Center; the Chinese sturgeon conservation area in Hekou City; the paddlefish conservation area; and the conservation area for rare and endemic native fish species. As a result, we have undertaken the release of Chinese sturgeon into the Yangtze River 65 times, with a total number of over 5.0 million, and the four major types of Chinese carp have laid over 4.3 billion eggs in the Yichang section of the Yangtze River, reaching a historical high. During the ecological operation period of the Three Gorges reservoir in 2021, around 8.4 billion of the four major types of Chinese carp were stocked in the Yidu section along the downstream of the Gezhouba Project. We have also cleaned up 136,000 cubic meters of floating objects in the dams of the Three Gorges Project. As of December 31, 2021, over 26,800 endangered plants of 1,300 species had been relocated and approximately 210,000 plants of endemic and rare species had been bred.

On December 15, 2020, we officially became a power supply partner of the 2022 Beijing Olympic and Paralympic Winter Games (the "**2022 Winter Olympics**") and were committed to empowering the 2022 Winter Olympics with clean energy. Our Shijing wind farm located in Shangyi county of Hebei province supplied the green electricity to the competition zones and supporting facilities of the 2022 Winter Olympics. In addition, we sponsored 200,000 tons of China Certified Emission Reduction, which contributed to China's success in holding the first carbon-neutral Olympics.

Furthermore, we have cumulatively conducted a total of 2,361 projects in fulfilling our social responsibilities by the end of 2021, benefiting more than 180 counties, cities or districts across China. We have played a leading role in fulfilling social responsibilities, especially in promoting poverty alleviation and rural revitalization. In addition, we have seconded over 100 cadres from the company to welfare project and broadened our social welfare programs. For example, we have established the CTG-Pakistan immigration scholarship. We have also sponsored EUR1 million in China-Portugal education, culture and social welfare programs. In 2020, together with EDP, we donated medical devices worth around RMB15 million to the Ministry of Health in Portugal. We have supported local community development while conducting business overseas, including improving local education and helping local community to facilitate green development.

We have also enhanced our compliance and risk management by optimizing our regulation system and working mechanism. We have built a "1+N" risk control system guided by risk management and internal control regulations, supported by risk incident management, internal control supervision and evaluation, risk listing and metric monitoring practices. In addition, we have developed a series of mechanisms including key risk assessment mechanism, reporting mechanism, major risk supervision mechanism, and supervision and evaluation mechanism.

We have also worked closely with non-governmental organizations, such as the IHA, the WWF, the TNC and the ICOLD. We have been a core member of the IHA since we joined in 2005. We actively participate in the IHA's activities, including assisting global hydropower development research and participating in the formulation and application of industry sustainability standards. We delivered speeches in the IHA's 2019 and 2021 World Hydropower Congress. In August 2021, our deputy chief economist was elected as a board member of the IHA. As another example, we have undertaken in-depth cooperation with the ICOLD. We chaired two of its three special committees led by China, the Integrated Operation of Hydropower Stations and Reservoirs and the Resettlement due to Reservoirs. In 2019, we officially became a member of the ICOLD Public Cognition and Education Committee as a representative of China. In addition, we have entered into long-term memoranda of cooperation with each of the WWF and TNC. Our cooperation with the WWF and TNC has led to the establishment of regular communication and personnel exchanges and the sharing of best practices,and provided for the joint publication of promotional materials on environmental protection in hydropower development, as well as the joint organization and sponsorship of seminars on the sustainable development of hydropower attended by international and domestic experts. In 2017, the ecological dispatch of the Three Gorges Project had been published in WWF's report "Listen to River" as one of the eight excellent cases in terms of successful protection or restoration of environmental flows in the world. We have also signed agreements with the WWF and TNC to engage in in-depth studies on important scientific research subjects relating to water resource development of rivers, including studies on flood control and the ecological flow of the cascade reservoirs in the Jinsha River, piscine conservation and reservoir ecology dispatch on the Yangtze River. The WWF has participated in the review of, and provided constructive comments on, our social responsibility reports in past years. We have also enhanced transparency in our communications with the public regarding our environmental protection and social responsibilities by issuing annual environmental protection reports and sustainability reports. Furthermore, we actively participate in international communication and cooperation activities, such as co-hosting the 2019 Global Energy Interconnection & China-Africa Energy and Power Conference, attending international conferences, including 2019 and 2021 World Hydropower Congress, the First UNESCO International Water Conference and the Belt and Road Forum for International Cooperation.

We have strong scientific research capabilities with a talented technical team.

We are committed to implementing the innovation-driven development strategy, optimizing technology and research management, deepening the reform of technological systems and mechanisms, accelerating the development of a technology innovation platform, achieving breakthroughs in key technology fields and increasing investment in technology and research and development. For the years ended 2019, 2020 and 2021, our technology investment amounted to RMB2.7 billion, RMB3.4 billion and RMB4.2 billion, respectively, which accounted for 2.7%, 3.0% and 3.1% of our total revenue for the relevant years, respectively. With regard to our technology innovation platforms, we have established the National Engineering Research Center of Eco-Environment Protection for Yangtze River Economic Belt (the first independent national-level technology innovation platform), the Institute of Science and Technology (our unified innovation platform) and Fujian Three Gorges Offshore Wind Power International Industrial Park (China's first offshore wind power industrial park with full value chain capabilities).

We have also made the following key achievements in scientific and technology innovation over the years:

- ***Homegrown monitoring system***. In January 2020, the upgraded and homegrown computer monitoring system of the Three Gorges left-bank station was put into operation, which is the first domestic hydropower station monitoring system using domestic software and hardware as well as the first time when trusted computing environment was applied to the monitoring system of the hydropower stations, representing a new approach to cybersecurity of the monitoring system of hydropower stations.

- ***Homegrown control system in integrated wind turbines***. In July 2020, China's first 10 MW offshore wind turbine of Fujian Fuqing Xinghua Bay offshore wind power station was connected to the grid, which marks our success on the homegrown control system in integrated wind turbines. We have also developed high-performance programmable logic controller (the "**PLC**") platform and China's first integrated turbine control system software based on domestic PLC, which represents advanced technologies around the world.

- ***Proprietary gas-insulated transmission line (the "GIL") repair technologies***. We have independently developed GIL repair technologies and mechanics to end the dependency on foreign technologies of power station operation and maintenance for the first time.

- ***First green, zero-carbon data center***. The Three Gorges Dongyue Temple Data Center is China's first green zero-carbon data center. It has 4,400 server cabinets completely powered by the Three Gorges station with low carbon features.

- ***Pilot program for ammonia synthesis with hydrogen produced through the electrolysis of water***. We have undertaken two national research and development programs to produce 100,000-ton-level ammonia with hydrogen produced through the electrolysis of water by renewable energy. We have organized and carried out the research on frontier technologies of multi-scenario large-scale hydrogen production from electrolysis of water and other cutting-edge hydrogen technology research.

- ***First pilot program for source-grid-load-storage integration***. In October 2020, we have initiated the construction of China's first source-grid-load-storage demonstration project located in Ulanqab of Inner Mongolia. This project is designed to explore a new mode of integrated energy development and build technical reserves to seize future new energy opportunities.

We have demonstrated encouraging results from our sustained independent innovation. In 2021, we achieved breakthroughs in core technologies in three key projects, successfully applied for seven national key research and development programs and projects and received provincial awards and bonus for two projects due to our excellent research and development. In addition, we participated in the preparation and release of one international standard and 10 national standards in 2021. As of December 31, 2021, we had 951 domestic patents, three international patents and 200 software copyrights.

Our achievements in technological breakthroughs are attributable to our dedicated and talented technical team. As of March 31, 2022, two of our employees were members of the Chinese Academy of Engineering, three were state-level elites of the "Hundred and Thousand and Ten-Thousand Talent Projects", four were national-level young and middle-aged experts with outstanding contributions, 123 held special State Council allowances, 395 held doctoral degrees and 5,381 held master's degrees. We also had seven state-level technical experts and one Chinese outstanding quality craftsman.

BUSINESS STRATEGIES

During the 14th Five-Year Plan period, we will continue to focus on clean energy development and the Yangtze River ecological environmental protection. Our goal is to build ourselves into the largest clean energy corridor and ecological green corridor along the river and the largest offshore wind power corridor along the coast. To achieve this goal, we seek to implement the following strategies:

Continue to strengthen the leading position of our hydropower business

We aim to strengthen our leading position in the Chinese hydropower industry and continue to develop the hydropower resources of the Yangtze River and its tributaries. We expect to commence the full operation of the Baihetan Project in 2022. By 2022, we will operate a cluster of nine large-scale hydropower stations along the Yangtze River with the Three Gorges hydropower station being the backbone. We will continue to seek opportunities to develop hydropower resources in other regions of China. We will also promote the integration of hydropower, wind power and solar power development along the ecological clean energy corridor.

Moreover, we will optimize the efficiency and upgrade the technologies of our existing hydropower stations, make continuous efforts to improve the joint dispatch and scheduling of our cascade hydropower system, in order to maintain leading equipment reliability and achieve better benefits in terms of flood control, drought relief, environmental protection and navigational capabilities. At the same time, to achieve breakthroughs in hydropower development, we will strive to develop pumped storage power stations and commence the construction of a series of key projects to facilitate the upgrading of new energy bases and new power system.

Fully promote our wind power and solar power businesses

Investing in wind power and solar power provides us with strong synergies with our hydropower business and diversifies our sources of revenue. Leveraging our strong expertise in large-scale project development and management, we plan to further promote the large-scale development of onshore wind power and solar power projects at low costs, actively acquire large base project resources, and vigorously explore innovative models of source-grid-load-storage and multi-energy integration to achieve high-quality development of a batch of 10 GW-level new energy bases. In addition, we will continue to implement our "Pioneer of Offshore Wind Power" strategy, promote the grid parity of our offshore wind power projects through large-scale development and lean operation and plan in advance the continuous development of large bases.

With our strong technological expertise and project development experience, as well as sufficient cash flow and low financing costs, we believe that we are well-positioned to further develop our wind power and solar power businesses. We also plan to continue looking for additional investment opportunities in other renewable energy sectors, and are monitoring the latest developments in solar and wind energy generation for potential business opportunities.

Continue to implement our international development strategy and vigorously develop our international business

We will further expand our international presence and carry out large-scale and intensive development and mergers and acquisitions in countries of feasible conditions, with a focus on developed country markets such as Europe, emerging markets with abundant resources such as South America, the Middle East and Africa, and China's neighboring countries.

- ***Developed country markets such as Europe***. Our business in Europe constitutes an important part of our clean energy development landscape. As of December 31, 2021, our aggregate consolidated and attributable installed capacity in Europe exceeds 7.2 GW. Leveraging EDP's strengths in its business network, management experience and project risk identification, as well as our strengths in capital and financing, we will continue to work with EDP to jointly develop renewable energy projects in developed countries in Europe. To further expand our leadership into other clean energy business such as wind power business, we aim to take advantage of Meerwind's extensive expertise in designing, constructing and operating offshore wind farms and our investment in the Moray East offshore wind power project enables us to become involved in one of the biggest offshore wind power market in the world. In 2021, we expanded our global footprint in Spain, which has the largest photovoltatic power market in Europe, including the acquisition of the Daylight Project involving 13 photovoltaic power stations with a total installed capacity of 572 MW, the acquisition of the Horus Project involving 11 wind power stations and one photovoltaic power station with a total installed capacity of 405 MW and the proposed acquisition of the Flores onshore wind power project with a total installed capacity of 181 MW. The recent transactions reinforced our presence in Spain, with more than 1 GW of installed capacity of clean energy in operation.

- ***Emerging markets with abundant resources such as South America, the Middle East and Africa***. In South America, we have established a subsidiary in Brazil as the platform to develop the South American market. Brazil has rich natural resources and is a comparatively mature market and has the second-largest amount of hydropower resources in the world in terms of total hydropower installed capacity. As of December 31, 2021, China and Brazil, both being emerging markets, have strong economic complementarities and promising prospects for cooperation. In Peru, our subsidiary, Hubei Energy, has acquired the Chaglla hydropower station as part of a consortium with ACE Investment Fund II LP and CNIC Corporation Limited, and CYPC completed a transaction to acquire 83.64% of equity interest in LDS, a Peruvian private electricity distribution company that serves more than one million customers in the Southeast of Lima. In February 2021, CYPC completed the mandatory tender offer of LDS's remaining equity and as of the date of this Offering Circular, CYPC indirectly held 97.14% of the equity interest in LDS. We believe that we are well-positioned to expand our business in Brazil and Peru and other countries in South America. In the Middle East and Africa, we have also been actively pursuing potential cooperation opportunities in hydropower, solar power and wind power projects. In August 2021, our subsidiary, CSAIL completed an acquisition of 100% of equity interest in AEP, which established a solid foundation for our future expansion in the growing renewable energy markets in the Middle East and North Africa region.

- ***China's neighboring countries***. We plan to continue our involvement with the hydropower resources in Pakistan, and expand our business in other neighboring countries such as Laos and Indonesia. We plan to accelerate project acquisition and focus on greenfield developments. Meanwhile, internationally renowned strategic investors, including the International Finance Corporation, have made equity investments in CSAIL.

Additionally, we will explore the synergic and complementary functions among different types of clean energy including hydropower, wind power and solar power to enhance the quality of our power generation and our ability of managing risks. Furthermore, we will steadily advance our international renewable energy business by completing our projects under construction and manage our projects in operation with high quality.

Protect the ecological environment of the Yangtze River

We aim to conscientiously play a major role in the protection of the Yangtze River. We aim to actively implement major strategic ecological projects to improve the self-purification and ecological restoration capacity of water systems. We plan to develop comprehensive water treatment projects for river and lake systems in key affected areas of the Yangtze River Basin, such as the Three Gorges reservoir area, Dongting Lake, Poyang Lake and the mouth of the Yangtze River. We will also focus on urban sewage treatment with the key of improving sewage pipeline network to satisfy the demand for urban ecological and green products. We will further explore the "Urban Smart Water Management System" model to provide a comprehensive solution to urban water system. We believe our clean energy development will become an integral and complementary part of ecological and environmental protection.

Focus on key research directions and promote core technology development

Innovation has always been our driving force to support our high-quality development. Through our major national projects, we have solved practical problems and made technological breakthroughs. For example, during our construction of the Three Gorges Project, the Xiluodu station, the Xiangjiaba Station, the Baihetan Station, the Wudongde Station and the Guangdong Yangjiang Shapa offshore wind farm, we have overcome core technical difficulties such as the construction of extra-high arch dams, hydropower equipment manufacturing, new concrete materials and offshore flexible direct current transmission and made a number of leading scientific and technological achievements. In the future, we will adhere to the principle of independent innovation, continue to promote our homegrown equipment and core technologies, conduct pre-emptive and strategic research on emerging business areas such as source-grid-load-storage integration, hydrogen and green data centers. We plan to further address bottleneck technology issues to support the construction and operation of our major projects.

RECENT DEVELOPMENT

Financial Results as of and for the Three Months ended March 31, 2022

Based on unaudited and unreviewed financial results, our consolidated operating revenue for the three months ended March 31, 2022 was RMB30,997.9 million, compared to RMB23,968.8 million for the three months ended March 31, 2021. Our operating profit during the three months ended March 31, 2022 remained stable, as compared against the three months ended March 31, 2021. You must exercise caution when using such unaudited and unreviewed financial information to evaluate our financial condition and results of operations. You should not rely on such unaudited and unreviewed consolidated financial information to provide the same quality of information that has been audited or reviewed.

The foregoing interim financial results have not been reviewed or audited by our auditors. They are also not an indication of our expected financial condition or results of operations for the year ended December 31, 2022.

Interim Power Generation Results of CYPC and CTGR for the Six Months ended June 30, 2022

The total power generation of CYPC for the six months ended June 30, 2022 amounted to 95.1 TWH, representing an increase of 33.4% compared with the corresponding period of 2021.

The total power generation of CTGR for the six months ended June 30, 2022 amounted to 24.5 TWH, representing an increase of 46.7% compared with the corresponding period of 2021, of which wind power generation increased by 46.8% to 17.3 TWH, including 11.8 TWH generated from onshore wind power projects and 5.6 TWH generated from offshore wind power projects, representing an increase of 18.2% and 198.0%, respectively, solar power generation increased by 45.7% to 6.8 TWH, and hydropower generation increased by 59.9% to 0.3 TWH.

Registration of Pledge and Trust of a Part of the A Shares of CYPC

In November 2020, we received approval from the China Securities Regulatory Commission for a quota of RMB37 billion for long-term bonds and RMB3 billion for short-term bonds issued to professional investors. On June 1, 2022, we completed the issuance of five-year exchangeable corporate bonds of RMB10 billion (the "**Exchangeable Bonds**") at the coupon rate of 0.10% per annum (the "**Exchangeable Bonds Issuance**") using a part of the A shares of our subsidiary, CYPC, held by us as the underlying objects.

The Exchangeable Bonds Issuance adopted the form of share pledge and trust. We used a part of A shares of CYPC legally owned by us as pledge and trust assets and completed relevant registration of the pledge and trust, in order to protect the holders of the Exchangeable Bonds in respect of the exchange into the underlying shares and the full and timely payment of the principal and interests of the Exchangeable Bonds. Meanwhile, in accordance with the Detailed Rules of China Securities Depository and Clearing Corporation Limited on the Registration and Clearing Services of Exchangeable Corporate Bonds:

1. We and CITIC Securities Company Limited ("**CITIC**"), trustee of the Exchangeable Bonds, signed a share pledge contract and a trust contract, agreeing that a part of A shares of CYPC which are the underlying shares for the exchange (the "**Underlying Shares**") and their yields shall be used as the pledge and trust assets of the Exchangeable Bonds (the "**Pledge and Trust Assets**");

2. CITIC opened a special pledge and trust account at Shanghai Branch of China Securities Depository and Clearing Corporation Limited (the "**Pledge and Trust Special Account**");

3. We and CITIC applied for registration of the share pledge and trust before the Exchangeable Bonds Issuance at Shanghai Branch of China Securities Depository and Clearing Corporation Limited. 2,285,000,000 Underlying Shares held by us, which account for 10.05% of the total issued share capital of CYPC, were transferred into the Pledge and Trust Special Account;

4. The pledge and trust assets are held in the name of CITIC and the Pledge and Trust Special Account is registered as the holder of such securities in the register of the securities holders of CYPC;

5. In exercising the relevant voting rights, CITIC shall act in accordance with our opinions without prejudice to the interests of the holders of the Exchangeable Bonds.

As of the date of this Offering Circular, we direct held 12,420,000,000 A shares of CYPC (including the 2,285,000,000 Underlying Shares), representing 54.61% of the total issued share capital of CYPC and the Underlying Shares accounted for 10.05% of the total issued share capital of CYPC or 18.40% of the total shares of CYPC owned by us.

OUR BUSINESS

We are the largest hydropower enterprise in the world and the largest clean energy enterprise in China in terms of installed capacity. The following table sets forth (i) our aggregate consolidated and attributable installed capacity in the PRC and as compared with the total installed capacity of the PRC as of December 31, 2019, 2020 and 2021 and (ii) our aggregate annual power generation in the PRC as compared with the total annual power generation of the PRC in 2019, 2020 and 2021.

	2019		2020		2021	
	Group	Percentage of PRC Total[(1)]	Group	Percentage of PRC Total[(1)]	Group	Percentage of PRC Total[(1)]
Aggregate[(2)] Consolidated						
Installed Capacity (MW)	65,607.2	3.3%	78,115.2	3.5%	98,333.2	4.1%
Hydropower	49,450.1	13.9%	56,700.1	15.3%	67,201.7	17.2%
Wind Power	6,812.5	3.2%	9,656.1	3.4%	15,179.6	4.6%
Solar Power	4,714.7	2.3%	7,129.0	2.8%	11,322.0	3.7%
Thermal	4,630.0	0.4%	4,630.0	0.4%	4,630.0	0.4%
Aggregate[(2)] Annual Power						
Generation (TWH)	254.3	3.5%	295.0	3.90%	332.0	4.0%
Hydropower	216.7	17.6%	252.8	18.70%	275.7	20.6%
Wind Power	14.0	3.5%	17.1	3.70%	24.4	3.7%
Solar Power	5.7	2.5%	7.2	2.80%	10.9	3.3%
Thermal	17.9	0.3%	17.9	0.30%	21.0	0.4%

(1) Source for PRC total amounts: China Electricity Council (the installed capacity amounts are approximate amounts).
(2) Includes hydropower, wind power, solar power, thermal power and other.

We are expanding our footprint internationally. The following table shows our aggregate consolidated and attributable installed capacity as of December 31, 2019, 2020 and 2021 as well as our aggregate annual power generation in December 31, 2019, 2020 and 2021, respectively:

	2019	2020	2021
Aggregate Consolidated Installed Capacity (MW)	74,956.0	87,603.9	109,368.2
China	65,607.2	78,115.2	98,333.2
Overseas	9,348.8	9,486.8	11,035.0
Aggregate Annual Power Generation (TWH)	289.5	330.5	363.3
China	254.3	295.0	332.0
Overseas	35.2	35.5	31.3

OUR CLEAN ENERGY BUSINESS IN CHINA

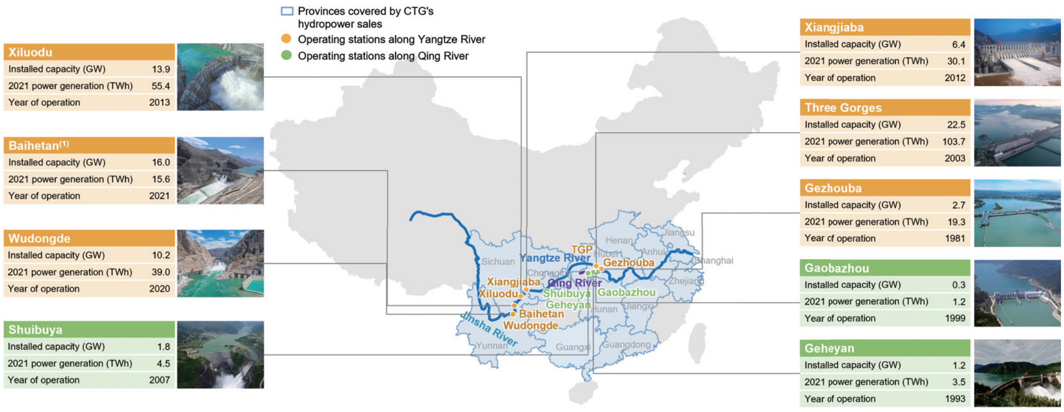
Hydropower Business

Overview

In China, we are the largest clean energy enterprise in terms of installed capacity. We have been mandated by the PRC government to develop the hydropower resources of the Yangtze River and its tributaries. Along the Yangtze River, which has the most abundant water resources in China, we have managed the development and operation of the Three Gorges Project, currently the largest hydropower project in the world in terms of installed capacity. We have also been mandated by the PRC government to develop four major Jinsha River hydropower projects: the Xiluodu Project, the Xiangjiaba Project, the Baihetan Project and the Wudongde Project. The Xiluodu Project, the Xiangjiaba Project and the

Wudongde Project commenced full operations in 2014, 2014 and 2021, respectively, and are the fourth, eleventh and seventh largest hydropower projects in operation or under development in the world in terms of installed capacity, respectively[9]. Our major hydropower project under development, the Baihetan Project, also ranks in terms of installed capacity among the 12 largest hydropower projects globally currently in operation or under development[10]. The Baihetan Project commenced initial operation in 2021 and is expected to be in full operation by 2022. We have strengthened our hydropower business in China by acquiring a controlling interest in Hubei Energy in 2015 and by undertaking an asset injection of the Xiluodu Project and the Xiangjiaba Project into CYPC in 2016. The CYPC asset injection consolidated our four major hydropower stations in operation along the Yangtze River, *i.e.* the Gezhouba Project, the Three Gorges Project, the Xiluodu Project and the Xiangjiaba Project. In addition, we plan to inject the assets of the Wudongde Project and the Baihetan Project that are currently owned and operated by Three Gorges Yunchuan into CYPC, which is expected to avoid the horizontal competition between CYPC and us and to further strengthen our integrated hydropower business. The asset injection will also increase our asset securitization rate[11] from 53.6% as of December 31, 2021 to 73.8% and improve the allocation efficiency of state-owned assets. As of the date of this Offering Circular, the transaction was still ongoing. The acquisition of a controlling interest in Hubei Energy brought us the three hydropower stations forming the cascade hydropower system of the Qing River, the first major tributary of the Yangtze River downstream of the Three Gorges area. Our cascade hydropower system has created synergies through joint dispatch and management among different power generating projects in the whole basin. The combination of large reservoirs and cascade hydropower systems is able to increase our ability to regulate water flow and enable us to maximize hydropower generation.

The following map shows the geographic locations of our major hydropower projects in operation or under development:



(1) First batch of generators commenced operation in June 2021 with full operation expected in 2022

9 Based on the information known to the Company as of the date of the Offering Circular.

10 Same as above.

11 The asset securitization rate is calculated as the percentage of combined assets of CYPC, CTGR and Hubei Energy of the Guarantor's total assets.

The table below shows details of our major hydropower projects in the PRC currently in operation or under development:

	Total Number (Planned) Installed Capacity as of December 31, 2021	Power Generation Units as of December 31, 2021	Generation in 2021 or Designed Annual Power Generation
	(MW)[(1)]		(TWH)[(2)]
Projects in Operation			
Yangtze River:			
Gezhouba Project	2,735	21	19.3
Three Gorges Project	22,500	34	103.7
Xiangjiaba Project	6,400	8	30.1
Xiluodu Project	13,860	18	55.4
Wudongde Project	10,200	12	39.0
Qing River:			
Geheyan Project	1,210	4	3.5
Gaobazhou Project	270	3	1.2
Shuibuya Project	1,840	4	4.5
Projects Under Development			
Yangtze River:			
Baihetan Project	16,000	16	15.6

(1) Planned installed capacity only applicable to our projects under development.
(2) Actual power generation only applicable to our projects in operation.

As of December 31, 2019, 2020 and 2021, our aggregate consolidated installed hydropower capacity in the PRC was approximately 49,450.1MW, 56,700.1 MW and 67,201.7MW, respectively, representing 13.9%, 15.2% and 17.2% of the aggregate hydropower installed capacity in the country, respectively, and our aggregate annual hydropower generation in the PRC in 2021 amounted to 275.7 TWH, representing 23.4% of the total annual hydropower generation in the PRC. The hydropower generation of the six Yangtze River cascade hydropower stations reached 262.9 TWH as of December 31, 2021. 98 units of the six Yangtze River cascade hydropower stations commenced full operation for the first time on July 28, 2021 with a daily generating capacity of 1.1 TWH. Revenue generated in connection with our hydropower business for 2019, 2020 and 2021 amounted to RMB62.8 billion, RMB70.0 billion and RMB75.1 billion, respectively, which represented 63.3%, 62.7% and 55.2%, respectively of our total revenue for those years. We have developed our cross-region hydropower sales and marketing capabilities which are adaptable to changes in market rules. The Gezhouba Project, the Three Gorges Project, the Xiangjiaba Project, the Xiluodu Project, the Wudongde Project and the Baihetan Project together hold an aggregate reservoir capacity of approximately 91.9 billion cubic meters, and a basin area of over one million square kilometers.

Projects in Operation

Gezhouba Project

The Gezhouba Project, completed in 1988, was the first dam built on the Yangtze River. It was built primarily for the purposes of power generation and navigational improvements, and has been a crucial part of the cascade hydropower system. The Gezhouba Project has an installed capacity of 2,735 MW from 21 power generation units. In 2021, its annual power generation was 19.3 TWH. This project is owned and operated by CYPC.

Three Gorges Project

The Three Gorges Project is the largest hydropower project in the world, controlling a drainage area of up to one million square kilometers. The project had a total installed capacity in operation of 22,500 MW as of December 31, 2021, and actual annual power generation of 103.7 TWH in 2021. The Three

Gorges Project has 34 power generation units in operation, among which 32 power generation units have a capacity of 700 MW each. The power generated by the Three Gorges Project is transmitted to 10 provinces and municipalities in China. This project is owned and operated by CYPC.

The Three Gorges Project also provides social benefits, including flood control, drought prevention and water supply, navigation improvement, the preservation of cultural relics and local economic development. As of December 31, 2021, the project had a reservoir with a total capacity of 45.0 billion cubic meters and an effective flood control capacity of 22.2 billion cubic meters. When the Yangtze River's lower reaches experience a drought, we are able to release water from the reservoir to meet the needs for navigation, agriculture, industry and home usage in that area. Similarly, if a large flood occurs, the Three Gorges reservoir's storage capacity can be adjusted to help protect the inhabitants and farmland in the lower reaches of the Yangtze River. We believe that the Three Gorges Project has significantly reduced the occurrence of flooding in the most vulnerable parts of the lower reaches of the Yangtze River. The Three Gorges Project has also promoted the development of tourism, fisheries, shipping and other relevant industries along the Yangtze River.

Xiluodu Project

The Xiluodu Project is currently the second largest hydropower project in China and the third largest hydropower project in operation in the world in terms of total installed capacity. It has 18 generating units, each with a capacity of 770 MW. The project had a total installed capacity of 13,860 MW as of December 31, 2021. It commenced full operations in 2014 and achieved annual power generation of 55.4 TWH in 2021. In addition to power generation, the Xiluodu Project can also help discharge sand, control floods and droughts and improve navigation of the Yangtze River. This project is owned and operated by CYPC.

Xiangjiaba Project

The Xiangjiaba Project is currently the nineth largest hydropower project in operation in the world in terms of total installed capacity. It has eight power generation units each with a capacity of 800 MW. The project had a total installed capacity of 6,400 MW as of December 31, 2021. It commenced full operations in 2014 and achieved annual power generation of 30.1 TWH in 2021. In addition to power generation, the Xiangjiaba Project can also help discharge sand, control floods and droughts, improve navigation of the Yangtze River and provide farmland irrigation support. This project is owned and operated by CYPC.

Gezhouba Project

The Gezhouba Project, completed in 1988, was the first dam built on the Yangtze River. It was built primarily for the purposes of power generation and navigational improvements, and has been a crucial part of the cascade hydropower system. The Gezhouba Project has an installed capacity of 2,735 MW from 21 power generation units. In 2021, its annual power generation was 19.3 TWH. This project is owned and operated by CYPC.

Wudongde Project

The Wudongde Project is currently the sixth largest hydropower project in operation in the world in terms of total installed capacity. It commenced full operations in June 2021. It has six generating units on each of the left and right banks of the Yangtze River, with a total installed capacity of 10,200 MW and achieved average annual power generation of 39.0 TWH in 2021. The Wudongde Project's main functions are power generation, sand discharging and flood and drought control. The Wudongde Project is one of the main sources of power supply to the "West-East Power Transmission Program", and dedicated power transmission lines are built to ensure the power consumption. Southern Grid has built an extreme high-voltage multi-terminal direct current demonstration project for the power transmission from the Wudongde station to Guangdong and Guangxi provinces (the "**Kunliulong Direct Current Project**"). This project is owned and operated by Three Gorges Yunchuan.

Qing River Projects

The Geheyan Project, the Gaobazhou Project and the Shuibuya Project, completed in 1994, 2000 and 2008, respectively, are owned and operated by Hubei Energy. They form the cascade hydropower system of the Qing River. The Geheyan Project has a total installed capacity of 1,212 MW from four power generation units, the Gaobazhou Project has a total installed capacity of 270 MW from three power generation units, and the Shuibuya Project has a total installed capacity of 1,840 MW from four power generation units. In 2021, their annual power generation was 3.5 TWH, 1.2 TWH and 4.5 TWH, respectively.

Project under Development

Baihetan Project

The Baihetan Project is our hydropower project under development on the main stream of the lower reaches of Jinsha River and will become part of our cascade hydropower system. Its main functions are expected to be power generation, discharging sand, flood and drought control and navigational improvements. The Baihetan Project is also one of the main sources of power supply to the "West-East Power Transmission Program", and dedicated power transmission lines are expected to be built to ensure the power consumption. State Grid has built the "Baihetan-Jiangsu and Baihetan-Zhejiang ± 800kV extreme high-voltage multi- terminal direct current demonstration project" for the power transmission from Baihetan station to Jiangsu and Zhejiang provinces. The project will have eight power generation units on each of the left and right banks of the Yangtze River. We expect the 16 power generation units to have a total installed capacity of 16,000 MW and average annual power generation of 62.4 TWH. We received State Council approvals and started construction in 2017. In January 2019, the first GW-level hydropower generation unit in the world was completed, which was an important sign that the Chinese technology for building ultra-high capacity generating units has reached a world-leading level. In 2019, the concrete placing of 5.12 million square meters was completed, setting up a world record for concrete placing in a single year. In April 2020, the 550 kV transformer on the left bank of the Baihetan station was successfully transported. In May 2020, the plugging of the first diversion tunnel was completed, signaling that diversion construction has moved into the next phase. In August 2020, the rotor, the most important core component of the world's first hydrogenator with GW-level standalone capacity, was installed in the project. In June 2021, the first batch of generators commenced operations. In March 2022, all the large components of the 16 power generation units were hoisted. In May 2022, the final assembly of the units was completed and seven of the 16 units commenced operation for power generation. We expect the project to enter into full operation in 2022. Upon full operation in 2022, it is expected to be the second largest hydropower project in operation in the world in terms of total installed capacity.

China Yangtze Power Co. Ltd.

CYPC is our primary listed operating subsidiary, and subsequent to our asset injection of the Xiluodu Project and the Xiangjiaba Project, it holds four of our hydropower projects in operation along the Yangtze River. In addition, we plan to inject the assets of the Wudongde Project and the Baihetan Project that are currently owned and operated by Three Gorges Yunchuan into CYPC, which is expected to avoid the horizontal competition between CYPC and us and to further strengthen our integrated hydropower business. As of December 31, 2021, CYPC was the largest listed hydropower company in the world in terms of market capitalization. In 2021, the total profit of CYPC reached RMB32.4 billion. CYPC was awarded the Golden Bee Excellent Report Evergreen Prize by China WTO Tribune in December 2014 and the Second Prize of the National Enterprise Management Innovation Achievement by China Enterprise Confederation and the Ministry of Industry and Information Technology in March 2014. CYPC was also awarded First Prize in the National Electricity Industry Information Outstanding Achievements by China Electricity Council in November 2013. In addition, since 2011, CYPC has been on the Financial Times Global 500 list, which ranks the world's largest companies based on market capitalization. In September and October 2020, CYPC issued approximately 74.19 million GDRs (including the partially exercised over-allotment GDRs) at an issue price of US$26.46 per GDR on the LSE via Shanghai-London Stock Connect, raising a total amount of US$1.96 billion. As of December 31, 2021, we owned a 59.22% equity interest in CYPC.

Hubei Energy Group Co., Ltd

Hubei Energy is a listed, diversified energy company primarily focusing on Hubei province of China, with business spanning hydropower, other renewable energy, thermal power, nuclear power, natural gas, coal and finance. It owns and operates three hydropower stations forming the cascade power system of Qing River, the first major tributary of the Yangtze River downstream of the Three Gorges area. Hubei Energy became our subsidiary in December 2015, and, as of December 31, 2021, we owned a 44.31% equity interest in Hubei Energy.

Pumped Storage Power

Through our investment in State Grid Xinyuan, a leader in the PRC pumped water storage industry, we expanded our reach into the development and operation of pumped storage power plants. Pumped storage power plants store electricity in the form of water in an upper reservoir, which is pumped from another reservoir at a lower elevation. State Grid Xinyuan specializes in the development and operation of pumped storage power plants and combines the strengths of both shareholders, State Grid and ourselves. As of December 31, 2021, we owned a 30% equity interest in State Grid Xinyuan. We primarily focus on key regions such as Central, Eastern and Northwestern China with a priority given to pumped storage power stations that can deliver strong service capabilities, outstanding technical and economic metrics and strong support to new energy bases.

Changlongshan Project

In 2015, we commenced the construction of the Changlongshan pumped storage power station located in Anji county of Zhejiang province. The first batch of generators commenced operation in June 2021 and all generators have been in full operation since 2022. The Changlongshan station has six units, each with an installed capacity of 350MW and a total installed capacity of 2.1 GW. At the beginning of May 2022, the Changlongshan station's No.5 unit successfully passed the 15-day trial operation and was officially put into commercial operation. Its rated speed of 600 r/min is a world's first for such high-capacity units, which marked the most difficult unit design and development in the world.

Tiantai Project

In June 2022, we commenced the construction of the Tiantai pumped storage power station located in Tiantai county of Zhejiang province with a planned installed capacity of 1.7 GW. The first batch of generators are expected to commence operation in 2025. The Tiantai station is expected to have the highest rated water head among pumped storage power stations in the world, the largest single unit capacity among pumped storage power stations in China and the longest upper and lower diversion inclined shafts in China. Upon completion, the Tiantai station will mainly undertake the functions of peak load regulation, valley filling, frequency regulation, phase modulation and emergency backup for the power grid of Zhejiang province, as well as provide flexible dispatching capacity for the power grid of Eastern China region.

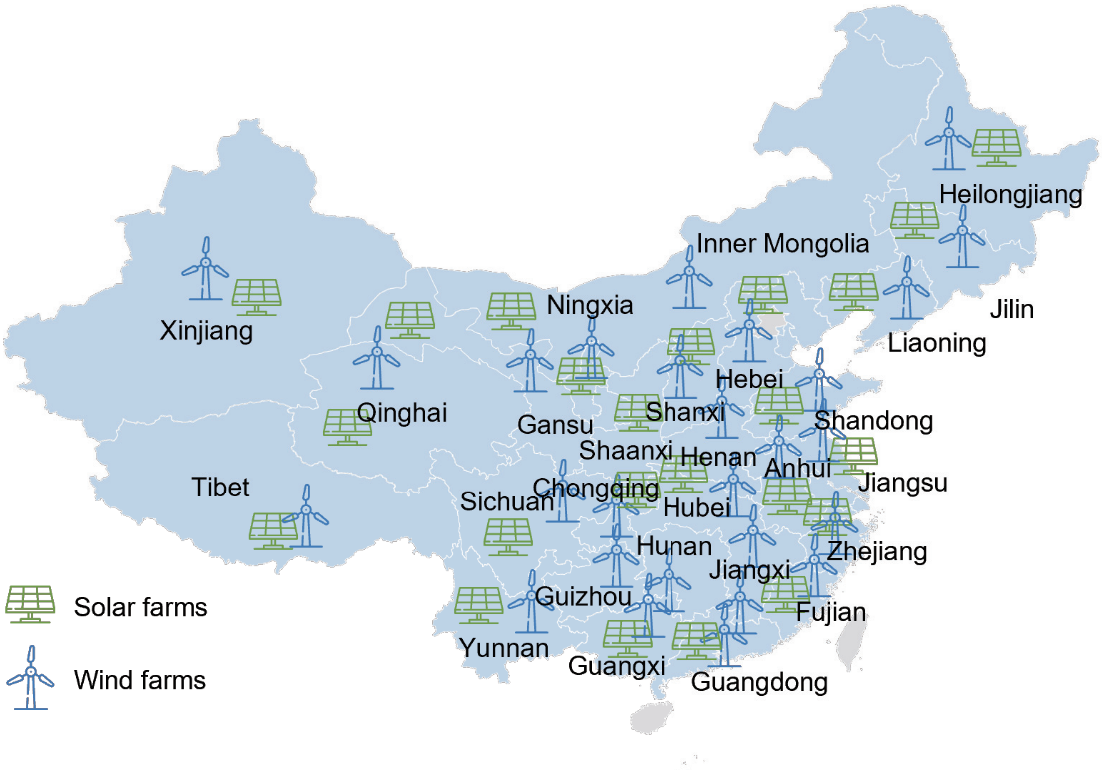
Wind, Solar and Other Clean Energy Business

Overview

Leveraging our lending positions in the global hydropower industry, we continue to develop our other clean energy business as our second core business with a focus on wind and solar power. We entered into the wind power and solar power businesses in 2007 and 2011, respectively. As of December 31, 2021, the aggregate consolidated installed capacity of our wind power and solar power businesses in China reached 26,501.5 MW, increasing by 57.9% compared to that as of December 31, 2020. In the recent years, we have actively innovated new development models, *i.e.*, "wind power +" and "solar power +" model and commenced to develop a number of large-scale onshore wind power and solar power projects. In particular, we have actively competed for resources in key regions of Inner Mongolia and Shanxi province. We have obtained the right to develop China's first batch of new energy mega-bases with a total planned capacity of 12.5 GW, including 2.5 GW of onshore wind power projects, 9.7 GW of solar power projects and 0.3 GW of photovoltaics projects.

We develop our wind, solar and other clean energy business in the PRC mainly through our wholly owned listed subsidiary CTGR. CTGR invests in and develops wind farms, solar energy projects, medium and small-scale hydropower projects, and other clean energy projects.

As of December 31, 2021, we had wind power and solar power businesses across 31 provinces in China. The following map shows the strategic positions of our wind power and solar power projects in operation in China as of December 31, 2021.



Wind Power Business

In response to the 14th Five-Year Plan and the national carbon emission reduction targets, we have been actively developing our wind power business. We are involved throughout the wind power industry chain, from the manufacture of wind turbine equipment to operating wind farms. As of December 31, 2021, in China, we had an aggregate consolidated installed wind power capacity of 15,179.6 MW and the on-grid installed capacity of the onshore and offshore wind power projects was 11,238.6 MW and 4,867.5 MW, respectively. Our actual annual wind power generation in China was 24.4 TWH in 2021, including 4.2 TWH of offshore wind power and 20.2 TWH of onshore wind power.

As of December 31, 2021, the installed capacity of our onshore wind power projects in China was approximately 10.6 GW, including the largest single onshore wind power project in Asia with an installed capacity of 400 MW, located in Dorbod Banner of Inner Mongolia, the largest source-grid-load-storage demonstration project in the world with an installed capacity of 3.1 GW including 2.8 GW of wind power capacity and 0.3 GW of solar power capacity, located in Ulanqab of Inner Mongolia and the first MW-level high-altitude project in China with an installed capacity of 100 MW, located in

Xitieshan in Qinghai Province. In addition, as of December 31, 2021, we had onshore wind power projects under construction in China with an installed capacity of 2.2 GW and obtained development permit of onshore wind power projects among China's first batch of renewable energy bases with an installed capacity of 2.5 GW. In 2022, the Phase I stations of the source-grid-load-storage demonstration project located in Ulanqab of Inner Mongolia started operation for power generation.

We continue to implement the "Pioneer of Offshore Wind Power" strategy, promote the grid parity of our offshore wind power projects through large-scale development and lean operation and build the largest offshore wind power corridor along the coast. As of December 31, 2021, we had offshore wind power projects in operation in four coastal provinces in China, including Fujian, Guangdong, Jiangsu and Liaoning, with an aggregate installed capacity of approximately 4.6 GW, ranking the first in China and accounting for approximately 17.3% of China's total offshore wind power capacity. We also have five MW-level offshore wind power bases located in Guangong, Fujian and Jiangsu provinces. The wind power grid-connected system of Jiangsu Xiangshui offshore wind farm was put into operation in October 2016. It was the largest single offshore wind power project in China at the time with an installed capacity of 202 MW. In September 2017, the first batch of generators of the Fujian Xinghua Bay offshore wind farm demonstration project commenced operation, which marked the world's first large-scale offshore wind farm demonstration project. In October 2019, all units of the Jiangsu Dafeng offshore wind farm, the farthest offshore wind farm in China, successfully connected to the grid and achieved full capacity for power generation, which adopted the offshore high-voltage parallel reactor station for the first time in China to solve the problem of high sea power transmission from offshore wind power stations. On November 25, 2021, the Dalian Zhuanghe offshore wind farm was connected to the grid at full capacity of 300 MW, which is the first offshore wind farm in northeast China and is equipped with China's first low-temperature, large-diameter direct-drive unit. In December 2021, China's first floating offshore wind power platform equipped with the world's first typhoon-resistant floating offshore wind turbine, the Guangdong Yangjiang Shapa offshore wind farm commenced full operation with an installed capacity of 1.7 GW, becoming the first GW-level offshore wind farm in China. In December 2021, the Jiangsu Rudong offshore wind farm commenced full operation with installed capacity of 800 GW, which was the first offshore wind power project using flexible direct current transmission technology in Asia. By the end of 2021, the Fujian Changle offshore wind farm was also connected to the grid at full capacity of 300 MW, becoming the first offshore wind farm that have a batch of wind power generators each with a maximum capacity of 10 MW. We plan to continue to acquire and develop technologies for the development of offshore wind farms. The Shanghai Institution and Goldwind Technology had established a research and development center for offshore wind power projects.

Furthermore, we will strategically focus on offshore wind power in the renewable business segment and expand offshore wind power business as a key area, forming an extensive project portfolio with projects at different development stages, including in operation, under construction and approved for construction. In 2021, the total installed capacity of the offshore wind power projects under operation increased by 4.9 GW. We strive to improve the quality and efficiency of offshore wind power projects through technological innovation. We promote the development of offshore wind power projects in the high seas, the localization of key technologies and systematization of construction operations. To further promote our offshore wind power technologies, we have built the Fujian Three Gorges Offshore Wind Power International Industrial Park, which marks China's first offshore wind power industrial park with full value chain capabilities and China's first carbon-neutral industrial park. In addition, our subsidiary, CTGR, has made a number of technical breakthroughs in offshore wind farming and implemented a number of offshore wind power projects, including the Jiangsu Xiangshui wind farm (one of the first offshore wind power projects in China), the Jiangsu Dafeng H8-2 offshore wind farm (the farthest offshore wind farm in China), the Fuqing Xinghua Bay wind farm (the world's first large-scale pilot offshore wind farm), the Dalian Zhuanghe offshore wind farm (the first offshore wind farm in northeast China), the Guangdong Yangjiang Shapa offshore wind farm (the first GW-level offshore wind farm in China) and the Jiangsu Rudong offshore wind farm (the first offshore wind power project using flexible direct current transmission technology in Asia). It also independently developed the 10 MW wind turbine, the single largest wind turbine in APAC, demonstrating the world-leading research and development capability for large-megawatt offshore wind turbines of China. As of December 31, 2021, CTGR had an industry leading offshore wind portfolio in China with a total installed capacity of the wind power project of 4.6 GW in operation, 3.3 GW under construction and 2.2 GW approved for construction. As of December 31, 2021, CTGR generated wind power of 22.9 TWH, increasing by 44.7% as compared with that as of December 31, 2020.

We believe that the wind power equipment manufacturing sector has significant growth potential, and conduct our wind power equipment business through equity investments in certain major wind power equipment manufacturers in China. We were the single largest shareholder of Goldwind Technology with a 8.35% equity interest as of December 31, 2021. Goldwind Technology is a leading wind power equipment manufacturer and integrated solution provider in China. As of December 31, 2021, it was the second largest wind turbine manufacturer in the world and the largest in China. We also held a 47.74% equity interest in Xi'an China Water Wind Power Equipment Co., Ltd ("**Xi'an Wind**"), and a 40.09% equity interest in Inner Mongolia Golden Ocean New Energy Science and Technology Co., Ltd. ("**Inner Mongolia New Energy**") as of December 31, 2021.

Solar Power Business

We construct and operate solar power projects, and are a leading solar power generation company in China. As of December 31, 2021, in China, the aggregate consolidated installed capacity of our solar power projects was 11,322.0 MW and on-grid installed solar power capacity was 11,954.1 MW. Our annual solar power generation for 2021 in China was 10.9 TWH, increasing by 51.4% compared to 2020, representing a CAGR of 38.3% from 2019. As of December 31, 2021, CTGR operated the largest water surface solar power project in the world, located in Huainan in Anhui province with an installed capacity of 150 MW, the first large-scale grid parity solar power project in China, located in Golmud in Qinghai province with an installed capacity of 500 MW, and the largest single solar power project in mountainous areas in China, located in Quyang County in Hebei province with an installed capacity of 200 MW. In addition, as of December 31, 2021, we had solar power projects under construction in China with an installed capacity of 1.3 GW and obtained development permit of solar power projects among China's first batch of renewable energy bases with an installed capacity of 9.7 GW.

To accelerate the diversified development of our solar power business, we have explored a new business model, *i.e.* the "solar power +" model. We have developed projects characterizing "solar power + photothermal", "solar power + desertification control", "solar power + agriculture", "solar power + fishery", "solar power + animal husbandry", "solar power + tourism" and "solar power + poverty alleviation". For example, in June 2019, the solar power project in Tongchuan of Shaanxi province successfully connected to the grid for power generation, which marked our success in exploring the four-in-one project characterizing "solar power + agriculture + poverty alleviation + tourism". In October 2021, we commenced the construction of two "solar power + photothermal" projects located in Qinghai province, which are expected to generate 5 TWH of electricity annually. Around the same time, we also commenced the construction of the Kubuqi "solar power + desertification control" project in Inner Mongolia with a planned installed capacity of 2 GW, being the largest single "solar power + desertification control" project in China in terms of installed capacity. By exploring the "solar power +" model, we are able to integrate the clean energy development with ecological protection and achieve economic benefits, social benefits and environmental benefits.

Other Clean Energy Business

We continuously strive to diversify our power project portfolio and explore the potential development of other forms of clean energy. We closely track and monitor the renewable energy markets in search of development and investment opportunities in ocean and geothermal energy, biomass energy and other forms of clean energy. We believe that nuclear energy is an important source of clean energy that will continue to grow in China, and have made equity investments in nuclear energy companies including China Guangdong Nuclear Industry Fund and China Nuclear Power Co., Ltd.

Power Sale and Distribution

We sell electricity to grid companies based on the PPAs we enter into with such grid companies. Our contracted electricity exceeds 90% of our total electricity generated. The revenue of our hydropower, wind power and solar power businesses are primarily derived from the sale of electricity generated from our power projects.

For our hydropower, wind power and solar power projects, we generally renew our PPAs annually. In connection with the Three Gorges Project, we have entered into master PPAs which have a term between three and five years with each of the grid companies that we deliver power to. The master PPAs generally set out all the major terms for the sale of power. Under the framework of each master PPA, and in accordance with our forecast of annual water flow, we sign annual PPAs which contain detailed power sale terms, such as on-grid tariffs and planned annual power generation. If any of the annual PPAs is not signed before it expires, we and the relevant grid company normally will continue the power purchases and sales pursuant to the terms of the expired agreement and the relevant master PPA until a new annual PPA is signed.

In addition, we are expanding our power sale and distribution business in the PRC. Our subsidiary TGEE provides power sale and distribution services, including the distributed energy, stored energy and charging piles, "Internet +" user-side services and other comprehensive energy services. It also engages in market-oriented power sales business and has presence across over 10 provinces in China, with sale volume of 17 TWH in 2021.

On-grid Tariffs

Hydropower

Our on-grid tariffs for different regions are set, and subject to adjustment, by the NDRC from time to time. Our average on-grid tariffs are also affected by the fluctuations in the amount of electricity supplied to different regions (which have different on-grid tariffs). In accordance with the PRC government's national electricity distribution plans, our electricity is generally transmitted to regions and provinces with higher tariffs. However, the transmission of electricity to these areas is limited by the power dispatch capacity of the relevant grids. For example, during the summer, when water inflows in the Yangtze River are higher, we typically produce significantly more electricity than the grids in the areas with higher tariffs are able to transmit. As a result, we have to sell more electricity to grids with lower tariffs during this period.

The following table sets out the amount of power sold, and the average on-grid tariffs, for our four major hydropower projects (*i.e.* the Gezhouba Project, the Three Gorges Project, the Xiangjiaba Project and the Xiluodu Project) along the Yangtze River in operation in 2019, 2020 and 2021.

	Sales of Power and On-grid Tariff		
	2019	2020	2021
Power Sold (TWH)	209.4	225.8	207.3
Average on-grid Tariff (RMB/MWH)	270.1	264.9	265.6

Since April 2001, the PRC government has started to gradually introduce a new on-grid tariff- setting mechanism based on the average costs of comparable power projects. On July 9, 2003, the PRC government approved a tariff reform plan that made it clear that the objective of on-grid tariffs reform is to gradually establish a market supply and demand and a competition-based tariff-setting mechanism. For a detailed discussion of the PRC regulations and policies in connection with the on-grid tariff of hydropower, please refer to the section headed "*Regulation – PRC Power Industry Regulatory Environment – On-grid Tariff.*"

Wind Power

The on-grid tariff applicable to a wind power project is determined in accordance with the pricing policy in effect when the project is approved. As of December 31, 2021, the benchmark on-grid tariffs for offshore wind power projects had been substantially higher than those for onshore wind power projects, but have been changed to the same as those for onshore wind power projects since 2022. For a detailed discussion of the PRC regulations and policies in connection with the on-grid tariff of wind power, please refer to the section headed "*Regulation – Regulations on Renewable Energies – On-grid Tariff and Cost Sharing Program.*"

Solar Power

The on-grid tariff applicable to a solar power project is determined in accordance with the pricing policy in effect when the project is approved. For a detailed discussion of the PRC regulations and policies in connection with the on-grid tariff of solar power, please refer to the section headed "*Regulation – Regulations on Renewable Energies – On-grid Tariff and Cost Sharing Program.*"

Development and Operation of Projects in China

The development and operation of our projects in China consists of the following stages: identifying opportunities; obtaining approval; conducting feasibility studies; construction; operation and maintenance; and sustainable development.

Identifying Opportunities

Some of our hydropower projects in China are mandated by the PRC government. For other hydropower projects and our wind power and solar power projects as well as other renewable energy projects, we first identify an area in which additional electricity is needed by assessing the existing installed power generation capacity and the projected demand for electricity in such location. Factors such as economic growth, population and projects under development are used to gauge the expected supply of electricity. The initial assessment of a proposed power project is formalized in a feasibility study. The proposed power project's hydrological and geological conditions and access to a power grid and fuel supply, economic viability, meteorological conditions (in the case of wind power projects), local requirements for permits and licenses and the ability of the potential customers to afford the proposed tariffs, among other issues, are discussed and analyzed in the feasibility study.

Obtaining Approval and Feasibility Studies

Internal approval

Those of our hydropower projects that are mandated by the PRC government need to go through our internal approval procedures in accordance with applicable PRC laws and regulations. For other projects, after we have identified a potential project or investment opportunity, we prepare an initial project proposal, which is reviewed by our strategy and development department and other relevant departments overseeing such type of investment. Such initial review is followed by an evaluation by our internal expert committee. Depending on the type and amount of the investment, approval is obtained from our President, the Chairman of the Board of Directors or our Board of Directors (generally in increasing order of investment amount).

Feasibility study reports

Once a project or investment proposal is approved internally, we will normally hire a research institute to conduct a preliminary feasibility study. Such preliminary feasibility study needs to go through the same internal approval procedures as the initial project proposal and must also be presented to the PRC government for approval. Once we receive PRC government approval of the preliminary feasibility study, the research institute prepares the final feasibility study and we proceed with the application for all required government permits and approvals.

The feasibility study reports analyze all important factors including, among others, resident resettlement, environmental impact, sedimentation affecting navigation, water reserves, potential operational issues of the hydropower projects and estimated electricity generation. The feasibility studies are essential for our decision-making process and we, along with the PRC government, place particular importance on these studies due to the major environmental, social and economic impact of hydropower projects. For example, in the initial planning stages for the construction of our Three Gorges Project in the late 1980s, the former Ministry of Water Resources and Electric Power of the PRC and the Canadian government collaborated to prepare the feasibility study for the project. The study was sponsored by the Canadian International Development Agency and specialists from Acres International, BC Hydro and Hydro-Quebec participated in the preparation of the study. In addition, the World Bank was engaged as an advisor to the study.

Government approvals and inspections

We are required to obtain a number of government permits, licenses and approvals before we begin the construction of a power project. For a detailed discussion of the PRC regulations and policies in connection with government approvals, please see "*Regulation.*"

Construction of hydropower projects is subject to acceptance inspections, including acceptance inspections with respect to water storage, commissioning of power generation units, environmental protection, water and soil conservation facilities and construction completion, among others.

Our wind power projects are subject to acceptance inspections, including acceptance inspections with respect to environmental impact, water and soil conservation, mineral resources and feasibility of grid connection, among others.

Construction of our solar power projects is generally subject to acceptance inspections, including trial-run acceptance inspections and project-completion acceptance inspections with respect to environmental impact, water and soil conservation facilities and construction completion, among others.

Project Construction

Construction of a project can commence after acceptance inspections have been completed and the project has received all requisite construction approvals.

We conduct all of the design and engineering supervision work for our greenfield projects and substantially all of the projects' construction work is subcontracted to third parties. For each project, we create a department to oversee the construction and management of such project, including the selection of contractors and suppliers. As required by law, we also engage third-party supervising firms that oversee the construction process and ensure that construction meets all required quality standards. Typically, contractors are selected through an open bidding process. In some instances, contractors are allowed to hire subcontractors to provide services. A selection procedure is put in place to ensure compliance with our quality and workmanship standards. Factors taken into account when selecting contractors may include their qualifications, reputation, track record, past cooperation with us, and financial condition and resources, as well as the competitiveness of their bids. The qualifications and performance of the contractors are reviewed from time to time. Information is collected from the contractors by the relevant department throughout the entire project construction process, and is closely monitored and analyzed to ensure compliance with quality and workmanship standards and to avoid unanticipated delays and cost overruns. We generally purchase all key materials and provide certain equipment for the construction of power projects and all the construction labor is outsourced to selected contractors.

Construction contracts typically provide for fixed or capped payments, subject to adjustments for certain types of excess, such as design modifications during construction, unanticipated geological conditions discovered during construction and changes in commodities prices.

The PRC government monitors construction progress to ensure its compliance with all relevant laws and regulations. See "*Risk Factors – Risks Relating to our Operations – Our operations in China are extensively regulated by the PRC government, and our costs associated with compliance with such regulations can be substantial. Our results of operations and future growth prospects may be materially and adversely affected by future changes in government regulations and policies.*"

Project Operation and Maintenance

To operate hydropower, wind power and solar power projects, relevant permits such as an electric power business permit (for power generation) and water drawing permit (for hydropower projects) are also required. In addition, the operation of hydropower, wind power and solar power projects is subject to the supervision and administration of certain relevant governmental authorities, which include the NEA and its local branches and other authorities in charge of water resources (for hydropower projects), environmental protection, and work safety, among others. See "*Regulation*" for more details.

Our five hydropower projects in operation are largely managed independently from one another. There are management teams and personnel that oversee each power project's activities. The only management function that is centralized for these hydropower projects is power-generation scheduling, which needs to be coordinated to maintain the appropriate levels of water upstream and downstream of their respective dams and the appropriate water flows in our cascade hydropower system. We also use an Electricity Production Management System ("**EPMS**") that has been designed specifically to streamline the management of our hydropower projects. EPMS monitors and controls all power generating equipment in order to ensure that our hydropower stations run efficiently and to minimize downtime.

All of our wind power projects in operation are managed through project companies established specifically for the purpose of building and operating a single project. In regions where we have several wind power projects, the management of such project companies is centralized in a regional branch that oversees the operations of the wind farms. Our solar power projects in operation are managed through project companies established specifically for the purpose of building and operating a single project. In regions where we have several solar power projects, the management of such project companies is centralized in a regional branch that oversees the operations of the solar power projects.

Repairs and maintenance of hydropower, wind power and solar power projects are conducted on an as-needed basis. Large-scale repairs and maintenance to our hydropower projects are carried out every four or five years. Major repairs and maintenance to our hydropower projects are carried out every one or two years and generally scheduled during the off-peak season in order to reduce their impact on normal operations, which involve the generator ceasing operation typically for one or two weeks. We continuously monitor our generators to look for signs of possible equipment degradation and carry out monthly maintenance of our hydropower projects. Minor repairs to our hydropower projects are typically carried out on an as-needed basis without interruption to the planned generation of the power project. Repairs and maintenance of wind power projects are generally scheduled during the off-peak season, while repairs and maintenance of solar power projects are normally conducted in the evenings. Emergency repairs may be required to be made by our company or by the grid through which we dispatch our power when equipment breakdowns or natural disasters occur.

Some power generation equipment in our wind power projects is still under the warranty provided by manufacturers. Once a manufacturer's warranty expires, we undertake the maintenance activities of the related wind power equipment on our own.

Sustainable Development

Our hydropower projects are designed and developed with environmental and social sustainability as core principles. The benefits of such principles include controlling floods along the upper and middle reaches of the Yangtze River, producing clean energy to help reduce greenhouse gas emissions, improving inland navigation and efficiency of water transport, and supplementing water outflow during low-flow periods to help improve water availability throughout the year. While providing significant social, economic and environmental benefits, the development of clean energy, including hydropower, wind power and solar power must also properly handle complicated environmental, health, safety and social issues. We have established special departments with specific employment roles dedicated to environmental protection, quality management, safety management and social responsibility fulfillment, and formulated management systems based on responsibility and work flow. We also collaborate with other organizations. For example, we have entered into long-term memoranda of cooperation with the WWF and TNC, establishing regular communication and personnel exchanges and sharing of best practices, joint publication of promotional materials on environmental protection in hydropower development, and joint organization and sponsorship of seminars on the sustainable development of hydropower attended by international and domestic experts.

Yangtze River Ecological and Environmental Protection Business

We aim to conscientiously play a major role in the protection of the Yangtze River. We aim to actively build a Yangtze River ecological and environmental protection business segment, explore the "Urban Smart Water Management System" model and the "Urban Comprehensive Energy Management System" model, accelerate the formation of relevant entities, prepare technical capabilities, and build platforms for fundraising, research and development, co-development, implementation and supporting. We aim to cultivate industries related to ecological and environmental protection and promote social capital to focus on ecological and environmental protection and clean energy development. Since water is one of China's scarce resources, we believe that the ecological and environmental protection industry has significant development potential. Also, in accordance with the national policy of governmental subsidies and the Water Pollution Prevention Action Plan promulgated in 2015, water environment treatment is expected to be one of the key regions focused on by China, which may lead to increasing opportunities in this industry. With strong endorsement from government, top tier project construction capability, a high-capacity project operation with strong cost controls, an active stance of participating in the development of the Yangtze River Economic Belt, as well as using diversified financing channels with low costs, we strongly believe we are well-positioned to develop the Yangtze River ecological and environmental protection business.

In 2018 and 2019, to play a backbone role in well-coordinated environmental conservation in the Yangtze River basin, we established five business platforms.

- ***Fundraising platform***. Jointly with NDRC, we established the Yangtze River Green Development Investment Fund with the function of researching and optimizing the fund establishment plan, organizing fundraising activities, cooperating with China Securities Index Co., Ltd in releasing the Yangtze River Protection Index and utilizing the capital market to serve national strategies.

- ***Research and development platform***. We established the National Engineering Research Center of Eco-Environment Protection for Yangtze River Economic Belt, for the purpose of promoting technological innovation and application in the Yangtze River Economic Belt, and also for conducting water protection and water ecological restoration with a focus on the "4+1"project for environmental conservation of the Yangtze River.

- ***Co-development platform***. We founded the Yangtze River Ecological and Environmental Industry Association, which had 111 members as of December 31, 2021.

- ***Implementation platform***. We founded Yangtze Ecology and Environment Co. Ltd, which is responsible for coordinating major ecological restoration projects in the Yangtze River basin and the science-based allocation and comprehensive utilization of water resources in the basin.

- ***Supporting platform***. We set up special funds for ecological and environmental conservation of the Yangtze River, which provide support for the formulation of comprehensive water management plans and the construction of demonstration projects. As of December 31, 2021, a total of RMB2.2 billion of special funds have been allocated.

In March 2020, the construction work of three Yangtze River protection projects with a total investment of RMB7.59 billion commenced in Caidian District, Xinzhou District and Donghu High-tech Development Zone of Wuhan. The first Engineering Procurement Construction Operation ("**EPCO**") project under the Yangtze River protection program, a design-build-operation project, commenced operation in July 2020. In August 2020, a consortium led by Yangtze Ecology and Environment Co. Ltd. won the bid for the largest municipal lake comprehensive treatment project in Asia. In July 2020, we have jointly created and launched the China Securities Yangtze River Protection Theme Index with the China Securities Index Co., Ltd. In September 2021, China Southern Asset Management Co., Ltd. and E Fund Management Co., Ltd. issued ETF products to track the China Securities Yangtze River Protection Theme Index, which enables us to leverage the capital market for the protection of the Yangtze River. In November 2021, the third of our seven "solar power + sewage water treatment" plants in Wuhu, Anhui was successfully connected to the grid. The "solar power + sewage water treatment" plants in Wuhu are the first project that integrates the Yangtze River Projection and clean energy development, which has a total planned install capacity of 20 MW and an average annual power generation of 22.4 GWH, saving approximately 10% of the sewage treatment expenses. We are also expanding this initiative in other cities in China, including 19 sewage treatment plants in Jiujinag and Yueyang. In addition, we have commenced the construction of our first waste-to-energy ("WTE") project in Yichang, with a total planned waste treatment capacity of 2,250 tons per day. Upon the completion of the Yichang WTE project, it can provide approximately 171 GWH of electricity to local grid network annually, equivalent to saving 69,080 tons of standard coal each year. In 2022, the National Engineering Center for the Ecology and Environment of the Yangtze Economic Belt was established in Suzhou for the development of the Yangtze River environment protection technologies.

Taking urban sewage water treatment business as the entry point, since 2018, Yangtze Ecology and Environment Co. Ltd has begun a number of pilot projects, with the first batch of pilot urban sewage water treatment PPP projects in four cities along Yangtze River, including Yichang in Hubei province, Yueyang in Hunan province, Jiujiang in Jiangxi province, and Wuhu in Anhui province. By the end of 2021, we had expanded the pilot urban sewage water treatment PPP projects to 11 provinces and municipalities along the Yangtze River. These projects ensured that the treated domestic sewage meets the Grade 1A standard in terms of water quality and comprehensively improve the environmental quality in the pilot cities. As of December 31, 2021, there were 222 sewage water treatment plants in operation with the sewage water treatment capacity of 2.64 million cubic meters per day and the pipeline network of more than 9,000 km had been inspected, serving nearly 6 million people. We plan to continue leveraging on our PPP model to generate long-term stable returns, establishing an innovative and sustainable investment and financing mechanism, and building innovative urban sewage water treatment models through integrating treatment at the plants, pipelines, rivers, lakes and riverbanks, focusing on pricing mechanism, targeting mutual benefit for public institutions and individually-owned companies, focusing on industrial alliance and attracting social capital for co-investment.

In addition, we launched new models for environmental conservation of the Yangtze River in July 2021, the "Urban Smart Water Management System" model and the "Urban Comprehensive Energy Management System" model, and signed partnership agreements of these two new systems with 23 cities and counties in China, to solve the fundamental problems of water ecological environment in cities along the Yangtze River, achieve long-term stability and continuous improvement of urban water environment and promote the low-carbon development of cities.

As of December 31, 2021, in regions where our program of well-coordinated environmental conservation of the Yangtze River has been implemented, the combined sewer overflow had reduced by 70%, sewage collection had basically covered all related areas, the centralized sewage collection rate had increased by 23%, and treatment of the 32 black and odorous water bodies in six key areas along the Yangtze River had been completed. In addition, according to results of the 2020 transboundary water quality assessment of Hubei Province, the water quality of the seven cross-sections in the Yangtze River and Qingjiang River basins in Yichang all reached the standard.

OUR INTERNATIONAL BUSINESS

Our international business model has expanded from EPC to equity investment, concessions, BOO, BOT and BOOT. We also provide consultancy services and training for our global clients. In the past ten years, we have participated in more than 197 overseas projects in over 40 countries and regions. As of December 31, 2021, our overseas consolidated installed capacity amounted to approximately 11.0 GW. Our overseas businesses revenue for 2019, 2020 and 2021 was RMB19.1 billion, RMB20.6 billion and RMB23.0 billion, respectively, which represented 19.3%, 18.4% and 16.9%, respectively, of our total revenue for those periods.

Overseas Investment Business

We conduct our international clean energy project investment, construction, management and operation mainly through our wholly owned subsidiary CTGI, who was awarded "2019-2020 China New Energy Quality International Cooperation Pioneer Award" in 2019. As of December 31, 2021, we had invested in 34 clean energy projects overseas which were in operation or under development, mainly in the form of equity investment, concessions, BOO, BOOT and BOT. Some of our recent investment highlights are described below.

Developed Country Markets such as Europe

Acquisition of an 80% stake in a German offshore wind farm

In June 2016, we acquired an 80% interest in WindMW, an offshore wind power joint-venture and owner of a German offshore wind power project, Meerwind, from Blackstone Energy Partners and affiliated private equity funds. Meerwind is situated off the German coast in the North Sea, with an installed capacity of 288 MW, consisting of 80 Siemens 3.6 MW wind turbines, and has been operational since January 2015.

We believe this acquisition not only enables us to gain valuable assets, but also Meerwind's skilled staff, who have developed and managed the construction and operation of the wind power project. Meerwind's management and expert team can also furnish us with detailed industry best practice. We also consider Meerwind to be one of the most promising offshore wind businesses in Europe, as it combines good wind conditions with convenient water depths of 22 to 26 meters and the nearby island of Helgoland, which is used as a maintenance base. This project is the first investment grade offshore wind project globally and the first offshore wind project in operation controlled by a Chinese enterprise, which also won the "2018-2019 National Quality Investment Award" in 2019. In 2020, the power generation of Meerwind reached 1.3 TWH, which was the highest since its full operation.

We believe that, through a shared commitment to developing and operating renewable energy projects globally, our acquisition of Meerwind will enable us to take advantage of extensive industry experience to further develop China and the global offshore wind market and continually contribute to our clean power efforts.

Acquisition of 10% stake in the Moray East offshore wind power project

In 2018, through cooperation with EDP, we invested in the Moray East offshore wind power project in the United Kingdom, and entered the world's largest offshore wind power market. The Moray East is a 950MW offshore wind project 22 kilometers off the coast of northeastern Scotland. Construction of the 100-turbine farm is due for completion early next decade. Not only will this deliver plentiful, sustainable, renewable power, it will also create a highly competitive price. When up-and- running, the wind farm will meet the average energy need of 1 million British households. The Moray East will generate power at 57.50 pounds per MW hour, which is less than half the price of power generated by most offshore wind farms under construction in the United Kingdom. We believe the Moray East marks a major milestone in the progress of our offshore wind industry, which makes us the first Chinese company to invest in a million-KW tier offshore wind power project worldwide. We believe this acquisition reflects a continuation of our international growth strategy, and is an important step in our growth in Europe.

Equity investment in EDP

In 2012, we acquired a 21.35% equity interest in EDP, an international clean energy group listed on the Lisbon Stock Exchange, the largest energy company in Portugal and the fourth largest wind power operator globally. We are the single-largest shareholder of EDP, holding a 20.22% equity interest after acquiring an additional 1.9% in 2017, as of March 31, 2022. In 2018, we made a public tender offer on EDP. The bid has not proceeded, and we remain EDP's largest shareholder.

We have committed to further cooperating with EDP in the development of wind power. As EDP's largest shareholder, we maintain a stable strategic partnership with EDP. In December 2021, we signed a new set of strategic cooperation framework agreements with EDP, which further strengthened our cooperation in renewable energy, power grid, downstream businesses, future technologies and talent exchange. With EDP's international business network and experience in selecting and managing clean energy projects in the international market, together with our strong financial support, we have expanded our international coverage and diversified our business on a global scale. We have established cooperation relationships with EDP and its subsidiary in Brazil to develop hydropower and wind power projects in Brazil and plan to jointly develop onshore wind power projects in Italy and Poland, offshore wind power projects in the United Kingdom and France and set up clean energy technology research and development centers in Lisbon and Shanghai. For example, in 2014, we completed the acquisition of a 50% equity interest in hydropower projects in Jari (with an installed capacity of 0.37 GW), Cachoeira (with an installed capacity of 0.22 GW) and a 33.33% equity interest in Sao Manoel do Parana (with an installed capacity of 0.70 GW) from EDP's subsidiary in Brazil. We also acquired a 49% equity interest in Brazilian wind power projects which had 11 wind farms in total (with an aggregate installed capacity of 0.32 GW). In 2015, we also set up a joint venture with EDP, Hydro Global, to develop hydropower projects in emerging markets. In 2018, through cooperation with EDP, we also invested in the Moray East offshore wind power project in the United Kingdom as well. As of December 31, 2021, our attributable installed capacity in Europe through our interests in EDP reached 15.1 GW.

Emerging Markets with Abundant Renewable Energy Resources such as South America, the Middle East and Africa

Acquisition of Duke Energy's Brazilian Business

In October 2016, we, CTG Brasil and other relevant subsidiaries, acquired part of Duke Energy's Brazilian business with a total installed capacity of 2.27 GW. We believe this acquisition reflects a continuation of our international growth strategy and we believe it is an important step for our growth in Brazil.

The assets we acquired include eight hydroelectric plants, located on the Paranapanema River, on the border of Sao Paulo and Parana states, and two hydroelectric plants, located on the Sapucaí-Mirim River, in northern Sao Paulo state. The purchase increased CTG Brasil's aggregate consolidated and attributable installed capacity in Brazil for projects in operation or under development to about 8.2 GW, making us the third-largest power-generation company in Brazil in terms of installed capacity. In addition, this acquisition project was recognized and awarded the "2018-2019 National Quality Investment Award" in 2019.

Concessions for the Ilha Solteira hydropower plant and the Jupia hydropower plant in Brazil

On November 25, 2015, we, through CTG Brasil, won the bid to acquire the concessions for two major hydropower stations in Brazil, the Ilha Solteira hydropower plant and the Jupia hydropower plant, with an aggregate installed capacity of 4,995 MW. The concession of these Brazilian hydropower plants will run for a period of 30 years from January 2016.

The Ilha Solteira hydropower plant and the Jupia hydropower plant are located in the State of Sao Paulo and Masto Grosso do Sul at the junction of the Parana River, a distance of about 63.6 kilometers away from each other. Parana River is the second-longest river in South America, second only to the Amazon River. The Ilha Solteira and the Jupia hydropower plants have been in operation since 1978 and 1974, respectively. As of December 31, 2021, the installed capacity of the Ilha Solteira hydropower plant was 3,444 MW, and that of the Jupia hydropower plant was 1,551 MW.

Acquisition of Chaglla Hydropower Station

In April 2019, our subsidiary, Hubei Energy, acquired an 40% interest in the Chaglla hydropower station in Peru, with the other shareholders ACE Investment Fund II LP holding 40% and CNIC Corporation Limited holding 20%. It is located Huallaga River to the east of the Andes with a drainage area above the dam site of 7,150 square kilometers. The power station is 415 kilometers away from Lima.

Construction of Chaglla began in May 2011 and Chaglla was officially put into operation in September 2016. It is a radial-type daily regulating power station with a total installed capacity of 456MW.

A 15-year long-term power purchase agreement has been implemented since October 2016, under which the power sales accounts for around 70% of the total power generation.

Acquisition of LDS

On September 28, 2019, our and CYPC's subsidiary, CYPI, entered into an agreement with Sempra Energy International Holdings N.V. ("**Sempra Holding**"), a company wholly owned by Sempra Energy, to acquire Sempra Holding's equity interest of 100% in Sempra Americas Bermuda Ltd. ("**SAB**") and 50.00000069% in Peruvian Opportunity Company S.A.C. ("**POC**") with a cash consideration of US$3.59 billion (the "**Acquisition Agreement**"). SAB and POC collectively hold a 83.64% stake in LDS. LDS is a major electricity distributor in Latin America that undertakes power distribution and sale businesses and possesses a number of hydropower assets. CYPI set up Yangtze Andes Holdings Co., Limited ("**Yangtze Andes**") in Hong Kong as the actual investment entity to undertake CYPI's rights and obligations under the Acquisition Agreement. On April 24, 2020, the transaction was closed as set out in the Acquisition Agreement. Subsequently, we indirectly held 83.64% of equity interest in LDS. Yangtze Andes holds 100% of equity interest in SAB and 50.00000069% in POC, and indirectly holds 83.64% of equity interest in LDS. The completion of this transaction triggered the mandatory obligation for CYPI to make a general offer of the remaining approximately 13.7% stake in LDS. In February 2021, CYPC completed the mandatory tender offer of LDS's remaining equity and as of the date of this Offering Circular, CYPC indirectly held 97.14% of the equity interest in LDS.

LDS is Peru's largest power distribution company in terms of market share. It is primarily engaged in power distribution and sale in the Lima region. In addition to its power distribution business, LDS has hydro power generation assets with installed capacity exceeding 100 MW.

LDS owns a permanent concession for power distribution in Lima, and its assets and investment returns are denominated in U.S. dollars (the investment return for the period from 2018 to 2022 is 12%). In 2021, LDS had 1.230 million users and an annual power distribution of 9.02 TWH. LDS also has a 100 MW hydropower power plant in operation, as well as hydropower reserve projects with a total installed capacity of approximately 737 MW. We believe the acquisition of LDS will facilitate the integrated development of our power generation, power distribution and power sale business, which is in line with our global hydropower generation and power distribution development strategy.

Acquisition of AEP

In August 2021, our subsidiary CSAIL, completed the acquisition of AEP in consortium with other Chinese investors. AEP is one of the Middle East and North Africa's leading independent renewable energy developers and producers. It has a portfolio of five solar power and two wind power projects in

Egypt and Jordan with a total operational capacity of 411 MW, which can supply power to approximately 275,000 households in Jordan and Egypt and reduce carbon dioxide emissions by more than 15.6 million tons per year. AEP has a proven track record of best-in-class project development, contracting and operating capabilities and has played a leading role in the development of the renewable energy industry in Jordan and Egypt. This transaction enabled us to extend our business and gain exposure to the renewable energy markets in the Middle East and North Africa region.

China's Neighboring Countries

Laos Nam Lik 1-2 Hydropower Station BOOT Project

The Laos Nam Lik 1-2 hydropower project is located 145 kilometers northwest of Vientiane, the capital city of Laos. The project has been in operation since 2010 and has a total installed power generation capacity of 100 MW. This is the first overseas project we have developed using the BOOT model. In February 2021, the Laos Nam Lik 1-2 hydropower project won the "Labor Medal" awarded by the Laos government.

Laos Nam Ngier 2 Hydropower Station BOOT Project

The Nam Ngier 2 hydropower station is the second project in Laos which we developed using the BOOT model. It has been in operation since 2015 and has an installed capacity of 180 MW.

Karot Hydropower Station

Since 2016, we had been building the Karot hydropower station (with a designed installed capacity of 720 MW) on the Jhelum River in Pakistan. Necessary financing was obtained by February 2017, and the river diversion occurred in 2018. This project was the first hydropower project that was the written subject of a joint statement of the PRC and other governments. In March 2020, the main structure of all the four intake towers of the Karot hydropower station were completed 25 days ahead of schedule, which marked another milestone. In November 2021, the Karot hydropower station closed the gates of the diversion tunnels and started reservoir impoundment as scheduled. In June 2022, the Karot hydropower station commenced full operation.

Pakistan I Wind Power Project

The Pakistan I wind power project has been in operation since 2014. It is the first wind power project developed by PRC enterprises in Pakistan and has a total installed capacity of 49.5 MW and a total designed annual power generation capacity of 138,700 MWH.

Pakistan II and III Wind Power Project

We have acquired the right to operate the Pakistan II and III wind power projects. The Pakistan II and III wind power projects commenced operations in 2018. They have a total designed installed capacity of 100 MW and a total designed annual power generation capacity of 143,500 MWH.

Overseas Contracting Business

We conduct our international contracting business through our wholly owned subsidiary CWE. We provide international contracting services to clients in countries across Asia, Africa, Europe and America. Our clients range from private energy companies to national governments. We have experience in the construction of a wide range of projects, such as power projects (including hydropower stations and power transmission systems), water management projects (including dams and irrigation systems), transportation projects (including roads and bridges), building projects (including housing and civil structure) and environmental projects (including sewage and garbage treatment plants).

CWE has been recognized by international media for its outstanding contracting business. McGraw-Hill Construction Engineering News-Record magazine has ranked it among the Top 250 International Contractors for 32 consecutive years (from 1990 to 2021) and one of the Top 225 International Design

Firms for 21 consecutive years (from 2001 to 2021). According to the Foreign Investment and Economic Cooperation Department of the Ministry of Commerce of China, among PRC companies, CWE ranked 22nd in terms of completed contractual amount for international contracting business.

WEATHER AND SEASONALITY

The power generation business is seasonal. Weather patterns have a material impact on the performance and operation of our hydropower, wind power and solar power businesses. The weather also affects the demand for and, in some instances, the on-grid tariffs of, electricity. We closely monitor the weather in the regions that affect our power projects and work with weather forecast agencies to ensure that we are prepared for the changes in climactic conditions and maximize our power generation efficiency.

Hydropower

Hydrological conditions are subject to seasonal variation. The water flow of the Yangtze River varies each year and depends primarily on weather conditions such as precipitation and the rate of snow- melt. The majority of our power generation occurs during times of high precipitation and snow-melt, which result in an increase in the water flow of the Yangtze River, primarily from June to October of each year.

If the Yangtze River region experiences significant flooding, our power generation scheduling becomes crucial for the proper operation of our hydropower projections. We have strict water inflow and outflow scheduling processes that generally allow us to manage flooding effectively to utilize the increased water inflow to increase our power generation. If, on the other hand, the Yangtze River experiences significant drought or decreases in water flow, our power generation levels tend to decrease. We manage periods of drought or significantly decreased water inflow by utilizing our water reservoir to minimize the negative impact on our power generation. See "*Risk Factors – Risks Relating to Our Operations – Our hydropower business is dependent upon hydrological conditions, which may from time to time result in conditions that are unfavorable to our business operations.*"

Wind Power

Our wind power projects are affected by meteorological conditions and the resulting wind conditions. Therefore, our wind power generation and, in turn, our revenue from wind power sales fluctuates across different seasons during the year. As most of our wind power projects are located in northern China, our power generation normally peaks from September to December and from February to May when local wind speeds peak, and bottoms out from July to August and February when local wind speeds are generally lower.

Solar Power

Our solar power projects are affected by weather conditions, seasonal variations and the resulting solar conditions. Our solar power generation in China tends to reach its peak between July and October when there are more sunny days. Therefore, our solar power generation and, in turn, our revenue from solar power sales fluctuate across different seasons during the year.

COMPETITION

As we enjoy a unique position in the domestic market as the leading hydropower producer, we do not consider the existing competition for the sale of hydropower in the PRC market to be significant. All the power generated by the Gezhouba Project, the Three Gorges Project, the Xiangjiaba Project, the Xiluodu Project and the Wudongde Project is purchased by State Grid and Southern Grid with which we have signed PPAs. We have priority to enjoy transmission lines built by State Grid and Southern Grid. We do, however, compete against other hydropower companies in the international market. Meanwhile, there is no competition in bidding for major cascade hydropower projects in China as all of our main hydropower projects have been mandated by the PRC central government.

On the other hand, there is significant competition in the wind power and solar power sectors, especially in the bidding for new sites for project development, the acquisition of existing wind farms or solar power plants (in particular sites with favorable wind or solar conditions and existing grid connection infrastructure), for acquiring key equipment and technologies, for on-grid tariff and for connection to the grid. We compete against a large number of wind power, solar power and other power companies, some of them having more extensive power project development experience than us. We expect competition to continue to increase in these sectors.

In addition, we compete against power producers from other energy sources. Competition from other energy sources may increase if the relevant power generation technologies become more mature. See "*Risk Factors – Risks Relating to the Power Industry – Competition in the PRC power industry may increase, and our results of operations and growth prospects may be materially and adversely affected if we are unable to compete effectively.*"

With the increasing number of energy companies operating in China and globally and the development of power generation technologies, we expect the competition in our power generation businesses to continue to increase.

ENVIRONMENTAL, HEALTH, SAFETY AND SOCIAL MATTERS

Overview

Our strategic goal is to become a leading international clean energy group. We are guided by the principle of "Whole River Basin, Whole Life Circle of Projects, Opening-up and Sharing, Technological Innovation," and we adhere to green development and comprehensive development of ecological progress. In the process of clean energy investment, construction and operation, we aim to prioritize resource conservation and ecological environmental protection, build up a foundation for harmonious coexistence between human and nature through green development, and work closely with partners for the joint commitment to the construction of ecological civilization.

In particular, having engaged in the management of multilevel cascade hydropower system for over 16 years, we have developed significant expertise in maximizing our power generation efficiency and optimizing flood control as well as drought relief, navigation and environmental protection. Our hydropower projects are designed and developed with environmental and social sustainability as core principles. The benefits of such principles include controlling floods along the upper and middle reaches of the Yangtze River, producing clean energy to help reduce greenhouse gas emissions, improving inland navigation and efficiency of water transport, and supplementing water outflow during low-flow periods to help improve water availability throughout the year. While providing significant social, economic and environmental benefits, the development of clean energy, including hydropower, wind power and solar power, should also properly handle complicated environmental, health, safety and social issues.

The Three Gorges Project and other Yangtze River projects

We and the relevant Chinese government agencies have worked together closely and conducted initial comprehensive environmental impact evaluation and monitoring of the Three Gorges Project. The environmental monitoring statistics of the Three Gorges Project over the past 19 years have indicated that by most measures, including biodiversity, sedimentation, sediment deposition, water quality, earthquake risk and dam embankment stability, the Three Gorges Project met or exceeded the environmental targets set forth in its feasibility study. We have also conducted an independent environmental impact assessment and received relevant approvals from the PRC government for the Gezhouba Project, the Xiluodu Project, the Xiangjiaba Project, the Wudongde Project and the Baihetan Project. We expect that the PRC government will continue to strengthen the environmental monitoring requirements and we intend to continue to cooperate with relevant governmental agencies to closely monitor the environmental impact of the Gezhouba Project, the Three Gorges Project, the Xiluodu Project, the Xiangjiaba Project, the Wudongde Project and the Baihetan Project.

During the planning and design phase of the Three Gorges Project, in addition to the feasibility study commissioned by the PRC government, independent feasibility studies conducted by international experts covering environmental impact assessment and relocation also served as important references for the decision-making process of the PRC government. These experts came from leading engineering consultancies and hydropower station operators and government agencies overseeing water resource management. They reviewed existing research results and data, performed independent research and analysis, conducted on-site investigations and surveys and examined the overall benefits of the Three Gorges Project to arrive at a recommendation that best meets all project objectives. The U.S. and Canadian governments also provided technical and training support for the studies on the Three Gorges Project. The involvement of international expertise and cooperation continued throughout the preparation, implementation, completion and operation phases of the Three Gorges Project.

During the construction phase of the Three Gorges Project, significant investment was made in the areas of environmental assessment, monitoring and protection as well as on relocation and resettlement, and such amounts exceeded the amount of investment made for project construction. During the construction phase of the Xiluodu Project, the Xiangjiaba Project, the Wudongde Project and the Baihetan Project, we actively cooperated with the PRC government in the relocation and resettlement efforts. Since the Three Gorges Project was put into operation, the MEP has published an annual Bulletin on Ecological and Environmental Monitoring Results of the Three Gorges Project, and the MNR regularly issues reports on the prevention of geological disasters in the Three Gorges reservoir and adjacent areas. We have also issued its annual report on environmental protection since 2005, covering the environmental protection work and environment monitoring results of the Gezhouba Project, the Three Gorges Project, the Xiluodu Project, the Xiangjiaba Project, the Wudongde Project and Baihetan Project.

Regulatory frameworks governing our operations

When constructing and operating hydropower, wind power and other power stations in China, we are subject to various laws and regulations set by the national, provincial and local governments and are regulated by environmental protection and construction safety agencies at all levels with respect to environmental, health, and safety issues. For more information, see "*Regulation.*" As a power generation company and state-owned enterprise, we are also regulated and audited by various government agencies, including the SERC, the SASAC and the NAO with respect to our compliance with applicable environmental, quality and safety laws and regulations.

Each power complex or station we construct is required to undergo an independent environmental impact assessment by a qualified third-party organization certified by the PRC government, and a report of the environmental impact assessment needs to be submitted to the relevant environmental protection authorities in order to obtain their approval before commencing construction. The assessment and approval of environmental impact is required to be conducted in different stages and is subject to stringent and comprehensive requirements, and our on-site work does not begin until we receive this approval.

We are compliant with applicable domestic regulations in all material respects and we intend to continue to strictly comply with applicable domestic laws and regulations, emphasize environmental protection, conduct standardized construction, accept rigorous supervision, inspection and examination by domestic environmental protection agencies at all levels and employ various engineering measures and management methods to reduce the negative impact of the Gezhouba Project, the Three Gorges Project, the Xiluodu Project, the Xiangjiaba Project, the Wudongde Project and the Baihetan Project to an acceptable level.

Corporate sustainability standards

We intend to continue investing additional resources and continuously improve our capabilities in order to meet the challenges of increasingly stringent environmental, health and safety standards, our expanded lines of businesses and our geographical expansion. We have established special departments dedicated to environmental protection, quality management, safety management and social responsibility fulfillment, and formulated management systems based on responsibility and work flow. With such management systems providing adequate guidance and assurance in the areas of quality management, environmental protection and occupational health and safety, we have been awarded OHSAS18001, ISO9001 and ISO14001 certifications.

We invest substantial manpower and capital each year to achieve our environmental, health, safety and social responsibility goals. We established the Yichang Dalaoling National Forest Park Floristic Diversity Conservation Project in 1999, launched the Xingshan Longmen River Subtropical Evergreen Broad-leaf Forest Nature Conservation Project in 2004, and activated the National Nature Reserve Project of Rare and Endemic Fish in the upper Yangtze River in 2005. Our wholly owned Chinese Sturgeon Research Institute has been dedicated to the research and conservation of the Chinese sturgeon, the Chinese high fin banded shark and other endangered aquatic species for more than 20 years. We have established four breeding and releasing stations along the Yangtze River and have bred and released millions of Chinese sturgeon and other endangered fish into the Yangtze River. We intend to improve our piscine conservation technology and expand relevant facilities and strengthen our international cooperation efforts in piscine conservation.

International industry commitments

We closely follow developments in the international hydropower industry, in particular best practices with respect to environmental, health and safety and social considerations. We participate in domestic and international organizations of the hydropower industry, such as the IHA, the ICOLD and the Chinese National Committee on Large Dams. As a Sustainability Partner of the IHA, we have supported the IHA's activities in China by sponsoring its activities and designating a senior management member, currently Mr. Zhang Dingming, as one of its directors since 2007 and assisting with its efforts in the development and promotion of an industry standard that incorporates international experience in hydropower development. In 2018, we helped organize the 76th board meeting of the IHA and the "Beijing Forum on Hydropower and Future Energy Systems." We delivered speeches to the IHA's 2019 and 2021 World Hydropower Congress. In addition, our relevant personnel and designated experts have participated in the formulation of the IHA Hydropower Sustainability Assessment Protocol (the "**Protocol**"), and undertook the promotion of the Protocol in China. While implementing the Protocol, we have actively arranged systematic training for our relevant personnel and selectively conducted the assessment in the Protocol on a pilot project, the NAM LIK1-2 hydropower project. In October 2015, the NAM LIK1-2 hydropower project was selected as a case study of the Protocol for the evaluation of research work carried out in respect of the positive benefits of the Protocol on sustainability. In March 2016, the NAM LIK1-2 hydropower project was also selected as a case study of an IHA discussion group on hydropower sustainability assessment standards.

We intend to further implement the Protocol in our overseas business to continuously strengthen our efforts in environmental protection and social responsibility. In addition, we support Chinese engineers and scientists in taking part in industry research efforts organized by the IHA, such as research on the sink-source of greenhouse gas in reservoirs. We also plan to apply the Protocol to conduct informal assessment on our overseas hydropower projects.

We also actively participate in the formulation of international standards. Since 2017, we have been involved in five working groups for formulating IEC standards. Our subsidiary, CYPC, became a member of the IEA Hydro since January 2015 and have led the implementation of the "Management Models for Hydropower Cascade Reservoirs" project. In addition, we also participated in the formation of San José Declaration on Sustainable Hydropower.

Partnerships with international environmental organizations

We have also maintained close relationships with reputable international environmental protection organizations. We have entered into long-term memoranda of cooperation with each of the WWF and TNC, establishing regular communication and personnel exchanges and sharing of best practices, joint publication of promotional materials on environmental protection in hydropower development, and joint organization and sponsorship of seminars on the sustainable development of hydropower attended by international and domestic experts. We have also signed agreements with the WWF and TNC to engage in in-depth studies on important scientific research subjects on water resource development of rivers, including studies on flood control and ecological flow of the cascade reservoirs in the Jinsha River, piscine conservation and ecological reservoir dispatch on the Yangtze River.

Summary

We believe the foregoing practices and approaches have been effective in achieving our environmental, health, safety and social responsibility goals and expect to continue these practices and approaches and work more extensively with domestic and international hydropower organizations, environmental organizations and advisory bodies. We will continue to promote the Protocol as a tool for assessing feasibility studies of hydropower complexes and stations, and to promote its global application in the construction and management of hydropower projects. In the management of the construction and operation of our overseas projects, we will strengthen our cooperation with environmental protection authorities and non-governmental organizations of host countries, comply with relevant local laws and regulations, and promote the introduction and application of best practices and international industry standards to our overseas projects.

PATENTS, TRADEMARKS AND OTHER INTELLECTUAL PROPERTY RIGHTS

We develop proprietary software programs and own or license patents and other intellectual property for use in our business. We do not believe that any individual intellectual property right or group of intellectual property rights is of such importance that its expiration or termination would have a material adverse effect on our business.

EMPLOYEES AND EMPLOYEE BENEFITS

As of December 31, 2021, we had over 28,000 full-time employees.

Employee remuneration includes salary, bonuses and allowances. The bonus for any given period is based primarily on individual and collective performance. Employees also receive health benefits and other miscellaneous subsidies. For example, we participate in mandatory PRC employee benefit plans, which include basic pension insurance, basic medical and maternity insurance, work injury insurance and unemployment insurance.

All full-time employees in the PRC are covered by a government-regulated pension and are entitled to a monthly pension on their retirement dates. The PRC government is responsible for the pension liabilities to these retired employees under this government pension plan. The actual pension payable to each retiree is subject to a formula based on the status of the individual pension account, general salary and inflation movements.

We believe that relations with our employees are good and we have not been subject to any strikes or other labor disturbances.

INSURANCE

We currently maintain property insurance for our hydropower, wind power and solar power projects. We also maintain engineering-construction insurance for our projects under development. Our current property, plant and equipment insurance and engineering-construction insurance coverage is primarily maintained with major insurance companies in China.

We also maintain third-party and public liability insurance to cover claims in respect of bodily injury or property or environmental damage arising from accidents on our property or relating to our operations. We do not carry business interruption insurance, which is not customarily carried by power companies in China.

We believe that our insurance coverage is adequate and is standard for the power industry in China. See "*Risk Factors – Risks Relating to Our Operations – Our power generating operations may be adversely affected by operational risks, which may result in uninsured losses.*"

LEGAL PROCEEDINGS

None of the Issuer, the Company and the Company's subsidiaries is involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer or the Company is aware) which may have or have had during the 12 months prior to the date of this Offering Circular a significant effect on the financial position or profitability of the Company, the Issuer or any of the Company's subsidiaries.

MANAGEMENT

DIRECTORS AND SENIOR MANAGEMENT

Our affairs are managed by our Board of Directors, which has nine members, including four non-External Directors (including one Employee Representative Director) and five External Directors appointed by the SASAC as representative directors as of the date of this Offering Circular.

The table below sets forth information about our directors and senior officers as of the date of this Offering Circular:

Name	Year of Birth	Position
Lei, Mingshan.	1961	Chairman of the Board of Directors
Han, Jun	1963	Director and President
Li, Fumin.	1967	Director
Wang, Yilin	1956	External Director
Xia, Dawei	1953	External Director
Qu, Dazhuang.	1957	External Director
Mi, Shuhua.	1962	External Director
He, Guangbei	1954	External Director
Cai, Yongzhong . . .	1962	Employee Representative Director
Wang, Liangyou . . .	1963	Executive Vice President
Fan Xiaxia	1962	Executive Vice President
Zhang, Dingming . .	1962	Executive Vice President
Chen, Ruiwu.	1964	Head of the Discipline Inspection Group
Zeng, Yi	1970	Chief Financial Officer
Lv, Tingyan	1966	Executive Vice President

Unless otherwise indicated, the business address of each director and executive officer is No.1 Liuhe Road, Jiang'an District, Wuhan, Hubei, China.

There are no current or potential conflicts of interest between the duties to the Company of the directors of the Company and their private interests and/or duties.

A description of the work experience and present position of each director and executive officer is provided below:

Directors

Lei, Mingshan. Mr. Lei is a senior economist. He holds a master degree. Prior to joining the Company, Mr. Lei served as a deputy divisional head under Economic and Legal Department of China International Engineering Consulting Corporation ("**CIECC**"), deputy manager of CIECC Assets Evaluation Office, assistant to general manager and later deputy general manager of CIECC, deputy director of the Inspection Department of the State Council Three Gorges Project Construction Committee, director of the Financial Planning Division, associate dean of the Three Gorges Office of the State Council, vice minister of Ministry of Water Resources. Mr. Lei has been serving as Chairman of our Board of Directors since August 2018.

Han, Jun. Mr. Han is a senior economist. He holds a master degree. Mr. Han served as deputy general manager of State Grid Gansu Electric Power Company, deputy general manager of Northwest Branch of State Grid Corporation of China ("**SGCC**"), general manager of State Grid Qinghai Electric Power Company, general manager of State Grid Anhui Electric Power Company, general manager of State Grid Shandong Electric Power Company, director of the Personnel and Director Management Department of SGCC, chief economist and director of State Grid Operation Monitoring (Control) Center, assistant to general manager and chairman of State Grid Yingda International Holdings Group Co., Ltd., assistant to general manager and director of North China Division and general manager of North China Branch of SGCC, deputy general manager and director of SGCC. Mr. Han has been serving as Director and President of the Company since May 2021.

Li, Fumin. Mr. Li is a senior engineer. He holds a bachelor degree. Prior to joining the Company, Mr. Li held various positions in China Huaneng Group Co., Ltd.("**CHNG**"). He served as deputy director and director of Pingliang Power Plant, deputy general manager of Gansu branch of CHNG, general manager and director of Shaanxi branch of CHNG, deputy general manager, general manager and chairman of Jiangsu branch of CHNG, and deputy general manager of CHNG.

Wang, Yilin. Mr. Wang is a professor-level senior engineer. He holds a doctorate degree. Previously, Mr. Wang served as deputy dean and dean of the Exploration and Development Research Institute of Xinjiang Petroleum Administration Bureau, deputy director and chief exploration geologist of Xinjiang Petroleum Administration Bureau (Karamay City), general manager of Xinjiang Oilfield Company of China National Petroleum Corporation ("**CNPC**"), assistant to general manager and deputy general manager of CNPC, chairman of China National Offshore Oil Corporation, chairman of CNPC, member of the 13th National Committee of the Chinese People's Political Consultative Conference ("**CPPCC**") and deputy director of the Economic Committee of CPPCC. Mr. Wang has been serving as External Director of the Company since December 2020.

Xia, Dawei. Mr. Xia is a doctoral advisor and professor with a master's degree. He previously served as the dean and vice president of the Nande International Business School in Shanghai University of Finance and Economics, the dean of Shanghai National Accounting Institute, a honorary professor of Chinese University of Hong Kong, the vice president of China Society of Industrial Economics, the vice president of Accounting Society of China, the vice president of China Association of Chief Financial Officers, the consultant of China Accounting Standards Committee, the chairman of Accounting Society of Shanghai, as member of the listing committee of Shanghai Stock Exchange, as external director of China Baowu Steel Group and an external director of China National Offshore Oil Corporation. Mr. Xia has been serving as External Director of the Company since September 2019.

Qu, Dazhuang. Mr. Qu holds a master degree. Mr. Qu previously served as deputy director of the Research Institute of Harbin Electric Machinery Co., Ltd., deputy chief engineer and deputy general manager of Harbin Electric Machinery Co., Ltd., deputy general manager of Harbin Electric Corporation Limited, general manager of Harbin Electric Co., Ltd., deputy general manager of State Nuclear Power Technology Corporation Limited, full-time external director of central enterprises, independent director of China FAW Group Co., Ltd., external director of CHINA ENERGY Investment Group Co., Ltd. ("**CHINA ENERGY**"), external director of China General Nuclear Power Corporation. Mr. Qu has been serving as External Director of the Company since December 2020.

Mi, Shuhua. Mr. Mi holds a bachelor degree. Mr. Mi previously served as deputy general manager of Northeast Branch of SGCC, assistant to general manager of China Guodian Corporation ("**CGC**"), executive director and general manager of China Guodian Northeast Electric Power Co., Ltd., general manager of GD Power Development Co., Ltd., deputy general manager of CGC and deputy general manager of CHINA ENERGY. He is currently a full-time external director of central enterprises. Mr. Mi has been serving as External Director of the Company since December 2020.

He, Guangbei. Mr. He holds a bachelor degree. Mr. He previously served as deputy general manager and general manager of the Funding Department of Bank of China, assistant to president and vice president of Bank of China, vice chairman and chief executive officer of BOC Hong Kong (Holdings) Limited and Bank of China (Hong Kong) Limited, and member of the 12th National Committee of the CPPCC. Mr. He has been serving as External Director of the Company since December 2020.

Cai, Yongzhong. Mr. Cai is a senior political engineer. He holds a master degree. Prior to joining the Company, he held various other positions, including director of General Management Department in Gezhouba Power Plant of China Yangtze Power Co., Ltd., as well as associate dean of Discipline

Inspection Office of China Three Gorges Company. Additionally, Mr. Cai also formerly served as the associate dean of the supervision team of the Company. Mr. Cai has been serving as Employee Representative Director of the Company since February 2019.

Other Members of Senior Management

Wang, Liangyou. Mr. Wang is a professor-level senior engineer. He holds a doctoral degree. Prior to joining the Company, he served as deputy general manager of Southern Power Company under State Power Corporation (and concurrently as director of Tianshengqiao Hydropower Plant and general manager of Tianshengqiao Secondary Hydropower Development Co., Ltd.), personnel director of China Southern Power Grid Co., Ltd. and general manager (Legal Representative) of Yunnan Power Grid Corporation. In March 2007, he served as deputy general manager of China Southern Power Grid Co., Ltd. Since December 2017, he has been serving as Executive Vice President of the Company.

Fan, Xiaxia. Mr. Fan is a senior engineer. He holds a master's degree. Prior to joining the Company, Mr. Fan held various positions in CHNG, including deputy director of General Division under Engineering Department of Huaneng International Power Development Co., Ltd., deputy director of Huaneng Nantong Power Plant, deputy manager of Engineering Department of Huaneng International Power Development Co., Ltd., while at Huaneng International Power Co., Ltd., as deputy manager and later manager of International Cooperation and Commerce Department, manager of Engineering Management Department and assistant to general manager, then as manager of Huaneng Zhejiang Branch before becoming deputy general manager of Huaneng International Power Co., Ltd. In November 2016, he became deputy general manager of China Huaneng Group Co., Ltd. while serving as deputy general manager of Huaneng International Power Co., Ltd. Mr. Fan has been serving as Executive Vice President of the Company since January 2018.

Zhang, Dingming. Mr. Zhang is a professor-level senior engineer. He holds a master's degree. Prior to his current position in the Company, he held various other positions, including deputy director of Hydropower Department of Key Construction Department of the State Planning Commission, deputy director, director and deputy chief of the Planning and Funding Department of the Three Gorges Construction Commission Office of the State Council, deputy general manager of China Yangtze Power Co., Ltd., secretary of the Board of Directors of the Company (and concurrently as Head of Strategic Development Department, Marketing Department of the Group and EDP Management Office) and later as general manager of China Yangtze Power Co., Ltd. Mr. Zhang has been serving as Executive Vice President of the Company since January 2018.

Chen, Ruiwu. Mr. Chen holds a master's degree. He previously served as the deputy director of Employment Division of Department of College Students Affairs of Ministry of Education, the office manager (second secretary) of Education Division of the Embassy of PRC in Japan, the head (first secretary level consul) of Education Division of the Consulate-General of PRC in Fukuoka, researcher and director of Postgraduate Admission Division of Department of College Students Affairs of the Ministry of Education, the deputy-director-level discipline inspector (ombudsman) and deputy director of Discipline Inspection Commission (Supervision Bureau) of the Central Commission for Discipline Inspection (Ministry of Supervision) in Ministry of Education, the deputy head of Discipline Inspection Commission of the Central Commission for Discipline Inspection in Ministry of Education, the director (bureau level) of Beidaihe Training Center of Central Commission for Discipline Inspection and associate Dean of China Academy of Discipline Inspection and Supervision and the secretary of Party Committee and associate dean of China Academy of Discipline Inspection and Supervision. Since May 2020, he has been serving as the Head of Discipline Inspection Group and a member of Party Committee of the Company.

Zeng, Yi. Mr. Zeng holds a bachelor degree. Prior to joining the Company, Mr. Zeng served as deputy director and director of the Accounting and Price Department of DongFang Electric Corporation DongFang Boiler Co., Ltd., deputy director of the Asset Finance Department of DongFang Electric Corporation ("**DEC**"), deputy director and director of the Finance Department of DongFang Electric

Corporation Limited ("**DECL**"), director of the Asset Finance Department of DEC and DECL, director of the Audit Department of DEC and DECL, director and general manager of DongFang Electric Finance Co., Ltd. Mr. Zeng has been serving as Chief Financial Officer of the Company since December 2020.

Lv, Tingyan. Mr. Lv is a senior engineer. He holds a master degree. Prior to joining the Company, Mr. Lv served as the deputy general manager and general manager of the Operation and Development Department, deputy chief engineer and deputy general manager of Harbin Electric International Co., Ltd., deputy general manager and general manager of China National Water Resources & Electric Power Materials & Equipment Group Co., Ltd. Mr. Lv has been serving as Executive Vice President of the Company since January 2021.

BOARD PRACTICE

Committees

We have established a Strategy, Development and Investment Committee, a Nomination Committee, a Remuneration and Evaluation Committee and an Audit and Risk Management Committee.

Our Strategy, Development and Investment Committee oversees the overall strategic direction of our business in accordance with the policies and objectives of our Company. The main responsibilities and authorities of our Strategy, Development and Investment Committee are to identify growth and investment opportunities which are in line with our general objectives and will be able to generate attractive returns. Our Strategy, Development and Investment Committee evaluates various market and economic factors related to the markets in which we operate or intend to operate and the financial condition and prospects of the companies or projects in which we may invest. The committee is also responsible for, among other things, developing medium-term and long-term strategies, conducting and analyzing research with the aim of improving the principal business operations of the Group, and reviewing major financing transactions, investments and equity transfers. Our Strategy, Development and Investment Committee consists of five members and reports to our Board of Directors.

The main authorities and responsibilities of our Nomination Committee include nominating candidates to serve as our directors and senior management for approval by our Board of Directors, reviewing the structure and composition of our Board of Directors, and evaluating the competency of our directors so as to ensure our competitive position. Our nomination committee is also responsible for reviewing and supervising the training and continuous professional development of our directors and senior management as well as making recommendations to our Board of Directors in this regard. The committee's activities include, among other things, formulating the selection criteria and procedures for senior managers and nominating candidates for the presidency of the Group. Our Nomination Committee consists of three members and reports to our Board of Directors.

The main responsibilities and authorities of our Remuneration and Evaluation Committee include making recommendations to our Board of Directors on our policy for, and structure of, the remuneration of our directors and senior management, determining the service contracts and specific remuneration packages for all executive directors and senior management, such as benefits in kind, pension and compensation, including any compensation payable for loss or termination of their office or appointment, and making recommendations to our Board of Directors on the remuneration of non-executive directors. In addition, our Remuneration and Evaluation Committee oversees the performance evaluation of directors and senior management and makes recommendations to our Board of Directors accordingly. Our Remuneration and Evaluation Committee consists of five members and reports to our Board of Directors.

Our Audit and Risk Management Committee is responsible for reviewing the completeness, accuracy and fairness of our accounts, and evaluating our auditing scope (both internal and external) and procedures. Our Audit and Risk Management Committee is also responsible for overseeing the operation of internal control systems, which assist our Board of Directors in monitoring our overall financial position, in protecting our assets, and in preventing major errors or omissions resulting from financial reporting. In addition, our Audit and Risk Management Committee reviews our Company's business ethics and compliance policies, related reports and training programs and exercises other corporate governance duties. Our Audit and Risk Management Committee consists of five members and reports to our Board of Directors.

DIRECTOR APPOINTMENTS

Our Chairman is appointed by the State Council, and our Internal Directors and External Directors are appointed by the SASAC.

DESCRIPTION OF THE NOTES AND GUARANTEES

The Notes are to be issued under an indenture (the "**Indenture**") to be executed among Three Gorges Finance I (Cayman Islands) Limited (三峽財務I(開曼)有限公司) (the "**Issuer**"), China Three Gorges Corporation (the "**Guarantor**") and The Bank of New York Mellon, London Branch, as trustee (the "**Trustee**", which expression shall include any successor trustee). Copies of the Notes, the Guarantees and the Indenture will be (i) available to Holders (upon prior written request and satisfactory proof of holdings) during normal business hours (being 9.00 a.m. to 3 p.m. (local time) Monday to Friday, excluding public holidays) at the Corporate Trust Office of the Trustee, or (ii) provided by Trustee via email to the relevant Holder, in each case, provided the Trustee has been supplied with the relevant documents by the Issuer. The following summaries of certain provisions of the Notes, the Guarantees and the Indenture do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the respective provisions thereof, including the definitions therein of certain terms. Whenever particular defined terms from the Notes, the Guarantees or the Indenture are referred to, such defined terms are incorporated herein by reference. Holders of the Notes are deemed to have notice of all the provisions of the Indenture and the Guarantees applicable to them.

General

The Notes will mature on July 28, 2025 and will initially be limited to US$300,000,000 aggregate principal amount. The Notes will bear interest at the rate per annum shown on the front cover of this Offering Circular from and including July 28, 2022, or, if interest has been paid or provided for, from and including the most recent interest payment date, to and excluding the next interest payment date or the maturity date, as the case may be, payable semi-annually in arrears on January 28 and July 28 of each year, commencing and including January 28, 2023, to the person in whose name the Note (or any predecessor Note) is registered at the close of business (whether or not a Business Day) on the preceding January 13 and July 13, as the case may be. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. There is no sinking fund for the Notes.

Listing and Trading of the Notes

Application will be made to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") for permission to deal in and the listing and quotation of the Notes on the Hong Kong Stock Exchange. The Notes will be traded on the Hong Kong Stock Exchange in a minimum board lot size of US$200,000 for so long as the Notes are listed on the Hong Kong Stock Exchange. If and for so long as the Notes are listed on the Hong Kong Stock Exchange and the rules of the Hong Kong Stock Exchange so require, in the event that the global certificates of the Notes are exchanged for certificates in definitive form, the Issuer will appoint and maintain a paying agent in Hong Kong where the Notes may be presented or surrendered for payment or redemption. The Issuer will announce through the Hong Kong Stock Exchange any issue of certificates in definitive form in exchange for the global certificates of the Notes, including in the announcement all material information with respect to the delivery of the certificates in definitive form, including details of the paying agent in Hong Kong.

Payments on the Notes; Paying Agent and Registrar

The Issuer will pay principal of, premium, if any, and interest on the Notes at the office or agency designated by the Issuer, except that the Issuer may, at its option and expense, pay interest on the Notes by wire transfer to the registered account of the holder, details of which appear in the register of Notes. Payments of the principal amount of the Notes at maturity or the principal amount (or redemption price) to be prepaid upon redemption or repayment in full, together with accrued interest due at maturity, redemption or repayment, as the case may be, will be made to the registered Holder thereof against presentation and surrender of the Notes at the specified office of the Paying Agent (as defined below). Any payments of principal of, premium, if any, and interest on the Notes to be made on a date that is not a Business Day need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on such date, and no additional interest shall accrue as a result of such delayed payment. "**Business Day**" means any day, other than a Saturday or Sunday, that is not a day on which banking institutions are authorized or required by law or executive order to be closed in The City of New York, London or Hong Kong (or in the city where the relevant paying agent is located).

The Issuer has initially designated The Bank of New York Mellon, London Branch to act as its paying agent (the "**Paying Agent**"), and The Bank of New York Mellon SA/NV, Luxembourg Branch to act as its transfer agent (the "**Transfer Agent**") and registrar (the "**Registrar**"). The Paying Agent, the Transfer Agent and the Registrar are each referred to as an "**Agent**," and together, the "**Agents**." The Issuer may, however, change the Paying Agent or Registrar without prior notice to the Holders, and the Guarantor or any of its Subsidiaries may act as Paying Agent or Registrar.

So long as and to the extent that the Notes are represented by the global notes and such global notes are held by Euroclear or Clearstream, payment of the principal of, premium, if any, and interest on the Notes held through Euroclear or Clearstream will be credited to the respective accounts of the Holders of the Notes with Euroclear and Clearstream. See *"– Notes, Delivery and Form."*

Transfer and Exchange

A Holder of the Notes may transfer or exchange the Notes in accordance with the Indenture. So long as and to the extent that the Notes are represented by the global notes and such global notes are held by Euroclear or Clearstream, the transfer and exchange of beneficial interests in the Notes shall be made pursuant to the policies and procedures of Euroclear and Clearstream. The Registrar or the Transfer Agent may require a Holder to furnish appropriate endorsements and transfer documents. No service charge will be imposed by the Issuer, the Guarantor, the Registrar or the Transfer Agent for any registration of transfer or exchange of Notes, but the Issuer may require a Holder to pay a sum sufficient to cover any transfer tax or other similar governmental charges required by law or permitted by the Indenture. The Issuer or the Transfer Agent is not required to recognize or give effect to a transfer or exchange of any Note selected for redemption. Also, the Issuer or the Transfer Agent is not required to recognize or give effect to a transfer or exchange of any certificated Note for a period of 15 calendar days before a selection of Notes to be redeemed. The registered Holder of a Note will be treated as the owner of it for all purposes.

Rank

The Notes will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank equally and without any preference among themselves. The payment obligations of the Issuer under the Notes will rank equally with all its other present and future unsecured and unsubordinated obligations, be effectively subordinated to all its present and future secured obligations to the extent of the value of the collateral securing such obligations and be senior to all its present and future unsecured and subordinated obligations.

Guarantees

The Guarantor will fully and unconditionally guarantee (the "**Guarantees**") to each Holder of a Note authenticated and delivered by the Registrar the due and punctual payment of all amounts due, including principal, premium (if any) and interest, on such Note (and any Additional Amounts (as defined in "– Additional Amounts") payable in respect thereof), when and as the same shall become due and payable, whether at the stated maturity date of the Note, by declaration of acceleration, call for redemption, repurchase or otherwise, in accordance with the terms of such Note and of the Indenture. The Guarantees will constitute a direct, unconditional, unsecured and unsubordinated obligation of the Guarantor. The payment obligations of the Guarantor under the Guarantees will rank equally with all its other present and future unsecured and unsubordinated obligations, be effectively subordinated to all its present and future secured obligations to the extent of the value of the collateral securing such obligations, be senior to all its present and future unsecured and subordinated obligations and be structurally subordinated to all the present and future obligations (whether secured or unsecured) of its Subsidiaries.

Guarantees of foreign indebtedness arising from offshore bond issuances by a PRC incorporated entity are subject to registration with SAFE.

The Guarantor understands from its discussion with the SAFE that under PRC law:

(i) the Guarantees will be legal, valid and binding obligations of the Guarantor upon execution;

(ii) the Guarantees will cover all sums due under the Notes (including any principal, interest and related financial obligations); and

(iii) prior to each remittance under the Guarantees, the Guarantor is required to demonstrate evidence of SAFE registration.

*The Guarantor is required by the Provisions on the Foreign Exchange Administration of Cross-Border Security to register the Guarantees and will register the Guarantees with the relevant branch (being the Hubei Branch as at the Issue Date) of the State Administration of Foreign Exchange (the "**SAFE**") within 15 PRC Business Days after the date of execution of the Guarantees. Although non-registration does not render the Guarantees ineffective or invalid under PRC law, SAFE may impose penalties on the Guarantor. If the Guarantor fails to complete the SAFE registration, there may be logistical hurdles at the time of remittance of funds (if any cross-border payment is to be made by the Guarantor under the Guarantees) as domestic banks would require evidence of SAFE registration in connection with the Guarantees in order to effect such remittance, although this does not affect the validity of the Guarantees themselves. See "Risk Factors – Risks Relating to the Notes and the Guarantees – If the Guarantor fails to submit the Guarantees for registration with SAFE or complete the SAFE registration in connection with the Guarantees within the requisite time period, there may be logistically hurdles for cross-border payment under the Guarantees."*

Under the Indenture, the Guarantor is required to deliver to the Trustee an Officer's Certificate confirming that the SAFE registration is completed together with a copy of the registration record (or any other document evidencing the completion of registration issued by SAFE) of the Guarantees with the SAFE. If the SAFE registration in respect of the Notes is not completed by 150 PRC Business Days after the Original Issue Date, the Issuer will be required under the Indenture to make an offer to repurchase all of the Notes at a price equal to 100% of the principal amount of the Notes, plus accrued and unpaid interest to but excluding the date of repurchase, as described below under "– Repurchase upon Occurrence of Certain Events."

Further Issues

The Issuer may from time to time, without the consent of the Holders, create and issue unlimited additional Notes under the Indenture having the same terms and conditions as the previously outstanding Notes in all respects, except for issue date, issue price, the first interest payment date with respect thereto, the timing for reporting to the NDRC (as defined below under "– Certain Covenants – Notification to the NDRC"), the timing for the occurrence of a SAFE Noncompliance Event (as defined below under "– Redemption – Repurchase upon Occurrence of Certain Events") and, to the extent necessary, certain temporary securities law transfer restrictions (the "**Additional Notes**").

Redemption

Unless earlier redeemed in the limited circumstances set forth below, the Notes will mature on July 28, 2025 at a price equal to 100% of the principal amount thereof. Except as set forth below, the Notes are not redeemable at the option of the Issuer or the Guarantor.

Optional Redemption

The Issuer may, at the Issuer or Guarantor's option, at any time and from time to time prior to June 28, 2025 redeem any of the Notes, in whole or in part, on not less than 10 nor more than 60 calendar days' prior written notice delivered to the Holders, with a copy provided to the Trustee. The applicable Notes will be redeemable at a redemption price equal to the greater of (1) 100% of the principal amount of the Notes to be redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Notes to be redeemed through June 28, 2025 (not including interest accrued to the date of redemption), discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 10 basis points, plus, in each case, accrued and unpaid interest on the Notes to be redeemed, if any, to but excluding the date of redemption. Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the sum noted in (2) of the preceding sentence.

In addition, the Issuer may, at the Issuer or Guarantor's option, at any time and from time to time on or after June 28, 2025 redeem any of the Notes, in whole or in part, on not less than 10 nor more than 60 calendar days' prior written notice delivered to the Holders, with a copy provided to the Trustee. The applicable Notes will be redeemable at a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid interest on the Notes to be redeemed, if any, to but excluding the date of redemption.

Notice of redemption may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent, including, but not limited to, completion of an equity or debt offering, a financing, or other corporate transactions. In addition, if such notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all of such conditions are satisfied (or waived by the Issuer in its sole discretion), or such redemption may not occur and such notice may be rescinded in the event that any or all of such conditions are not satisfied (or waived by the Issuer in its sole discretion) by the redemption date, or by the redemption date so delayed.

Optional Tax Redemption

The Issuer may, at its option, at any time upon giving not less than 10 nor more than 60 calendar days' prior written notice to Holders (which notice shall be irrevocable), redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to but excluding, the date of redemption (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and any Additional Amounts (defined below under "– Additional Amounts"), if, as a result of:

(1) any change in or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Jurisdiction (defined below under "– Additional Amounts"), affecting taxation; or

(2) any change in the existing official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment becomes effective (or in the case of an official position, is announced) (i) with respect to the Issuer or the Guarantor on or after July 21, 2022, or (ii) with respect to any Successor Entity (as defined under "– Certain Covenants – Consolidation, Merger and Sale of Assets") that is organized or tax resident in a jurisdiction that was not a Relevant Jurisdiction prior to the date on which the Successor Entity becomes a Successor Entity, on or after the date such Successor Entity becomes a Successor Entity, (a) the Issuer or an Issuer Successor Entity (as defined under "– Certain Covenants – Consolidation, Merger and Sale of Assets"), as the case may be, is, or on the next interest payment date would be, required to pay Additional Amounts with respect to any payment due or to become due under such Notes, or (b) the Guarantor or a Guarantor Successor Entity (as defined under "– Certain Covenants – Consolidation, Merger and Sale of Assets"), as the case may be, is or would be unable, for reasons outside its control, on the next succeeding due date for a payment with respect to such Notes, to procure payment by the Issuer of the amount then due without the incurrence of any additional withholding or other tax cost (which additional withholding or other tax cost would not have applied as of the Original Issue Date) by the Guarantor, a Guarantor Successor Entity or any affiliate thereof, and with respect to a payment due or to become due under the Guarantees, the Guarantor or a Guarantor Successor Entity, as the case may be, would be required on the next succeeding due date for a payment with respect to such Notes to pay Additional Amounts, and such requirement cannot be avoided by the taking of reasonable measures by the Issuer, the Guarantor or the Successor Entity, as the case may be; provided that no such notice of redemption shall be given earlier than 90 calendar days prior to the earliest date on which the Issuer, the Guarantor or the Successor Entity, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of such Notes were then due. Notwithstanding anything to the contrary herein, the Issuer may not redeem such Notes in the case that Additional Amounts are payable in respect of PRC withholding tax imposed on a payment made by the Guarantor at a rate of 10% or less.

Prior to the delivery of any notice of redemption of the Notes pursuant to the foregoing, the Issuer will deliver to the Trustee at least 30 calendar days but not more than 60 calendar days before a redemption date:

(1) an Officer's Certificate acceptable to the Trustee stating that such change or amendment referred to in the preceding paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Issuer, the Guarantor or a Successor Entity, as the case may be, taking reasonable measures; and

(2) an Opinion of Counsel or an opinion of a tax consultant, in either case of recognized standing with respect to tax matters of the Relevant Jurisdiction, stating (subject to the customary assumptions and qualifications) that the requirement to pay such Additional Amounts results from such change, amendment or stating of an official position referred to in clause (1) or (2) of the preceding paragraph.

The Trustee shall be entitled to accept and rely upon such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it shall be conclusive and binding on the Holders.

Any Notes that are redeemed will be cancelled.

Repurchase Upon a Change of Control Triggering Event

Unless previously redeemed under "– Redemption" above, upon a Change of Control Triggering Event, the Issuer shall be required to make an offer to repurchase all of the Notes at a price in cash equal to 101% of the principal amount of the Notes repurchased, plus accrued and unpaid interest, if any, on the Notes being repurchased to but excluding the date of repurchase (a "**Change of Control Offer**").

Within 30 calendar days following any Change of Control Triggering Event, unless previously redeemed under "– Redemption" above, the Issuer shall be required to give written notice to Holders describing the transaction or transactions that constitute the Change of Control and offering to repurchase all of the Notes on the date specified in the notice, which date will be no earlier than 30 calendar days and no later than 60 calendar days from the date such notice is given.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control Triggering Event if a third party makes such an offer substantially in the manner, at the times and in compliance with the requirements for a Change of Control Offer (and for at least the same purchase price payable in cash) and such third party purchases all Notes properly tendered and not withdrawn under its offer.

A Holder will have no right to require the Issuer to repurchase portions of Notes if it would result in the issuance of new Notes, representing the portion not repurchased, in an amount of less than US$200,000.

The Issuer will comply, to the extent applicable, with the requirements of applicable securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the Indenture, the Issuer shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in the Indenture by virtue of any conflict.

The Trustee and the Agents shall not be required to take any steps to ascertain whether a Change of Control Triggering Event has occurred or may occur, and shall be entitled to assume that no such event has occurred unless an officer of the Trustee has received written notice of the occurrence of such event. The Trustee and the Agents shall not be responsible for determining or verifying whether a Note is to be accepted for purchase under a Change of Control Offer and will not be responsible to the Holders for any loss arising from any failure by it to do so. Neither the Trustee nor any Agent shall be under any duty to determine, calculate or verify the amount payable under a Change of Control Offer and will not be responsible to the Holders for any loss arising from any failure by it to do so.

Repurchase upon Occurrence of Certain Events

Upon completion by the Guarantor of registration of the Guarantees with the SAFE, the Guarantor will be required to deliver an Officer's Certificate to the Trustee in a form required by the Indenture attaching a copy of the relevant registration record (or any other document evidencing the completion of registration issued by SAFE) from the SAFE (such registration and delivery of an Officer's Certificate attaching the registration record (or any other document evidencing the completion of registration issued by SAFE) referred to collectively as the "**SAFE Completion Event**"). If on the date that is 150 PRC Business Days after the Original Issue Date, the SAFE Completion Event shall not have occurred (such non-occurrence, a "**SAFE Noncompliance Event**"), the Issuer will be required to make an offer to repurchase all of the Notes at a price in cash equal to 100% of the principal amount of the Notes repurchased, plus accrued and unpaid interest on Notes being repurchased to but excluding the date of repurchase (a "**SAFE Noncompliance Offer**").

Within 10 calendar days following a SAFE Noncompliance Event, the Issuer will be required to give written notice of the SAFE Noncompliance Offer to Holders of the Notes, with a copy to the Trustee, offering to repurchase all of the Notes on the date specified in the notice, which date will be no earlier than 25 calendar days and no later than 35 calendar days from the date such notice is given.

A Holder will have no right to require the Issuer to repurchase portions of Notes if it would result in the issuance of new Notes, representing the portion not repurchased, in an amount of less than US$200,000.

The Issuer will comply, to the extent applicable, with the requirements of applicable securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant.

The Trustee and the Agents shall be entitled to assume that no SAFE Completion Event has occurred unless the Trustee has received the Officer's Certificate attaching a copy of the relevant registration record (or any other document evidencing the completion of registration issued by SAFE) from the SAFE. The Trustee and the Agents shall not be responsible for determining or verifying the genuineness and sufficiency of the registration documents from the SAFE or whether a Note is to be accepted for purchase under a SAFE Noncompliance Offer, and it will not be responsible to the Holders for any loss arising from any failure by it to do so. Neither the Trustee nor any Agent shall be under any duty to determine, calculate or verify the amount payable under a SAFE Noncompliance Offer and will not be responsible to the Holders for any loss arising from any failure by it to do so.

Purchases

The Issuer, the Guarantor and their respective affiliates may at any time and from time to time purchase Notes in the open market, by tender offer, through negotiated transactions or otherwise, subject to applicable law. Such Notes may, at the option of the Issuer, the Guarantor or the relevant affiliate, be held or surrendered to the Registrar for cancellation, or reissued or resold. The Notes so purchased, while held by or on behalf of the Issuer, the Guarantor or any of their respective affiliates, shall not entitle the Holder to vote at any meeting of Holders and shall not be deemed to be outstanding for the purpose of calculating the quorum at such a meeting. The Trustee shall be entitled to request, and conclusively rely upon, an Officer's Certificate from the Issuer and the Guarantor stating the amount, if any, of the Notes beneficially owned by the Issuer, the Guarantor or any of their respective affiliates. All Notes repurchased by the Issuer, the Guarantor or any of their respective affiliates may not be reissued or resold except in compliance with applicable laws and regulations.

Additional Amounts

All payments with respect to any Note, including principal, redemption premium, if any, and interest, on the Notes or under the Guarantees will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Issuer, the Guarantor or a Successor Entity is organized or resident for tax purposes or any political subdivision or taxing authority thereof or therein or any jurisdiction through which payment is made by or on behalf of the Issuer, the Guarantor or a Successor Entity (including, without limitation, the jurisdiction of any Paying Agent) or any political subdivision or taxing authority thereof or therein (such jurisdictions, the "**Relevant Jurisdictions**"), unless such withholding or deduction is required by law. In the event that any such withholding or deduction is so required, the Issuer, the Guarantor or a Successor Entity, as the case may be, will pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Holders of such amounts payable under the Notes or the Guarantees, as the case may be, as would have been received by such Holders had no such withholding or deduction been required, except that no such Additional Amounts will be payable for or on account of:

(a) any tax, duty, assessment or other governmental charge that would not have been imposed but for:

  (i) the existence of any present or former connection between the Holder or beneficial owner of such Note, as the case may be, and the Relevant Jurisdiction other than merely holding such Note or Guarantee or the receipt of payments thereunder or under the Guarantees;

  (ii) the presentation of such Note (in cases in which presentation is required) more than 30 calendar days after the later of the date on which the payment of the principal of, premium, if any, and interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on the last day of such 30-day period; or

  (iii) the failure of the Holder or beneficial owner to comply with a timely request of the Issuer, the Guarantor or a Successor Entity addressed to the Holder to provide certification or information concerning such Holder's or beneficial owner's nationality, residence, identity, connection with any Relevant Jurisdiction or other similar information, if and to the extent that due and timely compliance with such request would have reduced or eliminated any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder; or

(b) any taxes, duties, assessments or other governmental charges payable other than by deduction or withholding from payments under, or with respect to, a Note or under the Guarantee; or

(c) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge; or

(d) any tax, duty, assessment or other governmental charge to the extent such tax, duty, assessment or other governmental charge results from the presentation of the Note (where presentation is required) for payment and the payment can be made without such withholding or deduction by the presentation of the Note to another Paying Agent; or

(e) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (a), (b), (c) and (d); or

(f) to a Holder that is a fiduciary, partnership, limited liability company or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a Relevant Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership, a member or shareholder of that limited liability company or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, member or beneficial owner been the Holder thereof.

Notwithstanding any other provision of the Indenture, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any Additional Amounts in respect of FATCA Withholding.

As a result of these provisions, there are circumstances in which taxes could be withheld or deducted but Additional Amounts would not be payable to some or all beneficial owners of the Notes. The Issuer (or the Guarantor) will (i) make such withholding or deduction and (ii) remit the full amount deducted or withheld to the relevant authority in accordance with applicable law.

The Issuer (or the Guarantor) will use commercially reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any taxes so deducted or withheld from the Relevant Jurisdiction imposing such taxes. The Issuer (or the Guarantor) will furnish to the Paying Agent (which the Paying Agent shall make available to a Holder upon request), within 60 calendar days after the date the payment of any taxes so deducted or withheld is due pursuant to applicable law, either certified copies of tax receipts evidencing such payment or, if such receipts are not obtainable, other evidence of such payments. At least 30 calendar days prior to each date on which any payment under or with respect to the Notes is due and payable or as soon as practicable if the obligation to pay Additional Amounts first arises within such 30 calendar day period, if the Issuer (or the Guarantor) will be obligated to pay Additional Amounts with respect to such payment, the Issuer (or the Guarantor) will deliver to the Trustee an Officer's Certificate stating the fact that such Additional Amounts will be payable and the amounts so payable and will set forth such other information necessary to enable the Paying Agent to pay such Additional Amounts to the Holders on such payment date.

In addition, the Issuer will pay any stamp, issue, registration, documentary, value added or other similar taxes and other duties (including interest and penalties) payable in any Relevant Jurisdiction in respect of the creation, issue, offering, enforcement or execution of the Notes, or any documentation with respect thereto.

Whenever there is mentioned in any context the payment of principal of, and premium or interest on, any Note or under any Guarantee, such mention shall be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Certain Covenants

Negative Pledge

So long as any Note remains outstanding (as defined in the Indenture), the Guarantor will not, and the Guarantor will not permit the Issuer to, create or permit to subsist any Security Interest for the benefit of the holders of any Relevant Indebtedness upon the whole or any part of its property or assets, present or future, to secure:

(i) payment of any sum due in respect of any Relevant Indebtedness;

(ii) any payment under any guarantee of any Relevant Indebtedness; or

(iii) any indemnity or other like obligation in respect of any Relevant Indebtedness,

without in any such case at the same time according to the Notes and the Guarantees (x) the same Security Interest as is granted to or is outstanding in respect of such Relevant Indebtedness or (y) such guarantee, indemnity or other like obligation or such other Security Interest as shall be approved by the Holders.

The foregoing restriction shall not apply to:

(i) any Security Interest which is in existence prior to the Original Issue Date (as defined below) and any replacement thereof created in connection with the refinancing (together with interest, fees and other charges attributable thereto) of the Relevant Indebtedness originally secured (but the principal amount secured by any such Security Interest may not be increased);

(ii) any Security Interest arising or having already arisen automatically by operation of law which is promptly discharged or disputed in good faith by appropriate proceedings;

(iii) any Security Interest either over any asset acquired after the Original Issue Date which is in existence at the time of such acquisition or in respect of the obligations of any Person which becomes a Subsidiary of the Guarantor or which merges with and into the Guarantor after the Original Issue Date which is in existence at the date on which it becomes a Subsidiary of the Guarantor and in both cases any replacement thereof created in connection with the refinancing (together with interest, fees and other charges attributable thereto) of the Relevant Indebtedness originally secured (but the principal amount secured by any such Security Interest may not be increased); provided that any such Security Interest was not incurred in anticipation of such acquisition or of such company becoming a Subsidiary of the Guarantor;

(iv) any Security Interest created on any property or asset acquired, leased or developed (including improved, constructed, altered or repaired) after the Original Issue Date; provided, however, that (A) any such Security Interest shall be confined to the property or asset acquired, leased or developed (including improved, constructed, altered or repaired); and (B) any such Security Interest shall be created concurrently with or within two years following the acquisition, lease or development (including construction, improvement, repair or alteration) of such property or asset; or

(v) any Security Interest arising out of the refinancing, extension, renewal or refunding of any Relevant Indebtedness secured by any Security Interest permitted by any of the foregoing clauses; provided that such Relevant Indebtedness is not increased and is not secured by any additional property or assets.

Consolidation, Merger and Sale of Assets

The Issuer, without the consent of the Holders of a majority in principal amount of the outstanding Notes, may consolidate with, merge into, or sell, transfer, lease or convey its assets substantially as an entirety to any other entity, provided that (i) the entity formed by such consolidation or into which the Issuer is merged or to whom the Issuer has sold, transferred, leased or conveyed its assets substantially as an entirety is the Guarantor, Three Gorges Finance (HK) Limited ("**HK Intermediate Co.**") or an entity 100% of the equity of which is directly owned by the Guarantor or the HK Intermediate Co. and that has elected to be treated as a disregarded entity for U.S. federal income tax purposes, (ii) any successor entity (an "**Issuer Successor Entity**") expressly assumes by an indenture supplemental to the Indenture the Issuer's obligations (including payment of Additional Amounts, if any, resulting from such entity succeeding the Issuer) under the Notes and the Indenture, (iii) after giving effect to the transaction, no Event of Default (as defined below) and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing and (iv) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, transfer or lease and such supplemental indenture comply with the Indenture and that all conditions precedent therein provided for relating to such transaction have been complied with. The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it shall be conclusive and binding on the Holders.

The Guarantor, without the consent of the Holders of a majority in principal amount of the outstanding Notes, may consolidate with, merge into, or sell, transfer, lease or convey its assets substantially as an entirety to any other entity, provided that (i) any successor entity (a "**Guarantor Successor Entity**;" any Issuer Successor Entity or Guarantor Successor Entity is referred to as a "**Successor Entity**") expressly assumes by an indenture supplemental to the Indenture the Guarantor's obligations (including payment of Additional Amounts, if any, resulting from such entity succeeding the Guarantor) under the Notes, the Guarantees and the Indenture, (ii) after giving effect to the transaction, no Event of Default and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing and (iii) the Guarantor has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, transfer or lease and such supplemental indenture comply with the Indenture and that all conditions precedent therein provided for relating to such transaction have been complied with. The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it shall be conclusive and binding on the Holders.

A Successor Entity will succeed to, and be substituted for, and may exercise every right and power of, the Issuer or the Guarantor (as the case may be) under the Indenture, and the predecessor company shall be released from the obligation to pay the principal of, premium, if any, and interest on the Notes.

Reports

So long as any of the Notes remain outstanding, the Guarantor will provide the Trustee with:

(i) as soon as they are available, but in any event within 180 calendar days after the end of the fiscal year of the Guarantor, copies of the financial statements (on a consolidated basis and in the English language, which could be an English translation of the original financial statements translated by a nationally recognized firm of accountants) of the Guarantor in respect of such financial year (including a statement of income, balance sheet and cash flow statement) prepared in accordance with GAAP and audited by a nationally recognized firm of independent accountants;

(ii) as soon as they are available, but in any event within 120 calendar days after the end of each first semi-annual fiscal period of the Guarantor, copies of the unaudited financial statements (on a consolidated basis and in the English language, which could be an English translation of the original financial statements) of the Guarantor in respect of such semi-annual period (including a statement of income, balance sheet and cash flow statement) prepared on a basis consistent with the audited financial statements of the Guarantor, together with a certificate signed by the person then authorized to sign financial statements on behalf of the Guarantor, to the effect that such financial statements are true in all material respects and present fairly the financial position of the Guarantor, as of the end of, and the results of its operations for, the relevant semi-annual period; and

(iii) as soon as possible and in any event within 10 calendar days after the Guarantor becomes aware of the occurrence thereof, written notice of the occurrence of any event or condition which constitutes, or which, after notice or lapse of time or both, would become, an Event of Default and an Officer's Certificate of the Guarantor setting forth the details thereof and the action the Guarantor is taking or proposes to take with respect thereto;

provided that if at any time the Capital Stock of the Guarantor is listed for trading on a recognized stock exchange, the Guarantor will file with the Trustee, as soon as they are available but in any event not more than 10 calendar days after any financial or other reports of the Guarantor are filed with any recognized exchange on which the Guarantor's Capital Stock is at any time listed for trading, true and correct copies of any financial or other report filed with such exchange in lieu of the financial statements identified in clauses (i) and (ii) above.

Delivery of the above reports and other documents to the Trustee is for informational purposes only and the Trustee's receipt of such reports will not constitute constructive notice of any information contained therein or determinable from information contained therein, including our compliance with any covenant in the Indenture (as to which the Trustee is entitled to rely exclusively on officer's certificates).

Limitation on Issuer's Activities and Ownership

For so long as the Notes are outstanding, the Issuer will conduct no business or any other activities other than the offering, sale or issuance of bonds, debentures, notes, perpetual securities or other similar securities, borrowings of indebtedness and investing in or the lending of the proceeds thereof (the "**Intercompany Loan**") to, subject to compliance with applicable laws and regulations, the Guarantor or a company controlled by the Guarantor (which shall have sufficient cash flow to service the relevant Intercompany Loan and any other obligation of that company that ranks senior to or *pari passu* with such Intercompany Loan in accordance with their terms) and any other activities in connection therewith.

The Issuer has elected to be treated as a disregarded entity of the HK Intermediate Co. for U.S. federal income tax purposes. The HK Intermediate Co., the Issuer and the Guarantor have agreed not to take any action that is inconsistent with the Issuer being treated as a disregarded entity for U.S. federal income tax purposes.

While any Note issued by the Issuer remains outstanding, the Issuer shall not issue any debt instrument that is treated as equity for U.S. federal income tax purposes, and shall not issue any equity interests to any person other than the HK Intermediate Co..

Notification to NDRC

The Issuer undertakes to submit or cause to be submitted with the National Development and Reform Commission of the PRC (the "**NDRC**") the requisite information and documents within 10 PRC Business Days after the Original Issue Date (or, with respect to Additional Notes, the issue date of such Additional Notes) in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) issued by the NDRC and which came into effect on September 14, 2015, and any implementation rules as issued by the NDRC from time to time (the "**NDRC Post-issue Filing**").

The Issuer shall submit the NDRC Post-issue Filing within the prescribed timeframe and shall comply with all applicable PRC laws and regulations in connection with the NDRC Post-issue Filing.

Payments for Consent

Neither the Issuer, the Guarantor nor any of the Guarantor's other Subsidiaries will, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fees or otherwise, to any Holder of any Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid and is paid to all Holders that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or amendment. Notwithstanding the foregoing, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes in connection with an exchange or tender offer, the Issuer or the Guarantor may exclude (i) Holders or beneficial owners of the Notes that are not "**qualified institutional buyers**" as defined under the Securities Act, and (ii) Holders or beneficial owners of the Notes in any jurisdiction where the inclusion of such Holders or beneficial owners would require the Issuer or the Guarantor to comply with the registration requirements or other similar requirements under any securities laws of such jurisdiction, or the solicitation of such consent, waiver or amendment from, or the granting of such consent or waiver, or the approval of such amendment by, Holders or beneficial owners in such jurisdiction would be unlawful, in each case as determined by the Issuer in its sole discretion.

Events of Default

With respect to the Notes, the occurrence and continuance of the following events will constitute events of default ("**Events of Default**"):

(1) default in the payment of principal of, or premium, if any, on any Note on the date such amount is due and payable, upon optional redemption, acceleration or otherwise, continued for two Business Days;

(2) default in any payment of interest on any Note on the date such amount is due and payable, continued for 30 calendar days;

(3) failure by the Issuer or the Guarantor to comply with its obligations under the covenants described under "– Repurchase upon Occurrence of Certain Events" and "– Certain Covenants – Consolidation, Merger and Sale of Assets";

(4) failure by the Issuer or the Guarantor to comply, for 90 calendar days after written notice by the Holders of 25% or more of the aggregate principal amount of the outstanding Notes, with its other agreements contained in the Indenture;

(5) default under any Indebtedness of the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries (or the payment of which is guaranteed by the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries), whether such Indebtedness or guarantee now exists, or is created after the date of the Indenture, which default: (a) is caused by a failure to pay principal of such Indebtedness prior to the expiration of the grace period provided in such Indebtedness; or (b) results in the acceleration of such Indebtedness prior to its maturity if such Indebtedness is not discharged, or such acceleration is not annulled, within 10 calendar days after receipt by the Trustee of the written notice from the Guarantor or the Issuer as provided in each respective Indenture, and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, equals or exceeds the greater of US$100 million (or its equivalent in other currencies) and 2.0% of the Total Equity of the Guarantor (the "**cross default/acceleration provision**");

(6) failure by the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries to pay one or more final judgments from a court of competent jurisdiction aggregating in excess of the greater of US$100 million (or its equivalent in other currencies) and 2.0% of the Total Equity of the Guarantor (net of any amounts that are covered by insurance policies issued by solvent carriers), which judgments are not paid, discharged or stayed for a period of 90 calendar days (the "**judgment default provision**");

(7) (i) the Issuer, the Guarantor or any Principal Subsidiary of the Guarantor (a) commences a voluntary case or proceeding under any applicable Bankruptcy Law, (b) consents to the entry of judgment, decree or order for relief against it in an involuntary case or proceeding under any applicable Bankruptcy Law, (c) consents to the appointment of a Receiver of it or for any substantial part of its property and assets, (d) makes a general assignment for the benefit of its creditors, (e) consents to or acquiesces in the institution of a bankruptcy or an insolvency proceeding against it; or (f) takes any corporate action to authorize or effect any of the foregoing; or (ii) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (x) is for relief in an involuntary case against the Issuer, the Guarantor or such Principal Subsidiary, as the case may be, (y) appoints a Receiver for all or substantially all of the property and assets of the Issuer, the Guarantor or such Principal Subsidiary, as the case may be; or (z) orders the winding up or liquidation of the Issuer, the Guarantor or such Principal Subsidiary, as the case may be; and in each case under this clause (ii) such order, decree or relief has not been discharged or stayed for a period of 90 calendar days; or

(8) the Guarantees shall cease to be in full force and effect or the Guarantor shall deny or disaffirm its obligations under the Guarantees.

If an Event of Default (other than an Event of Default described in clause (7) above) occurs and is continuing, the Trustee by written notice to the Issuer, or the Holders of at least 25% in principal amount of the outstanding Notes by written notice to the Issuer and the Trustee, may, and the Trustee at the request of such Holders shall (subject to being indemnified and/or secured and/or pre-funded to its satisfaction), declare the principal of, premium, if any, and accrued and unpaid interest, if any, on all the Notes to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause under "Events of Default" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the default triggering such Event of Default pursuant to clause (5) shall be remedied or cured by the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries or waived by the appropriate portion of holders of the relevant Indebtedness within 30 calendar days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except non-payment of principal, premium, if any, or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived. In the event of any such automatic annulment, the Issuer shall provide written notice thereof to the Trustee with an Officer's Certificate certifying the matters addressed in (1) and (2) of the preceding sentence. The Trustee may rely upon any such notice and Officer's Certificate and may also assume, in the absence of any such notice and Officer's Certificate, that such automatic annulment has not taken place. If an Event of Default described in clause (7) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest, if any, on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

The Holders of a majority in principal amount of the outstanding Notes may waive all past defaults (except with respect to non-payment of principal, premium or interest) and rescind any such acceleration with respect to the Notes and its consequences if (1) rescission would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, other than the non-payment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture unless security and/or indemnity and/or pre-funding satisfactory to the Trustee against any costs, loss, liability or expense shall have been offered to the Trustee. Except to enforce the right to receive payment of principal, premium, if any, or interest when due, no Holder may pursue any remedy with respect to the Indenture, the Notes or the Guarantees unless:

(1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 25% in principal amount of the outstanding Notes have requested in writing the Trustee to pursue the remedy;

(3) such Holders have offered the Trustee security and/or indemnity and/or pre-funding satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 calendar days after the receipt of the written request and the offer of such security and/or indemnity and/or pre-funding to its satisfaction; and

(5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a written direction that is inconsistent with such written request within such 60-day period.

Subject to certain provisions, including those requiring security and/or indemnification and/or pre-funding of the Trustee, the Holders of a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Indenture provides that in the event an Event of Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of his own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law, the Indenture or the Notes or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability.

In addition, each of the Issuer and the Guarantor is required to deliver to the Trustee, upon request and within 180 calendar days after the end of each fiscal year, an Officer's Certificate stating whether the Issuer and the Guarantor, as the case may be, are in compliance with all covenants and conditions to be complied with by them under the Indenture.

The Trustee need not do anything to ascertain whether any Event of Default has occurred or is continuing and will not be responsible to Holders or any other person for any loss arising from any failure by it to do so, and the Trustee may assume that no such Event of Default has occurred and that each of the Guarantor and the Issuer is performing all their respective obligations under the Indenture and the related Notes and Guarantees unless a Responsible Officer of the Trustee has received written notice of the occurrence of such Event of Default or facts establishing that the Guarantor or the Issuer, as the case may be, is not performing all of its obligations under the Indenture, the Notes and the Guarantees, as the case may be, provided that a written notice of an Event of Default provided in accordance with the notice provisions of the Indenture shall be deemed to be written notice to a Responsible Officer of the Trustee for such Event of Default.

Amendments and Waivers

Except as provided in this paragraph, the Indenture and the Notes may be amended or supplemented by the Issuer, the Guarantor and the Trustee with the consent of the Holders of a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) and, subject to certain exceptions, any past default or compliance with any provisions may be waived with the consent of the Holders of a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes). However, without the consent of each Holder of an outstanding Note affected, no amendment may, among other things:

(1) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the stated rate of or extend the stated time for payment of interest on any Note;

(3) reduce the principal of or extend the stated maturity of any Note;

(4) reduce the premium payable upon the redemption or repurchase of any Note or change the time at which any Note may be redeemed or required to be repurchased as described above under "– Redemption" or "– Repurchase Upon a Change of Control Triggering Event," whether through an amendment or waiver of provisions in the covenants, definitions or otherwise;

(5) change the currency of the principal of or interest on any such Note;

(6) change, in any manner adverse to the interest of holders of the Notes, the terms and provisions of the Guarantees in respect of the due and punctual payment of principal of and interest on the Notes;

(7) impair the right of any Holder to receive payment of principal of, premium, if any, and interest on such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Notes; or

(8) make any change in the amendment or waiver provisions which require the consent of each Holder.

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, the Guarantor and the Trustee may amend the Indenture and the Notes to:

(1) cure any ambiguity, omission, defect or inconsistency;

(2) provide for the assumption by a Successor Entity of the obligations of the Issuer or the Guarantor (or any previous Successor Entity) under and in accordance with the Indenture;

(3) provide for uncertificated Notes in addition to or in place of certificated Notes;

(4) add guarantees with respect to the Notes;

(5) secure the Notes;

(6) add to the covenants of the Issuer or the Guarantor for the benefit of the Holders or surrender any right or power conferred upon the Issuer;

(7) make any change that does not materially prejudice the rights of any Holder;

(8) conform the text of the Indenture, the Notes or the Guarantees to any provision of this "Description of the Notes and Guarantees" to the extent that the relevant provision in the Indenture, the Notes or the Guarantees was intended to be a verbatim recitation of the relevant provision of this "Description of the Notes and Guarantees";

(9) provide for the appointment of a successor trustee, provided that the successor trustee be otherwise qualified and eligible to act as such under the terms of the Indenture;

(10) comply with the rules of any applicable depositary;

(11) make any amendment to the provisions of the Indenture relating to the transfer and legending of Notes as permitted by the Indenture, including, but not limited to, facilitating the issuance and administration of the Notes or, if incurred in compliance with the Indenture, Additional Notes; provided, however, that (A) compliance with the Indenture as so amended would not result in Notes being transferred in violation of the Securities Act or any applicable securities law and (B) such amendment does not materially prejudice the rights of Holders to transfer Notes; or

(12) provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment, supplement or waiver. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment, supplement or waiver under the Indenture by any Holder of Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender. After an amendment, supplement or waiver under the Indenture becomes effective, the Issuer is required to deliver to the Holders of the Notes a notice briefly describing such amendment, supplement or waiver. However, the failure to give such notice to all the Holders of the Notes, or any defect in the notice, will not impair or affect the validity of the amendment, supplement or waiver.

Any such amendment or supplement provided above under this caption "Amendments and Waivers" that imposes any obligation upon the Trustee or adversely affects the rights of the Trustee in its individual capacity will become effective only with the consent of the Trustee.

Defeasance and Covenant Defeasance

The Indenture provides that the Issuer and the Guarantor, at the option of the Issuer and the Guarantor:

(i) will be deemed to have been discharged from any and all obligations in respect of the Notes (except for certain obligations to (1) pay any Additional Amounts (as described above under "– Additional Amounts") then unknown, (2) register the transfer of or exchange Notes, to replace stolen, lost, destroyed or mutilated Notes upon satisfaction of certain requirements (including, without limitation, providing such security and/or indemnity and/or pre-funding as the Trustee may require), (3) maintain Paying Agents and (4) hold certain monies in trust for payment); or

(ii) need not comply with certain restrictive covenants of the Notes (including those described under "– Certain Covenants" and the following provisions described under "– Events of Default" above: (a) the cross default/acceleration provision and (b) the judgment default provision),

in each case, if the Issuer or the Guarantor deposits, in trust with the Trustee, (1) money in an amount, (2) U.S. Government Obligations that through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment, money in an amount or (3) a combination thereof, in each case, sufficient to pay all the principal of, interest on, and any Additional Amounts known at such time and required to be paid with regard to, the Notes, on the dates such payments are due in accordance with the terms of the Indenture and the Notes.

In the case of defeasance pursuant to clause (i) in the preceding paragraph, the Issuer or the Guarantor, as the case may be, is required to deliver to the Trustee an Opinion of Counsel of recognized standing with respect to such matters stating that (subject to customary assumptions and qualifications) (a) the Issuer or the Guarantor has received from, or there has been published by, the U.S. Internal Revenue Service, a ruling, or (b) since the date of the Indenture, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that the beneficial owner will not recognize gain or loss for U.S. federal income tax purposes as a result of the exercise of the option under clause (i) above and will be subject to U.S. federal income tax on the same amount, in the same manner and at the same times as would have been the case if such option had not been exercised.

In the case of defeasance pursuant to clause (ii) in the preceding paragraph, the Issuer or the Guarantor, as the case may be, is required to deliver to the Trustee an Opinion of Counsel of recognized standing with respect to such matters to the effect that (subject to customary assumptions and qualifications) the beneficial owners will not recognize gain or loss for U.S. federal income tax purposes as a result of the exercise of the option under clause (ii) above and will be subject to U.S. federal income tax on the same amount, in the same manner and at the same times as would have been the case if such option had not been exercised.

Trustee

The Bank of New York Mellon, London Branch is the Trustee under the Indenture. Except during the continuance of an Event of Default, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenant or obligation shall be read into the Indenture against the Trustee.

Whenever the Trustee shall have discretion or permissive power in accordance with the Indenture, the Notes or under the applicable law, the Trustee may decline to exercise the same in the absence of written instruction from or approval by the Holders and shall have no obligation to exercise the same unless it has been pre-funded and/or indemnified and/or provided with security to its satisfaction at its sole discretion against all actions, proceedings, claims, actions or demands to which it may render itself liable and all costs, damages, charges, expenses and liabilities which it may incur by so doing. Furthermore, each Holder, by accepting the Notes will agree, for the benefit of the Trustee and the Agents that it is solely responsible for its own independent appraisal of and investigation into all risks arising under or in connection with the Indenture and the Notes and has not relied on and will not at any time rely on the Trustee and the Agents in respect of such risks.

The Trustee and the Agents are permitted to engage in other transactions with the Issuer, the Guarantor and any affiliated persons and can profit therefrom without being obliged to account for such profit, and that the Trustee and the Agents shall not be under any obligation to monitor any conflict of interest, if any, which may arise between itself and such other parties. The Trustee and the Agents may have interest in or may be providing or may in the future provide financial or other services to other parties.

Obligation Currency

To the fullest extent permitted by law, the obligations of the Issuer and the Guarantor under the Indenture, the Notes or the Guarantees, as the case may be, shall, notwithstanding any judgment in a currency (the "**Judgment Currency**") other than U.S. dollars (the "**Obligation Currency**"), be discharged only to the extent that on the Business Day following receipt by such Holder or the Trustee, as the case may be, of any amount in the Judgment Currency, such Holder or the Trustee, as the case may be, may in accordance with normal banking procedures purchase the Obligation Currency with the Judgment Currency. If the amount of the Obligation Currency so purchased is less than the amount originally to be paid to such Holder or the Trustee, as the case may be, in the Obligation Currency, the

Issuer and the Guarantor agree, as a separate obligation and notwithstanding such judgment, to pay the difference. If the amount of the Obligation Currency so purchased exceeds the amount originally to be paid to such Holder, such Holder or the Trustee, as the case may be, agrees to pay to or for the account of the Issuer such excess, provided that such Holder shall not have any obligation to pay any such excess as long as a default by the Issuer or the Guarantor in their obligations under the Indenture, the Notes or the Guarantees has occurred and is continuing, in which case such excess may be applied by such Holder to such obligations.

Prescription

Any monies paid by the Issuer or the Guarantor to the Paying Agent for the payment of the principal of or interest on any Notes and remaining unclaimed at the end of two years after such principal or interest shall have become due and payable shall then be repaid to the Issuer or the Guarantor, as the case may be, and upon such repayment, all liability of the Paying Agent with respect to such monies shall thereupon cease and any Holder representing a claim therefor shall thereafter look only to the Issuer or the Guarantor for payment thereof.

Under New York law, any legal action upon the Notes must be commenced within six years after the payment thereof is due. Thereafter, the Notes will generally become unenforceable.

Governing Law

The Indenture, the Notes and the Guarantees will be governed by, and construed in accordance with, the laws of the State of New York.

Each of the Issuer and the Guarantor has consented to the non-exclusive jurisdiction of the state and United States federal courts located in the Borough of Manhattan, the State and City of New York, United States of America (each a "**New York Court**"), with respect to any suit, action or proceeding that may be brought in connection with the Notes, the Guarantees or the Indenture and has irrevocably waived, to the fullest extent permitted by applicable law, any objection to the venue of any such suit, action or proceeding in any such New York Court and any claim of an inconvenient forum. The Issuer and the Guarantor have each appointed Law Debenture Corporate Services Inc., acting through its office located at 801 2nd Avenue, Suite 403, New York, 10017, as its authorized agent upon whom process may be served in any such suit, action or proceeding. To the fullest extent permitted by applicable law, all parties (including the Issuer, the Guarantor, the Holders and the Trustee) waive the right to a trial by jury in any legal proceeding out of or relating to the Indenture, the Notes or the Guarantees.

Certain Definitions

"**Authorized Officer**" means (i) with respect to the Issuer, any director or officer of the Issuer and (ii) with respect to the Guarantor, any director or officer of the Guarantor, in each case as may be specified from time to time by the Issuer or the Guarantor, as the case may be, as provided in the Indenture.

"**Bankruptcy Law**" means any applicable bankruptcy, insolvency or other similar law now or hereafter in effect.

"**PRC Business Day**" means a day other than a Saturday, Sunday or a day on which the SAFE is authorized or obligated by law or executive order to remain closed.

"**Board of Directors**" means, with respect to any Person, the board of directors of such Person or any duly authorized committee thereof.

"**Capital Stock**" means any and all shares, interests, rights to purchase, warrants, options, participation or other equivalents of or interests in (however designated) equity of such Person, including any preferred stock, but excluding any debt securities convertible into such equity.

"**Change of Control**" means the occurrence of one or more of the following events:

(1) the Permitted Holders cease to own or control directly or indirectly or in combination (through controlled entities) more than 50% of the Voting Stock of the Guarantor;

(2) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person or persons, except where the Permitted Holders own or control directly or indirectly or in combination more than 50% of the Voting Stock of the surviving entity;

(3) the Guarantor or its Successor Entity ceases to own directly or indirectly more than 50% of the Voting Stock of the HK Intermediate Co.;

(4) the HK Intermediate Co. ceases to own and control, directly or indirectly, 100% of the Voting Stock of the Issuer.

"**Change of Control Triggering Event**" means a Change of Control, provided that, in the event that the Notes are, on the Rating Date, rated Investment Grade by at least two Rating Agencies, a Change of Control Triggering Event shall mean the occurrence of both a Change of Control and a Rating Decline. No Change of Control Triggering Event will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated.

"**Clearstream**" means Clearstream Banking S.A.

"**Comparable Treasury Issue**" means the U.S. Treasury security having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Notes from the redemption date to June 28, 2025.

"**Comparable Treasury Price**" means, with respect to any optional redemption date if clause (2) of the Treasury Rate is applicable:

(i) the average of the Reference Treasury Dealer Quotations for such optional redemption 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.

"**Corporate Trust Office**" means the office of the Trustee at which the corporate trust business of the Trustee is principally administered, which at the date of the Indenture is located at The Bank of New York Mellon, London Branch, One Canada Square, London E14 5AL, United Kingdom; Attention: Global Corporate Trust – Three Gorges Finance I (Cayman Islands) Limited; facsimile number +44 207 964 2509 and shall also include a reference to The Bank of New York Mellon, Hong Kong Branch located at Level 26, Three Pacific Place, 1 Queen's Road East, Hong Kong; Attention: Global Corporate Trust – Three Gorges Finance I (Cayman Islands) Limited; facsimile number +852 2295 3282; email: honctrmta@bnymellon.com.

"**Euroclear**" means Euroclear Bank SA/NV.

"**Exchangeable Bonds**" means Relevant Indebtedness that confers on holders the right to exchange such Relevant Indebtedness for, or convert such Relevant Indebtedness into, or otherwise purchase, subscribe or acquire, any Exchange Equity Securities.

"**Exchange Equity Securities**" means any shares or equivalent in equity issued by any person other than the Issuer and the Guarantor, and shall include any depositary or other receipts or certificates representing any such shares or equivalent.

"**GAAP**" means the generally accepted accounting principles in the PRC as in effect from time to time.

"**Holder**" means a Person in whose name a Note is registered on the Registrar's books.

"**Indebtedness**" means any indebtedness for or in respect of money borrowed.

"**Investment Grade**" means a rating of "AAA," "AA," "A" or "BBB," as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories, by S&P or any of its successors or assigns; a rating of "Aaa," "Aa," "A" or "Baa," as modified by a "1," "2" or "3" indication, or an equivalent rating representing one of the four highest rating categories, by Moody's or any of its successors or assigns; a rating of "BBB-" or better by Fitch or any of its successors or assigns; or the equivalent ratings of any U.S. nationally recognized rating agency or agencies, as the case may be, which shall have been designated by the Guarantor as having been substituted for S&P, Moody's, or Fitch or any combination thereof, as the case may be.

"**Officer's Certificate**" means, as the context requires, a certificate signed by one or more Authorized Officers of the Issuer or the Guarantor, or executed by the Guarantor by affixing its company chop, as the case may be.

"**Opinion of Counsel**" means an opinion in writing signed by a legal counsel who, unless otherwise provided herein, may be a counsel to the Issuer or the Guarantor, as the case may be, and who shall be reasonably acceptable to the Trustee.

"**Original Issue Date**" means the date on which the Notes are originally issued under the Indenture.

"**Permitted Holders**" means the State-owned Assets Supervision and Administration Commission of the State Council or the government of the PRC or Persons controlled by the government of the PRC.

"**Person**" means any state-owned enterprise, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, limited liability company, government, governmental entity or any agency or political subdivision thereof or any other entity.

"**PRC**" means the People's Republic of China, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan.

"**Principal Subsidiary**" at any time shall mean one of the Guarantor's Subsidiaries:

(i) as to which one or more of the following conditions is/are satisfied:

(a) its net profit for the year or (in the case of one of the Guarantor's Subsidiaries which has Subsidiaries) consolidated net profit for the year attributable to the Guarantor (in each case before taxation and exceptional items) is at least 10% of the Guarantor's consolidated net profit attributable to equity owners of the Guarantor for the year (before taxation and exceptional items); or

(b) its net assets or (in the case of one of the Guarantor's Subsidiaries which has Subsidiaries) consolidated net assets attributable to the Guarantor (in each case after deducting minority interests in Subsidiaries) are at least 10% of the Guarantor's net assets (after deducting minority interests in Subsidiaries);

all as calculated by reference to the then latest audited financial statements (consolidated or, as the case may be, unconsolidated) of the Guarantor's Subsidiary and the Guarantor's then latest consolidated financial statements; provided that: (1) in the case of a Subsidiary of the Guarantor acquired after the end of the financial period to which the then latest relevant audited financial statements relate, the reference to the then latest audited financial statements for the purposes of the calculation above shall, until audited financial statements for the financial period in which the acquisition is made are published, be deemed to be a reference to the financial statements adjusted to consolidate the latest audited financial statements of the Subsidiary in the financial statements; (2) if, in the case of a Subsidiary of the Guarantor which itself has one or more Subsidiaries, no consolidated financial statements are prepared and audited, its consolidated net profit for the year and net assets shall be determined on the basis of pro forma consolidated financial statements of the relevant Subsidiary and its Subsidiaries prepared for this purpose and opined on by its auditors; or (3) if the financial statements of a Subsidiary of the Guarantor (not being a Subsidiary referred to in clause (1) above) are not consolidated with those of the Guarantor then the determination of whether or not the Subsidiary is a Principal Subsidiary shall, if the Guarantor requires, be based on a pro forma consolidation of its financial statements(consolidated, if appropriate) with the consolidated financial statements of the Guarantor and its Subsidiaries; or

(ii) to which is transferred all or substantially all of the assets of the Guarantor's Subsidiary which immediately prior to the transfer was a Principal Subsidiary, provided that, with effect from such transfer, the Subsidiary which so transfers its assets and undertakings shall cease to be a Principal Subsidiary (but without prejudice to paragraph (i) above) and the Guarantor's Subsidiary to which the assets are so transferred shall become a Principal Subsidiary.

A certificate of the Guarantor's auditors as to whether or not the Guarantor's Subsidiary is a Principal Subsidiary shall be conclusive and binding on all parties in the absence of manifest error.

"**Rating Agencies**" means (i) Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors ("**S&P**"); (ii) Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors ("**Moody's**"); (iii) Fitch, a subsidiary of Fimalac, S.A., and its successors ("**Fitch**"); and (iv) if one or more of S&P, Moody's or Fitch shall not make a rating of the Notes publicly available, any U.S. nationally recognized securities rating agency or agencies, as the case may be, selected by the Guarantor, which shall be substituted for S&P, Moody's or Fitch or any combination thereof, as the case may be.

"**Rating Date**" means, in connection with a Change of Control Triggering Event, that date which is 90 calendar days prior to the earlier of (i) a Change of Control and (ii) a public notice of the occurrence of a Change of Control or of the intention by the Guarantor or any other Person or Persons to effect a Change of Control.

"**Rating Decline**" means, in connection with a Change of Control Triggering Event, the occurrence on, or within 180 calendar days after, the date, or public notice of the occurrence of, a Change of Control or the intention by the Guarantor or any other Person or Persons to effect a Change of Control (which period shall be extended (by no more than an additional 90 calendar days after the consummation of the Change of Control) so long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies) of any of the events listed below:

(i) in the event the Notes are (a) on the Rating Date (x) rated by three Ratings Agencies and (y) rated Investment Grade by each such Rating Agency, and (b) cease to be rated Investment Grade by at least two of such Rating Agencies; or

(ii) in the event the Notes are (a) on the Rating Date (x) rated by two (but not more than two) Ratings Agencies and (y) rated Investment Grade by each such Rating Agency, and (b) cease to be rated Investment Grade by both such Rating Agencies.

"**Receiver**" means any receiver, trustee, assignee, liquidator, custodian or similar official under any Bankruptcy Law.

"**Reference Treasury Dealer**" means each of any three investment banks of recognized standing that is a primary U.S. Government securities dealer in The City of New York, selected by the Guarantor in good faith.

"**Reference Treasury Dealer Quotations**" means, with respect to each Reference Treasury Dealer and any redemption date, the average as determined by the Issuer, 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 Issuer by such Reference Treasury Dealer at 5:00 p.m. on the fourth Business Day preceding such redemption date.

"**Relevant Indebtedness**" means indebtedness issued outside the PRC pursuant to bonds, debentures, notes or other similar securities of the Issuer, the Guarantor or any other person which are for the time being, or are intended to be or are commonly, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other similar securities market and that have a final maturity date of one year or more from their date of issuance (but shall exclude Exchangeable Bonds).

"**Responsible Officer**" means, when used with respect to the Trustee, any managing director, vice president, trust associate, relationship manager, transaction manager, client service manager, any trust officer or any other officer located at the Corporate Trust Office who customarily performs functions similar to those performed by any persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and in each such case, who shall have direct responsibility for the day to day administration of the Indenture.

"**SEC**" means the United States Securities and Exchange Commission.

"**Securities Act**" means the United States Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"**Security Interest**" means any pledge, mortgage, lien, charge, hypothecation, encumbrance or other security interest.

"**Subsidiary**" means in relation to any Person and at any particular time any entity (i) of which more than 50% of the issued share capital is then beneficially owned by such Person and/or one or more of its Subsidiaries or (ii) of which 50% or less of the issued share capital is then beneficially owned by such Person and/or one or more of its Subsidiaries and which has its accounts consolidated with those of such Person in accordance with applicable law or GAAP.

"**Total Equity**" means, as of any date, the total equity attributable to the Guarantor's shareholders on a consolidated basis determined in accordance with GAAP, as shown on the Guarantor's latest consolidated audited financial statements.

"**Treasury Rate**" means, with respect to any optional redemption date, the rate per annum equal to: (1) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities", for the maturity corresponding to the applicable Comparable Treasury Issue; provided that, if no maturity is within three months before or after June 28, 2025, yields for the two published maturities most closely corresponding to the applicable Comparable Treasury Issue will be determined and the Treasury Rate will be interpolated or extrapolated from those yields on a straight line basis, rounding to the nearest month; or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the applicable Comparable Treasury Issue, calculated using a price for the applicable Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the related Comparable Treasury Price for such redemption date. The Treasury Rate will be calculated by the Issuer on the third business day preceding the redemption date.

"**U.S. Government Obligations**" means (x) any security which is (i) a direct obligation of the United States of America for the payment of which the full faith and credit of the United States of America is pledged or (ii) an obligation of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case (i) or (ii), is not callable or redeemable at the option of the issuer thereof, and (y) any depositary receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act) as custodian with respect to any U.S. Government Obligation which is specified in Clause (x) above and held by such bank for the account of the holder of such depositary receipt, or with respect to any specific payment of principal of or interest on any U.S. Government Obligation which is so specified and held, *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of principal or interest evidenced by such depositary receipt.

"**Voting Stock**" of any specified Person as of any date means Capital Stock or other ownership interest that is at the time entitled to vote in the election of the members of the Board of Directors of such Person.

Waiver of Immunity

To the extent that the Issuer or the Guarantor have or hereafter may acquire any immunity (sovereign or otherwise) from any legal action, suit or proceeding, from jurisdiction of any court or from set-off or any legal process (including any immunity from non-exclusive jurisdiction or from service of process or, except as provided below, from any execution to satisfy a final judgment or from attachment or in aid of such execution or otherwise) with respect to itself or any of its property, each of the Issuer and the Guarantor irrevocably waives, to the fullest extent permitted under applicable law, any such right of immunity or claim thereto which may now or hereafter exist, and agrees not to assert any such right or claim in any action or proceeding against it arising out of or based on the Notes, the Guarantees or the Indenture.

Notices

Notices to Holders will be delivered to them at their respective addresses in the register of Notes. Any such notice will be deemed to have been sufficiently given if so delivered within the time prescribed under the Indenture. Any written notice or communication that is delivered in person, sent electronically or mailed by first-class mail to the designated address will be deemed duly given, regardless of whether the addressee received such notice. So long as and to the extent that the Notes are represented by the global notes and such global notes are held by Euroclear or Clearstream, notices to owners of beneficial interests in the global notes may be given by delivery of the relevant notice to Euroclear or Clearstream for communication by it to entitled accountholders and such notice shall be deemed to have been delivered on the day such notice is delivered to Euroclear or Clearstream.

Notes, Delivery and Form

The Notes will be initially in the form of one or more global notes in fully registered form without interest coupons, which will be deposited with The Bank of New York Mellon, London Branch, as common depositary for, and registered in the name of a nominee of, the common depositary for the accounts of Euroclear or Clearstream.

The Notes will be issued in minimum denominations of US$200,000 and in integral multiples of US$1,000 in excess of that amount.

Prior to the 40th day after the later of the commencement of the offering and the Original Issue Date, a beneficial interest in the global note may not be transferred within the United States or to or for the account or benefit of a U.S. person.

The Notes (including beneficial interests in the global notes) will be subject to certain restrictions on transfer set forth therein and in the Indenture and will bear a legend regarding such restrictions as set forth under "Transfer Restrictions." Under certain circumstances, transfers may be made only upon receipt by the Registrar or the Transfer Agent of a written certification (in the form(s) provided in the Indenture).

Investors may hold their interests in the global notes directly through Euroclear or Clearstream, as the case may be, if they are participants in such systems, or indirectly through organizations which are participants in such systems. Euroclear and Clearstream will hold interests in the global notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries.

Interest in the global notes will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their participants. Transfers between participants in Euroclear and Clearstream ("**Euroclear Participants**" and "**Clearstream Participants**," respectively, and collectively, the "**Participants**") will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Initial settlement for the Notes will be made in same-day funds.

Payment of interest and principal on the global notes will be made to the common depositary for Euroclear and Clearstream, or such other common depositary as may be requested by an authorized representative of Euroclear and Clearstream, as the registered owner of the global notes by wire transfer of immediately available funds. None of the Issuer, the Guarantor, the Paying Agent or the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the global notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interest.

Payments of interest on and principal of the Notes held through Euroclear or Clearstream will be credited to the cash accounts of Euroclear Participants or Clearstream Participants, as the case may be, in accordance with the relevant system's rules and procedures. Payments by Participants to owners of beneficial interests in the global notes held through such Participants will be the responsibility of such Participants, as is the case with securities held by broker-dealers, either directly or through nominees, for the accounts of customers and registered in "street name."

So long as the Notes are represented by global notes and such global notes are held on behalf of Euroclear or Clearstream or any other clearing system, the common depositary will be considered the sole Holder of the Notes represented by the applicable global notes for all purposes under the Indenture, including, without limitation, obtaining consents and waivers thereunder, and none of the Paying Agent, the Trustee, the Issuer or the Guarantor shall be affected by any notice to the contrary. None of the Paying Agent, the Trustee, the Issuer or the Guarantor shall have any responsibility or obligation with respect to the accuracy of any records maintained by any clearing system or any Participant of such clearing system. The clearing systems will take actions on behalf of their Participants (and any such Participants will take actions on behalf of any Indirect Participants) in accordance with their standard procedures. To the extent that any clearing system acts upon the direction of the Holders of the beneficial interests in the applicable global notes and such beneficial Holders give conflicting instructions, the applicable clearing system may take conflicting actions in accordance with such instructions.

All interests in the global notes held through Euroclear or Clearstream may also be subject to the procedures and requirements of their respective systems.

Euroclear and Clearstream have advised that they will take any action permitted to be taken by a Holder of Notes (including, without limitation, the presentation of Notes for exchange as described below) only at the direction of one or more Participants to whose account the interests in the global notes are credited and only in respect of the principal amount of the Notes represented by the global note as to which such Participant or Participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the global notes. However, if there is an event of default under the Notes, each of Euroclear and Clearstream, at the request of the holders of the Notes, reserve the right to exchange the global notes for individual definitive registered Notes in certificated form, and to distribute such individual definitive notes to their Participants.

The Issuer understands as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for their respective participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. Indirect access to the Euroclear or Clearstream system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly ("**Indirect Participants**").

Although Euroclear and Clearstream have agreed to the foregoing procedures in order to facilitate transfers of interests in the global notes among participants of Euroclear and Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Guarantor, the Paying Agent or the Trustee will have any responsibility for the performance by Euroclear and Clearstream, or their respective Participants or Indirect Participants, of their respective obligations under the rules and procedures governing their operations.

Individual Notes

If the common depositary is at any time unwilling or unable to continue as depositary and a successor depositary is not appointed by the Issuer within 90 calendar days or if there shall have occurred and be continuing an event of default (as described below) with respect to the Notes and the Trustee has received a request from the Holders of more than 25% in aggregate principal amount of Notes outstanding (as defined in the Indenture) to issue the Notes in certificated form, the Issuer will issue individual Notes in certificated, definitive registered form in exchange for the global notes.

Subject to the transfer restrictions set forth on the individual Notes in certificated form, the Holder of such individual Notes in certificated form may transfer or exchange such Notes in whole or in part by surrendering them at the Corporate Trust Office. Prior to any proposed transfer of individual Notes in certificated form (other than pursuant to an effective registration statement), the Holder may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation to the Registrar, the Transfer Agent or the Trustee as described under "– Notes; Delivery and Form" above. Upon the transfer, exchange or replacement of individual Notes in certificated form not bearing the legend referred to under "Transfer Restrictions," the Registrar (at the direction of the Issuer) will deliver individual Notes in certificated form that do not bear the legend. Upon the transfer, exchange or replacement of individual Notes in certificated form bearing the legend, or upon specific request for removal of the legend on an individual Note in certificated form, the Registrar (at the direction of the Issuer) will deliver only individual Notes in certificated form that bear such legend or shall refuse to remove such legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence, which may include an Opinion of Counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

TAXATION

The statements herein regarding the Cayman Islands and PRC are based on the tax laws in force as of the date of this Offering Circular and are subject to any changes in tax laws occurring after such date, which could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision of a prospective purchaser to acquire or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules. You are advised to consult your own tax advisors concerning the overall tax consequences of the purchase, ownership and disposition of the Notes.

Cayman Islands

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Payments of interest and principal on the Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal to any holder of the Notes, nor will gains derived from the disposal of the Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

No stamp duty is payable in respect of the issue of the Notes. The Notes themselves will be stampable if they are executed in or brought into the Cayman Islands.

The Issuer is incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, has obtained an undertaking from the Governor in Cabinet of the Cayman Islands as to tax concessions under the Tax Concessions Law (2011 Revision). In accordance with the provision of section 6 of The Tax Concessions Law (2011 Revision), the Governor in Cabinet undertakes with the Issuer:

- that no law which is hereafter enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Issuer or its operations; and

- in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable, on or in respect of the shares, debentures or other obligations of the Issuer, or by way of the withholding in whole or part, of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (2011 Revision).

These concessions shall be for a period of twenty years from the 5th day of May 2015.

The PRC

Taxation on Interest

Pursuant to the EIT Law and its Implementation Regulations, enterprises that are established under the laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) whose "de facto management bodies" are within the territory of the PRC are treated as PRC resident enterprises for the purpose of the EIT Law and must pay enterprise income tax at the rate of 25% in respect of their worldwide income. On April 22, 2009, the SAT issued the Circular Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Resident Enterprises on the Basis of De Facto Management Bodies, or Circular 82, which sets out the standards for determining whether the "de facto management body" of an enterprise registered outside of the PRC and controlled by PRC enterprises or PRC enterprise groups is located within the PRC. Under Circular 82, a foreign enterprise controlled by a PRC enterprise or PRC enterprise group is considered a PRC resident enterprise if all of the following apply: (i) the senior management and core management departments in charge of daily operations are located mainly within the PRC; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders' meeting are located or kept within the PRC; and (iv) at least half of the enterprise's directors with voting rights or senior management reside within the PRC. On July 27, 2011 the SAT formulated Administrate Measures for Income Tax of Chinese-Controlled Resident Enterprise Registered Abroad (For Trial Implement Action) and strengthened the administration of the collection of income tax of Chinese-controlled resident enterprises incorporated overseas.

As of the date of this Offering Circular, the Issuer has not been given notice or informed by the PRC tax authorities that it is considered a PRC resident enterprise under the EIT Law. The Issuer currently believes that it is not a PRC resident enterprise. However, there is uncertainty as to whether the Issuer will be treated as a PRC resident enterprise for the purpose of the EIT Law. The EIT Law and its Implementation Regulations impose withholding tax at the rate of 10% on income paid to a non-PRC resident enterprise holder of the Notes if such non-PRC resident enterprise does not have an establishment or place of business in the PRC or, despite the existence of an establishment or place of business in the PRC, the relevant income is not effectively connected with such establishment or place of business in the PRC, to the extent such income is sourced within the PRC. Interest payments on the Notes may be treated as PRC source income if the Issuer were treated as a PRC resident enterprise, in which case such tax must be withheld at source. In the case of interest payments to non-PRC individual holders of the Notes, the withholding tax may be imposed at a rate of 20%.

In addition, as the Guarantor is a PRC resident enterprise, in the event that the Guarantor is required to fulfill its obligations under the Guarantees by making interest payments on behalf of the Issuer, the Guarantor will be obliged to withhold PRC enterprise income tax at the rate of 10% on such payments of interest to a non-PRC resident enterprise holder of the Notes if such non-PRC resident enterprise holder does not have an establishment or place of business in the PRC or, despite the existence of an establishment or place of business in the PRC, the relevant interest income is not effectively connected with such establishment or place of business in the PRC. Payments to non-PRC resident individual holders of the Notes may be subject to PRC withholding tax at a rate of 20%.

To the extent that the PRC has entered into arrangements relating to the avoidance of double- taxation with any jurisdiction that allows a lower rate of tax, such lower rate may apply to qualified non-PRC resident holders of the Notes.

On March 23, 2016, the Ministry of Finance and the State Administration of Taxation ("**SAT**") issued the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (《關於全面推開營業稅改徵增值稅試點的通知》)(Caishui [2016] No. 36, "**Circular 36**") which confirms that business tax will be completely replaced by VAT from May 1, 2016. With effect from May 1, 2016, 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. Based on the definition of "loans" under Circular 36, the issuance of Notes is likely to be treated as the holders of the Notes providing loans to the Issuer, which thus shall be regarded as the provision of financial services under Circular 36. Otherwise, given that the Issuer is located outside the PRC, the holders of the Notes located outside the PRC probably would not be regarded by Chinese tax authority as providing financial services within China and consequently, such holders of the Notes shall not be subject to VAT when receiving the interest payments under the Notes. However, given that the Issuer is located outside the PRC, the holders of the Notes located in the PRC shall be subject to VAT at the rate of 6% and related surcharges when receiving the interest payments under the Notes.

In addition, as the Guarantor is located in the PRC, in the event that the Guarantor is required to fulfill its obligations under the Guarantees by making interest payments on behalf of the Issuer, the holders of the Notes will be subject to VAT on such receipt of interest payments under the Notes if such holders of the Notes are deemed as providing financial services within China by Chinese tax authority. Given that the Guarantor pays interest income to Note holders who are located outside of the PRC, the Guarantor, acting as the obligatory withholder in accordance with applicable law, shall withhold VAT and related surcharges from the payment of interest income to Note holders who are located outside of the PRC.

Taxation on Capital Gains

The EIT Law and its Implementation Regulations impose a tax at the rate of 10% on capital gains realized by a holder of Notes that is a non-PRC resident enterprise if such non-PRC resident enterprise holder does not have an establishment or place of business in the PRC or, despite the existence of establishment or place of business in the PRC, the relevant gains are not effectively connected with such establishment or place of business in the PRC, to the extent such capital gains are sourced within the PRC. Pursuant to these provisions of the EIT Law, if the Issuer is considered a PRC resident enterprise by the PRC tax authorities in the future, any capital gains realized by non-PRC resident enterprise holders of the Notes may be treated as income derived from sources within the PRC and be subject to PRC income tax at a rate of 10% if such non-PRC resident enterprise holder does not have an establishment or place of business in the PRC or, despite the existence of an establishment or place of business in the PRC, the relevant interest income is not effectively connected with such establishment or place of business in the PRC. Under the Individual Income Tax Law, gain received by non-PRC individual holders of Notes may be subject to tax at the rate of 20% if treated as income derived from PRC sources. To the extent that the PRC has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction that allows a lower rate of tax, such lower rate may apply to qualified non-PRC resident holders of the Notes who qualify for benefits under the applicable tax treaty.

Where a holder of the Notes who is an entity or individual located outside of the PRC resells the Notes 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 does not have the obligation to withhold the VAT or the local levies. However, there is uncertainty as to the applicability of VAT if either the seller or buyer of Notes is located within the PRC.

Circular 36 has been issued quite recently and the above disclosure may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of Circular 36.

Stamp Duty

No PRC stamp tax will be chargeable upon the issue or transfer of a Note to the extent that the register of holders of the Notes is maintained outside mainland China. The Issuer intends to maintain the register of holders of the Notes outside mainland China.

Hong Kong

Withholding tax

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

Profits tax

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

Interest on the Notes 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:

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

(ii) interest on the Notes 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;

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

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

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

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

Stamp duty

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

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement (the "**Purchase Agreement**") among the Issuer, the Company and the initial purchasers named below (the "**Initial Purchasers**"), the Issuer has agreed to sell to the Initial Purchasers, and each of the Initial Purchasers has agreed, severally and not jointly, to purchase from the Issuer, the principal amount of the Notes set forth opposite its name below (provided that (i) Industrial and Commercial Bank of China (Asia) Limited and ICBC International Securities Limited have agreed, jointly as among themselves, to purchase from the Issuer the respective principal amount of Notes set forth opposite their names below and (ii) CCB International Capital Limited and China Construction Bank (Asia) Corporation Limited have agreed, jointly as among themselves, to purchase from the Issuer the respective principal amount of Notes set forth opposite their names below).

Initial Purchaser	Principal amount of the Notes
Bank of China Limited	US$54,000,000
Deutsche Bank AG, Hong Kong Branch	US$54,000,000
J.P. Morgan Securities plc	US$54,000,000
ABCI Capital Limited	US$54,000,000
DBS Bank Ltd.	US$54,000,000
ICBC International Securities Limited and Industrial and Commercial Bank of China (Asia) Limited	US$3,000,000
CCB International Capital Limited and China Construction Bank (Asia) Corporation Limited	US$3,000,000
Standard Chartered Bank	US$3,000,000
Mizuho Securities Asia Limited	US$3,000,000
Bank of Communications Co., Ltd. Hong Kong Branch	US$3,000,000
CLSA Limited	US$3,000,000
Citigroup Global Markets Limited	US$3,000,000
Morgan Stanley & Co. International plc	US$3,000,000
UBS AG Hong Kong Branch	US$3,000,000
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch	US$3,000,000
Total	**US$300,000,000**

Bank of China Limited, Deutsche Bank AG, Hong Kong Branch, J.P. Morgan Securities plc, ABCI Capital Limited and DBS Bank Ltd. (collectively, the "**Joint Global Coordinators**") are the joint global coordinators of this offering of Notes.

Subject to the terms and conditions set forth in the Purchase Agreement, the Initial Purchasers have agreed, severally and not jointly, to purchase all of the Notes sold under the Purchase Agreement if any of these Notes are purchased. If an Initial Purchaser defaults, the Purchase Agreement provides that the purchase commitments of the non-defaulting Initial Purchaser may be increased or the Purchase Agreement may be terminated.

The Purchase Agreement provides that the obligations of the Initial Purchasers to purchase the Notes are subject to approval of legal matters by counsel and to other conditions.

Each of the Issuer and the Company has agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the Initial Purchasers may be required to make in respect of those liabilities.

The Initial Purchasers or their respective affiliates may purchase the Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to Notes and/or other securities of the Company, its subsidiaries or associates at the same time as the offer and sale of Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of Notes). The Initial Purchasers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution.

The Initial Purchasers propose initially to offer the Notes at the offering price set forth on the cover page of this Offering Circular. After the initial offering, the offering price or any other term of the offering may be changed.

In addition, there are uncertainties as to whether the courts of the PRC would (i) recognize or enforce the judgments of United States courts obtained against the Issuer and/or the Guarantor or their respective directors, and officers predicated upon the civil liability provision of the U.S. federal or state securities laws or (ii) entertain original actions brought in the courts of the PRC against the Issuer and/or the Guarantor or such persons predicated upon the U.S. federal or state securities laws.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Initial Purchaser or its affiliate on behalf of the Issuer in such jurisdiction.

Notes Are Not Being Registered

The Notes have not been registered under the Securities Act or any state securities laws. The Initial Purchasers propose to offer the Notes for resale in transactions not requiring registration under the Securities Act or applicable state securities laws, including sales pursuant to Regulation S. Each of the Initial Purchasers has acknowledged and agreed that, it will not offer or sell Notes as part of its distribution at any time within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S). In addition, prior to the expiration of 40 days after the commencement of this offering, an offer or sale of the Notes within the United States or to, or for the account or benefit of U.S. persons by a dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act if such offer is made otherwise than in accordance with an exemption from registration under the Securities Act. Each purchaser of the Notes will be deemed to have made acknowledgments, representations and agreements as described under "*Transfer Restrictions*."

New Issue of Notes

The Notes are a new issue of securities for which there is currently no trading market. Application will be made for the Notes to be listed on the SEHK. However, we cannot assure you that we will ultimately obtain such listing or that we will be able to maintain such listing or that the prices at which the Notes will sell in the market after this offering will not be lower than the initial offering price. Accordingly, we cannot assure you that a liquid trading market will develop for the Notes, that you will be able to sell your Notes at a particular time or that the prices that you receive when you sell will be favorable. The Initial Purchasers have advised us that they currently intend to make a market in the Notes. However, the Initial Purchasers are not obligated to do so and it may discontinue any market-making activities with respect to the Notes at any time without notice. Accordingly, we cannot assure you as to the liquidity of, or the trading market for, the Notes.

Settlement

The Issuer expects that delivery of the Notes will be made to investors on or about the closing date specified on the cover page of this Offering Circular, which will be the fifth business day following the date of this Offering Circular (such settlement being referred to as "T+5"). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the

Notes prior to the delivery of the Notes hereunder will be required, by virtue of the fact that the Notes initially settle in T+5, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes prior to their date of delivery hereunder should consult their advisors.

No Sales of Similar Securities

Each of the Issuer and the Company has agreed that it will not, for a period of 30 days after the date of this Offering Circular, without first obtaining the prior written consent of the Joint Global Coordinators, offer, sell, contract to sell, or otherwise dispose of, any debt securities issued or guaranteed by the Issuer or the Company denominated in a currency other than RMB and offered in jurisdictions outside of the PRC. The Initial Purchasers in their sole discretion may release any of the securities subject to these lock-up agreements at any time without notice.

Short Positions and Stabilizing Transactions

In connection with the offering, the Stabilization Managers may, purchase and sell the Notes in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing purchases. Short sales involve the sale by the Stabilization Managers (or any person acting for them) of a greater principal amount of the Notes than they are required to purchase in the offering. The Stabilization Managers (or any person acting for them) must close out any short position by purchasing the Notes in the open market. A short position is more likely to be created if the Initial Purchasers are concerned that there may be downward pressure on the price of the Notes in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions involve bids to purchase the Notes so long as the stabilizing bids do not exceed a specified maximum.

Similar to other purchase transactions, the Stabilization Manager's (or any person acting for them) purchases to cover the syndicate short sales and stabilizing purchasers may have the effect of raising or maintaining the market price of the Notes or preventing or retarding a decline in the market price of the Notes. As a result, the price of the Notes may be higher than the price that might otherwise exist in the open market.

None of the Issuer, the Company or any of the Initial Purchasers makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, none of the Issuer, the Company or any of the Initial Purchasers makes any representation that the Initial Purchasers will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice. No assurance can be given as to the liquidity of, or the trading market for, the Notes.

Other Relationships

The Initial Purchasers, the Co-managers and their respective affiliates may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer, the Company or their respective affiliates. The Initial Purchasers, the Co-managers and their respective affiliates may have received, or may in the future receive, customary fees and commissions for these transactions.

Selling Restrictions

The following information is provided for guidance only. Prospective investors should consult their financial advisors and take legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective investors should inform themselves as to the relevant legal requirements of subscription or purchase of the Notes and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

United States

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Initial Purchaser has agreed that, except as permitted by the Purchase Agreement, it will not offer or sell the Notes and the Guarantees (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells the Notes and the Guarantees during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes and the Guarantees within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes and the Guarantees, an offer or sale of the Notes and the Guarantees within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Each purchaser of the Notes will be deemed to have made acknowledgments, representations and agreements as described under "*Transfer Restrictions*."

Cayman Islands

No invitation whether directly or indirectly may be made to the public in the Cayman Islands to subscribe for the Notes unless the Issuer is listed on the Cayman Islands Stock Exchange.

Hong Kong

Each Initial Purchaser has represented and agreed that:

(1) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(2) 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 Notes, 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 Notes 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.

Prohibitions of sales to European Economic Area retail investors

Each Initial Purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular in relation thereto 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:

(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 (as amended, 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.

Prohibition of Sales to UK Retail Investors

Each Initial Purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular in relation thereto 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:

(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 (the "**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.

Japan

The Notes offered in this Offering Circular have not been registered under the Securities and Exchange Law of Japan. The Notes have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Securities and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

PRC

This Offering Circular does not constitute a public offer of the Notes, whether by way of sale or subscription, in the PRC. Other than to qualified domestic institutional investors pursuant to Measures for the Administration of Overseas Securities Investment by Qualified Domestic Institutional Investors (Trial) ("**QDII in the PRC**") in the PRC, the Notes are not being offered and may not be offered or sold, directly or indirectly, in the PRC to or for the benefit of, legal or natural persons of the PRC. According to the laws and regulatory requirements of the PRC, with the exception of QDII in the PRC, the Notes may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-PRC natural or legal persons in any country other than the PRC.

Singapore

Each Initial Purchaser has acknowledged that this offering circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Initial Purchaser has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the

Notes 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 Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (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 and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(i) 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

(ii) 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 (6) months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) 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;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

United Kingdom

Each Initial Purchaser has represented and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

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

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Notes.

Each purchaser of the Notes will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Regulation S under the Securities Act are used herein as defined therein):

1. it is outside the United States and is not a U.S. person;

2. it acknowledges that the Notes and the Guarantees have not been and will not be registered under the Securities Act or with any securities regulatory authority of any jurisdiction and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

3. it represents that it is purchasing the Notes for its own account or an account with respect to which it exercises sole investment discretion and is purchasing the Notes in an offshore transaction in accordance with Regulation S;

4. it acknowledges that until the expiration of the 40-day distribution compliance period, it shall not make any offer or sale of the Notes to a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902 under the Securities Act, except in accordance with an exemption from registration under the Securities Act;

5. it agrees to, and each subsequent holder is required to, notify any purchaser of the Notes from it of the resale restrictions referred to above, if then applicable;

6. it understands that the Notes will bear a legend to the following effect, unless otherwise agreed to by the Company and the Issuer:

   THIS NOTE AND THE GUARANTEES RELATING TO THIS NOTE HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY JURISDICTION, AND MAY NOT BE TRANSFERRED IN THE UNITED STATES EXCEPT PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ALL APPLICABLE STATE SECURITIES LAWS. PRIOR TO EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S ("**REGULATION S**") UNDER THE SECURITIES ACT), THIS NOTE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S).

7. it acknowledges that the Company, the Issuer, the Initial Purchasers, the Trustee, the Agents and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that, if any of such acknowledgments, representations or agreements deemed to have been made by virtue of its purchase of Notes are no longer accurate, it shall promptly notify the Company and the Issuer, and if it is acquiring any Notes as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

For further discussion of the requirements (including the presentation of transfer certificates) under the Indenture to effect exchanges of transfer of interests in the global notes and of the Notes in certificated form, see "*Description of the Notes and Guarantees – Notes, Delivery and Form.*"

RATINGS

The Notes are expected to be assigned a rating of "A1" by Moody's Investors Service and a rating of "A+" by Fitch Ratings Inc. The credit ratings accorded the Notes are not a recommendation to purchase, hold or sell the Notes inasmuch as such ratings do not comment as to market price or suitability for a particular investor. The Guarantor is assigned a rating of "A1 (Stable)" by Moody's Investors Service, "A+ (Stable)" by Fitch Ratings Inc. and "A (Stable)" by Standard & Poor's Ratings Services. There can be no assurance that the ratings will remain in effect for any given period or that the ratings will not be revised by the rating agencies in the future if, in their judgment, circumstances so warrant.

LEGAL MATTERS

Certain legal matters with respect to the Notes will be passed upon for us and the Issuer by Clifford Chance as to matters of United States federal law and New York state law, and by Beijing DeHeng Law Offices as to matters of PRC law and by Maples and Calder (Hong Kong) LLP as to matters of Cayman Islands law. Certain legal matters will be passed upon for the Initial Purchasers by Linklaters as to matters of United States federal law and New York state law, and by Tian Yuan Law Firm as to matters of PRC law. Certain legal matters will be passed upon for the Trustee by Allen & Overy as to matters of New York state law.

INDEPENDENT PUBLIC ACCOUNTANTS

The consolidated balance sheet of the Company as of December 31, 2019, 2020 and 2021 and the related consolidated income statement and consolidated statement of changes in equity for the year included in this Offering Circular have been audited by ShineWing Certified Public Accountants LLP, our independent public accountants and a member of the Chinese Institute of Certified Public Accountants.

For the purpose of offers and sales outside the United States in reliance on Regulation S or another exemption from registration under the Securities Act, ShineWing Certified Public Accountants LLP has agreed to the inclusion in this Offering Circular herein of, and all references to: its name and its audit report of independent registered public accounting firms on financial statements with respect to the consolidated balance sheet of the Company as of December 31, 2019, 2020 and 2021, as the case may be, and the related consolidated income statement, consolidated cash flow statement and consolidated statement of changes for each of the same three years.

WHERE YOU CAN FIND MORE INFORMATION

We make available on our website, our annual reports, our environmental reports and any other reports we are required to prepare to comply with applicable laws as soon as reasonably practicable after they are prepared. Our website address is http://www.ctg.com.cn. The information contained on our website is not incorporated by reference in this Offering Circular.

We will provide you, free of charge, with a copy of the Notes and the Indenture governing the Notes. You may request these documents by contacting our head office at No.1 Liuhe Road, Jiang'an District, Wuhan, Hubei, China.

DESCRIPTION OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

The consolidated financial statements of the Group included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications still exist between PRC GAAP and IFRS, which might be relevant to the financial information of the Group included herein.

The following is a general summary of certain differences between PRC GAAP and IFRS as applicable to the Group. The differences identified below are limited to those significant differences that are appropriate to the Group's financial statements. The Group is responsible for preparing the summary below. Since the summary is not meant to be exhaustive, there is no assurance regarding the completeness of the summary. The Group has not prepared a complete reconciliation of the consolidated financial information and related footnote disclosure between PRC GAAP and IFRS and has not quantified such differences. Had any such quantification or reconciliation been undertaken by the Group, other potentially significant accounting and disclosure differences may be required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standard. Regulatory bodies that promulgate PRC GAAP and IFRS have significant projects ongoing that could affect future comparisons such as this one. Finally, no attempt has been made to identify future differences between PRC GAAP and IFRS that may affect the financial information as a result of transactions or events that may occur in the future. Accordingly, no assurance is provided that the following summary of differences between PRC GAAP and IFRS is complete.

In making an investment decision, you must rely upon your own examination of the Group, the terms of the offering and other disclosure contained herein. You should consult your own professional advisers for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

Revaluation of tangible assets and intangible assets

Under PRC GAAP, once a tangible asset or an intangible asset has been recognized by using the historical cost method, it cannot be revaluated in the future. However, under IFRS, a number of jurisdictions, particularly those with significant rates of inflation, do permit either full or selective revaluation. In addition, once tangible assets or an intangible asset has been revaluated under IFRS, the accumulated depreciation should be revaluated accordingly.

Provisions of impairment loss

Under PRC GAAP, once the provisions of impairment loss have been recognized, they cannot be reversed in the future. On the other hand, under IFRS, except for impairment losses for goodwill, all other provisions of impairment losses made can be reversed due to revaluation.

GENERAL INFORMATION

- **Clearing Systems**: The Notes have been accepted for clearance through Euroclear and Clearstream. The following table sets forth certain trading information for the Notes.

ISIN	XS2492955237
Common Code	249295523

  Only Notes evidenced by a global note have been accepted for clearance through Euroclear and Clearstream.

- **Authorizations**: The Issuer and the Company have obtained all necessary consents, approvals and authorizations as may be required in the PRC and the Cayman Islands in connection with the issue and performance of the Notes and the Guarantees. The issue of the Notes was authorized by a resolution of the Board of Directors of the Issuer passed on May 24, 2022. The giving of the Guarantees was authorized by a resolution of the Board of Directors of the Company on January 28, 2022.

- **No Material Adverse Change**: Except as disclosed in this Offering Circular, there has been no material adverse change in the financial or trading position of the Company since December 31, 2021, and there has been no change in the financial or trading position of the Issuer since its incorporation.

- **Litigation**: None of the Issuer, the Company and the Company's subsidiaries is involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer or the Company is aware) which may have or have had during the 12 months prior to the date of this Offering Circular a significant effect on the financial position or profitability of the Company, the Issuer or any of the Company's subsidiaries.

- **Where You Can Find More Information**: Physical copies of the Notes, the Guarantees, the Indenture, the audited financial statements of the Company for the previous two years and the Circular and Articles of Association of the Issuer and the Company will be available for inspection at the registered office of the Company, for the life of the Notes. A copy of the Indenture will be available to Holders from the Corporate Trust Office of the Trustee during normal business hours (9.00 a.m. to 3 p.m. (local time)) on a business day in the location of the Trustee upon prior written request and satisfactory proof of holding or will be provided by the Trustee via email to the relevant Holder.

- **Initial Purchasers transacting with the Issuer and the Company**: The Initial Purchasers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to, the Issuer, the Company and their affiliates in the ordinary course of business.

- **Hong Kong Stock Exchange Listing**: Application will be made to the SEHK for the listing of, and permission to deal in, the Notes by way of debt issues to professional investors only as described in this Offering Circular. The SEHK takes no responsibility for the correctness of any statements made on opinions or reports contained in this Offering Circular. Admission of the Notes to the official list of the SEHK is not to be taken as an indication of the merits of the Notes, the Issuer, the Guarantor or the Group.

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Auditor's Report and Financial Statements for the Years Ended 2021, 2020 and 2019

China Three Gorges Corporation

For the year of 2021, 2020 and 2019

Auditor's Report

Auditor's Report

XYZH/2022BJAA30897

To China Three Gorges Corporation

1. Opinion

We have audited the financial statements of China Three Gorges Corporation (hereinafter referred to as the "Three Gorges Corporation"), which comprise the consolidated balance sheet as at December 31, 2021, 2020 and 2019, the consolidated income statement, the consolidated statement of cash flows and the consolidated statement of changes in owners' equity for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements of Three Gorges Corporation present fairly, in all material respects, the consolidated financial position as at December 31, 2021, 2020 and 2019, the consolidated results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

2. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing for Chinese Certified Public Accountants. Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Financial Statements*" section of our report. We are independent of Three Gorges Corporation in accordance with the Code of Ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities of the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3.Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021, 2020 and 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accuracy of operating cost	
Key Audit Matter	**Summary of the Audit Approach**
As refer to Notes VII (57) to the consolidated financial statements, Three Gorges Corporation recognized RMB 69.87 billion, 51.30 billion and 49.31 billion of operating cost during the year 2021, 2020 and 2019 which mainly consists of the generating electricity cost, which amounting to RMB 41.74 billion, 34.97 billion and 33.71 billion, respectively. The generating electricity cost of Three Gorges Corporation mainly consist of depreciation cost of fixed assets and financial levies, etc. which have significant impacts on financial statements. Accordingly, we identify the operating cost as the key audit matter.	Our audit procedures included, among others: --Attending and performing stocktaking of the major production fixed assets. --Examining the accuracy of ownership and classification of the fixed assets. --Examining the validity of the increase or decrease of the fixed assets, as well as the accuracy of accounting treatments including interest capitalization, etc. --Recalculating the accuracy of fixed assets depreciation and financial levies included in operating costs. --Performing analytical review on the reasonableness of the operating cost for the current and prior years and obtaining sufficient audit evidence if there exist abnormality. --Assessing the appropriateness on the disclosure of Three Gorges Corporation's operating cost.

4. Other Information

The management of Three Gorges Corporation (hereinafter referred to as the "Management") is responsible for other information. Other information comprises the information included in the Three Gorges Corporation 2021, 2020 and 2019 annual reports, but does not include the financial statements and our auditor's report thereon.

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

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

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

5. Responsibilities of the Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of the financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation; and 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.

In preparing the financial statements, the Management is responsible for assessing Three Gorges Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate Three Gorges Corporation or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible to overseeing Three Gorges Corporation's financial reporting process.

6. Auditor's Responsibilities for the Audit of the Financial Statements

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

During the course of audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism. We also carry out the following works:

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of its internal control.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

(4) Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Three Gorges Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements in accordance with the auditing standards or, if such disclosures are inadequate, we shall modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Three Gorges Corporation to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, and also whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Three Gorges Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance audit of the group. We remain solely responsible for our audit opinion.

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

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

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

ShineWing Certified Public Accountants LLP

April 29, 2022

Consolidated Balance Sheet

Company Name: China Three Gorges Corporation

Unit: RMB'000

Item	Note Ⅶ	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Current assets:				
Cash at bank and on hand	1	42,605,638	38,206,894	44,502,215
Financial assets held for trading	2	22,447,852		
Financial assets at fair value through profit or loss	3		3,172,218	4,258,641
Notes receivable	4	95,579	692,235	408,930
Accounts receivable	5	40,507,624	24,807,918	21,956,093
Receivables financing	6	513,453		
Advances to suppliers	7	11,166,275	8,444,745	5,786,879
Other receivables	8	2,940,395	2,556,249	2,147,971
Inventories	9	1,981,846	1,391,496	1,195,429
Contractual assets	10	2,636,883		
Non-current assets due within one year	11	6,869,770	3,606,099	1,259,462
Other current assets	12	8,493,593	4,945,930	2,264,947
Total current assets		**140,258,908**	**87,823,784**	**83,780,567**
Non-current assets:				
Loans and advances		490,350	477,750	481,184
Debt investments	13	732,028		
Available-for-sale financial assets	14		36,208,716	55,166,207
Other debt investments	15	2,865,038		
Held-to-maturity investments	16			10,000
Long-term receivables	17	28,282,888	23,605,804	22,055,281
Long-term equity investments	18	155,198,336	130,474,579	107,301,632
Other equity instruments investments	19	12,938,920		
Other non-current financial assets	20	1,125,792		
Investment properties	21	2,679,122	2,221,254	1,590,229
Fixed assets	22	505,406,061	413,981,883	331,944,720
Construction in progress	23	155,135,553	175,186,851	169,911,980
Right-of-use assets	24	7,179,016		
Intangible assets	25	91,073,227	58,274,840	29,595,860
Development expenditure		18,272	5,671	1,706
Goodwill	26	12,859,065	7,981,282	7,018,866
Long-term deferred expenses		426,496	500,943	331,647
Deferred tax assets	27	13,860,059	13,512,751	13,746,117
Other non-current assets	28	23,781,693	19,487,163	14,624,025
Total non-current assets		**1,014,051,916**	**881,919,487**	**753,779,454**
Total assets		**1,154,310,824**	**969,743,271**	**837,560,021**

Consolidated Balance Sheet (Continued)

Company Name: China Three Gorges Corporation

Unit: RMB'000

Item	Note VII	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Current liabilities:				
Short-term borrowings	29	18,769,589	23,073,742	12,976,698
Financial liabilities held for trading	30	396,186		
Financial liabilities at fair value through profit or loss	31		990,187	768,403
Derivative financial liabilities	32	757,008	374,267	242,700
Notes payable	33	7,935,559	2,052,048	1,837,443
Accounts payable	34	33,592,844	21,687,316	15,532,987
Advances from customers	35	35,544	2,565,791	2,259,930
Contractual liabilities	36	4,920,208		
Deposits from customers, banks and other financial institutions	37	1,033,343	1,280,393	2,147,641
Employee benefits payable	38	608,456	460,174	847,155
Taxes payable	39	7,826,265	7,176,342	4,220,346
Other payables	40	33,428,000	28,252,662	31,019,221
Non-current liabilities due within one year	41	54,821,150	56,286,121	29,336,097
Other current liabilities	42	25,619,302	12,896,405	16,836,832
Total current liabilities		**189,743,454**	**157,095,448**	**118,025,453**
Non-current liabilities:				
Long-term borrowings	43	213,906,245	141,803,162	102,123,374
Bonds payable	44	164,976,685	168,396,299	181,578,835
Lease liabilities	45	5,167,262		
Long-term payables	46	12,596,072	15,268,697	3,305,046
Long-term employee benefits payable	47	65,728	81,197	47,036
Provisions	48	2,102,535	1,886,748	3,158,649
Deferred income	49	702,607	563,822	466,339
Deferred tax liabilities	27	7,162,263	5,408,023	5,500,024
Other non-current liabilities	50	3,152,334	1,423,347	164,367
Total non-current liabilities		**409,831,731**	**334,831,295**	**296,343,670**
Total liabilities		**599,575,185**	**491,926,743**	**414,369,123**
Owners' equity:				
Paid-in capital	51	211,781,023	211,781,023	211,781,023
Other equity instruments	52	11,291,057	11,527,183	1,564,057
Capital reserves	53	39,144,228	31,746,251	25,418,082
Other comprehensive income		-14,576,002	-11,153,441	-2,058,296
Special reserves	54	2,596	1,134	1,162
Surplus reserves	55	30,395,184	28,882,694	27,670,590
Undistributed profits	56	86,237,147	63,506,915	41,587,014
Total owners' equity attributable to the Company		**364,275,233**	**336,291,759**	**305,963,632**
Non-controlling interests		190,460,406	141,524,769	117,227,266
Total owners' equity		**554,735,639**	**477,816,528**	**423,190,898**
Total liabilities and owners' equity		**1,154,310,824**	**969,743,271**	**837,560,021**

Consolidated Income Statement

Company Name: China Three Gorges Corporation **Unit: RMB'000**

Item	Note VII	Year ended December 31, 2021	Year ended December 31, 2020	Year ended December 31, 2019
Operating revenue	57	**136,027,269**	**111,638,066**	**99,239,387**
Less: Operating costs	57	69,866,590	51,300,903	49,308,285
Taxes and surcharges		2,599,966	2,386,950	2,321,084
Selling and distribution expenses	58	260,944	180,410	123,230
General and administrative expenses	59	6,800,133	4,920,762	4,230,732
Research and development expenses		738,482	288,537	224,308
Financial expenses	60	12,987,707	11,935,995	9,575,640
Add: Other income	61	1,841,500	1,162,334	2,554,959
Investment income (loss to be presented with "-")	62	15,814,637	14,227,029	8,770,019
Gain from changes in fair value (loss to be presented with "-")	63	1,274,993	265,674	-218,046
Loss on impairment of credits (loss to be listed with "-")	64	-368,411		
Loss on impairment of assets (loss to be listed with "-")	65	-273,084	-1,261,558	-68,476
Gains on disposal of assets (loss to be presented with "-")	66	22,716	18,997	20,987
Operating profit		**61,085,798**	**55,036,985**	**44,515,551**
Add: Non-operating income	67	829,891	202,320	2,454,761
Less: Non-operating expenses	68	1,611,001	2,505,260	2,587,643
Profit before income taxes		**60,304,688**	**52,734,045**	**44,382,669**
Less: Income tax expenses	69	10,059,629	9,284,221	8,110,092
Net profit		**50,245,059**	**43,449,824**	**36,272,577**
(I) Classified according to attribution of the ownership				
Attributable to owners of the Company		32,474,600	28,431,018	24,588,413
Attributable to non-controlling interests		17,770,459	15,018,806	11,684,164
(II) Classified according to operating continuity				
Profit or loss from continuous operation		50,245,059	43,449,824	36,272,577
Profit or loss from termination of operation				
Other comprehensive income after tax		**-5,654,031**	**-12,511,943**	**-464,830**
Other comprehensive income attributable to owners of parent company (after tax)	70	**-4,799,784**	**-9,181,349**	**-497,495**
(I) Other comprehensive income not to be reclassified as profit or loss		537,407	-143,705	-136,319
(II) Other comprehensive income to be reclassified as profit or loss		-5,337,191	-9,037,644	-361,176
Other comprehensive income attributable to non-controlling interests (after tax)		-854,247	-3,330,594	32,665
Total comprehensive income		**44,591,028**	**30,937,881**	**35,807,747**
Attributable to owners of the Company		**27,674,816**	**19,249,669**	**24,090,918**
Attributable to non-controlling interests		**16,916,212**	**11,688,212**	**11,716,829**

Consolidated Statement of Cash Flows

Company Name: China Three Gorges Corporation | **Unit: RMB'000**

Item	Note VII	Year ended December 31, 2021	Year ended December 31, 2020	Year ended December 31, 2019
Cash flows from operating activities				
Proceeds from sale of goods and rendering of services		148,170,857	117,914,668	99,751,391
Net increase in deposits from customers, banks and other financial institutions		-210,322	-899,078	1,169,691
Net increase in placements from other financial institutions				1,500,000
Proceeds from interests, fees nd commissions		443,542	496,536	687,071
Refund of taxes		232,670	207,258	156,738
Proceeds from other operating activities		5,890,502	4,631,102	4,021,827
Subtotal of cash inflows from operating activities		**154,527,249**	**122,350,486**	**107,286,718**
Payments for goods and services		64,751,521	30,052,429	27,012,740
Net increase in loans and advances to customers		567,964	-995	490,000
Net increase in deposits with Central Bank and other financial institutions		554,117	-644,479	-468,594
Payments for interests, fees and commissions		23,429	2,818	8,783
Payments to and for employees		10,763,571	8,939,462	6,572,559
Payments of taxes		20,777,933	18,088,410	18,987,402
Payments for other operating activities		7,937,030	7,819,770	8,229,795
Subtotal of cash outflows from operating activities		**105,375,565**	**64,257,415**	**60,832,685**
Net cash flows from operating activities		**49,151,684**	**58,093,071**	**46,454,033**
Cash flows from investing activities:				
Proceeds from disposal of investments		69,539,450	92,434,887	104,327,696
Proceeds from return of investments		5,296,045	4,733,272	3,837,029
Proceeds from disposal of fixed assets, intangible assets and other long-term assets		34,413	90,278	35,072
Proceeds from disposal of subsidiaries and other business units			204,824	
Proceeds form other investing activities		264,967	184,714	337,013
Subtotal of cash inflows from investing activities		**75,134,875**	**97,647,975**	**108,536,810**
Payments for acquisition and contruction of fixed assets, intangible assets and other long-term assets		82,766,888	92,905,999	62,759,974
Payments for acquisition of investments		94,586,221	105,718,137	109,928,893
Net payments for acquisition of investment in subsidiaries and other business units		11,417,741	26,040,281	4,686,159
Payments for other investing activities		565,548	24,926	284,315
Subtotal of cash outflows from investing activities		**189,336,398**	**224,689,343**	**177,659,341**
Net cash flows from investing activities		**-114,201,523**	**-127,041,368**	**-69,122,531**
Cash flows from financing activities:				
Proceeds from investors		40,694,358	30,604,043	6,606,529
Including: Proceeds from non-controlling interests of subsidiaries		40,194,358	20,174,654	6,361,379
Proceeds from borrowings		213,607,439	170,591,808	129,077,200
Proceeds from other financing activities		1,124,819	60,768	192,500
Subtotal of cash inflows from financing activities		**255,426,616**	**201,256,619**	**135,876,229**
Repayments of borrowings		143,305,530	108,241,446	80,220,227
Payment for dividends, profit distribution or interest		31,408,740	26,658,136	28,664,592
Including: distribution of dividends, profit to non-controlling interests of subsidiaries		9,276,406	7,718,933	7,058,172
Payments for other financing activities		11,548,479	1,154,435	766,506
Subtotal of cash outflows from financing activities		**186,262,749**	**136,054,017**	**109,651,325**
Net cash flows from financing activities		**69,163,867**	**65,202,602**	**26,224,904**
IV. Effect of exchange rate changes on cash and cash equivalents		**-577,326**	**-1,962,388**	**-147,084**
V. Net increase/(decrease) in cash and cash equivalents	73	**3,536,702**	**-5,708,083**	**3,409,322**
Add: cash and cash equivalents at the beginning of the year		35,010,792	40,718,875	37,309,553
VI. Cash and cash equivalents at the end of the year		**38,547,494**	**35,010,792**	**40,718,875**

Consolidated Statement of Changes in Owners' Equity

Company Name: China Three Gorges Corporation

Unit: RMB'000

Item	Owners' equity attributable to the Company								
	Paid-in capital	Other equity instruments	Capital reserves	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Non-controlling interests	Total owners' equity
Balance at December 31, 2020	**211,781,023**	**11,527,183**	**31,746,251**	**-11,153,441**	**1,134**	**28,882,694**	**63,506,915**	**141,524,769**	**477,816,528**
Add: changes in accounting policies									
Corrections of errors in prior period									
Others				591,189		4,381	610,724	450,354	1,656,648
Balance at January 1, 2021	**211,781,023**	**11,527,183**	**31,746,251**	**-10,562,252**	**1,134**	**28,887,075**	**64,117,639**	**141,975,123**	**479,473,176**
Changes in the year of 2021		**-236,126**	**7,397,977**	**-4,013,750**	**1,462**	**1,508,109**	**22,119,508**	**48,485,283**	**75,262,463**
Total comprehensive income				-4,799,784			32,474,600	16,916,212	44,591,028
Owners' combination and withdrawal		-236,126	7,397,977			485	-941,375	40,369,139	46,590,100
Inc.: Capital contributions			6,929,676					45,690,316	52,619,992
Capital contributed by other equity instruments holders		-236,126							-236,126
Others			468,301			485	-941,375	-5,321,177	-5,793,766
Special reserve					1,462			451	1,913
Inc.: Current year accrued					6,368			10,481	16,849
Current year utilised					-4,906			-10,030	-14,936
Profit distribution						1,507,672	-8,627,731	-8,800,519	-15,920,578
Inc.: Appropriation for surplus reserves						1,507,672	-1,507,672		
Profit distributed to equity owners							-6,769,309	-8,800,519	-15,569,828
Others							-350,750		-350,750
Transfer within owners' equity				786,034		-48	-785,986		
Balance at December 31, 2021	**211,781,023**	**11,291,057**	**39,144,228**	**-14,576,002**	**2,596**	**30,395,184**	**86,237,147**	**190,460,406**	**554,735,639**

Consolidated Statement of Changes in Owners' Equity (Continued)

Company Name: China Three Gorges Corporation

Unit: RMB'000

Item	Owners' equity attributable to the Company								
	Paid-in capital	Other equity instruments	Capital reserves	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Non-controlling interests	Total owners' equity
Balance at December 31, 2019	**211,781,023**	**1,564,057**	**25,418,082**	**-2,058,296**	**1,162**	**27,670,590**	**41,587,014**	**117,227,266**	**423,190,898**
Add: changes in accounting policies									
Corrections of errors in prior period									
Others									
Balance at January 1, 2020	**211,781,023**	**1,564,057**	**25,418,082**	**-2,058,296**	**1,162**	**27,670,590**	**41,587,014**	**117,227,266**	**423,190,898**
Changes in the year of 2020		**9,963,126**	**6,328,169**	**-9,095,145**	**-28**	**1,212,104**	**21,919,901**	**24,297,503**	**54,625,630**
Total comprehensive income				-9,181,349			28,431,018	11,688,212	30,937,881
Owners' combination and withdrawal		9,963,126	6,328,169				-522	19,708,587	35,999,360
Inc.: Capital contributions			5,760,961					15,304,609	21,065,570
Capital contributed by other equity instruments holders		9,963,126							9,963,126
Others			567,208				-522	4,403,978	4,970,664
Special reserve					-28			549	521
Inc.: Current year accrued					2,921			4,038	6,959
Current year utilised					-2,949			-3,489	-6,438
Profit distribution						1,212,104	-6,424,391	-7,099,845	-12,312,132
Inc.: Appropriation for surplus reserves						1,212,104	-1,212,104		
Profit distributed to equity owners							-5,185,862	-7,099,845	-12,285,707
Others							-26,425		-26,425
Transfer within owners' equity				86,204			-86,204		
Balance at December 31, 2020	**211,781,023**	**11,527,183**	**31,746,251**	**-11,153,441**	**1,134**	**28,882,694**	**63,506,915**	**141,524,769**	**477,816,528**

Consolidated Statement of Changes in Owners' Equity (Continued)

Company Name: China Three Gorges Corporation **Unit: RMB'000**

Item	Owners' equity attributable to the Company								
	Paid-in capital	Other equity instruments	Capital reserves	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Non-controlling interests	Total owners' equity
Balance at December 31, 2018	**211,781,023**		**26,044,520**	**-2,895,016**	**476**	**26,223,763**	**29,113,249**	**105,384,498**	**395,652,513**
Add: changes in accounting policies									
Corrections of errors in prior period				1,334,215		71	-1,330,804		3,482
Others									
Balance at January 1, 2019	**211,781,023**		**26,044,520**	**-1,560,801**	**476**	**26,223,834**	**27,782,445**	**105,384,498**	**395,655,995**
Changes in the year of 2019		**1,564,057**	**-626,438**	**-497,495**	**686**	**1,446,756**	**13,804,569**	**11,842,768**	**27,534,903**
Total comprehensive income				-497,495			24,588,413	11,716,829	35,807,747
Owners' combination and withdrawal		1,564,057	-626,438					7,405,737	6,779,299
Inc.: Capital contributions			237,050					7,611,345	7,848,395
Capital contributed by other equity instruments holders		1,564,057							
Others			-863,488					-205,608	-1,069,096
Special reserve					686			1,126	1,812
Inc.: Current year accrued					3,292			8,466	11,758
Current year utilised					-2,606			-7,340	-9,946
Profit distribution						1,446,756	-10,783,844	-7,280,924	-16,618,012
Inc.: Appropriation for surplus reserves						1,446,756	-1,446,756		
Profit distributed to equity owners							-9,337,088	-7,280,924	-16,618,012
Others									
Transfer within owners' equity									
Balance at December 31, 2019	**211,781,023**	**1,564,057**	**25,418,082**	**-2,058,296**	**1,162**	**27,670,590**	**41,587,014**	**117,227,266**	**423,190,898**

I. Company profile

China Three Gorges Corporation (hereinafter referred to as the "Company", or collectively the "Group" if subsidiaries are included) was established on September 27, 1993 which was formerly named as China Three Gorges Group Company. Pursuant to the document "Approval on the Restructuring of China Three Gorges Group Company" *(Guozigaige [2017] No.130)* issued by the Stated-owned Assets Supervision and Administration Commission of the State Council on October 26, 2017, the Company was transformed from a state-owned enterprise to a company established under the Chinese Company Law and changing of its name on December 28, 2017. The Company obtained the business license as an enterprise legal person with the unified social credit code of No. 91110000100015058K which was issued by Beijing Administration for Industry & Commerce. The Company is a wholly state-owned enterprise, its registered capital is RMB 211.5 billion and paid-in capital is RMB 211.781 billion, that was contributed by the State Council. According to the Notice of the State Council on Printing and Distributing relating to the Implementation Plan of Transferring Part of State-owned Capital to Replenish Social Security Funds *(Guofa [2017] No. 49)* and the Notice on the Full Implementation of Transferring Part of State-owned Capital to Replenish Social Security Funds *(Caizi [2019] No. 49)* jointly issued by the Ministry of Finance ("MOF"), Ministry of Human Resources and Social Security, State-owned Assets Supervision and Administration Commission of the State Council, State Taxation Administration and the CSRC, 10% equity of the Company would be transferred to the National Council for Social Security Fund on the base date of December 31, 2018. Mr. Lei Mingshan is the legal representative of the Company. The Company's registered address is No.1 Liuhe Road, Jiang'an District, Wuhan City, Hubei Province.

II. The basis for the preparation of financial statements

The financial statements are prepared in accordance with the basic and specific standards of the Accounting Standards for Business Enterprises issued by the Ministry of Finance and those updated afterwards and other related regulations issued thereafter (the "Accounting Standards for Business Enterprises" or "CAS").

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

III.Significant accounting policies and accounting estimates

1. Statement on compliance with the Accounting Standards for Business Enterprises

The Group's financial statements are prepared in accordance with requirements of the Accounting Standards for Business Enterprises and truly and completely present the financial position of the Group as of December 31, 2021, 2020 and 2019, and the financial performance and cash flows for the years then ended.

2. Accounting period

The accounting period of the Group is from January 1 to December 31.

If accounting period adopted by the overseas subsidiaries is inconsistent with the Company, the financial statements of overseas subsidiaries are adjusted in accordance with the Company's accounting period in preparing the financial statements of the Company.

3. Functional currency

The functional currency of the Company is Renminbi ("RMB").

The functional currency of the overseas subsidiaries is the currency of their primary economic environments in which the entities operate, and are converted to RMB when preparing the financial statements of the Company.

4. Business combinations

4.1 Business combinations under common control

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

For a business combination under common control, the assets and liabilities that the acquirer obtained in a business combination are measured at the carrying amounts as recorded by the acquiree at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid (or the aggregate face value of the shares issued as consideration), is adjusted against the capital reserves. If the capital reserves are not sufficient to be offset, the remaining balance is adjusted against retained earnings.

Costs that are directly attributable to the business combination are charged to profit or loss in the period in which they are incurred. Transaction costs associated with the issuance of equity or debt securities for the business combination are included in the initially recognized amounts of the equity or debt securities.

4.2 Business combinations not under common control

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

For a business combination not under common control, the cost of combination and identifiable net assets obtained by the acquirer are measured at their fair values at the acquisition date. Where the cost of the combination exceeds the acquirer's interest in the fair value of the acquirer's identifiable net assets, the difference is recognized as goodwill; where the cost of combination is less than the acquirer's interest in the fair value of the acquirer's identifiable net assets, the difference is recognized in profit or loss for the current period.

Costs that are directly attributable to the business combination are charged to profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognized amounts of the equity or debt securities.

4.3 Preparation of consolidated financial statements

The scope of consolidation includes all subsidiaries (including special purpose entities) under its control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods of the Company and subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and the accounting period of the Company. For subsidiaries acquired from business combinations involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant intra-group balances, transactions and unrealized profits are eliminated in the consolidated financial statements.

Consolidation or deconsolidation occurs when an entity obtains or terminates of the Group's control over the subsidiaries, respectively. Subsidiaries acquired in business combinations involving enterprises under common control are included in the consolidated financial statements when subsidiaries are ultimately under the common control by the same party of the acquirer.

When the proportion of the subsidiaries held by non-controlling interests changes, the Group shall adjust the carrying amounts of the controlling and non-controlling interests to reflect the changes in their respective interests in the subsidiaries. The Company recognizes directly in equity for any difference between the amounts by which the non-controlling interests are adjusted and the fair value of the consideration paid or received to the shareholders' equity of the Company.

5. Cash and cash equivalents

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

6. Foreign currency transactions and translation of foreign currency financial statements

6.1 Foreign currency transactions

Foreign currency transactions are translated into RMB at the spot exchange rates at the date of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rates prevailing at the balance sheet date. Exchange differences arising from these translations are recognized to profit or loss for the current period, except for those attributable to foreign currency borrowings specifically related to the acquisition or construction of qualifying assets, which are capitalized as part of the cost of those assets.

Foreign currency non-monetary items measured at historical cost are translated into the amounts in functional currency at the spot exchange rates at the dates of the transactions and the amounts in functional currency remain unchanged. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate at the date the fair value is determined. Difference between the re-translated functional currency amount and the original functional currency amount is treated as changes in fair value and is recognized to profit or loss as other comprehensive income.

6.2 Translation of foreign currency financial statements

Financial statements of a foreign operation are translated from the foreign currency into RMB using the following methods: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; the owners' equity items except for retained earnings are translated at the spot exchange rates at the dates on which such items arose; all items in the income statement as well as items reflecting the distribution of profits are translated at the weighted average rates during the accounting period; the exchange differences arising on translation of financial statements are recognized to other comprehensive income.

7. Financial assets and financial liabilities

The following accounting policies apply from 1 January 2021:

When the Group becomes a party of a financial instrument contract, the Group recognizes a financial asset or a financial liability.

7.1 Financial assets

(1) Classification, recognition and measurement of financial assets

According to the business mode of financial assets management and the contractual cash flow characteristics of financial assets, the Group classifies financial assets into financial assets measured at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss.

The Group classifies the financial assets that meet the following conditions simultaneously into the financial assets measured at amortized cost: 1) the business mode of the financial assets management takes the collection of contractual cash flow as the objective. 2) The contract terms of the financial assets stipulate that, the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. Such financial assets shall be initially measured at the fair value, and the relevant transaction expenses shall be included in the initially recognized amounts; and the subsequent measurement will be conducted at the amortized cost. For financial assets that are not of any hedging relationship, the gains or losses arising from amortization according to the effective interest method, impairment, exchange gain or loss, and derecognition shall be included in the current profits and losses. The financial assets classified in this category by the Group include the cash at bank and on hand, notes receivable, accounts receivable, other receivables and creditor's investments.

The Group classifies the financial assets that meet the following conditions simultaneously into the financial assets at fair value through other comprehensive income: 1) the business mode of the financial assets management takes the collection of contractual cash flow and the of such financial assets as the objective. 2) The contract terms of the financial assets stipulate that, the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. Such financial assets shall be initially measured at the fair value, and the relevant transaction expenses shall be included in the initially recognized amounts. Other gains or losses of such financial assets that are not of any hedging relationship, other than the loss on impairment of credits, exchange gain or loss, and interest of such financial assets calculated by the effective interest method, shall be included in other comprehensive income, unless designated for the hedged items. When the financial assets are derecognized, the accumulative gain or loss previously included in other comprehensive income shall be transferred from other comprehensive income, and included in the current profits and losses. The Group classifies such financial assets to have receivables financing, other debt investments, etc. included.

The Group recognizes the interest income by the effective interest method. The interest income is determined by multiplying the book balance of financial assets (without deducting provision for impairment) by the effective interest rate, except for the following cases: 1) For purchased or originated credit-impaired financial assets, its interest income is determined based on the amortized cost of the financial asset (book balance minus the amortized cost after provision for impairment, namely, the book value) and the credit-adjusted effective interest rate from the initial recognition. 2) For purchased or originated financial assets that the credit impairment has not occurred but the credit impairment has occurred in the subsequent period, their interest incomes shall be determined at their amortized costs and by the effective interest rate during the subsequent period.

The Group designates the non-trading equity instrument investment as the financial assets at fair value through other comprehensive income. This designation shall not be revoked once made. The non-trading equity instrument investment at fair value through other comprehensive income that the Group designates shall be initially measured at the fair value, and the relevant transaction expenses shall be included in the initially recognized amounts; and other relevant gains and losses (including the exchange gain or loss) shall be included in other comprehensive income, and shall not be transferred in the current profits and losses subsequently, but the obtained dividends (except for those belonging to the investment cost recovered). When its recognition is terminated, the accumulated gains or losses previously booked into other comprehensive income shall be transferred from other comprehensive incomes and recorded into retained earnings. The Group reports such equity instrument investments as other equity instruments investments.

The Group classifies the financial assets other than the above financial assets measured at the amortized cost and the financial assets at fair value through other comprehensive income into the financial assets at fair value through profit or loss. Such financial assets shall be initially measured at the fair value, and the relevant transaction expenses shall be included in the current profits and losses directly. The gains or losses of such financial assets shall be included in the current profits and losses. Such financial assets and financial assets held for trading, due more than one year from the balance sheet date and expected to be held for more than one year, are reported as other non-current financial assets.

The financial assets will be classified as the financial assets at fair value through profit or loss if they are recognized by the Group in the business combination not under common control and constituted by the contingent consideration.

(2) Recognition basis and measurement method for transfer of financial assets

A financial asset is derecognized when any of the below criteria is met: 1) the contract rights to receive cash flows from the financial asset expire; 2) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; or 3) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

If the entire transfer of the financial assets meets derecognition conditions, the difference between the book value of the transferred financial asset on the derecognition date and the sum of the consideration received due to the transfer of financial assets and the amount of the corresponding derecognition portion of the accumulated fair value changes originally included in other comprehensive income (the financial assets involved in the transfer shall meet the following conditions at the same time: The Company's business model for managing this financial asset is aimed at collecting contractual cash flow; The contractual terms of this financial asset stipulate that the cash flow generated on the specific date is only the payment of principal and interest based on the principal amount outstanding.) shall be included in the current profits and losses.

If the partial transfer of the financial assets meets derecognition conditions, the entire book value of the transferred financial assets shall be amortized at their own relative fair values between the derecognized part and the underecognized part, and the difference between the sum of the consideration received from the transfer and the accumulative amount of change in fair value which should be amortized to the derecognized part, originally included in other comprehensive income directly (The financial assets involved in the transfer also meet the following conditions: The Group's business mode for managing such financial assets is to collect contractual cash flow as the target. The contract terms of such financial assets stipulate that the cash generated on a specific date is only for the payment of the interest on the basis of the principal amount) and the aforesaid entire carrying amount amortized shall be included in the current profits and losses.

(3) Impairment test method of financial assets and drawing methods for the provision of impairment, and accounting principles

1) Impairment assessment method for financial assets

For financial assets measured at amortized cost and debt instrument investments measured at fair value and with changes are included in other comprehensive income, etc. the Group recognized the provision for loss on the basis of expected credit loss.

The expected credit loss refers to the weighted average of the credit losses of financial instruments that are weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable according to the contract and discounted according to the original effective interest rate and all expected cash flows receivable, that is, the present value of all cash shortages of the Group.

The Group considers reasonable and reliable information about past events, current situations and forecasts of future economic situations, taking the risk of default as the weight, calculates the probability-weighted amount of the present value of the difference between the cash flow receivable from the contract and the cash flow expected to be received, and recognizes the expected credit loss.

On each balance sheet date, the Group separately measures the expected credit losses of financial instruments at different stages. For accounts receivable and contractual assets, regardless of whether there is any significant financing component, the Group measures the provision for losses based on expected credit losses over the whole duration. Except for the above items, if the credit risk of financial assets has not increased significantly since the initial recognition, it is in the first stage. The Group will measure the provision for loss according to the expected credit loss in the next 12 months. If the credit risk of a financial asset has increased significantly since its initial recognition but no credit impairment has occurred, it is in the second stage, and the Group measures the provision for loss according to the expected credit loss of the instrument throughout its life. If a financial instrument has suffered credit impairment since its initial recognition, it is in the third stage. The Group measures the provision for loss according to the expected credit loss of the instrument throughout its life.

Judgment of significant increase of credit risk after the initial recognition. The Group judges whether the credit risk of the financial instrument significantly increases by comparing the default probability of this financial instrument determined during the initial recognition in the expected duration with its default probability determined on the balance sheet date in the expected duration. However, if the Group determines that the financial instrument has only a low credit risk on the balance sheet date, the Group could assume that the credit risk of the financial instrument has not increased significantly since the initial recognition. Under normal circumstances, if it is overdue for more than 30 days, it indicates that the credit risk of the financial instrument has significantly increased, except that the Group obtains the reasonable and well-founded information without unnecessary additional cost or effort to prove that the credit list has not yet significantly increased since the initial recognition even if overdue for more than 30 days. When determining whether the credit risk has significantly increased since the initial recognition, the Group considers the reasonable and well-founded information obtained by it without unnecessary additional cost or effort, including the forward-looking information.

For financial instruments in the first and second stages and with low credit risk, the Group calculates interest income according to the carrying balance before deducting provision for impairment and the effective interest rate. For financial instruments in the third stage, the interest income shall be calculated according to their book balance minus the amortized cost after provision for impairment and the actual interest rate.

2) Withdrawal methods of financial assets impairment

The Group separately calculates the expected credit loss for the receivables withdrawn on a single basis, and separately calculates the financial assets without expected credit loss, including calculations in the financial asset portfolio with similar credit risk characteristics. If calculation on an individual basis recognizes the credit of a receivable, it shall not be included in a portfolio of receivables with similar credit risks for combined calculation.

For accounts receivable without objective evidence of impairment or when information of the expected credit loss for a single financial assets cannot be evaluated at a reasonable cost, the Group divides the accounts receivable into several portfolios according to the credit risk characteristics, and calculates the expected credit loss on the basis of the portfolios.

See "Ⅲ.7.6 Notes receivable" and "Ⅲ.7.7 Receivables" for the methods for the provision of the expected credit loss on notes receivable, accounts receivable, and other receivables.

The Group remeasures expected credit losses on each balance sheet date to reflect the changes in the credit risk of financial instruments since initial recognition; the increase or reversal amount of the loss reserve formed therefrom shall be included in the current profit and loss. For debt instruments held at fair value through other comprehensive income, the Group adjusts other comprehensive income while recording impairment loss or profit included in the current profit or loss.

3) Principle of write-off of financial assets

In case that the Group fails to reasonably expect the contract cash flow of the financial asset to be recovered in a full or partial scale, the book balance of the financial asset will be written off directly. Such write-down constitutes the derecognition of related financial assets. This situation occurs frequently when the Group determines that the debtor does not have any assets or any source of income to generate sufficient cash flow to repay the amount that will be written off. However, the written-down financial assets may still be affected by the relevant implementation activities of the Group in collecting due amounts.

If the write-down financial assets are recovered later, they shall be regarded as the reversal of impairment loss and included in the current profit or loss.

7.2 Financial liabilities

(1) Classification, confirmation basis and measurement method of financial liabilities

Financial liabilities of the Group are classified, at the time of initial recognition, into financial liabilities at fair value through profit or loss and other financial liabilities.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and those directly designated at the time of initial recognition as financial liabilities at fair value through profit or loss. Subsequent measurement should be performed based on fair value. Profits or losses arising from the changes of fair value as well as the dividend and interests expenses related to the said financial liabilities should be included into the current profits and losses.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The financial liabilities recognized by the Group as the acquirer in the business combination not under common control and constituted by the contingent consideration shall be subjected to the accounting treatment at fair value through current profits and losses.

(2) Conditions for derecognition of financial liabilities

Where the current obligation of financial liabilities has been terminated entirely or partially, the financial liabilities or obligation that has been terminated shall be derecognized. The company and the Creditor sign an agreement in which the existing financial liabilities are replaced by means of undertaking new financial liabilities; in the event that the contractual terms of the new financial liabilities and those for existing financial liabilities are inconsistent, recognition for the existing financial liabilities shall be terminated and the new financial liabilities shall be recognized. In case the Company makes a material alteration to all or part of the contractual terms of the existing financial liabilities, recognition for the existing financial liabilities or part thereof shall be terminated while the financial liabilities after the alteration shall be recognized as new financial liabilities. The difference between the book value of the derecognized part and the paid consideration shall be included in current profits and losses.

7.3 Determination of fair values of financial assets and financial liabilities

The Group measures the fair value of financial assets and financial liabilities, based on the prices of major markets or the price of the most advantageous market in case of no major market, and employ the valuation techniques currently available and supported by sufficient valid data and other information. The inputs for measuring the fair value are divided into three levels: the inputs for Level 1 are the unadjusted quotation of identical assets or liabilities in the active market which can be obtained on the measurement date; the inputs for Level 2 are the inputs directly or indirectly observable for relevant assets or liabilities other than those for Level 1; the inputs for Level 3 are the inputs that are unobservable for relevant assets or liabilities. The Group prefers the input value of the first level, and then, uses the input value of the third level. The level of fair value measurement results is determined based on the lowest level for input value that is significant for the whole fair value measurement.

7.4 Offset of financial assets and financial liabilities

Financial assets and financial liabilities of the Group shall be presented separately in the balance sheet and be not mutually offset. However, the net amount is presented in the balance sheet after being offset, when the following conditions are met at the same time: (1) The Group has a legal right to offset the recognized amount and that such legal rights are currently enforceable; and (2) The Group plans to settle by the net assets or sell off financial assets and liquidate the financial liabilities at the same time.

7.5 Distinction between financial liability and equity instrument and related treatment method

The Group distinguishes financial liabilities and equity instruments according to the following principles: (1) if the Group fails to unconditionally perform one contractual obligation by delivering cash or other financial assets, the contractual obligation satisfies the definition of financial liability. While some financial instruments do not expressly include the terms and conditions for the obligation to deliver cash or other financial assets, it is possible to form contractual obligations indirectly through other terms and conditions. (2) If one financial instrument must or may be settled by the Group's own equity instrument, the Group's own equity instrument used for settling such instrument shall be considered as a substitute of cash or other financial assets, or as residual equity in the issuer's assets that the instrument holder enjoys after deducting all the liabilities. If it is the former one, this instrument is the financial liabilities of the Issuer. If it is the latter, the instrument is the equity instrument of the Issuer. Under certain circumstances, a financial instrument contract requires that the Group must or may settle the financial instrument with its own equity instruments, where the amount of contractual rights or contractual obligations is equal to the number of own equity instruments available or to be delivered multiplied by the fair value upon its settlement. In this case, regardless of whether the amount of the contractual right or obligation is a fixed value or changes based in whole or in part on changes in variables other than the market price of the Group's own equity instrument (such as interest rates, the price of a good or the price of a financial instrument), the contract is classified as financial liabilities.

When classifying a financial instrument (or its components) in the consolidated financial statements, the Group takes into consideration all the terms and conditions agreed between members of the Group and holders of financial instruments. If the Company as a whole has assumed the obligation to deliver cash, other financial assets or settle it by other means of rendering the instrument a financial liabilities, the instrument shall be classified as a financial liabilities.

If the financial instruments or their components belong to financial liabilities, the relevant interests, dividends (or stock dividends), gains or losses, as well as gains or losses arising from redemption or refinancing shall be recognized in the profits and losses of the current period by the Group.

If the financial instruments or their components belong to equity instruments, as to the issuance (including re-financing), re-purchasing, sale or cancellation of such instruments, the Group will take with these situations as changes of equity and will not recognize any change of fair value of the equity instruments.

7.6 Notes receivable

For the Group's determination of the expected credit loss of notes receivable, the Group always measures the loss provisions according to the amount of expected credit loss in the whole duration.

Where sufficient evidence of expected credit loss cannot be evaluated at a reasonable cost at the level of an individual instrument, the Group refers to historical credit loss experience, combines the current situation and the judgment of the future economic situation, divides the notes receivable into bank acceptance portfolios and commercial acceptance portfolios according to credit risk characteristics, and calculates the expected credit loss on the basis of portfolios.

Basis for determining combinations is as follows:

Portfolio name	Basis for Determination of Portfolio
Bank acceptance notes	Accepting banks with higher credit grading, a shorter term, lower default risks, and strong ability to meet their obligations to pay contract cash flow in the short term
Commercial acceptance notes	Classification on the basis of common credit risk characteristics

For notes receivable divided into portfolios, with reference to historical credit loss experience, combined with current conditions and predictions of future economic conditions, the Group has calculated expected credit losses through default risk exposure and expected credit loss rate for the entire duration.

7.7 Receivables

(1) Accounts receivable

For the Group's determination of the expected credit loss of accounts receivable, the Group always measures the loss provisions according to the amount of expected credit loss in the whole duration.

Where sufficient evidence of expected credit loss cannot be evaluated at a reasonable cost at the level of an individual instrument, the Group refers to historical credit loss experience, combines the current situation and the judgment of the future economic situation, prepares a comparison table between the age of accounts receivable and the expected credit loss rate over the entire lifetime, divides the accounts receivable into several portfolios according to credit risk characteristics, and calculates the expected credit loss on the basis of portfolios. Basis for determining combinations is as follows:

Portfolio name	Basis for Determination of Portfolio
Power generation business	Classified by industry
New energy subsidy	Classified by industry
Engineering business	Classified by industry
Trade business	Classified by industry
PPP business	Classified by industry
Other payments	Classified by industry

For accounts receivable divided into portfolios, the Group refers to the historical credit loss experience, combines the current situation with the forecast of the future economic situation, and calculates the expected credit loss through default risk exposure and the expected credit loss rate for the whole duration.

(2) Other receivables

The Group divides other receivables into several portfolios based on the features of credit risk, and calculates the expected credit losses on the basis of the combination. The basis for determining the portfolio is as follows:

Portfolio name	Basis for Determination of Portfolio
Deposits	Nature
Reserve	Nature
Other payments	Nature

For other receivables divided into portfolios, the Group refers to the historical credit loss experience, combines the current situation with the forecast of the future economic situation, and calculates the expected credit loss through default risk exposure and the expected credit loss rate in the next 12 months or for the whole duration.

The following accounting policies are adopted 2019 and 2020:

Financial instruments include financial assets, financial liabilities and equity instruments.

7.8 Classification, recognition and measurement of financial instruments

A financial asset or financial liability is recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial instruments are classified into the following categories at initially recognition: financial assets and financial liabilities at fair value through profit or loss, loans and receivables, available-for-sale financial assets, held-to-maturity investments and other financial liabilities. The classification is subject to the Group's intention and ability to hold the financial instruments.

Financial assets and financial liabilities are measured initially at their fair values. For financial assets and financial liabilities at fair value through profit or loss, any directly related transaction costs are recognized to profit or loss; for other categories of financial assets and financial liabilities, any related direct transaction costs are included in their initially recognized amounts.

Subsequent measurement of financial assets and financial liabilities are as follows:

(1) Financial assets and financial liabilities at fair value through profit or loss

Subsequent to initial recognition, financial assets and financial liabilities at fair value through profit or loss are measured at their fair values and changes therein are recognized to profit or loss.

(2) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable receivables that are not quoted in an active market. Subsequent to initial recognition, Loans and receivables are measured at amortized cost using the effective interest method.

(3) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable receivable with fixed maturity dates that the Group has the clear intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method.

(4) Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated on initial recognition as available for sale and other financial assets that are not fall into any of the above categories.

Available-for-sale investments in equity instruments whose fair values cannot be measured reliably are measured at cost subsequent to initial recognition. Other available-for-sale financial assets are measured at their fair values subsequent to initial recognition and changes for the fair values are generally recognized to other comprehensive income, except for impairment losses and foreign exchange gains and losses from monetary financial assets which are recognized directly to profit or loss. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss. Dividend income is recognized to profit or loss when the investee approves the dividends. Interest is recognized to profit or loss.

(5) Other financial liabilities

Financial liabilities other than the financial liabilities at fair value through profit or loss are classified as other financial liabilities. Other financial liabilities are measured at amortized cost using the effective interest method.

7.9 Derecognition of financial assets and financial liabilities

A financial asset is derecognized if the Group's contractual rights to the cash flow from the financial asset expire or if the Group's financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset has been transferred to the transferee.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognized to profit or loss:

(1) the carrying amount of the financial asset transferred;

(2) the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognized directly to owners' equity.

The Group derecognizes as a financial liability only when the underlying present obligation is discharged or cancelled or expired.

7.10 Impairment of receivables

(1) Receivables with amounts that are individually significant are subject to assessment for impairment on the individual basis

The criterion for determining individually significant amounts is that any individual amount is more than RMB 10 million.

Receivables with amounts that are individually significant are subject to assessment for impairment on the individual basis. If there exists objective evidence that the Group is not able to collect the amount under the original terms, a provision for impairment of such receivable is made.

The method of providing for bad debts for those individually significant amounts is as follows: the amount of the present value of the future cash flows expected to be received from the receivable that is less than it's carrying amount.

(2) Receivables that are subject to provision for bad debts on the grouping basis

Receivables with amounts that are not individually significant and such receivables that are individually assessed for impairment and are assessed to be impaired are classified into certain groupings based on their credit risk characteristics. The provision for bad debts is determined based on the historical loss experience for the groupings of receivables with similar credit risk characteristics, taking into consideration of the current circumstances:

Ageing	Percentage of provision for accounts receivables (%)	Percentage of provision for other receivables (%)
Within 1 year	0.3	0.3
1 to 2 years	5	5
2 to 3 years	20	20
3 to 4 years	50	50
4 to 5 years	80	80
More than 5 years	100	100

(3) Receivables with amounts that are not individually significant but subject to separate assessment for provision for bad debts

The reason for making separate assessment for provision for bad debts is that there is objective evidence that the Group will not be able to collect the amount under the original terms of the receivables.

7.11 Impairment of financial assets (other than receivables)

The carrying amounts of financial assets, other than those financial assets at fair value through profit or loss, are assessed at each balance sheet date to determine whether there is objective evidence that the financial assets are impaired. When there is objective that a financial asset's impairment exists, an impairment loss is recognized.

Objective evidence that a financial asset is impaired includes the following observable events:

(1) Significant financial difficulty of the issuer or obligor;

(2) A breach of contract by the borrower, such as a default or delinquency in interest or principal payments;

(3) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting a concession to the borrower;

(4) It becoming probable that the borrower will enter bankruptcy or other financial reorganizations;

(5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer;

(6) Upon an overall assessment of a group of financial assets, observable data indicates that there is a measurable decrease in the estimated future cash flows from the group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group. Such observable data includes: 1) adverse changes in the payment status of borrower in the group of assets; 2) economic conditions in the country or region of the borrower which may lead to a failure to pay the group of assets;

(7) Significant adverse changes in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;

(8) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost; and

(9) Other objective evidence indicating there is an impairment of a financial asset.

Impairment of financial assets (other than receivables) is measured as follows:

(1) Impairment of financial assets measured at amortized cost:

If financial assets carried at amortized cost are impaired, the carrying amounts of the financial assets are reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of reduction is recognized as an impairment loss to profit or loss. If, subsequent to the recognition of an impairment loss on financial assets carried at amortized cost, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognized, the previously recognized impairment loss is reversed. However, the reversal is made to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For a financial asset that is individually significant, the Group assesses the asset individually for impairment. For a financial asset that is not individually significant, the Group assesses the asset individually for impairment or includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset (whether significant or not), it includes the asset in a group of financial assets with similar credit risk characteristics and collectively reassesses them for impairment. Assets for which an impairment loss is individually recognized are not included in a collective assessment of impairment.

The loans, placements with banks and other financial institutions are classified into five categories and the provision for impairment is based on the following percentage:

Classification of assets	Pass (%)	Special mention (%)	Substandard (%)	Doubtful (%)	Loss (%)
Proportion	1-2	2.5-16	26	51	100

(2) Impairment of available-for-sale financial assets:

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value previously recognized directly to other comprehensive income is reclassified to profit or loss. The amount of the cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss on that financial asset previously recognized to profit or loss.

If, subsequent to the recognition of an impairment loss on available-for-sale financial assets, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognized, the previously recognized impairment loss is reversed. The amount of reversal of impairment loss on available-for-sale equity instruments is recognized to other comprehensive income and while the amount of reversal of impairment loss on available-for-sale debt instruments is recognized to profit or loss.

The Group assesses the available-for-sale financial assets individually for impairment.

8. Inventories

8.1 Inventories include raw materials, spare parts, packaging materials, low-value consumption goods, work-in-progress, semi-finished goods, finished goods, engineering construction and others.

8.2 Inventories are initially recognized at their actual cost on acquisition, consisting of purchase costs, processing costs and other costs. Cost of inventories transferred out is calculated by using the weighted average method, the specific identification method or first-in-first-out method.

8.3 The Group adopts perpetual inventory method.

8.4 At the balance sheet date, inventories are measured at the lower of cost and net realizable value.

(1) The net realizable value refers to the amount of estimated selling price in the ordinary course of business less the estimated cost for completion, the estimated costs necessary to make the sale and related tax.

(2) Provision for decline in the value of inventories is measured at the excess of the carrying value of the inventories over their net realizable value of each item (or class) of inventories.

9. Contractual assets (Applicable from 1 January 2021)

The Group presents the contract assets or contract liabilities in the Balance Sheet in accordance with the relationship between the performance obligations and the payment by the customer.

Contractual assets refer to the right of the Group who transferred the commodity to the customer to receive the consideration, and the right depends on other factors excluding the passage of time.

Contractual assets and contractual liabilities are presented separately from each other on the balance sheet. The contractual assets and contractual liabilities under the same contract are presented on a net basis. If the net amount is the debit balance, it shall be presented in items of "Contractual assets" or "Other non-current assets" according to its liquidity; if the net amount is the credit balance, it shall be presented in items of "Contractual liabilities" or "Other non-current liabilities" item according to its liquidity. Contractual assets and contractual liabilities under different contracts are not mutually offset.

For contractual assets, no matter significant financing elements are included or not, the loss provision is always measured at an amount equivalent to the expected credit loss over the entire duration, and the resulting increase or reversal of the loss provision is recorded as the impairment loss or gain in the current profit or loss.

10. Long-term equity investments

10.1 Recognition of initial investment costs

For a long-term equity investment arising through a business combination involving enterprises under common control, the investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the acquiree at the date of combination.

For a long-term equity investment arising through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the cost of acquisition. For a long-term equity investment acquired through business combination not involving enterprises under common control and achieved in stages, the investment cost of the long-term equity investment is the aggregate of the carrying amounts of the equity interest held in the acquiree prior to the acquisition date and the cost of the additional investment at the acquisition date.

Other long-term equity investments acquired other than through a business combination shall be initially measured at their costs.

10.2 Subsequent measurement and recognition to profit or loss

Long-term equity investments in which the Group has control in the invested entities are accounted for using the cost method; the Group accounts for the investment in associates and joint ventures using the equity method.

(1) Cost method

Under the cost method, a long-term equity investment is measured at its initial investment cost. Except for cash dividends or profits already 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.

(2) Equity method

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's attributable interest in the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognized to profit or loss for the period and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognizes its share of the net profit or loss of the investee for the period as investment income or loss for the period. The Group recognizes its 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 conform with the Group's accounting policies and accounting period. Unrealized profits or losses resulting from the Group's transactions with its associates and joint ventures are recognized to investment income or loss to the extent that those attributable to the Group's equity interest are eliminated.

The Group discontinues recognizing its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognized according to the expected obligation and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognizing its share of those profits only after its share of the profits that exceeds the share of losses that previously not yet recognized.

10.3 Disposal of long-term equity investments

The Group accounts any difference between carrying amount of disposed investment and consideration received to profit or loss to the current period. If the Group remains the control over subsidiaries or significant influence on joint ventures and associates, the Group accounts for the corresponding amounts previously recognized to other comprehensive income in relation to that investment on the same basis as are required if the investee had directly disposed of the related assets or liabilities. Equity arising from changes of investee's equity, other than the net profit or loss and other comprehensive income is recognized to profit or loss of current period based on the disposal proportion of investment.

10.4 Basis for determining joint control and significant influence over investee

Control over an investee is the power to govern the financial and operating policies of an entity to the extent that the investor is able to obtain and receive the benefits from the investee's business. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing of 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 (for example, warrants and convertible debts) held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

11. Investment properties

Investment properties are properties held either to earn rentals or for capital appreciation or for both purposes. They include land use rights that are leased out and buildings that are held for the purpose of leasing.

Investment properties are measured initially at their costs. The Group uses the cost model for subsequent measurement of investment properties. Investment properties are depreciated, less estimated net residual values over their estimated useful lives. The estimated useful lives, the estimated net residual values that are expressed as a percentage of cost and the annual depreciation rates of investment properties are as follows:

Items	Expected useful life	Expected residual value rate (%)	Annual depreciation rate (%)
Plant & buildings	8-50 years	0-3	1.94-12.50

The expected useful life, net residual value rate and annual depreciation (amortization) rate of the investment real estates of Andes Bermuda Ltd. (hereinafter referred to as AB Company) and Peruvian Opportunity Company S.A.C. (hereinafter referred to as POC Company) (collectively as Peruvian Company) are listed as follows:

Items	Expected useful life	Expected residual value rate (%)	Annual depreciation rate (%)
Plant & buildings	80 years	—	1.25
Land	Permanent	—	—

12. Fixed assets

12.1 Recognition conditions of fixed assets

Fixed assets are tangible assets that are held for use in the production of goods or supply of services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year.

12.2 Initial measurement of fixed assets

Fixed assets are measured initially at their costs. The cost of a purchased fixed asset consists of the purchase price, related taxes, and other directly attributable expenditures for bringing the asset to the condition for its intended use. The cost of a self-constructed fixed asset comprises those expenditures necessarily incurred for bringing the asset to condition for its intended use.

12.3 Subsequent measurement and disposal of fixed assets

(1) Depreciation methods of fixed assets

Fixed assets are depreciated to allocate the cost of the assets, less estimated residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

Fixed assets are depreciated on a straight-line basis except for the fully depreciated fixed assets that are still in use and lands which are measured separately.

The useful lives and estimated residual values of fixed assets shall be reasonably determined in respect of their natures and methods of use. At each financial year-end, the Group reviews the useful lives, estimated residual values and the depreciation methods of the fixed assets and makes any adjustments if there are differences with previous estimation.

The estimated useful lives, estimated residual value rates and annual depreciation rates of each category of fixed assets are as follows:

Items	Expected useful life	Expected residual value rate (%)	Annual depreciation rate (%)
Dams	40-60 years	—	1.67-2.50
Plant & buildings	8-50 years	0-3	1.94-12.50
Machinery equipment	5-35 years	0-3	2.77-20.00
Vehicles	3-15 years	0-3	6.47-33.33
Electronic equipment and other equipment	3-15 years	0-3	6.47-33.33

The fixed assets of overseas projects of China International Water & Electric Corporation are depreciated through the summation of years methods.

The fixed assets, which are used for hydropower and gas transmission, of Hubei Energy Group Co., Ltd. are depreciated through units-of-production methods.

The depreciable life, estimated net residual value, and depreciation rate of Peruvian Company's fixed assets for power distribution and sales are as follows:

Items	**Expected useful life**	**Expected residual value rate (%)**	**Annual depreciation rate (%)**
Plant & buildings	20-100 years	—	1.00-5.00
Machinery equipment	5-60 years	—	1.67-20.00
Vehicles	5-8 years	—	12.50-20.00
Others	2-20 years	—	5.00-25.00

(2) Subsequent expenditures of fixed assets

The subsequent expenditures relating to fixed assets are recognized to the cost of the fixed assets if such expenditures meet the recognition conditions, or otherwise are recognized to profit or loss.

(3) Disposal of fixed assets

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognized. The amount of proceeds on sold, transferred, retired or damaged of a fixed asset less its carrying amount and related taxed and expenses is recognized to profit or loss for the current periods.

13. Construction in progress

The cost of self-constructed assets includes construction materials, labor costs, capitalized borrowing costs and any other costs incurred before they are ready for their intended use.

Construction in process is transferred to a fixed asset when it is ready for its intended use.

14. Borrowing costs

14.1 Recognition conditions of borrowing costs

Borrowing costs incurred directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized to expenses when incurred.

14.2 The period of capitalization

The period of capitalization is the entire time span of capitalization excluding the time of suspension.

Capitalization of the borrowing costs are ceased when the qualifying assets under acquisition and construction or production are ready for their intended uses or sale.

Capitalization of the borrowing costs is suspended when the acquisition, construction or production of qualified assets is abnormally suspended and when the suspension is for a continuous period of more than 3 months, during the time the borrowing costs are recognized to expenses in the period it is incurred. Capitalization is resumed until the acquisition, construction or production of the asset is resumed.

14.3 Calculation of the capitalization rate and amount of borrowing costs

When funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less the interest income earned from the borrowing that has not yet been used in that asset or any investment income on the temporary investments of those funds.

When funds are borrowed under general-purpose borrowing, the Group determines the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalization ratio is calculated according to the weighted average interest rates applicable to the general-purpose borrowings.

15. Right-of-use assets (Applicable from 1 January 2021)

The right-of-use assets refers to the right of the Company as the lessee to use the leased asset during the lease term.

15.1 Initial measurement

At the commencement of the lease term, the Company initially measures the right-of-use assets at cost. The cost includes the following four items: (1) initial measurement amount of lease liabilities; (2) deducted amount related to the enjoyed lease incentive if there is a lease incentive for the lease payment made on or before the commencement of the lease term; (3) initial direct cost incurred, i.e., incremental cost incurred to reach the lease; and (4) costs expected to be incurred for dismantling and removing the leased asset, restoring the site where the leased asset is located or restoring the leased asset to the state agreed in the leasing terms, except those incurred for the production of inventory.

15.2 Subsequent measurement

After the start date of a lease term, the Company uses the cost model for subsequent measurement of right-of-use assets, that is, the right-of-use assets shall be measured at cost less accumulated depreciation and accumulated impairment losses. Where the Company re-measures lease liabilities in accordance with relevant provisions of lease criteria, the book value of right-of-use assets shall be adjusted accordingly.

15.3 Depreciation of right-of-use assets

Starting from the commencement of the lease term, the Company will depreciate the right-of-use assets. The right-of-us assets is usually depreciated from the current month that the lease term starts. The depreciation amount for provision is included in the cost of underlying assets or the current profits and losses according to the use of the right-of-use assets.

When determining the depreciation method for the right-of-use assets, the Company makes a decision based on the expected consumption mode of economic benefits related to the right-to-use asset, and depreciates the right-of-use assest by the straight-line method.

When determining the depreciation life of right-of-use assets, the Company follows the following principles: if the ownership of the leased asset can be reasonably confirmed to be acquired at the expiration of lease term, the depreciation shall be carried out within the remaining service life of the leased asset; otherwise, the depreciation shall be carried out within the remaining lease term or the service life of the leased asset, whichever is shorter.

15.4 Impairment of the right-of-use assets

If the right-of-use assets is impaired, the Company will carry out subsequent depreciation according to the book value of the right-of-use assets after deducting the impairment loss.

16. Intangible assets and development expenditure

Intangible assets refer to the identifiable non-monetary assets without physical substance, including land using rights, trademarks, patents, proprietary technologies, and software, etc.

16.1 Initial measurement of intangible assets

The cost of a purchased intangible asset comprises of the purchase price, related taxes and other direct attributable expenses.

The cost of the internally developed intangible assets includes the materials consumed in developing the assets, service fees, registration fees, other patent used in developing, amortization of concession and interest charges meeting the capitalization conditions and other direct costs that incurred prior to the intangible assets meeting the predetermined objectives.

16.2 Subsequent measurement of intangible assets

The Group determines the useful lives of intangible assets upon acquisition and categorizes such assets into intangible assets with a finite useful life or intangible assets with an indefinite useful life.

(1) Intangible asset with a finite useful life

For an intangible asset with a finite useful life, a straight-line amortization method is used over its useful life that will generate economic benefits.

At the end of each year, the Group reviews the useful life and amortization method. If the expected useful life of the asset or the amortization method differs significantly from previous estimation, the amortization period or amortization method shall be adjusted accordingly.

(2) Intangible asset with an indefinite useful life

An intangible asset with an indefinite useful life when the expected realization of the economic benefits of the asset cannot be reliably determined.

An intangible asset with an indefinite useful life is not amortized and the useful life shall be reviewed at end of each year. Where there is an indication that the useful life of that intangible asset is still indefinite, the impairment test shall be conducted in each year.

16.3 Accounting policy for internal research and development expenditure

The expenditure of an internal research and development project is classified into research phase or development phase.

The expenditures of research phase are recognized to profit or loss when they are incurred.

An intangible asset arising from development phase (or from the development phase of an internal project) is recognized, if and only if, the Group meets all of the following conditions:

(1) It is feasible technically to complete the intangible asset so that it will be available for use or sale;

(2) It is intended to complete the intangible asset and use or sell the intangible asset;

(3) the Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;

(4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and

(5) The expenditure attributable to the intangible asset during its development phase can be reliably measured.

Where development expenditures do not meet above conditions, the expenditures are recognized to profit or loss in current period.

17. Long-term assets impairment

At each balance sheet date the Group assesses whether there is any indication that the long-term equity investment, investment property measured at cost method, fixed assets, construction in progress and intangible assets with a finite useful life may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Intangible assets with indefinite useful life and intangible assets that not yet available for use are tested for impairment annually, irrespective of whether there is any indication such assets may be impaired.

If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group in which the asset belongs shall be estimated. The recoverable amount of an asset is the higher of its fair value less costs of disposal or the present value of the future cash flows expected to be derived from the asset.

If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognized to profit or loss for the period.

Goodwill should be tested for impairment at least at end of each year. In conducting the impairment test, the carrying value of goodwill is allocated to the related asset groups or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the impairment test indicates that the recoverable amount of an asset group or group of asset groups, including the goodwill allocated, is lower than its carrying amount, the corresponding impairment loss is recognized. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset groups or groups of asset groups in proportion to the carrying amounts of other assets.

Once the impairment loss of such assets is recognized, it shall not be reversed in any subsequent period.

18. Contractual liabilities (Applicable from 1 January 2021)

The contractual liabilities reflect the Group's obligations to transfer commodities to the customer due to customer consideration received or receivable. If the customer has paid the contract consideration or the Group has obtained the right to receive the contract consideration unconditionally before the transfer of the commodities to the customer, the amount received or receivable is listed as contractual liabilities at the time when the customer actually makes the payment or at the time when the payment is due, whichever is earlier.

19. Employee benefits

Employee benefits refer to all kinds of rewards or compensations that the Group receives of the services from its employees provided or the termination of the employment. It includes short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

19.1 Short-term employee benefits

Short-term employee benefits are employee benefits (other than compensation for termination of employment relationship) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. The Group will recognize, in the accounting period in which an employee provides service, actually incurred short-term employee benefits as a liability, with a corresponding charge to cost and cost of an asset based on the beneficiary of rendering services.

19.2 Post-employment benefits

Post-employment benefits are any remunerations 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 employees or termination of employment relationship. The post-employment benefits are classified as defined contribution plans or defined benefit plans.

Defined contribution plans which include the basic pension, unemployment insurance and annuities are recognized to cost of related assets or profit or loss. The Group recognizes, in the accounting period in which an employee provides service, the contribution payable to a defined contribution plan as a liability, with a corresponding charge to profit or loss for the current period or the cost of a related asset.

19.3 Termination benefits

Termination benefits are compensation when the Group terminates the labor relationship with employees prior to the employment contracts, or compensation provided as an offer to encourage employees to accept voluntary redundancy, and which is recognized to profit or loss in current period.

19.4 Other long-term employee benefits

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefit and termination benefits.

20. Provisions

Provision is recognized when the Group has a present obligation relating to a contingency, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can reliably be measured.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows.

Where all or some of the expenditure required to settle a provision is expected to be reimbursed by a third party, the reimbursement is recognized as a separate asset only when it is virtually certain that the reimbursement will be received and the amount of reimbursement recognized does not exceed the carrying amount of the provision.

21. Revenue recognition

The following accounting policies apply from 1 January 2021:

21.1 Revenue recognition principles

The Group has fulfilled its performance obligations of the contract, meaning it recognizes the revenue when the customer has obtained the control rights of the relevant commodities or services.

If the contract contains two or more performance obligations, the Group shall, at the beginning date of the contract, apportion the transaction price to each performance obligation according to the relative proportion of the individual selling price of the commodities or services promised by each performance obligation, and measure the revenue according to the transaction price apportioned to each performance obligation.

The transaction price is the amount of consideration that the Group is expected to be entitled to receive for the transfer of commodities or services to the customer, excluding payments received on behalf of third parties. The transaction price recognized by the Group shall not exceed the amount of accumulative confirmed revenue that will most likely not be great reverse when the relevant uncertainty is removed. The amount expected to be refunded to the consumer shall not be included in the transaction price as the return liabilities. Where there is a material financing element in the contract, the Group determines the transaction price on the basis of the amount payable in cash assuming that the customer acquired control of the goods or services at the time of acquisition. The difference between the transaction price and the contract consideration shall be amortized over the contract period using the effective interest method. By the commence date of the contract, if the Group estimates that the interval between customer's control rights of goods or services and the payments of the customer is not more than one year, the significant financing components existing in the contract shall not be considered.

In case one of the following conditions is met, the Group will perform the performance obligations within a period of time. Otherwise, it will perform the performance obligations at a time point:

(1) The customer obtains and consumes the economic benefits brought by the Group while performing the contract;

(2) The customer can control the goods under construction during the Group's performance;

(3) The goods generated during the performance of the Group are irreplaceable, and the Group is entitled to collect the amount for the performance accumulatively completed so far throughout the term of the Contract.

For the performance obligations performed within a certain period of time, the Group shall recognize the revenue within that period according to the performance progress. If the performance progress cannot be reasonably confirmed, and the costs incurred by the Group can be expected to be compensated, the revenue shall be confirmed according to the amount of costs incurred until the performance progress can be reasonably confirmed.

For performance obligations performed at a certain time point, the Group shall confirm the revenue at the time point when the customer gains control rights of the relevant commodities or services. In determining whether a customer has obtained the control rights of the goods or services, the Group shall take the following indications into consideration:

(1) The Group enjoys the current collection right in regard to such goods or services;

(2) The Group has transferred the physical goods of such goods to the customer;

(3) The Group has transferred the legal ownership of such goods or the main risks and rewards in terms of ownership to the customer;

(4) The customer has accepted such goods or services, etc.

21.2 Income measurement principle

(1) The Company measures revenue according to the transaction price allocated to each individual performance obligation. Transaction price is the amount of consideration in a contract to which the Company expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties or expected to be refunded to a customer.

(2) If a contract has variable consideration, the Company determines the appropriate estimate based on the expected value or the most likely amount, provided that a transaction price including variable consideration shall not exceed the amount of cumulative revenue recognized which is highly unlikely to be subject to significant reversal when the uncertainty associated with the variable consideration is subsequently resolved.

(3) Where there is a material financing element in the contract, the Company determines the transaction price on the basis of the amount payable in cash assuming that the customer acquired control of the goods or services at the time of acquisition. The difference between the transaction price and the contract consideration shall be amortized over the contract period using the effective interest method. By the commence date of the contract, if the Company estimates that the interval between customer's control

rights of goods or services and the payments of the customer is not more than one year, the significant financing components existing in the contract shall not be considered.

(4) If the contract contains two or more performance obligations, the Company shall, on the commencement date of the contract, apportion the transaction price to each performance obligation according to the relative proportion of the individual selling price of the goods promised by each performance obligation.

21.3 Specific methods for revenue recognition

Revenue from sales of goods: When the Group hands over the goods to the customer and obtained the receiving certificate or acceptance certificate, it fulfills the performance obligation in the goods contract, and the Group recognizes the sales revenue of the goods.

Revenue from engineering construction: If the performance obligation of the engineering construction contract is made within a certain period of time, the Group shall recognize the income according to the performance progress. When the progress could be determined reasonably, on the balance sheet date, the contract revenue for the current period shall be determined as the product of total contract revenue and completion schedule minus the accumulated revenue recognized in previous accounting periods; the contract expense for the current period shall be recognized as the product of estimated total contract cost and performance schedule minus the accumulated cost recognized in previous accounting periods. If the performance progress cannot be reasonably confirmed, and the costs incurred can be expected to be compensated, the incomes shall be recognized according to the amount of costs incurred until the performance progress can be reasonably confirmed.

The following accounting policies are adopted 2019 and 2020:

21.4 Sale of goods

Revenue is recognized when the following conditions are satisfied:

(1) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

(2) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(3) the amount of revenue can be measured reliably;

(4) it is probable that the associated economic benefits will flow to the Group; and

(5) the associated costs incurred or to be incurred can be measured reliably.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable under the related sales contracts and agreements.

21.5 Rendering of services

Revenue is measured at the fair value of the consideration received or receivable under the relevant contracts and agreements.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue is recognized by reference to the stage of completion based on the proportion of services performed to date to the total services to be performed.

When the outcome cannot be estimated reliably, revenues are recognized to the extent of the costs incurred that are expected to be recoverable, and an equivalent amount is charged to profit or loss as service cost; otherwise, the costs incurred are recognized to profit or loss and no service revenue is recognized.

21.6 Revenue from construction contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract expenses associated with the construction contract are recognized using the percentage of completion method.

The stage of completion of a contract is determined based on the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably:

(1) if contract costs are expected to be recoverable, contract revenue is recognised to the extent of contract costs that are expected to be recoverable; and contract costs are recognised as expenses in the period in which they are incurred; and

(2) if contract costs are not expected to be recoverable, they are recognised as expenses immediately when incurred and contract revenue is not recognised.

22. Interest income

Interest income is recognized on a time proportion basis with reference to the principal outstanding and the applicable effective interest rate.

23. Asset using rights

Asset using rights income is recognized on the period and method of charging as stipulated in the related contracts and agreements.

24. Contract cost (Applicable from 1 January 2021)

The Group's assets related to contract costs include contract performance cost and contract acquisition costs.

24.1 Contract performance costs

If the contract performance cost, namely, the cost incurred by the Group to perform the current contract or anticipated contract, is not in the scope of other accounting standards for business enterprises and simultaneously meets the following conditions, it shall be recognized as an asset as the contract performance cost:

(1) Such cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing costs (or similar costs), costs clearly borne by the customer and other costs incurred solely due to the contract;

(2) This cost increases the Group's resources for performing the performance obligations in the future;

(3) Such cost is expected to be recovered.

The contract performance cost that is recognized as assets is presented in the item of "Inventories" if the amortization period at initial recognition is not more than one year/normal operating cycle; or presented in the item of "Other non-current assets" if the amortization period at initial recognition is more than one year/normal operating cycle.

24.2 Contract acquisition cost

If the incremental cost (i.e. acquisition cost) incurred by the Group in obtaining the contract is expected to be recoverable, it will be recognized as an asset of the contract acquisition cost. Incremental cost refers to the cost (such as sales commissions) that would not have occurred if the Group had not obtained the contract. Other expenses incurred by the Group for the acquisition of the contract, excluding the incremental costs expected to be recovered, include in the current profit and loss when it occurs, however, except costs clearly borne by the customer.

The contract acquisition cost that is recognized as assets is presented in the item of "Other current assets" if the amortization period at initial recognition is not more than one year/normal operating cycle; or presented in the item of "Other non-current assets" if the amortization period at initial recognition is more than one year/normal operating cycle.

24.3 Amortization and impairment

Assets related to the contract cost are amortized on the same basis as income from goods or services related to the asset is recognized; however, if the contract acquisition cost is amortized for less than one year, the Group will include it into the current profit or loss at the time of occurrence.

The impact of the anticipated contract is taken into account in determining the period and manner of amortization of assets related to contract costs if the asset is related to an anticipated contract (such as a contract after renewal). However, the Group is still required to pay the commission equivalent to that for acquiring the original contract in terms of the contract acquisition cost, when the contract is renewed. The commission paid for acquiring the original contract is not related to the anticipated contract in the future, and such commission can only be amortized within the term of the original contract.

If the book value of the contract performance cost and the contract acquisition cost is higher than the difference between the following two items, the impairment provision shall be made for the excess and be recognized as the asset impairment losses:

(1) Residual consideration expected to be obtained by companies in connection with the transfer of goods related to the asset;

(2) the estimated cost to be incurred for the transfer of the relevant goods.

If the provision for impairment of the above assets is subsequently reversed, the book value of the assets reversed will not exceed the book value of the assets at the date of reverse assuming no provision for impairment is made.

25. Government grants

25.1 Classification of government grants

A government grant means the monetary or non-monetary assets obtained free by the Group from the government, excluding the capital invested from the government as the owner of the Group. Government grants shall be classified as grants related to assets and grants related to income.

Government grants obtained by the Group which are relevant to construction or acquisition of long-term assets are classified as asset-related government grants; all other government grants are classified as revenue-related government grants.

25.2 Recognition time of government grants

Government grants shall be recognized only if the following conditions are satisfied at the same time:

(1) Enterprise meets the conditions attached to government grants.

(2) Enterprise receives the government grants.

25.3 Accounting treatments for government grants

Government grants related to assets shall be recognized to deferred income or offset carrying amount of relevant assets, if it is recognized to deferred income, it will be accounted for profit or loss on a reasonable and systematic basis within the useful life of the relevant asset.

Government grants related to revenue shall be recognized to deferred income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, and shall be recorded in the current profit or loss or offset the relevant costs over the period in which the relevant costs or losses are recognized; If the grant is a compensation for related expenses or losses already incurred, the grant is recorded immediately in current profit or loss or offset the relevant costs.

The government grants related to daily activities should be included in other income or offset the relevant costs according to the nature of the economic business. The government grants that are not related to daily activities of enterprise should be recorded in non-operating income and expenses.

If the recognized government grant is required to be refunded, the carrying amount of the asset shall be adjusted when the carrying amount is offset at initial recognition; if this is a deferred income, the carrying amount of deferred income is off-set the excess is included in the current profit or loss; in other cases, directly included in the current profit or loss.

25.4 Measurement of government grants

If the government grant is monetary asset, it shall be measured in accordance with the amount of received or receivable.

If the government grant is non-monetary asset, it shall be measured at its fair value; if the fair value is cannot be obtained reliably, it shall be measured at a nominal amount.

26. Deferred tax assets and deferred tax liabilities

Deferred tax assets and liabilities are calculated and recognized according to the temporary differences between the carrying amounts of certain assets or liabilities and their tax bases At the balance sheet date, deferred tax assets and liabilities are calculated at applicable tax rates during the period in which it is anticipated that the asset is realised or the liability is settled.

26.1 Recognition of deferred tax assets

The Group recognizes the deferred tax assets for deductible temporary differences are recognised to the extent that it is probable that taxable profits will be available against the deductible temporary differences that could be utilised. However, the Group does not recognise those deferred tax asset or liability in the following transactions.

(1) Transactions that are not involved business combination;

(2) Transactions that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transactions.

For the deductible temporary differences related to the investments in subsidiaries and associates, deferred tax assets are recognized to the extent that there will have taxable profits against the benefits of the temporary differences to be utilized and they are expected to reverse in the foreseeable future.

26.2 Recognition of deferred income tax liabilities

The Group recognizes deferred tax liabilities for taxable temporary differences in current or prior periods, which exclude the following:

(1) The temporary differences associated with the initial measurement of goodwill;

(2) The initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction;

(3) The Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

27. Leases

The following accounting policies apply from 1 January 2021:

Lease refers to a contract that the lessor transfers the right to use the asset to the lessee for acquiring consideration within a certain period of time. On the commencement date of a contract, the Group evaluates whether the contract is a lease or includes a lease. Where a party to a contract transfers the right to control the use of one or more identified assets for a certain period of time in return for consideration, the contract is a lease or includes a lease. In order to determine whether one party to the contract has abalienated the right to control the use of the identified assets within a certain period of time, the Group evaluates whether the customers in the contract are entitled to obtain almost all the economic benefits arising from the use of the identified assets during the use period and to dominate the use of the identified assets during the use period.

If the contract includes multiple separate leases at the same time, the lessee and the lessor will split the contract and carry out accounting treatment for each separate lease. If the contract includes both lease and non-lease parts, the lessee and the lessor will split the lease and non-lease parts.

27.1 The Group as the lessee

At the commencement of the lease term, the Group recognizes the right-of-use assets and lease liabilities for the lease. The right-to-use assets is initially measured at the cost, including the initial measurement amount of the lease liabilities, the lease payment made at or before the commencement of the lease term (net of the amount related to the lease incentive already enjoyed), the initial direct expenses incurred, and the cost for dismantling and removing the leased asset, and recovering the ownership of leased assets, the depreciation is drawn by the Group within the remaining service life of leased assets. Otherwise, the depreciation of leasing assets shall be drawn within the lease term or the remaining service life of leasing assets, whichever is shorter.

The lease liabilities are initially measured according to the present value of the unpaid lease payment on the commencement date of the lease term, and the incremental borrowing rate is taken as the discount rate by the Group.

The interest expenses of the lease liabilities within each lease term shall be calculated by the Group according to the fixed periodic rate and included in the current profits and losses or related assets cost. The variable lease payment which is not included in the measurement of lease liabilities is included in the current profits and losses or related asset costs when it actually occurs.

After the commencement of the lease term, in case of the following circumstances, the Group shall remeasure the lease liabilities according to the present value of the changed lease payment, the evaluation result of the purchase option, renewal option or option to terminate the lease changes, or the actual exercise of renewal option or option to terminate the lease is inconsistent with the original evaluation result, resulting in a change in lease term; the expected payable amount according to the guaranteed residual value changes, or the index or ratio used to determine the lease payment changes.

When remeasuring the lease liabilities, the Group shall adjust the book value of the right-to-use asset accordingly. If the book value of the right-to-use asset has been reduced to zero, but the lease liabilities still need to be further reduced, the Group shall include the remaining amount in the current profits and losses.

The Group has chosen not to recognize the right-to-use asset and lease liabilities for the short-term lease (lease with a lease term of not more than 12 months) and low-value asset lease, and to include the relevant lease payment into the current profits and losses or related asset costs by the straight-line method during each lease term.

27.2 The Group as the lessor

On the commencement date of the lease, the Group classifies the lease into finance lease and operating lease. Finance leases is a kind of lease in which almost all risks and rewards regarding the ownership of the leasing assets are actually transferred despite whether the ownership is transferred finally. Operating lease refers to the lease other than finance leases.

When the Group acts as a sublease lessor, it classifies the subleases based on the right-to-use asset generated from the original lease instead of the underlying asset of the original lease. If the original lease is a short-term lease and the Group chooses to apply the simplified treatment of the above short-term lease to the original lease, the Group classifies the sublease as an operating lease.

Under a finance lease, the Group recognizes the finance leases receivables for finance leases and derecognizes the finance leases assets on the commencement date of the lease. When the Group initially measures the financial lease receivables, the net investment in a lease is taken as the entry value of the financial lease receivables. The net investment in a lease is equivalent to the sum of the unguaranteed residual value and the present value of the lease receipts that have not yet been received at the commencement of the lease term which is discounted at the interest rate implicit in lease.

The Group calculates and recognizes interest income in each lease term at a fixed periodic rate. The variable lease payment which is not included in the measurement of net lease investment is included in the current profits and losses when it actually occurs.

Lease receipts from operating leases are recognized as rental incomes as per the straight-line method within the lease term. The occurred initial direct cost related to the operating lease shall be capitalized, amortized within the lease term according to the same base with the recognition of rental income, and included in the current profits and losses by stages. The variable lease payment which is not included in the measurement of lease receipts is included in the current profits and losses when it actually occurs.

The following accounting policies are adopted 2019 and 2020:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Accounting treatment on operating leases:

27.3 The Group as lessee under operating leases

Operating lease payments are recognized on a straight-line method over the terms of the related lease, and are either included in the cost of related asset or charged to profit or loss for the period. Initial direct costs incurred are charged to profit or loss for the period. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

27.4 The Group as lessor under operating leases

Rental income from operating leases is recognized to profit or loss on a straight-line method over the terms of the related lease. Initial direct costs with more than an insignificant amount are capitalized when incurred, and are recognized to profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred. Contingent rents are charged to profit or loss in the period in which they actually arise.

IV.Changes in accounting policies, changes in accounting estimates and corrections for prior period

1. Changes in accounting policies

According to the relevant requirements set out in the *Notice of the Ministry of Finance on Issuing the Revised Accounting Standards for Business Enterprises No.22–Recognition and Measurement of Financial Instruments (Caikuai [2017] No.7)*, the *Notice of the Ministry of Finance on Issuing the Revised Accounting Standards for Business Enterprises No.23–Transfer of Financial Assets (Caikuai [2017] No.8)*, the *Notice of the Ministry of Finance on Issuing the Revised Accounting Standards for Business Enterprises No.24–Hedge Accounting (Caikuai [2017] No.9), the Notice of the Ministry of Finance on Issuing the Revised Accounting Standards for Business Enterprises No.37–Presentation of Financial Instruments (Caikuai [2017] No.14),* the Group implements the New Financial Instrument Standards from January 1, 2021.

In accordance with the relevant requirements in the *Notice of the Ministry of Finance on Issuing the Revised Accounting Standards for Business Enterprises No.14–Income (Caikuai [2017] No.22),* the Group implements the New Income Standards from January 1, 2021.

In accordance with the relevant requirements in the *Notice of the Ministry of Finance on Issuing the Revised Accounting Standards for Business Enterprises No.21–Leasing (Caikuai [2018] No.35),* the Group implements the New Leasing Standards from January 1, 2021.

In accordance with the relevant requirements in the *Notice of the Ministry of Finance on Issuing the Interpretation No.14 of the Accounting Standards for Business Enterprises (Caikuai [2021] No.1),* the Group implements the Interpretation of Standards from January 1, 2021.

The accumulated effect from the Group's first implementation of New Financial Instrument Standards, the New Income Standards, the New Leasing Standards, and Interpretation No.14 adjusts the retained earnings and other relevant items of the financial statements at the beginning of 2021, but the information during the comparable period is not adjusted.

Other than the changes in accounting policies mentioned above, the others are in accordance with the "Accounting Standards for Enterprises - Basic Standards", specific Accounting Standards, Guidelines for the Application of Enterprise Accounting Standards, Announcement on Interpretation of Accounting Standards for Enterprises and other relevant regulations.

2. Changes in accounting estimations

There is no change in important accounting estimates in the current period.

3. Correction of significant errors in previous period

According to the rectification requirements of the National Audit Office and the significant prior period errors by the retrospective restatement method as provided in the Accounting Standards for Business Enterprises No.28–Changes in Accounting Policies and Accounting Estimates and Correction of Errors, the Group's total owner's equity attributable to parent company that is required to be increased at the beginning of the year is 386,374 thousand. The net profit attributable to the owners of the parent company that is required to be decreased in 2020 is 1,954,033 thousand and increased in 2019 is 1,055,849 thousand; and the other comprehensive income attributable to the owners of the parent company that is required to be increased in 2020 is 1,612,767 thousand and decreased in 2019 is 331,689 thousand.

4. Other adjustments in previous period

Shanghai Investigation, Design & Research Institute Co., Ltd., a subsidiary of the Company, implements the mixed-ownership reform with the date December 31, 2020, as the deadline and it makes actuarial assumptions on the post-employment benefits of the emeritus and retired who will go through the retirement formalities by December 31, 2023, and increases the capital surplus by transferring the employee education funds as of December 31, 2020, and retroactively increases 202 thousand of the total owner's equity attributable to parent company of the Group.

V.Taxation

1. Turnover tax and preferential policies

1.1 Types of taxes and tax rates

Types	Tax bases	Tax rate
Value-Added Tax (VAT)	Provision of electricity, selling of other goods, taxable labor service and service income, leasing of real estate, transfer of financial commodities	3%、5%、6%、9%、13%、19%
City maintenance and construction tax	Turnover tax payable	1%、3.5%、5%、7%
Education surcharge/Local education surcharge	Turnover tax payable	1%、1.5%、2%、3%
Water resources tax	Power Generation Usage of Water - Actual Power Generation Quantity	0.008 yuan/kwh
	Domestic Usage of Water - Actual Water Intake Quantity	Xiluodu Hydropower Station – RMB 0.09/m^3 Xiangjiaba Hydropower Station – RMB 0.10/m^3 Wudongde Hydropower Station – RMB 0.09/m^3 Baihetan Hydropower Station – RMB 0.09/m^3
Overseas subsidiaries of the Company	In accordance with the law of the jurisdiction where the subsidiaries operate	—

1.2 Tax preferential policies and approvals

(1) According to the Notice on Value-added Tax Policy for Wind Power Generation of the Ministry of Finance and State Taxation Administration *(Caishui [2015] No. 74)*, since July 1, 2015, taxpayers can enjoy 50% of add-value tax refund for selling of self-produced wind power product, and the wind power enterprises affiliated to the Group will enjoy the policy of 50% VAT refund.

(2) According to regulations on exemption from VAT on self-produced agricultural products sold by

agricultural producers as per Article 15 of the Provisional Regulations of the People's Republic of China on Value-Added Tax, as a subsidiary of the Company, Yangtze Three Gorges Ecological Garden Co., Ltd. applied for exemption from VAT on external sales of ornamental plants cultivated with nursery assets from State Administration of Taxation in the Three Gorges Dam District, Yichang, and received its approval for registration and filing on June 17, 2019.

(3) Pursuant to the Circular of the Ministry of Finance and the State Administration of Taxation on Continuing the Promotion of Preferential Policies on Cultural Value Added Tax and Business Tax *(Caishui [2013] No. 87)*, China Three Gorges Publishing and Media Co., Ltd., a subsidiary of the Company, is eligible to enjoy a 50% tax refund policy for all kinds of books, periodicals, audio-visual products and electronic publications in the publishing sector. All kinds of books and electronic publications of China Three Gorges Publishing and Media Co., Ltd. enjoy a 50% tax refund policy.

2. Corporate Income Tax and Preferential Policies

2.1 Types of taxes and tax rates

Company name	Tax rate	Notes
The Company and certain subsidiaries	25%	—
Overseas subsidiaries of the Company	In accordance with the law of the jurisdiction where the subsidiary operates	—

2.2 Tax preferential policies and approvals

(1) Pursuant to *Guoshuifa [1999] No. 65* Circular issued by the State Administration of Taxation on April 16, 1999 on the Issue of Measures for the Administration of Enterprise Income Tax Collection for Institutions, Social Organizations and Private Non-enterprise Units, the Chinese Sturgeon Research Institute of China Yangtze River Three Gorges Group Company, a subsidiary of the Company, is exempted from enterprise income tax.

(2) Pursuant to *Caishui [2009] No.69*, *Guoshuifa [2009] No.80*, and *Bulletin [2012] No.12* certain subsidiaries of the Group investing in public infrastructure projects with the encouragement from the government are eligible to enjoy income tax preferential policies of"exemption from income taxation for first three years, reduction half for following three years".

Pursuant to *Caishui [2011] No.58* and *[2015] No.14* issued by the State Administration for Taxation, certain subsidiaries of the Group located in the Western Region of China with the encouragement from the government are eligible to enjoy income tax preferential policy of 15% income tax rate.

Based on the Announcement on the Continuation of the Corporate Income Tax Policy for West China Development (No.23, 2020), Three Gorges Chuanyun Company will continue to be entitled to the preferential income tax policy, and pay enterprise income tax at the rate of 15% from January 1, 2021 to

December 31, 2030.

(3) Pursuant to the Notice of the State Administration of Taxation of the Ministry of Finance on Several Preferential Tax Policies Concerning the Conversion of Operational Cultural Institutions into Enterprises in the Reform of Cultural System *(Caishui [2009] No.34)*, China Three Gorges Publishing and Media Co., Ltd., a subsidiary of the Company, is eligible to enjoy the reduction of enterprise income tax from January 1, 2019 to December 31, 2023 in accordance to the relevant tax regulations of the State.

(4) According to the Notice of the People's Government of the Tibet Autonomous Region on the Implementation Measures of Enterprise Income Tax Policy in the Tibet Autonomous Region *(Zangzhengfa [2014] No.51)*, Three Gorges Group Tibet Energy Investment Co., Ltd., a subsidiary of the Company, is eligible to enjoy the preferential tax rate of enterprise income tax of 15% in Tibet and the actual implementation tax rate is 9% after the local share (40%) is reduced or exempted.

(5) According to the relevant provisions of the Administrative Measures for Accreditation of High-tech Enterprises *(Guokefahuo [2016] No. 32)* and the Administration Guidelines for Accreditation of High-tech Enterprises *(Guokefahuo [2016] No. 195)*, is a subsidiary of the Company, Three Gorges Hi-Tech Information Technology Co., Ltd. enjoys preferential income tax policies for high-tech enterprises, and will pay corporate income tax at a tax rate of 15%.

(6) According to the provisions of *Caishui [2019] No. 13*, for the enterprise with an annual taxable income of not more than RMB 1 million, the amount of taxable income shall be reduced by 25%, and the corporate income tax shall be paid at a tax rate of 20%. For the enterprise with an annual taxable income of more than RMB 1 million but less than RMB 3 million, the amount of taxable income shall be reduced by 50%, and the corporate income tax shall be paid at a tax rate of 20%.

VI. Business combinations and consolidated financial statements

1. Subsidiaries incorporated within the consolidation scope

No.	Company's name	Registration place	Principal operating place	Nature of Business	Paid-in capital (RMB'000)	Percentage of shareholdings (%)	Voting rights (%)	Investment (RMB'000)
1	Three Gorges Finance Co., Ltd.	Beijing, China	Beijing, China	Financial company services	5,000,000	100	100	4,746,872
2	China Yangtze Power Co., Ltd.	Beijing, China	Yichang, China	Hydroelectric power	22,741,859	59.22	59.22	59,777,366
3	Hubei Energy Group Co. Ltd.	Wuhan, China	Wuhan, China	Comprehensive energy	6,507,449	44.31	44.31	8,431,341
4	China Three Gorges International Corporation	Beijing, China	Beijing, China	Investment and assets management	29,636,712	100	100	29,654,711
5	Yangtze Three Gorges Equipment and Materials Co., Ltd.	Yichang, China	Yichang, China	Other warehousing	1,005,000	100	100	1,051,600
6	Three Gorges Asset Management Co., Ltd.	Beijing, China	Beijing, China	Investment and assets management	8,000,000	100	100	7,960,104
7	Chinese Sturgeon Research Institute of the China Three Gorges Corporation	Yichang, China	Yichang, China	Fish conservation	2,734	100	100	4,085
8	Three Gorges International Tendering Co., Ltd.	Beijing, China	Beijing, China	Engineering management services	15,000	100	100	140,532
9	China Three Gorges Renewables (Group) Co., Ltd.	Beijing, China	Beijing, China	New energy development	28,571,000	52.49	52.49	15,667,419

No.	Company's name	Registration place	Principal operating place	Nature of Business	Paid-in capital (RMB'000)	Percentage of shareholdings (%)	Voting rights (%)	Investment (RMB'000)
10	China International Water & Electric Corp.	Beijing, China	Beijing, China	Engineering managementservices	2,627,251	100	100	2,993,834
11	Three Gorges Tibet Energy Investment Co., Ltd.	Lhasa, China	Lhasa, China	Hydroelectric power	650,000	100	100	650,000
12	Chongqing Changjiang Xiaonanhai Hydropower Development Co., Ltd.	Chongqing, China	Chongqing, China	Hydroelectric power	1,058,286	100	100	1,058,286
13	Shanghai Investigation, Design & Research Institute Co., Ltd	Shanghai, China	Shanghai, China	Engineering design	611,648	70	70	428,154
14	China Three Gorges Publishing and Media Co., Ltd.	Beijing, China	Beijing, China	Publishing	101,003	100	100	104,814
15	China Three Gorges Construction Management Co., Ltd.	Beijing, China	Beijing, China	Engineering management services	1,403,394	100	100	4,508,152
16	Three Gorges Capital Holdings Co., Ltd.	Beijing, China	Beijing, China	Investment and assets management	7,142,857	80	80	20,110,885
17	Three Gorges Base Development Co., Ltd.	Wuhan, China	Wuhan, China	Other organizational management services	2,679,969	100	100	2,674,844
18	Yangtze Ecology and Environment Co., Ltd.	Wuhan, China	Wuhan, China	Water pollution treatment	19,500,000	100	100	19,760,460

No.	Company's name	Registration place	Principal operating place	Nature of Business	Paid-in capital (RMB'000)	Percentage of shareholdings (%)	Voting rights (%)	Investment (RMB'000)
19	Yangtze River Three Gorges Investment Management Co., Ltd.	Shanghai, China	Shanghai, China	Investment and assets management	10,000,000	100	100	35,099,214
20	Yangtze Three Gorges Technology & Economy Development Co., Ltd.	Beijing, China	Beijing, China	Engineering management	410,000	100	100	675,210
21	Three Gorges Technology Co., Ltd.	Beijing, China	Beijing, China	Other technologiesPromotion services	468,000	100	100	468,000
22	CTG Yunnan Energy Investment Co., Ltd.	Kunming, China	Kunming, China	Solar Energy Power	1,120,000	100	100	1,120,000
23	CTG Sichuan Energy Investment Co., Ltd.	Chengdu, China	Chengdu, China	Solar Energy Power	100,000	100	100	100,000
24	CTG Chongqing Energy Investment Co., Ltd.	Chongqing, China	Chongqing, China	Solar Energy Power	100,000	100	100	100,000
25	Three Gorges Group Industrial Development (Beijing) Co., Ltd.	Beijing, China	Beijing, China	Accommodation	20,000	100	100	2,063,752
26	Yangtze Three Gorges (Hainan) Green Development Investment Co., Ltd.	Haikou, China	Haikou, China	Operation of bonded projects	11,300	100	100	11,300
27	CTG Xiong'an Energy Co., Ltd.	Baoding, China	Baoding, China	New energy technology Promotion services	80,000	100	100	80,000

2. Exchange rates adopted in translating of the foreign currencies subsidiaries' financial statements

Functional currency of the foreign currencies subsidiaries' financial statements	Exchange rates for asset and liability items			Exchange rates for revenue, expenses and cash flow items
	December 31, 2021	December 31, 2020	December 31, 2019	
USD	USD 1 = RMB 6.3757	USD 1 = RMB 6.5249	USD 1 = RMB 6.9762	The weighted average rates during the year
HKD	HKD 1 = RMB 0.8176	HKD 1 = RMB 0.8416	HKD 1 = RMB 0.8958	
EUR	EUR 1 = RMB 7.2197	EUR 1 = RMB 8.0250	EUR 1 = RMB 7.8155	
MYR	MYR 1 = RMB 1.5266	MYR 1 = RMB 1.6173	MYR 1 = RMB 1.6986	
BRL	BRL 1 = RMB 1.1436	BRL 1 = RMB 1.2557	BRL 1 = RMB 1.7378	

VII. Notes to significant items of the consolidated financial statements

1. Cash at bank and on hand

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Cash on hand	17,592	16,859	12,793
Cash at bank	41,960,110	37,534,314	41,524,606
Other monetary funds	627,936	655,721	2,964,816
Total	**42,605,638**	**38,206,894**	**44,502,215**

2. Financial assets held for trading

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Financial assets at fair value through profit or loss	22,447,852	—	—
Including: Debt instrument investments	701,307	—	—
Equity instrument investments	15,803,868	—	—
Others	5,942,677	—	—
Total	**22,447,852**	**—**	**—**

3. Financial assets at fair value through profit or loss

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Financial assets held for trading	—	3,172,218	4,258,641
Including: Debt instrument investments	—	552,103	582,511
Equity instrument investments	—	1,530,140	2,369,764
Others	—	1,089,975	1,306,366
Total	**—**	**3,172,218**	**4,258,641**

4. Notes receivable

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Bank acceptance notes	57,105	606,781	379,849
Commercial acceptance notes	38,474	85,454	29,081

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Total	**95,579**	**692,235**	**408,930**

5. Accounts receivable

	December 31, 2021			
	Carrying amount		Provision for bad debts	
Items	Amount (RMB'000)	Proportion (%)	Amount (RMB'000)	Proportion (%)
Accounts receivable with provision for bad debts calculated and accrued on a single basis	2,027,971	5	372,273	18
Receivables assessed for impairment based on credit risk characteristics	39,863,655	95	1,011,729	3
Total	**41,891,626**	**100**	**1,384,002**	**—**

(Continued)

	December 31, 2020			
	Carrying amount		Provision for bad debts	
Items	Amount (RMB'000)	Proportion (%)	Amount (RMB'000)	Proportion (%)
Accounts receivable with provision for bad debts calculated and accrued on a single basis	2,743,302	11	600,829	22
Receivables assessed for impairment based on credit risk characteristics	23,152,237	89	486,792	2
Total	**25,895,539**	**100**	**1,087,621**	**—**

(Continued)

	December 31, 2019			
	Carrying amount		Provision for bad debts	
Items	Amount (RMB'000)	Proportion (%)	Amount (RMB'000)	Proportion (%)
Accounts receivable with provision for bad debts calculated and accrued on a single basis	2,322,538	10	385,647	17
Receivables assessed for impairment based on credit risk characteristics	20,224,153	90	204,951	1
Total	**22,546,691**	**100**	**590,598**	**—**

Disclosure of accounts receivable by aging:

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Within 1 year	25,456,115	17,734,570	15,258,661
1 - 2 years	7,645,432	4,826,914	5,453,784
2 - 3 years	6,309,335	1,978,899	1,224,236
Over 3 years	2,480,744	1,355,156	610,010
Sub Total	**41,891,626**	**25,895,539**	**22,546,691**
Less: Provision for bad debts	1,384,002	1,087,621	590,598
Total	**40,507,624**	**24,807,918**	**21,956,093**

6. Receivables financing

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Notes receivable	513,453	—	—
Total	**513,453**	**—**	**—**

7. Advances to suppliers

	December 31, 2021		
	Carrying amount		Provision for bad debts (RMB'000)
Items	Amount (RMB'000)	Proportion (%)	
Within 1 year	10,123,223	90	
1 - 2 years	529,480	5	
2 - 3 years	61,953	1	
Over 3 years	451,619	4	
Total	**11,166,275**	**100**	

(Continued)

	December 31, 2020		
	Carrying amount		Provision for bad debts (RMB'000)
Items	Amount (RMB'000)	Proportion (%)	
Within 1 year	6,775,292	81	
1 - 2 years	1,129,848	13	

	December 31, 2020		
	Carrying amount		Provision for bad debts
Items	**Amount (RMB'000)**	**Proportion (%)**	**(RMB'000)**
2 - 3 years	434,662	5	
Over 3 years	104,943	1	
Total	**8,444,745**	**100**	

(Continued)

	December 31, 2019		
	Carrying amount		Provision for bad debts
Items	**Amount (RMB'000)**	**Proportion (%)**	**(RMB'000)**
Within 1 year	4,909,060	85	
1 - 2 years	730,001	12	
2 - 3 years	37,002	1	
Over 3 years	110,816	2	
Total	**5,786,879**	**100**	

8. Other receivables

Items	**December 31, 2021 (RMB'000)**	**December 31, 2020 (RMB'000)**	**December 31, 2019 (RMB'000)**
Interests receivable	176,753	189,942	156,839
Dividends receivable	132,060	142,369	204,140
Other receivables	2,631,582	2,223,938	1,786,992
Total	**2,940,395**	**2,556,249**	**2,147,971**

8.1 Interests receivable

Items	**December 31, 2021 (RMB'000)**	**December 31, 2020 (RMB'000)**	**December 31, 2019 (RMB'000)**
Interests on time deposits	5,593	269	1,958
Interests on entrusted loans	102,244	133,496	133,288
Interests on bonds	46,406	49,505	14,324
Others	22,510	6,672	7,269
Total	**176,753**	**189,942**	**156,839**

8.2 Dividends receivable

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)	Uncollected reason	Whether there is any impairment and the basis for the judgement
Hubei Qingneng Investment & Development Co., Ltd.	55,028	45,473	50,045	Has been declared but not yet paid	No
Energias de Portugal, S.A.	21,147	20,137		Has been declared but not yet paid	No
Endesa S.A.	18,011			Has been declared but not yet paid	No
Jincheng Blue Flame Coal Industry Co., Ltd.	16,648			Has been declared but not yet paid	No
ChangJiang Survey, Planning, Design and Research Co., Ltd.	11,683			Has been declared but not yet paid	No
Maguan Daliangzi Electricity Power Co., Ltd.	3,960	3,300	2,640	Has been declared but not yet paid	No
EDP Renovaveis Portugal, S.A.	3,372	8,841		Has been declared but not yet paid	No
Beijing IWHR Technology Co., Ltd.	1,127	1,176	1,176	Has been declared but not yet paid	No
Nanjing Hehai Science & Technology Co., Ltd.	828	828	828	Fund shortage	No
Qinghai Hydropower(group) Co., Ltd.	256	256		Has been declared but not yet paid	No
Chongqing Sanxia Financing Guarantee Group Corporation		60,000	60,000	—	—
Moray East Holdings Limited		869		—	—
Central Eolica Baixado Feijao I S.A.		628	130	—	—
Cenaeel Central Nacionalde Energia Eolica S.A.		436		—	—
Hangzhou Sunny Energy Science and Technology Co., Ltd.		164		—	—

Items	**December 31, 2021 (RMB'000)**	**December 31, 2020 (RMB'000)**	**December 31, 2019 (RMB'000)**	**Uncollected reason**	**Whether there is any impairment and the basis for the judgement**
Empresade Eneria Sao Manoel S.A.		158		—	—
Elebras Projetos S.A.		103	5,810	—	—
Xinjiang Wind Energy Co., Ltd.			25,704	—	—
Companhia Energticado Jari-CEJA			19,270	—	—
EDP Renovaveis Portugal, S.A.			19,148	—	—
Wuhan Water Group Co., Ltd.			12,666	—	—
Central Eolica Jau S.A.			5,934	—	—
Central Eolica Aventura S.A.			585	—	—
Central Eolica Baixado Feijao II S.A.			174	—	—
Leshan Daping Hydropower Co., Ltd.			30	—	—
Total	**132,060**	**142,369**	**204,140**	**—**	**—**

8.3 Other receivables

	December 31, 2021			
	Carrying amount		Provision for bad debts	
Items	**Amount (RMB'000)**	**Proportion (%)**	**Amount (RMB'000)**	**Proportion (%)**
Accounts receivable with provision for bad debts calculated and accrued on a single basis	380,512	11	358,657	94
Receivables assessed for impairment based on credit risk characteristics	2,996,426	89	386,699	13
Total	**3,376,938**	**100**	**745,356**	**—**

(Continued)

	December 31, 2020			
	Carrying amount		Provision for bad debts	
Items	**Amount (RMB'000)**	**Proportion (%)**	**Amount (RMB'000)**	**Proportion (%)**
Accounts receivable with provision for bad debts calculated and accrued on a single basis	522,837	18	367,711	70
Receivables assessed for impairment based on credit risk characteristics	2,412,600	82	343,788	14
Total	**2,935,437**	**100**	**711,499**	**—**

(Continued)

	December 31, 2019			
	Carrying amount		Provision for bad debts	
Items	**Amount (RMB'000)**	**Proportion (%)**	**Amount (RMB'000)**	**Proportion (%)**
Accounts receivable with provision for bad debts calculated and accrued on a single basis	423,854	17	346,741	82
Receivables assessed for impairment based on credit risk characteristics	2,017,014	83	307,135	15
Total	**2,440,868**	**100**	**653,876**	**—**

Disclosure of other receivables by aging:

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Within 1 year	1,660,367	1,534,179	1,214,030
1 - 2 years	588,661	367,507	414,622
2 - 3 years	303,386	238,482	34,669
Over 3 years	824,524	795,269	777,547
Sub Total	**3,376,938**	**2,935,437**	**2,440,868**
Less: Provision for bad debts	745,356	711,499	653,876
Total	**2,631,582**	**2,223,938**	**1,786,992**

9. Inventories

Items	Gross carrying amount (RMB'000)	December 31, 2021 Provision for impairment (RMB'000)	Net carrying amount (RMB'000)
Raw materials	1,059,578	47,700	1,011,878
Semi-finished goods and work in progress	838		838
Merchandise stocks (Finished goods)	225,794	1,396	224,398
Turnover materials (including packaging materials and consumable materials)	20,335	8	20,327
Construction contracts (completed contracts but not yet billed)	128,434		128,434
Others	805,704	209,733	595,971
Total	**2,240,683**	**258,837**	**1,981,846**

(Continued)

Items	Gross carrying amount (RMB'000)	December 31, 2020 Provision for impairment (RMB'000)	Net carrying amount (RMB'000)
Raw materials	589,265	63,014	526,251
Semi-finished goods and work in progress	568		568
Merchandise stocks (Finished goods)	134,525	1,059	133,466
Turnover materials (including packaging materials and consumable materials)	12,177	5	12,172

	December 31, 2020		
Items	**Gross carrying amount (RMB'000)**	**Provision for impairment (RMB'000)**	**Net carrying amount (RMB'000)**
Construction contracts (completed contracts but not yet billed)	417,263	20,887	396,376
Others	581,202	258,539	322,663
Total	**1,735,000**	**343,504**	**1,391,496**

(Continued)

	December 31, 2019		
Items	**Gross carrying amount (RMB'000)**	**Provision for impairment (RMB'000)**	**Net carrying amount (RMB'000)**
Raw materials	660,223	66,956	593,267
Semi-finished goods and work in progress	788		788
Merchandise stocks (Finished goods)	59,832	946	58,886
Turnover materials (including packaging materials and consumable materials)	12,891	6	12,885
Construction contracts (completed contracts but not yet billed)	219,897	10,573	209,324
Others	575,988	255,709	320,279
Total	**1,529,619**	**334,190**	**1,195,429**

10. Contractual assets

	December 31, 2021		
Items	**Gross carrying amount (RMB'000)**	**Provision for impairment (RMB'000)**	**Net carrying amount (RMB'000)**
Suapiti Water Conservancy Project in Guinea	906,807	47,119	859,688
EPC General Contracting for Zhuanghe Offshore Wind Farm Site I (100 MW) Project in Dalian	104,887	220	104,667
Ghana Five Province Electrification Project II	162,187	162	162,025
Engineering, Procurement, and Construction (EPC) General Contracting Project of Taohua Reservoir Project in Yixing City	95,816	446	95,370
Contract Operation and Usability Payment Income for Wuhu Urban Sewage System Quality and	92,392	1,543	90,849

Items	Gross carrying amount (RMB'000)	December 31, 2021 Provision for impairment (RMB'000)	Net carrying amount (RMB'000)
Efficiency Improvement (Phase I) PPP			
C1-A Project of Upper Atbara Hydroproject in Sudan	90,602	90,602	
Others	1,477,557	153,273	1,324,284
Total	**2,930,248**	**293,365**	**2,636,883**

11. Non-current assets due within one year

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Long term receivables due within one year	3,117,415	1,790,051	754,690
Loans due within one year	3,696,636	1,833,494	529,886
Debt investment due within one year	98,098	—	—
Held -to-maturity investments due within one year	—	10,000	
Less: Provision for impairment	42,379	27,446	25,114
Total	**6,869,770**	**3,606,099**	**1,259,462**

12. Other current assets

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Treasury bond reverse repurchase	2,844,305	3,534,808	442,308
Loans	1,038,624		948,066
VAT input tax and offshore IGV tax to be deducted	1,366,460	1,232,954	588,320
Prepayment for investments	2,764,659		
Prepaid tax	448,703	164,074	269,643
Others	30,842	14,094	16,610
Total	**8,493,593**	**4,945,930**	**2,264,947**

13. Debt investments

Items	December 31, 2021 Gross carrying amount (RMB'000)	Provision for impairment (RMB'000)	Net carrying amount (RMB'000)
Shareholder Loans of Moray East Holdings Limited	732,028		732,028
Total	**732,028**		**732,028**

14. Available-for-sale financial assets

Items	December 31, 2020 Gross carrying amount (RMB'000)	Provision for impairment (RMB'000)	Net carrying amount (RMB'000)
Available-for-sale debt instruments	7,227,108	102,000	7,125,108
Available-for-sale equity instruments	28,792,515	1,445,705	27,346,810
Others	1,806,707	69,909	1,736,798
Total	**37,826,330**	**1,617,614**	**36,208,716**

(Continued)

Items	December 31, 2019 Gross carrying amount (RMB'000)	Provision for impairment (RMB'000)	Net carrying amount (RMB'000)
Available-for-sale debt instruments	2,000,237	126,100	1,874,137
Available-for-sale equity instruments	26,384,696	1,299,311	25,085,385
Others	28,206,685		28,206,685
Total	**56,591,618**	**1,425,411**	**55,166,207**

15. Other debt investments

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Non-fixed term Capital Bond of BOCOM	498,916	—	—
USD Perpetual Bond of ICBC	326,005	—	—
20 Bank of Beijing Micro Bond 02	301,597	—	—
20 CYPC Bond 03	200,949	—	—
20 CYPC Bond 04	200,873	—	—

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
20 Nongfa 04 (increased by 10)	197,818	—	—
20 Nongfa 04 (increased by 5)	197,818	—	—
Guoxin Senior Bond	193,471	—	—
20 CSC C3	104,237	—	—
21 Huatai C1	104,213	—	—
21 CICC C2	104,175	—	—
20 ICBC Leasing Bond 02	101,739	—	—
21 CICC C1	101,719	—	—
21 CSC C4	101,718	—	—
Others	129,790	—	—
Total	**2,865,038**	**—**	**—**

16. Held-to-maturity investments

Items	Gross carrying amount (RMB'000)	December 31, 2019 Provision for impairment (RMB'000)	Net carrying amount (RMB'000)
2003 China Railway Bonds	10,000		10,000
Total	**10,000**		**10,000**

17. Long-term receivables

Items	Gross carrying amount (RMB'000)	December 31, 2021 Provision for impairment (RMB'000)	Net carrying amount (RMB'000)
Financial lease	18,023,913	196,451	17,827,462
Including: Unrealized financing income	8,294,390		8,294,390
Receivable on project investment income	9,488,695	28,427	9,460,268
Others	1,113,083	117,925	995,158
Total	**28,625,691**	**342,803**	**28,282,888**

(Continued)

Items	Gross carrying amount (RMB'000)	December 31, 2020 Provision for impairment (RMB'000)	Net carrying amount (RMB'000)
Financial lease	12,142,633	39,515	12,103,118
Including: Unrealized financing income	8,341,842		8,341,842
Receivable on project investment income	10,541,073		10,541,073
Others	1,174,666	213,053	961,613
Total	**23,858,372**	**252,568**	**23,605,804**

(Continued)

Items	Gross carrying amount (RMB'000)	December 31, 2019 Provision for impairment (RMB'000)	Net carrying amount (RMB'000)
Financial lease	6,085,303		6,085,303
Including: Unrealized financing income	2,920,076		2,920,076
Receivable on project investment income	14,740,175		14,740,175
Others	1,492,860	263,057	1,229,803
Total	**22,318,338**	**263,057**	**22,055,281**

18. Long-term equity investments

Items	January 1, 2021 (RMB'000)	Increase for the year (RMB'000)	Decrease for the year (RMB'000)	December 31, 2021 (RMB'000)
Joint ventures	1,822,741	454,892	179,021	2,098,612
Associates	130,281,809	39,790,397	16,146,827	153,925,379
Sub-total	**132,104,550**	**40,245,289**	**16,325,848**	**156,023,991**
Less: Provision for impairment	1,499,756		674,101	825,655
Total	**130,604,794**	**40,245,289**	**15,651,747**	**155,198,336**

(Continued)

Items	December 31, 2019 (RMB'000)	Increase for the year (RMB'000)	Decrease for the year (RMB'000)	December 31, 2020 (RMB'000)
Joint ventures	2,367,441	60,012	603,937	1,823,516
Associates	106,433,947	31,395,537	7,678,665	130,150,819
Sub-total	**108,801,388**	**31,455,549**	**8,282,602**	**131,974,335**
Less: Provision for impairment	1,499,756			1,499,756
Total	**107,301,632**	**31,455,549**	**8,282,602**	**130,474,579**

19. Other equity instruments investments

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Non-trading equity instruments	12,938,920	—	—
Total	**12,938,920**	**—**	**—**

20. Other non-current financial assets

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Classification of financial assets at fair value through profit or loss	1,125,792	—	—
Total	**1,125,792**	**—**	**—**

21. Investment properties

Items	January 1, 2021 (RMB'000)	Increase for the year (RMB'000)	Decrease for the year (RMB'000)	December 31, 2021 (RMB'000)
Gross carrying amount	**2,639,438**	**572,920**	**19,864**	**3,192,494**
Plant and buildings	2,541,656	286,728	16,545	2,811,839
Land use rights	97,782	286,192	3,319	380,655
Accumulated depreciation and amortization	**414,461**	**106,468**	**7,557**	**513,372**
Plant and buildings	411,974	75,818	7,557	480,235
Land use rights	2,487	30,650		33,137
Net book values	**2,224,977**			**2,679,122**
Plant and buildings	2,129,682			2,331,604

Items	**January 1, 2021 (RMB'000)**	**Increase for the year (RMB'000)**	**Decrease for the year (RMB'000)**	**December 31, 2021 (RMB'000)**
Land use rights	95,295			347,518
Provision for impairment	**3,723**		**3,723**	
Plant and buildings	3,723		3,723	
Land use rights				
Net carrying amount	**2,221,254**			**2,679,122**
Plant and buildings	2,125,959			2,331,604
Land use rights	95,295			347,518

(Continued)

Items	**December 31, 2019 (RMB'000)**	**Increase for the year (RMB'000)**	**Decrease for the year (RMB'000)**	**December 31, 2020 (RMB'000)**
Gross carrying amount	**1,948,223**	**751,592**	**60,377**	**2,639,438**
Plant and buildings	1,942,414	648,531	49,289	2,541,656
Land use rights	5,809	103,061	11,088	97,782
Accumulated depreciation and amortization	**354,271**	**85,819**	**25,629**	**414,461**
Plant and buildings	353,763	83,840	25,629	411,974
Land use rights	508	1,979		2,487
Net book values	**1,593,952**			**2,224,977**
Plant and buildings	1,588,651			2,129,682
Land use rights	5,301			95,295
Provision for impairment	**3,723**			**3,723**
Plant and buildings	3,723			3,723
Land use rights				
Net carrying amount	**1,590,229**			**2,221,254**
Plant and buildings	1,584,928			2,125,959
Land use rights	5,301			95,295

22. Fixed assets

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Fixed assets	505,387,220	413,958,925	331,942,001
Disposal of fixed assets	18,841	22,958	2,719
Total	**505,406,061**	**413,981,883**	**331,944,720**

22.1 Fixed assets

(1) Gross carrying amount of fixed assets

Items	January 1, 2021 (RMB'000)	Increase for the year (RMB'000)	Decrease for the year (RMB'000)	December 31, 2021 (RMB'000)
Lands	1,137,993	36,444	58,219	1,116,218
Plant and buildings	343,185,420	68,869,633	4,484,016	407,571,037
Machinery equipment	230,172,249	66,819,948	5,335,906	291,656,291
Vehicles	2,065,753	405,424	97,247	2,373,930
Electronic equipment and other equipment	2,683,461	381,432	86,161	2,978,732
Total	**579,244,876**	**136,512,881**	**10,061,549**	**705,696,208**

(Continued)

Items	December 31, 2019 (RMB'000)	Increase for the year (RMB'000)	Decrease for the year (RMB'000)	December 31, 2020 (RMB'000)
Lands	34,090	1,284,979	181,076	1,137,993
Plant and buildings	290,466,717	56,082,505	3,355,441	343,193,781
Machinery equipment	197,660,596	52,691,741	4,319,765	246,032,572
Vehicles	1,791,947	366,565	92,649	2,065,863
Electronic equipment and other equipment	2,323,995	443,758	87,389	2,680,364
Total	**492,277,345**	**110,869,548**	**8,036,320**	**595,110,573**

(2) Accumulated depreciation

Items	January 1, 2021 (RMB'000)	Increase for the year (RMB'000)	Decrease for the year (RMB'000)	December 31, 2021 (RMB'000)
Lands				
Plant and buildings	82,508,604	5,115,170	1,912,846	85,710,928
Machinery equipment	89,988,966	21,946,242	1,370,143	110,565,065
Vehicles	1,042,053	103,236	80,080	1,065,209
Electronic equipment and other equipment	1,466,386	184,311	60,744	1,589,953
Total	**175,006,009**	**27,348,959**	**3,423,813**	**198,931,155**

(Continued)

Items	December 31, 2019 (RMB'000)	Increase for the year (RMB'000)	Decrease for the year (RMB'000)	December 31, 2020 (RMB'000)
Lands				
Plant and buildings	75,634,780	8,156,947	1,277,451	82,514,276
Machinery equipment	81,144,422	14,682,104	1,152,531	94,673,995
Vehicles	954,620	155,840	68,456	1,042,004
Electronic equipment and other equipment	1,391,512	125,257	50,459	1,466,310
Total	**159,125,334**	**23,120,148**	**2,548,897**	**179,696,585**

(3) Net book values of fixed assets

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Lands	1,116,218	1,137,993	34,090
Plant and buildings	321,860,109	260,679,505	214,831,937
Machinery equipment	181,091,226	151,358,577	116,516,174
Vehicles	1,308,721	1,023,859	837,327
Electronic equipment and other equipment	1,388,779	1,214,054	932,483
Total	**506,765,053**	**415,413,988**	**333,152,011**

(4) Provision for impairment

Items	**January 1, 2021 (RMB'000)**	**Increase for the year (RMB'000)**	**Decrease for the year (RMB'000)**	**December 31, 2021 (RMB'000)**
Lands	2,000			2,000
Plant and buildings	320,881		38,911	281,970
Machinery equipment	1,104,103	26,691	37,301	1,093,493
Vehicles	356			356
Electronic equipment and other equipment	14			14
Total	**1,427,354**	**26,691**	**76,212**	**1,377,833**

(Continued)

Items	**December 31, 2019 (RMB'000)**	**Increase for the year (RMB'000)**	**Decrease for the year (RMB'000)**	**December 31, 2020 (RMB'000)**
Lands	2,000			2,000
Plant and buildings	283,451			283,451
Machinery equipment	919,621	253,598	8,545	1,164,674
Vehicles	356			356
Electronic equipment and other equipment	4,582			4,582
Total	**1,210,010**	**253,598**	**8,545**	**1,455,063**

(5) Net carrying amounts of fixed assets

Items	**December 31, 2021 (RMB'000)**	**December 31, 2020 (RMB'000)**	**December 31, 2019 (RMB'000)**
Lands	1,114,218	1,135,993	32,090
Plant and buildings	321,578,139	260,396,054	214,548,486
Machinery equipment	179,997,733	150,193,903	115,596,553
Vehicles	1,308,365	1,023,503	836,971
Electronic equipment and other equipment	1,388,765	1,209,472	927,901
Total	**505,387,220**	**413,958,925**	**331,942,001**

22.2 Disposal of fixed assets

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)	Reason for disposal
Plant and buildings	1,985	1,388	539	Disposal
Machinery equipment	15,950	21,619	1,845	Disposal
Vehicles	348	367	135	Disposal
Electronic equipment and other equipment	558	-416	200	Disposal
Total	**18,841**	**22,958**	**2,719**	**—**

23. Construction in progress

Items	Gross carrying amount (RMB'000)	December 31, 2021 Provision for impairment (RMB'000)	Net carrying amount (RMB'000)
Construction in progress	155,348,283	1,029,709	154,318,574
Construction materials	816,979		816,979
Total	**156,165,262**	**1,029,709**	**155,135,553**

(Continued)

Items	Gross carrying amount (RMB'000)	December 31, 2020 Provision for impairment (RMB'000)	Net carrying amount (RMB'000)
Construction in progress	175,275,920	830,643	174,445,277
Construction materials	741,574		741,574
Total	**176,017,494**	**830,643**	**175,186,851**

(Continued)

Items	Gross carrying amount (RMB'000)	December 31, 2019 Provision for impairment (RMB'000)	Net carrying amount (RMB'000)
Construction in progress	170,003,829	830,643	169,173,186
Construction materials	738,794		738,794
Total	**170,742,623**	**830,643**	**169,911,980**

Changes of significant in major construction in progress

Name of project	Budget (RMB'000)	January 1, 2021 (RMB'000)	Increase (RMB'000)	Transferred to fixed assets (RMB'000)	Other decreases (RMB'000)	December 31, 2021 (RMB'000)
Baihetan Hydropower Project	177,889,733	112,644,390	25,592,104	59,545,574		78,690,920
Jiangsu Rudong H6 (400MW) Offshore Wind Power Project of Three Gorges New Energy	7,350,609	2,277,645	3,550,257		9,614	5,818,288
Jiangsu Rudong H10 (400MW) Offshore Wind Power Project of Three Gorges New Energy	7,394,323	1,496,895	4,108,832		5,404	5,600,323
Yangjiang Phase III Offshore Wind Power Project	7,245,917	1,683,469	3,917,212		41,731	5,558,950
Chengda Plaza Project	6,052,152	5,446,114	685,985	827,361		5,304,738
Yangxi Shapa Phase II 400MW Offshore Wind Power Project of Three Gorges New Energy	7,536,610	1,783,030	4,183,451	1,091,494	84,785	4,790,202
Offshore Wind Power Project - Changle Phase I Project	6,119,000	2,058,396	2,708,082		74,908	4,691,570
Jiangsu Dafeng H8-2#300MW Offshore Wind Power Project of CTGR	5,394,560	774,818	3,511,614		17,201	4,269,231
Yangjiang Phase IV Offshore Wind Power Project	5,552,073	1,322,636	2,718,809		12,252	4,029,193
Yangjiang Phase V Offshore Wind Power Project	5,531,471	791,839	3,159,360			3,951,199
New Generation of Grid Green-Friendly Power Plant Demonstration Project Phase I of Three Gorges Ulanqab	3,807,701	6,063	2,454,609			2,460,672
Changlongshan Pumped Storage Power Generation Project	10,683,478	4,583,271	1,382,836	3,962,723		2,003,384
Xiangjiaba Hydropower Project	54,165,000	1,485,013	56,765			1,541,778

Name of project	Budget (RMB'000)	January 1, 2021 (RMB'000)	Increase (RMB'000)	Transferred to fixed assets (RMB'000)	Other decreases (RMB'000)	December 31, 2021 (RMB'000)
Xiangyang Yicheng Thermal Power Plant Project	7,841,780		754,568			754,568
Wudongde Hydropower Project	97,657,201	5,395,858	10,095,887	14,459,855		1,031,890
Hunyuan County Yuanyang 200MW Project	1,534,340		910,672			910,672
Jingzhou Coal Reserve Base Project	3,795,326	2,125,797	653,686	1,716,017	189,405	874,061
Minhai 300MW PV Power Generation Parity Project in Qinnan District, Qinzhou City, Guangxi Province	1,677,000		1,258,457	377,297	7,326	873,834
Zhongwei City Zhongning County Yudingsha Haoliang 200MWp Parity PV Project	776,000		644,108			644,108
Xiaonanhai Hydropower Project	36,197,796	827,672				827,672
Total	**454,202,070**	**144,702,906**	**72,347,294**	**81,980,321**	**442,626**	**134,627,253**

(Continued)

Name of project	Total Cost /Budget (%)	Project progress (%)	Accumulated capitalized Interest (RMB'000)	Inc.: Accumulated capitalized interest of 2021 (RMB'000)	Interest capitalization rate in 2021 (%)	Source of fund
Baihetan Hydropower Project	80.81	80.81	14,752,930	2,683,454	4.05	Self-fund raising, Borrowing
Jiangsu Rudong H6 (400MW) Offshore Wind Power Project of Three Gorges New Energy	79.40	79.40	124,743	92,294	3.98	Self-fund raising, Borrowing

Name of project	Total Cost /Budget (%)	Project progress (%)	Accumulated capitalized Interest (RMB'000)	Inc.: Accumulated capitalized interest of 2021 (RMB'000)	Interest capitalization rate in 2021 (%)	Source of fund
Jiangsu Rudong H10 (400MW) Offshore Wind Power Project of Three Gorges New Energy	75.94	75.94	115,341	87,457	3.96	Self-fund raising, Borrowing
Yangjiang Phase III Offshore Wind Power Project	77.32	77.32	123,458	106,084	4.20	Self-fund raising, Borrowing
Chengda Plaza Project	87.65	87.65	50,101	48,808	3.93	Self-fund raising, Borrowing
Yangxi Shapa Phase II 400MW Offshore Wind Power Project of Three Gorges New Energy	79.19	79.19	147,555	107,098	4.20	Self-fund raising, Borrowing
Offshore Wind Power Project - Changle Phase I Project	76.73	76.73	66,211	60,572	3.76	Self-fund raising, Borrowing
Jiangsu Dafeng H8-2#300MW Offshore Wind Power Project of CTGR	82.22	82.22	72,862	54,300	3.99	Self-fund raising, Borrowing
Yangjiang Phase IV Offshore Wind Power Project	72.81	72.81	99,052	85,042	4.20	Self-fund raising, Borrowing
Yangjiang Phase V Offshore Wind Power Project	71.45	71.45	79,056	66,583	4.20	Self-fund raising, Borrowing
New Generation of Grid Green-Friendly Power Plant Demonstration Project Phase I of Three Gorges Ulanqab	66.04	66.04	6,935	6,935	3.80	Self-fund raising, Borrowing
Changlongshan Pumped Storage Power Generation Project	55.99	55.99	470,207	163,292	4.45	Self-fund raising, Borrowing
Xiangjiaba Hydropower Project	150.39	97.09				Self-fund raising
Xiangyang Yicheng Thermal Power Plant Project	15.10	10.00	9,831	9,831	3.68	Self-fund raising, Borrowing
Wudongde Hydropower Project	77.69	77.69	6,626,917	285,649	4.48	Self-fund raising, Borrowing

Name of project	Total Cost /Budget (%)	Project progress (%)	Accumulated capitalized Interest (RMB'000)	Inc.: Accumulated capitalized interest of 2021 (RMB'000)	Interest capitalization rate in 2021 (%)	Source of fund
Hunyuan County Yuanyang 200MW Project	58.50	58.50	11,989		5.20	Self-fund raising, Borrowing
Jingzhou Coal Reserve Base Project	73.46	96.53	76,006	35,340	3.95	Self-fund raising, Borrowing
Minhai 300MW PV Power Generation Parity Project in Qinnan District, Qinzhou City, Guangxi Province	75.20	75.20	42,935	24,722	4.03	Self-fund raising, Borrowing
Zhongwei City Zhongning County Yudingsha Haoliang 200MWp Parity PV Project	83.00	70.00	5,982	5,982	4.49	Self-fund raising, Borrowing
Xiaonanhai Hydropower Project	2.29	2.29				Self-fund raising
Total	—	—	**22,882,111**	**3,923,443**	—	—

(Continued)

Name of project	Budget (RMB'000)	December 31, 2019 (RMB'000)	Increase (RMB'000)	Transferred to fixed assets (RMB'000)	Other decreases (RMB'000)	December 31, 2020 (RMB'000)
Baihetan Hydropower Project	177,889,733	73,154,677	39,489,713			112,644,390
Carot Hydropower Project	12,070,380	5,607,774	1,495,534		561,854	6,541,454
Chengda Plaza Project	6,052,152		5,446,114			5,446,114
Wudongde Hydropower Project	97,657,201	60,666,728	8,654,139	63,925,009		5,395,858
Changlongshan Pumped Storage Power Generation Project	10,683,478	2,962,828	1,620,443			4,583,271
Shapa Offshore Wind Farm Project	5,698,110	1,502,244	1,864,754	1,130,756	28,518	2,207,724

Name of project	Budget (RMB'000)	December 31, 2019 (RMB'000)	Increase (RMB'000)	Transferred to fixed assets (RMB'000)	Other decreases (RMB'000)	December 31, 2020 (RMB'000)
Jingzhou Coal Reserve Base Project	3,795,326	1,487,082	646,559		7,844	2,125,797
Yangjiang Phase III Offshore Wind Power Project	7,245,917		1,683,469			1,683,469
Xiangjiaba Hydropower Project	54,165,000	5,816,605	61,323	4,392,915		1,485,013
Fuqing Xinghua Bay Phase II Project	5,669,398	1,598,823	1,626,399	1,730,177	43,226	1,451,819
Yangjiang Phase IV Offshore Wind Power Project	5,552,073		1,322,636			1,322,636
300 MW PV Grid Parity Project in Shuitou Town, Jiaokou County	1,202,700		1,061,947		6,735	1,055,212
150 MW Wind Farm Project in Jijiashan, Heshan District	1,256,339		899,161			899,161
Xiaonanhai Hydropower Project	36,197,796	827,672				827,672
Yangjiang Phase V Offshore Wind Power Project	5,531,471		791,839			791,839
200MW Wind Power Project in Longyang Township, Tongwei County, Gansu	1,504,000		1,273,469	586,865	13,459	673,145
Xiakoutang Power Station Project	781,081	439,278	104,057			543,335
50000 KW Wind Power Project in Tangershang Township, Jingle County, Shanxi	476,040		420,622		5,532	415,090
54MW Wind Farm Project in Lengkou Township, Jiang County, Shanxi	517,610		409,773	118		409,655
Total	**433,945,805**	**154,063,711**	**68,871,951**	**71,765,840**	**667,168**	**150,502,654**

(Continued)

Name of project	Total Cost /Budget (%)	Project progress (%)	Accumulated capitalized Interest (RMB'000)	Inc.: Accumulated capitalized interest of 2020 (RMB'000)	Interest capitalization rate in 2020 (%)	Source of fund
Baihetan Hydropower Project	67.41	67.41	8,102,851	2,545,883	4.53	Self-fund raising, Borrowing
Carot Hydropower Project	64.62	84.45	626,667	262,411	5.20	Self-fund raising, Borrowing
Chengda Plaza Project	89.99	89.99	1,293	1,293	3.50	Self-fund raising, Borrowing
Wudongde Hydropower Project	75.14	75.14	6,353,172	1,534,172	4.53	Self-fund raising, Borrowing
Changlongshan Pumped Storage Power Generation Project	43.16	43.16	306,916	144,017	4.57	Self-fund raising, Borrowing
Shapa Offshore Wind Farm Project	59.09	59.09	81,999	50,677	4.01	Self-fund raising, Borrowing
Jingzhou Coal Reserve Base Project	56.23	79.30	48,676	28,421	3.95	Self-fund raising, Borrowing
Yangjiang Phase III Offshore Wind Power Project	23.23	23.23	17,371	17,371	3.55	Self-fund raising, Borrowing
Xiangjiaba Hydropower Project	150.54	97.19				Self-fund raising
Fuqing Xinghua Bay Phase II Project	56.91	56.91	32,939	26,632	4.34	Self-fund raising, Borrowing
Yangjiang Phase IV Offshore Wind Power Project	23.82	23.82	14,007	14,007	3.64	Self-fund raising, Borrowing
300 MW PV Grid Parity Project in Shuitou Town, Jiaokou County	88.30	88.30	5,428			Self-fund raising, Borrowing
150 MW Wind Farm Project in Jijiashan, Heshan District	71.46	71.46	11,987			Self-fund raising, Borrowing
Xiaonanhai Hydropower Project	2.29	2.29				Self-fund raising

Name of project	Total Cost /Budget (%)	Project progress (%)	Accumulated capitalized Interest (RMB'000)	Inc.: Accumulated capitalized interest of 2020 (RMB'000)	Interest capitalization rate in 2020 (%)	Source of fund
Yangjiang Phase V Offshore Wind Power Project	14.32	14.32	12,471	12,471	3.45	Self-fund raising, Borrowing
200MW Wind Power Project in Longyang Township, Tongwei County, Gansu	92.48	90.00	85,171	19,752	4.75	Self-fund raising, Borrowing
Xiakoutang Power Station Project	68.50	80.00	41,669	13,442	3.60	Self-fund raising, Borrowing
50000 KW Wind Power Project in Tangershang Township, Jingle County, Shanxi	88.36	88.36	3,403			Self-fund raising, Borrowing
54MW Wind Farm Project in Lengkou Township, Jiang County, Shanxi	79.28	79.28	12,567			Self-fund raising, Borrowing
Total	—	—	**15,758,587**	**4,670,549**	—	—

24. Right-of-use assets

Items	January 1, 2021 (RMB'000)	Increase (RMB'000)	Decrease (RMB'000)	December 31, 2021 (RMB'000)
Gross carrying amounts	**3,779,759**	**7,242,457**	**3,122,224**	**7,899,992**
Including: Land	1,124,577	2,562,717	211,578	3,475,716
Houses and buildings	396,636	563,907	36,464	924,079
Machine transportation and office equipment	2,233,432	4,115,741	2,874,174	3,474,999
Miscellaneous	25,114	92	8	25,198
Accumulated depreciation	**265,496**	**674,184**	**218,704**	**720,976**
Including: Land	8,807	183,972	8,856	183,923
Houses and buildings	25,344	192,005	11,117	206,232
Machine transportation and office equipment	231,345	296,971	198,730	329,586
Miscellaneous		1,236	1	1,235
Net book values	**3,514,263**			**7,179,016**
Including: Land	1,115,770			3,291,793
Houses and buildings	371,292			717,847
Machine transportation and office equipment	2,002,087			3,145,413
Miscellaneous	25,114			23,963
Provision for impairment				
Including: Land				
Houses and buildings				
Machine transportation and office equipment				
Miscellaneous				
Net carrying amounts	**3,514,263**			**7,179,016**
Including: Land	1,115,770			3,291,793
Houses and buildings	371,292			717,847
Machine transportation and office equipment	2,002,087			3,145,413
Miscellaneous	25,114			23,963

25. Intangible assets

Items	January 1, 2021 (RMB'000)	Increase (RMB'000)	Decrease (RMB'000)	December 31, 2021 (RMB'000)
Gross carrying amounts	**83,369,972**	**22,988,833**	**4,479,724**	**101,879,081**
Including: Software	628,148	236,873	36,369	828,652
Land use rights	4,444,922	1,166,974	432,958	5,178,938
Patent rights	15	175		190
Non-patent techniques	39,384	3,483	1,772	41,095
Concession rights	77,291,937	21,578,662	3,990,372	94,880,227
Others	965,566	2,666	18,253	949,979
Accumulated amortization	**8,848,754**	**2,260,713**	**770,767**	**10,338,700**
Including: Software	371,572	97,770	27,703	441,639
Land use rights	514,513	304,040	62,378	756,175
Patent rights	5	5		10
Non-patent techniques	27,773	3,348	1,696	29,425
Concession rights	7,799,526	1,787,311	675,797	8,911,040
Others	135,365	68,239	3,193	200,411
Provision for impairment	**249,345**	**228,179**	**10,370**	**467,154**
Including: Software				
Land use rights				
Patent rights				
Non-patent techniques				
Concession rights	249,345	228,179	10,370	467,154
Others				
Net carrying amounts	**74,271,873**			**91,073,227**
Including: Software	256,576			387,013
Land use rights	3,930,409			4,422,763
Patent rights	10			180
Non-patent techniques	11,611			11,670
Concession rights	69,243,066			85,502,033
Others	830,201			749,568

(Continued)

Items	December 31, 2019 (RMB'000)	Increase (RMB'000)	Decrease (RMB'000)	December 31, 2020 (RMB'000)
Gross carrying amounts	**33,784,327**	**35,514,350**	**6,407,711**	**62,890,966**
Including: Software	431,969	253,095	56,916	628,148
Land use rights	3,986,658	724,126	265,862	4,444,922
Patent rights	38	3	26	15
Non-patent techniques	37,539	2,003	158	39,384
Concession rights	28,359,888	34,482,213	6,029,170	56,812,931
Others	968,235	52,910	55,579	965,566
Accumulated amortization	**3,951,501**	**1,041,418**	**598,429**	**4,394,490**
Including: Software	277,965	126,700	33,093	371,572
Land use rights	435,829	96,352	17,668	514,513
Patent rights	5			5
Non-patent techniques	24,249	3,535	11	27,773
Concession rights	3,150,414	735,928	541,080	3,345,262
Others	63,039	78,903	6,577	135,365
Provision for impairment	**236,966**		**15,330**	**221,636**
Including: Software				
Land use rights				
Patent rights				
Non-patent techniques				
Concession rights	236,966		15,330	221,636
Others				
Net carrying amounts	**29,595,860**			**58,274,840**
Including: Software	154,004			256,576
Land use rights	3,550,829			3,930,409
Patent rights	33			10
Non-patent techniques	13,290			11,611
Concession rights	24,972,508			53,246,033
Others	905,196			830,201

26. Goodwill

Name of the investee or formation of goodwill	Gross carrying amount of December 31, 2021 (RMB'000)	Provision for impairment of December 31, 2021 (RMB'000)	Net carrying amount of December 31, 2021 (RMB'000)
China Yangtze Power Co., Ltd.	2,224,393		2,224,393
Alcazar Energy Partners	2,223,096		2,223,096
China Three Gorges Offshore Luxembourg S.a.r.l	1,252,985		1,252,985
Hubei Energy Group Co. Ltd.	1,204,422		1,204,422
Peruvian Opportunity Company S.A.C.	987,247		987,247
Rio Paranapanema Participa & ccediles S.A.	524,449		524,449
Yulin Longyuan Photovoltaic Power Co., Ltd.	506,572		506,572
EMPRESA DE GENERACI QN HUALLAGA S.A.	455,315		455,315
Beijing Bainian Yihao New Energy Technology Development Co., Ltd.	367,361		367,361
Hengshan Jinghe Solar Power Co., Ltd.	233,714		233,714
Yulin Yushen Industrial Zone Dongtou Energy Co., Ltd.	212,883		212,883
Shangshui Xiexin Photovoltaic Power Co., Ltd.	148,550		148,550
Rio Canoas Energia S.A.	143,431		143,431
Jiangshan Chint Linn PV Development Co., Ltd.	129,639		129,639
Nanzhao Xiehe Wind Power Generation Co., Ltd.	129,389		129,389
Yueqing CHINT Photovoltaic Power Generation Co., Ltd.	122,830		122,830
La Bo ga Goodwill arising from the absorption of the merger	117,870		117,870
Zhongning County Yinbian New Energy Co., Ltd.	106,970		106,970
Inner Mongolia Jingneng Bayin Wind Power Co., Ltd.	96,410		96,410
Zuoyun Jinko Power Co., Ltd.	94,441		94,441
Jingbian County Shunfeng New Energy Co., Ltd.	93,041		93,041
Jiangsu Xuqiang New Energy Technology Co., Ltd.	75,190		75,190
Rio Verde Energia S.A.	70,051		70,051
Qinghai Shenhong New Energy Development Co., Ltd.	68,333		68,333
Jingbian Xiexin Photovoltaic Power Co., Ltd.	66,134		66,134
Beijing Jingneng Cement Co., Ltd	65,456		65,456

Name of the investee or formation of goodwill	Gross carrying amount of December 31, 2021 (RMB'000)	Provision for impairment of December 31, 2021 (RMB'000)	Net carrying amount of December 31, 2021 (RMB'000)
Huzhou Wuxing Shenglin Power Co., Ltd.	59,417		59,417
Yunnan Longling Ouhua Hydropower Co., Ltd.	58,882	58,882	
Shaoxing Lvzhu Photovoltaic Co., Ltd.	58,784		58,784
Alexsun 2 S.A.	56,489	56,489	
Kaifeng Huaxin New Energy Development Co., Ltd.	54,386	25,538	28,848
Three Gorges New Energy Longling Power Generation Co., Ltd.	54,353	54,353	
Pingyuan County Xiehe Solar Power Generation Co., Ltd.	49,499		49,499
Carlot Power Co., Ltd.	49,059		49,059
Hubei Qingneng Co., Ltd.	46,478		46,478
Kangbao Xiehe Xuwulin Wind Power Generation Co., Ltd.	46,422		46,422
Xiyang Sineng New Energy Co., Ltd.	44,405		44,405
Changchun Shengbu Photovoltaic Power Co., Ltd.	42,711		42,711
Marpani Solar 10,S.L. & CTG Zener ,S.L.	42,596		42,596
Damao Banner Datang Tianhong Solar Energy Technology Co., Ltd.	41,300		41,300
Queshan Zhuiri New Energy Power Co., Ltd.	37,819		37,819
Inner Mongolia Qingyou New Energy Technology Co., Ltd.	37,669		37,669
Weishan Jinko Power Co., Ltd.	37,099		37,099
Shangdu Tianrun Wind Power Co., Ltd.	36,323		36,323
Daan Runfeng Energy Development Co., Ltd.	30,045	30,045	
Sanmenxia Xieli Photovoltaic Power Co., Ltd.	29,898		29,898
Badong Liushuping Electric Power Co., Ltd.	29,868		29,868
Xiantao Chuneng New Energy Co., Ltd.	28,815		28,815
Guohong New Energy Power Co., Ltd.	28,000		28,000
Beijing Jingcheng New Energy (Tongwei) Wind Power Co., Ltd.	23,126		23,126
Nanzhao Xinli Photovoltaic Power Co., Ltd.	21,900		21,900
Shaoxing Jianxin Energy Development Co., Ltd.	21,872		21,872
Dingzhou Guangjie New Energy Technology Co., Ltd.	20,807		20,807

Name of the investee or formation of goodwill	Gross carrying amount of December 31, 2021 (RMB'000)	Provision for impairment of December 31, 2021 (RMB'000)	Net carrying amount of December 31, 2021 (RMB'000)
Goodwill arising from the absorption of Marmellar	20,128		20,128
Jingcheng Guazhou New Energy Co., Ltd.	18,613		18,613
CTG Brasil Negócios de Energia S.A.	16,731		16,731
Gaotang County Qisheng New Energy Co., Ltd.	16,122		16,122
Pakistan Wind Power Co., Ltd. II	15,494		15,494
Suzhou Jinghai Photovoltaic Power Generation Co., Ltd.	15,168		15,168
Haixing Xiehe Solar Power Generation Co., Ltd.	13,820		13,820
Pingdu Anxin Power Investment New Energy Co., Ltd.	11,876		11,876
Huize Taihe Wind Power Generation Co., Ltd.	11,332		11,332
Qian'an Honghua Solar Power Generation Technology Co., Ltd.	11,175		11,175
Nanjing Honghua New Energy Development Co., Ltd.	11,130		11,130
Hangzhou Jianxin New Energy Technology Co., Ltd.	9,525		9,525
Beijing Xingqiyuan energy saving technology Co., Ltd.	8,791		8,791
Weixi longdu Power Co. Ltd.	8,300	8,300	
Hubei Gucheng Yinping Power Co., Ltd.	8,300		8,300
Suzhou Shengbu Photovoltaic Power Generation Co., Ltd.	8,230		8,230
Wuwei Xiehe Solar Power Generation Co., Ltd.	7,198		7,198
Hubei Bajiao River Hydropower Development Co., Ltd.	6,595		6,595
Shaoxing Jingtian Photovoltaic Technology Co., Ltd.	6,276		6,276
Fuxin Xinyang Power New Energy Co., Ltd.	6,188		6,188
Macheng Zhongguang Shenghui New Energy Co., Ltd.	5,595		5,595
Taiqian Xiexin Photovoltaic Power Co., Ltd.	5,465		5,465
Jinhu Guorun New Energy Co., Ltd.	5,276		5,276
Hangzhou Jingzhu Energy Development Co., Ltd.	4,782		4,782
Heilongjiang Hongbin New Energy Technology Co., Ltd.	3,956		3,956
Quzhou Jingzhu Energy Technology Co., Ltd.	3,729		3,729

Name of the investee or formation of goodwill	Gross carrying amount of December 31, 2021 (RMB'000)	Provision for impairment of December 31, 2021 (RMB'000)	Net carrying amount of December 31, 2021 (RMB'000)
Three Gorges Rixin (Hubei) Construction Co., Ltd.	3,340		3,340
Huize Xiehe Wind Power Generation Co., Ltd.	2,972		2,972
Xi'an Tiansheng Shenghui Energy Technology Co., Ltd.	2,779		2,779
Yichun Solar Wind New Energy Co. LTD.	2,276	2,276	
Malong Xiehe Wind Power Generation Co., Ltd.	2,263		2,263
Guangxi Qinzhou Minhai New Energy Technology Co., Ltd.	2,199		2,199
Xiushui County Wande Wind Power Generation Co., Ltd.	2,027		2,027
Shaoxing Jingyue Photovoltaic Co., Ltd.	1,961		1,961
Hangzhou Jingdong Energy Co., Ltd.	1,947		1,947
Jiaxing Jianxin New Energy Development Co., Ltd.	1,652		1,652
Shaoxing Jingkai Photovoltaic Technology Co., Ltd.	1,414		1,414
Xi'an Jiangsheng Tianchen New Energy Technology Co., Ltd.	1,366		1,366
Hubei Coal Investment and Development Co., Ltd.	1,061	1,061	
Beijing Heting Science and Technology Development Co., Ltd.	715		715
Shaoxing Jingke Photovoltaic Co., Ltd.	48		48
Total	**13,096,009**	**236,944**	**12,859,065**

(Continued)

Name of the investee or formation of goodwill	Gross carrying amount of December 31, 2020 (RMB'000)	Provision for impairment of December 31, 2020 (RMB'000)	Net carrying amount of December 31, 2020 (RMB'000)
China Yangtze Power Co., Ltd.	2,224,393		2,224,393
China Three Gorges Offshore Luxembourg S.a.r.l	1,392,745		1,392,745
Hubei Energy Group Co. Ltd.	1,204,422		1,204,422
Peruvian Opportunity Company S.A.C.	1,010,350		1,010,350
Rio Paranapanema Participa & ccediles S.A.	575,858		575,858
EMPRESA DE GENERACI QN HUALLAGA S.A.	465,970		465,970
Rio Canoas Energia S.A.	157,491		157,491

Name of the investee or formation of goodwill	Gross carrying amount of December 31, 2020 (RMB'000)	Provision for impairment of December 31, 2020 (RMB'000)	Net carrying amount of December 31, 2020 (RMB'000)
Nanzhao Xiehe Wind Power Generation Co., Ltd.	131,409		131,409
Yueqing CHINT Photovoltaic Power Generation Co., Ltd.	122,830		122,830
Inner Mongolia Jingneng Bayin Wind Power Co., Ltd.	96,410		96,410
Rio Verde Energia S.A.	76,918		76,918
Beijing Jingneng Cement Co., Ltd	65,456		65,456
Huzhou Wuxing Shenglin Power Co., Ltd.	59,417		59,417
Yunnan Longling Ouhua Hydropower Co., Ltd.	58,882	58,882	
Alexsun 2 S.A.	62,790	62,790	
Three Gorges New Energy Longling Power Generation Co., Ltd.	54,353	52,694	1,659
Pingyuan County Xiehe Solar Power Generation Co., Ltd.	49,499		49,499
Carlot Power Co., Ltd.	49,059		49,059
Hubei Qingneng Co., Ltd.	46,478		46,478
Xiyang Sineng New Energy Co., Ltd.	44,405		44,405
Shangdu Tianrun Wind Power Co., Ltd.	36,323		36,323
Daan Runfeng Energy Development Co., Ltd.	30,045	30,045	
Badong Liushuping Electric Power Co., Ltd.	29,868		29,868
Guohong New Energy Power Co., Ltd.	28,000		28,000
Beijing Jingcheng New Energy (Tongwei) Wind Power Co., Ltd.	23,126		23,126
CTG Brasil Negócios de Energia S.A.	18,371		18,371
Pakistan Wind Power Co., Ltd. II	15,494		15,494
Haixing Xiehe Solar Power Generation Co., Ltd.	13,820		13,820
Beijing Xingqiyuan energy saving technology Co., Ltd.	8,791		8,791
Weixi longdu Power Co. Ltd.	8,300	8,300	
Hubei Gucheng Yinping Power Co., Ltd.	8,300		8,300
Hubei Bajiao River Hydropower Development Co., Ltd.	6,595		6,595
Macheng Zhongguang Shenghui New Energy Co., Ltd.	5,595		5,595
Three Gorges Rixin (Hubei) Construction Co., Ltd.	3,340		3,340

Name of the investee or formation of goodwill	Gross carrying amount of December 31, 2020 (RMB'000)	Provision for impairment of December 31, 2020 (RMB'000)	Net carrying amount of December 31, 2020 (RMB'000)
Huize Xiehe Wind Power Generation Co., Ltd.	2,972		2,972
Yichun Solar Wind New Energy Co. LTD.	2,276	2,276	
Malong Xiehe Wind Power Generation Co., Ltd.	2,263		2,263
Hubei Coal Investment and Development Co., Ltd.	1,061	1,061	
Leshan Daping Hydropower Co., Ltd.	3,655		3,655
Total	**8,197,330**	**216,048**	**7,981,282**

(Continued)

Name of the investee or formation of goodwill	Gross carrying amount of December 31, 2019 (RMB'000)	Provision for impairment of December 31, 2019 (RMB'000)	Net carrying amount of December 31, 2019 (RMB'000)
China Yangtze Power Co., Ltd.	2,224,393		2,224,393
China Three Gorges Offshore Luxembourg S.a.r.l	1,356,387		1,356,387
Hubei Energy Group Co. Ltd.	1,204,422		1,204,422
Rio Paranapanema Participa&ccediles S.A.	944,363		944,363
EMPRESA DE GENERACI QN HUALLAGA S.A.	498,199		498,199
Rio Canoas Energia S.A.	217,956		217,956
Rio Verde Energia S.A.	106,449		106,449
Inner Mongolia Jingneng Bayin Wind Power Co., Ltd.	96,410		96,410
Beijing Jingneng Cement Co., Ltd	65,456		65,456
Alexsun2 S.A.	61,151	61,151	
Yunnan Longling Ouhua Hydropower Co., Ltd.	58,882	58,882	
Three Gorges New Energy Longling Power Generation Co., Ltd.	54,353	52,694	1,659
Carlot Power Co., Ltd.	48,344		48,344
Hubei Qingneng Co., Ltd.	46,478		46,478
Xiyang Sineng New Energy Co., Ltd.	44,405		44,405
Shangdu Tianrun Wind Power Co., Ltd.	36,323		36,323
Daan Runfeng Energy Development Co., Ltd.	30,045	30,045	
Badong Liushuping Electric Power Co., Ltd.	29,869		29,869

Name of the investee or formation of goodwill	Gross carrying amount of December 31, 2019 (RMB'000)	Provision for impairment of December 31, 2019 (RMB'000)	Net carrying amount of December 31, 2019 (RMB'000)
Guohong New Energy Power Co., Ltd.	28,000		28,000
CTG Brasil Negócios de Energia S.A.	25,424		25,424
Pakistan Wind Power Co., Ltd. II	15,048		15,048
Beijing Xingqiyuan energy saving technology Co., Ltd.	8,791		8,791
Weixi longdu Power Co. Ltd.	8,300	8,300	
Hubei Gucheng Yinping Power Co., Ltd.	8,300		8,300
Hubei Bajiao River Hydropower Development Co., Ltd.	6,595		6,595
Macheng Zhongguang Shenghui New Energy Co., Ltd.	5,595		5,595
Yichun Solar Wind New Energy Co. LTD.	2,276	2,276	
Hubei Coal Investment and Development Co., Ltd.	1,061	1,061	
Total	**7,233,275**	**214,409**	**7,018,866**

27. Deferred tax assets and deferred tax liabilities

	December 31, 2021	
Items	**Deferred tax assets/liabilities (RMB'000)**	**Deductible /taxable temporary differences (RMB'000)**
Deferred tax assets		
Provision for impairment	937,995	4,116,059
Deductible tax losses	742,664	3,477,397
Employee benefits payables	28,397	102,033
Unrealized profits of internal transactions	9,413,791	37,655,161
Gain/loss on foreign exchanges	632,404	1,860,012
Others	2,104,808	8,774,355
Total	**13,860,059**	**55,985,017**
Deferred tax liabilities		
Valuation of FVTPL, derivative financial instruments	435,175	1,740,587
Changes in fair value of financial assets included in other comprehensive income	753,473	3,015,849
Appreciation of asset valuation	2,819,266	10,604,744
Others	3,154,349	11,230,917

	December 31, 2021	
Items	**Deferred tax assets/liabilities (RMB'000)**	**Deductible /taxable temporary differences (RMB'000)**
Total	**7,162,263**	**26,592,097**

(Continued)

	December 31, 2020	
Items	**Deferred tax assets/liabilities (RMB'000)**	**Deductible /taxable temporary differences (RMB'000)**
Deferred tax assets		
Provision for impairment	1,095,824	4,581,722
Deductible tax losses	402,344	1,527,248
Employee benefits payables	30,140	104,878
Unrealized profits of internal transactions	9,610,587	38,442,347
Gain/loss on foreign exchanges	659,987	1,941,140
Others	1,713,869	7,052,216
Total	**13,512,751**	**53,649,551**
Deferred tax liabilities		
Valuation of FVTPL, derivative financial instruments	24,631	98,524
Changes in fair value of financial assets included in other comprehensive income	565,521	2,264,779
Appreciation of asset valuation	2,584,611	9,254,106
Others	2,233,260	7,680,707
Total	**5,408,023**	**19,298,116**

(Continued)

	December 31, 2019	
Items	**Deferred tax assets/liabilities (RMB'000)**	**Deductible /taxable temporary differences (RMB'000)**
Deferred tax assets		
Provision for impairment	1,004,403	4,035,604
Deductible tax losses	337,808	1,281,708
Employee benefits payables	116,585	456,136
Unrealized profits of internal transactions	9,822,901	39,291,603

Items	December 31, 2019 Deferred tax assets/liabilities (RMB'000)	 Deductible /taxable temporary differences (RMB'000)
Gain/loss on foreign exchanges	441,167	1,297,550
Others	2,023,253	8,986,247
Total	**13,746,117**	**55,348,848**
Deferred tax liabilities		
Valuation of FVTPL, derivative financial instruments	32,788	131,151
Changes in fair value of financial assets included in other comprehensive income	1,318,369	5,282,317
Appreciation of asset valuation	2,952,305	10,305,477
Others	1,196,562	4,251,842
Total	**5,500,024**	**19,970,787**

28. Other non-current assets

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Input Value-Added tax	19,069,297	13,919,706	8,737,193
Contractual assets	1,117,962		
Pre-project costs	1,018,450	566,317	184,855
Liangjin assets	1,658,508	1,662,161	1,667,862
Legal deposits	639,065	675,754	898,369
Loans	489,505	3,730,846	4,327,940
Others	1,447,414	594,540	633,785
Sub-total	**25,440,201**	**21,149,324**	**16,450,004**
Less: Provision for impairment	1,658,508	1,662,161	1,825,979
Total	**23,781,693**	**19,487,163**	**14,624,025**

29. Short-term borrowings

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Pledged loans	20,000		
Guaranteed borrowings	6,867,708	2,990,924	3,572,577
Unsecured borrowings	11,881,881	20,082,818	9,404,121
Total	**18,769,589**	**23,073,742**	**12,976,698**

30. Financial liabilities held for trading

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Others	396,186	—	—
Total	**396,186**	**—**	**—**

31. Financial liabilities at fair value through profit or loss

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Exchangeable bonds option	—	640,897	768,403
Financial liabilities held for trading	—	349,290	
Total	**—**	**990,187**	**768,403**

32. Derivative financial liabilities

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
US dollar foreign exchange swap/bond - Wind	137,677	374,267	242,700
SWAP/Long-term Borrowings Interest Rate Swaps-Spain(DAYLIGHT PSM3)	27,580		
SWAP/Long-term Borrowings Interest Rate Swaps-Spain (DAYLIGHT MARPANI)	83,873		
SWAP/Long-term Borrowings Interest Rate Swaps-Spain (BOGA SINDICADO)	10,368		
SWAP/Long-term Borrowings Interest Rate Swaps-Spain (MIRASIERRA CREDITO)	17,429		
SWAP/Long-term Borrowings Interest Rate Swaps-Spain (COTEREJON)	4,871		
SWAP/Long-term Borrowings Interest Rate Swaps-Spain (MARMELLAR)	3,301		
SWAP/Long-term Borrowings Interest Rate-ALCAZAR	150,131		
SWAP/Fixed Electricity-Spain (DAYLIGHT PSM3)	321,778		
Total	**757,008**	**374,267**	**242,700**

33. Notes payable

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Commercial acceptance notes	321,934	901,675	360,747
Bank acceptance notes	7,613,625	1,150,373	1,476,696
Total	**7,935,559**	**2,052,048**	**1,837,443**

34. Accounts payable

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Within 1 year	25,605,818	14,586,106	10,516,308
1 - 2 years	4,693,662	4,328,068	2,237,686
2 - 3 years	1,848,225	1,092,204	1,776,928
Over 3 years	1,445,139	1,680,938	1,002,065
Total	**33,592,844**	**21,687,316**	**15,532,987**

35. Advances from customers

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Within 1 year	35,526	2,211,836	1,664,204
Over 1 year	18	353,955	595,726
Total	**35,544**	**2,565,791**	**2,259,930**

36. Contractual liabilities

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Coal receipt in advance	3,359,608	—	—
Peru SanGaban Hydropower Station project	379,514	—	—
Gas receipt in advance	143,241	—	—
Laos 500KV Electric Transmission & Transformation (Chuankuang - Nasai)	121,180	—	—
Others	916,665	—	—
Total	**4,920,208**	**—**	**—**

37. Deposits from customers, banks and other financial institutions

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Current deposits	411,937	1,163,160	2,091,403
—— Corporation	411,937	1,163,160	2,091,403
Time deposits (including notice deposits)	621,406	117,233	56,238
—— Corporation	621,406	117,233	56,238
Total	**1,033,343**	**1,280,393**	**2,147,641**

38. Employee benefits payable

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Salaries, bonuses, allowances and subsidies			475,614
Social insurance	9,498	5,201	8,401
Housing fund	445	934	437
Labor union fees and employee education fees	597,595	453,481	362,144
Termination benefits and early retirement expenses	686	504	505
Others	232	54	54
Total	**608,456**	**460,174**	**847,155**

39. Taxes payable

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Value-added tax	2,555,876	2,324,857	932,366
Resources tax	99,962	93,140	117,208
Enterprise income tax	3,834,690	3,578,889	2,304,647
City maintenance and construction tax	92,488	68,694	46,541
Real estate tax	189,676	191,974	162,379
City land use tax	192,081	195,345	187,484
Individual income tax	371,680	192,920	132,457
Education surcharges	60,683	39,545	34,841
Others	429,129	490,978	302,423
Total	**7,826,265**	**7,176,342**	**4,220,346**

40. Other payables

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Interests payable	3,905,331	3,744,124	3,681,761
Dividends payable	299,103	776,838	1,192,774
Other payables	29,223,566	23,731,700	26,144,686
Total	**33,428,000**	**28,252,662**	**31,019,221**

40.1 Interests payable

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Interests payable for long-term borrowings	818,441	738,705	641,999
Interests payable for bonds	2,650,888	2,818,621	2,760,576
Interests payable for short-term borrowings	13,701	38,911	77,878
Others	422,301	147,887	201,308
Total	**3,905,331**	**3,744,124**	**3,681,761**

40.2 Dividends payable

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Ordinary shares	271,985	740,365	1,192,774
Others	27,118	36,473	
Total	**299,103**	**776,838**	**1,192,774**

40.3 Other payables

Nature of Payables	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Expense to be settled	21,509,378	16,422,791	20,700,718
Receipts under custody and advance money for others	577,098	1,888,792	2,058,881
Deposit and surety bonds	2,322,057	2,672,999	2,109,737
Reservoir maintenance fees	890,926	92,677	119,636
Share acquisition fees	1,401,381	1,216,049	334,703
Non-financial institution borrowings	3,000	11,878	14,000
Co-construction funds	109,393	108,526	108,526

Nature of Payables	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Others	2,410,333	1,317,988	698,485
Total	**29,223,566**	**23,731,700**	**26,144,686**

41. Non-current liabilities due within one year

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Long-term borrowings due within one year	26,392,663	15,576,058	10,263,969
Bonds payable due within one year	26,875,889	39,771,063	18,461,565
Long-term payables due within one year	1,072,150	785,359	583,028
Lease liabilities due within one year	480,448	—	—
Other long-term liabilities due within one year		153,641	27,535
Total	**54,821,150**	**56,286,121**	**29,336,097**

42. Other current liabilities

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Short-term bonds payable	23,996,941	12,399,713	16,345,382
Tax to be written off	1,062,670	393,012	490,509
Outstanding financial leases	424,990		
Others	134,701	103,680	941
Total	**25,619,302**	**12,896,405**	**16,836,832**

43. Long-term borrowings

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)	Interest rates ranging on December 31, 2021(%)
Pledged borrowings	76,122,223	42,163,255	20,965,813	2.00-5.60
Mortgage borrowings	12,433,089	7,901,883	9,146,614	1.27-7.10
Guaranteed borrowings	6,821,364	8,541,746	8,689,558	0.20-7.00
Unsecured borrowings	118,529,569	83,196,278	63,321,389	0.56-6.67
Total	**213,906,245**	**141,803,162**	**102,123,374**	**—**

44. Bonds payable

Name of bond	Face value (RMB'000)	Issuing date	Maturity	December 31, 2021 (RMB'000)
06 Three Gorges bond (20 years)	3,000,000	2006/5/11	20 years	2,998,000
13 Three Gorges MTN1	5,000,000	2013/3/14	10 years	4,994,017
15 Three Gorges MTN001	5,000,000	2015/3/19	10 years	4,987,959
16 Three Gorges MTN002 (7 years term)	2,000,000	2016/6/3	7 years	1,997,555
G16 Three Gorges 2	2,500,000	2016/8/30	7 years	2,498,681
G18 Three Gorges 1 (Variety 2)	1,000,000	2018/8/3	10 years	999,641
18 Three Gorges GN001	3,000,000	2018/12/3	5 years	2,996,849
G19 Three Gorges 1 (Variety 1)	2,500,000	2019/2/26	5 years	2,498,782
G19 Three Gorges 1 (Variety 2)	500,000	2019/2/26	5 years	499,595
E19 Three Gorges 1	21,600,000	2019/4/9	10 years	16,095,347
19 Three Gorges GN001	3,500,000	2019/7/5	5 years	3,495,202
G19 Three Gorges 1 (Variety 2)	3,000,000	2019/9/11	5 years	2,997,388
20 Three Gorges MTN001	3,000,000	2020/3/5	3 years	2,996,792
G20 Three Gorges 1 (Variety 1)	1,000,000	2020/4/30	3 years	849,057
G20 Three Gorges 1 (Variety 2)	2,000,000	2020/4/30	10 years	1,997,925
2021 First Green Medium-term Notes	2,000,000	2021/2/9	3 years	1,997,350
2021 First Green Corporate Bonds	1,000,000	2021/3/3	3 years	999,864
2021 10th Issue of Green Medium-term Notes	1,000,000	2021/8/13	10 years	998,356
2021 12th Green Medium-term Notes	3,000,000	2021/9/17	20 years	2,994,888
2021 13th Green Medium-term Notes	3,000,000	2021/9/17	3 years	2,994,888
2021 14th Issue of Green Medium-term Notes	4,000,000	2021/11/12	3 years	3,992,797
2021 15th Issue of Green Medium-term Notes	4,000,000	2021/11/16	3 years	3,992,770
03 Three Gorges bond	3,000,000	2003/8/1	3 years	2,987,601
15 CYPC MTN001	3,000,000	2015/9/10	3 years	2,992,006
16 CYPC 01	3,000,000	2016/10/14	3 years	2,998,986
18 CYPC MTN001	2,000,000	2018/12/3	3 years	1,988,030
19 CYPC MTN001	3,000,000	2019/3/13	20 years	2,996,549
19 CYPC MTN002	2,000,000	2019/8/7	30 years	1,997,216
19 CYPC 02	2,000,000	2019/9/3	10 years	1,999,426

Name of bond	Face value (RMB'000)	Issuing date	Maturity	December 31, 2021 (RMB'000)
20 CYPC 01	1,500,000	2020/1/7	10 years	1,499,745
20 CYPC 02	500,000	2020/1/7	5 years	499,836
20 CYPC MTN001	2,500,000	2020/3/12	3 years	2,497,418
20 CYPC MTN002	2,500,000	2020/4/13	5 years	2,495,496
2021 First Medium-term Notes	2,500,000	2021/4/7	5 years	2,498,306
2021 Second Medium-term Notes	1,000,000	2021/5/6	5 years	999,622
2021 First Corporate Bonds	1,500,000	2021/6/17	3 years	1,499,699
2021 Second Corporate Bonds	2,000,000	2021/11/8	3 years	1,999,570
B.C.LUZ DEL SUR 3P1EM S-A-THIRD	174,480	2014/6/5	5 years	221,987
B.C.LUZ DEL SUR 3P2EM S-A-THIRD	101,931	2015/9/3	3 years	129,685
B.C.LUZ DEL SUR 3P3EM S-A-THIRD	179,753	2014/9/22	5 years	228,696
B.C.LUZ DEL SUR 3P4EM S-A-THIRD	206,060	2016/7/14	3 years	262,166
B.C.LUZ DEL SUR 3P5EM S-A-THIRD	203,988	2017/2/7	3 years	259,530
B.C.LUZ DEL SUR 3P6EM S-A-THIRD	203,172	2017/12/14	5 years	258,492
B.C.LUZ DEL SUR 3P7EM S-A-THIRD	210,141	2018/10/30	3 years	267,358
B.C.LUZ DEL SUR 3P8EM S-A-THIRD	103,972	2019/4/3	10 years	132,281
B.C.LUZ DEL SUR 4P1EM S-A-FOURTH	211,585	2019/10/17	8 years	269,196
18 Hubei Energy MTN001	500,000	2018/8/1	10 years	40,000
19 Hubei Energy MTN001	500,000	2019/3/15	11 years	500,000
19 Hubei Energy MTN002	500,000	2019/7/23	15 years	500,000
2020 Hubei Energy MTN001	700,000	2020/5/22	9 years	700,000
2020 Hubei Energy MTN002	800,000	2020/7/21	6 years	800,000
21 Hubei Energy MTN001	800,000	2021/7/1	10 years	800,000
21 Hubei Energy MTN002	700,000	2021/7/13	10 years	700,000
German Offshore Wind Power Serie A	2,574,459	2015/12/17	7 years	2,353,637
German Offshore Wind Power Serie B	635,334	2015/12/17	15 years	535,854
German Offshore Wind Power German Notes '27	421,096	2015/12/17	5 years	355,162
2012 Three Gorges private placement notes ($1.5 billion)	10,464,300	2012/8/24	5 years	9,563,550
2014 Euro placement notes (EUR 175 Million)	1,367,701	2014/9/12	5 years	1,188,989

Name of bond	Face value (RMB'000)	Issuing date	Maturity	December 31, 2021 (RMB'000)
Euro notes (EUR 90 Million)	703,389	2015/1/5	5 years	651,883
2014 Euro placement notes (EUR 80 Million)	625,235	2014/9/12	3 years	575,082
Parana. S. A-CDI 1st Issue	274,464	2018/6/15	3 years	136,676
Parana. S. A-IPCA 1st Issue	274,464	2018/6/15	3 years	329,863
Duke, Brazil 4th Issue-IPCA	285,900	2013/7/16	3 years	152,485
Duke, Brazil 1st Issue-Term 8	182,976	2018/3/15	12 years	91,131
Duke, Brazil 2nd Issue-Term 8	182,976	2018/3/15	12 years	224,507
Parana S.A-CDI-2nd Issue	223,002	2021/6/22	11.54 years	221,973
Parana S.A-IPCA-2nd Issue	743,340	2021/6/22	10 years	766,200
Duke, Brazil - 1st Issue of Term 9 CDI3	205,848	2021/1/28	20 years	205,197
Duke, Brazil - 2nd Issue of Term 9 CDI5	365,952	2021/1/28	12 years	364,317
20 Three Gorges Energy Corp PPN 001	1,500,000	2020/3/11	15 years	1,498,541
20 Three Gorges Energy Corp PPN 002	1,500,000	2020/5/14	5 years	1,498,094
2021 First Medium-term Notes	1,000,000	2021/3/17	7 years	803,987
The second issue of green medium-term notes in 2021 (carbon neutral bond)	1,500,000	2021/5/10	10 years	1,496,966
20 Three Gorges Capital 01	2,000,000	2020/11/2	5 years	1,800,000
21 Three Gorges Capital 01	2,000,000	2021/9/27	5 years	1,999,415
21 Three Gorges Leasing PPN001	500,000	2021/8/24	7 years	500,000
21 Three Gorges Leasing GN001 (carbon neutral bond)	1,000,000	2021/9/17	3 years	1,000,000
20 Three Gorges Leasing PPN001	500,000	2020/9/23	10 years	500,000
2015 10-year dollar notes (0.7 billion)	4,545,520	2015/6/10	3 years	4,457,806
2016 10-year dollar notes (1 billion)	6,937,000	2016/6/2	5 years	6,365,032
2016 5-year dollar notes (0.5 billion)	3,488,100	2019/10/16	3 years	3,181,029
2019 30-year dollar notes (0.35 billion)	2,441,670	2019/10/16	3 years	2,228,576
2016 5-year dollar notes (0.5 billion)	3,262,450	2020/9/22	3 years	3,171,977
2016 5-year dollar notes (0.5 billion)	3,262,450	2020/9/22	3 years	3,176,739
2017 7-year Euro notes (0.65 billion)	5,071,495	2017/6/21	3 years	4,689,417
Total	**174,734,203**	—	—	**164,976,685**

(Continued)

Name of bond	Face value (RMB'000)	Issuing date	Maturity	December 31, 2020 (RMB'000)
06 Three Gorges bond (20 years)	3,000,000	2006/5/11	20 years	2,998,000
13 Three Gorges MTN1	5,000,000	2013/3/14	10 years	4,989,020
15 Three Gorges MTN001	5,000,000	2015/3/19	10 years	4,984,212
15 Three Gorges MTN003	5,000,000	2015/8/27	7 years	4,991,157
16 Three Gorges MTN002 (7 years term)	2,000,000	2016/6/3	7 years	1,995,831
G16 Three Gorges 2	2,500,000	2016/8/30	10 years	2,498,398
G18 Three Gorges 1 (Variety 2)	1,000,000	2018/8/3	5 years	999,415
18 Three Gorges GN001	3,000,000	2018/12/3	5 years	2,995,209
G19 Three Gorges 1 (Variety 1)	2,500,000	2019/2/26	5 years	2,498,216
G19 Three Gorges 1 (Variety 2)	500,000	2019/2/26	10 years	499,539
E19 Three Gorges 1	21,600,000	2019/4/9	5 years	19,330,344
19 Three Gorges GN001	3,500,000	2019/7/5	5 years	3,493,288
19 Three Gorges GN002	2,000,000	2019/8/29	3 years	1,996,980
G19 Three Gorges 2 (Variety 1)	500,000	2019/9/11	3 years	499,681
G19 Three Gorges 1 (Variety 2)	3,000,000	2019/9/11	10 years	2,997,048
19 Three Gorges GN003	3,000,000	2019/11/29	3 years	2,994,780
20 Three Gorges MTN001	3,000,000	2020/3/5	3 years	2,994,056
G20 Three Gorges 1 (Variety 1)	1,000,000	2020/4/30	10 years	998,944
G20 Three Gorges 1 (Variety 2)	2,000,000	2020/4/30	20 years	1,997,812
02 Three Gorges bond	5,000,000	2002/9/21	20 years	4,977,423
03 Three Gorges bond	3,000,000	2003/8/1	30 years	2,986,531
15 CYPC MTN001	3,000,000	2015/9/14	10 years	2,989,847
18 CYPC MTN001	2,000,000	2018/12/3	5 years	1,996,830
16 CYPC 01	3,000,000	2016/10/17	10 years	2,998,746
19 CYPC 01	3,000,000	2019/2/19	3 years	2,999,422
19 CYPC MTN001	3,000,000	2019/3/13	5 years	2,994,751
19 CYPC MTN002	2,000,000	2019/8/7	5 years	1,996,018
19 CYPC 02	2,000,000	2019/9/4	5 years	1,999,186
19 CYPC 03	2,000,000	2019/12/6	3 years	1,999,297
20 CYPC 01	1,500,000	2020/1/8	3 years	1,499,446
20 CYPC 02	500,000	2020/1/8	5 years	499,776

Name of bond	Face value (RMB'000)	Issuing date	Maturity	December 31, 2020 (RMB'000)
20 CYPC MTN001	2,500,000	2020/3/12	3 years	2,494,918
20 CYPC MTN002	2,500,000	2020/4/13	5 years	2,498,185
B.C.LUZ DEL SUR 2P 6EM S-U-SECOND	97,417	2012/10/29	10 years	139,661
B.C.LUZ DEL SUR 2P 10EM S-U-SECOND	106,195	2014/2/12	8 years	152,245
B.C.LUZ DEL SUR 3P1EM S-A-THIRD	174,480	2014/6/5	10 years	250,141
B.C.LUZ DEL SUR 3P2EM S-A-THIRD	101,931	2015/9/3	11 years	146,133
B.C.LUZ DEL SUR 3P3EM S-A-THIRD	179,753	2014/9/22	15 years	257,701
B.C.LUZ DEL SUR 3P4EM S-A-THIRD	206,060	2016/7/14	9 years	295,416
B.C.LUZ DEL SUR 3P5EM S-A-THIRD	203,988	2017/2/7	6 years	292,446
B.C.LUZ DEL SUR 3P6EM S-A-THIRD	203,172	2017/12/14	10 years	291,276
B.C.LUZ DEL SUR 3P7EM S-A-THIRD	210,141	2018/10/30	10 years	301,267
B.C.LUZ DEL SUR 3P8EM S-A-THIRD	103,972	2019/4/3	7 years	149,058
B.C.LUZ DEL SUR 4P1EM S-A-FOURTH	211,585	2019/10/17	15 years	303,337
18 Hubei Energy MTN001	500,000	2018/8/1	5 years	500,000
18 Hubei Energy MTN002	500,000	2018/9/18	5 years	500,000
19 Hubei Energy MTN001	500,000	2019/3/15	5 years	500,000
19 Hubei Energy MTN002	500,000	2019/7/23	5 years	500,000
2020 Hubei Energy MTN001	700,000	2020/5/22	3 years	700,000
2020 Hubei Energy MTN002	800,000	2020/7/20	3 years	800,000
German Offshore Wind Power Serie A	3,141,558	2015/12/17	12 years	2,825,031
German Offshore Wind Power Serie B	706,200	2015/12/17	12 years	696,374
German Offshore Wind Power German Notes '27	468,066	2015/12/17	11.54 years	461,554
Parana. S. A-CDI 1st Issue	417,072	2018/6/15	5 years	300,326
Parana. S. A-IPCA 1st Issue	417,072	2018/6/15	7 years	326,342
Duke, Brazil 4th Issue-IPCA	313,925	2013/7/16	10 years	310,180
Duke, Brazil 7th Issue-IPCA	251,140	2017/8/15	5 years	142,344
Duke, Brazil 1st Issue-Term 8	200,912	2018/3/15	5 years	200,520
Duke, Brazil 2nd Issue-Term 8	200,912	2018/3/15	7 years	223,226
2012 Three Gorges private placement notes ($1.5 billion)	10,464,300	2012/8/24	10 years	9,787,350

Name of bond	**Face value (RMB'000)**	**Issuing date**	**Maturity**	**December 31, 2020 (RMB'000)**
2014 Euro placement notes (EUR 175 Million)	1,367,701	2014/9/12	20 years	1,293,860
Euro notes (EUR 90 Million)	703,389	2015/1/5	12 years	748,217
2014 Euro placement notes (EUR 80 Million)	625,235	2014/9/12	15 years	647,872
20 Three Gorges Energy Corp PPN 001	1,500,000	2020/3/11	3 years	1,496,733
20 Three Gorges Energy Corp PPN 002	1,500,000	2020/5/14	3 years	1,496,397
20 Three Gorges Leasing PPN001	500,000	2020/9/23	3 years	500,000
20 Three Gorges Capital 01	2,000,000	2020/11/2	3 years	2,000,000
2015 10-year dollar notes (0.7 billion)	4,545,520	2015/6/10	10 years	4,560,727
2016 5-year dollar notes (0.5 billion)	3,468,500	2016/6/2	5 years	3,261,443
2016 10-year dollar notes (1 billion)	6,937,000	2016/6/2	10 years	6,511,746
2019 5-year dollar notes (0.5 billion)	3,488,100	2019/10/16	5 years	3,253,103
2019 30-year dollar notes (0.35 billion)	2,441,670	2019/10/16	30 years	2,280,663
2020 5-year dollar notes (USD 500 million)	3,262,450	2020/9/22	5 years	3,242,008
2020 10-year dollar notes (USD 500 million)	3,262,450	2020/9/22	10 years	3,249,915
2015 7-year Euro notes (0.7 billion)	5,461,610	2015/6/10	7 years	5,608,395
2017 7-year Euro notes (0.65 billion)	5,071,495	2017/6/21	7 years	5,210,986
Total	**172,114,971**	—	—	**168,396,299**

(Continued)

Name of bond	**Face value (RMB'000)**	**Issuing date**	**Maturity**	**December 31, 2019 (RMB'000)**
02 Three Gorges bond	5,000,000	2002-9-21	20 years	4,974,752
03 Three Gorges bond	3,000,000	2003-8-1	30 years	2,985,458
15 CYPC MTN001	3,000,000	2015-9-14	10 years	2,987,683
16 CYPC MTN001	3,000,000	2016-1-13	5 years	2,996,764
16 CYPC MTN002	4,000,000	2016-8-1	5 years	3,996,874
18 CYPC MTN001	2,000,000	2018-12-3	5 years	1,995,628
16 CYPC 01	3,000,000	2016-10-17	10 years	2,998,505
18 CYPC 01	2,500,000	2018-7-26	3 years	2,499,069
18 CYPC 02	3,000,000	2018-9-27	3 years	3,001,942
19 CYPC 01	3,000,000	2019-2-19	3 years	2,998,821

Name of bond	Face value (RMB'000)	Issuing date	Maturity	December 31, 2019 (RMB'000)
19 CYPC 02	2,000,000	2019-9-4	5 years	1,998,946
19 CYPC 03	2,000,000	2019-12-6	3 years	1,998,896
19 CYPC MTN001	3,000,000	2019-3-13	5 years	2,992,948
19 CYPC MTN002	2,000,000	2019-8-7	5 years	1,994,816
CYPI BVI1 N2111	2,092,860	2016-11-9	5 years	1,934,242
CYPI BVI2 N2111	1,563,100	2016-11-9	5 years	1,421,448
German Offshore Wind Power Serie A	3,059,545	2015-12-17	12 years	3,039,125
German Offshore Wind Power Serie B	687,764	2015-12-17	12 years	672,682
German Offshore Wind Power Serie C	742,473	2015-12-17	6 years	125,414
German Offshore Wind Power Serie D	586,163	2015-12-17	6 years	99,650
German Offshore Wind Power Serie E	1,086,355	2015-12-17	6 years	181,576
German Offshore Wind Power German Notes '21	195,388	2015-12-17	6 years	33,216
German Offshore Wind Power German Notes '27	455,847	2015-12-17	12 years	445,851
German Offshore Wind Power Schuldschein	719,307	2015-12-17	6 years	132,054
Duke, Brazil 4th Issue-IPCA	434,450	2013-7-16	10 years	616,102
Duke, Brazil 5th Issue-IPCA	417,072	2014-5-20	7 years	202,319
Duke, Brazil 7th Issue-IPCA	347,560	2017-8-15	5 years	376,659
Duke, Brazil 1st Issue-Term 8	278,048	2018-3-15	5 years	277,071
Duke, Brazil 2nd Issue-Term 8	278,048	2018-3-15	7 years	295,489
Parana. S. A-CDI 1st Issue	417,072	2018-6-15	5 years	415,033
Parana. S. A-IPCA 1st Issue	417,072	2018-6-15	7 years	430,169
2012 Three Gorges private placement notes ($1.5 billion)	10,464,300	2012-8-24	10 years	10,464,300
2014 Euro placement notes (EUR 80 Million)	625,235	2014-9-12	15 years	597,640
Euro notes (EUR 90 Million)	703,389	2015-1-5	12 years	706,671
2014 Euro placement notes (EUR 175 Million)	1,367,701	2014-9-12	20 years	1,309,230
16 Hubei Energy 01	1,000,000	2016-11-11	5 years	890,294
18 Hubei Energy MTN001	500,000	2018-8-1	5 years	500,000
18 Hubei Energy MTN002	500,000	2018-9-18	5 years	500,000
19 Hubei Energy MTN001	500,000	2019-3-15	5 years	500,000
19 Hubei Energy MTN002	500,000	2019-7-23	5 years	500,000

Name of bond	Face value (RMB'000)	Issuing date	Maturity	December 31, 2019 (RMB'000)
16 Three Gorges Energy Corp PPN 001'	2,000,000	2016-11-11	5 years	1,997,604
06 Three Gorges bond (20 years)	3,000,000	2006-5-11	20 years	2,998,000
13 Three Gorges MTN1	5,000,000	2013-3-14	10 years	4,984,009
14 Three Gorges MTN002	5,000,000	2014-11-6	7 years	4,990,101
15 Three Gorges MTN001	5,000,000	2015-3-19	10 years	4,980,454
15 Three Gorges MTN003	5,000,000	2015-8-27	7 years	4,985,789
16 Three Gorges MTN001	6,000,000	2016-3-25	5 years	5,991,148
16 Three Gorges MTN002 (5years term)	3,000,000	2016-6-3	5 years	2,994,857
16 Three Gorges MTN002 (7 years term)	2,000,000	2016-6-3	7 years	1,994,102
G16 Three Gorges 2	2,500,000	2016-8-30	10 years	2,498,114
G18 Three Gorges 1 (Variety 1)	2,500,000	2018-8-3	3 years	2,498,502
G18 Three Gorges 1 (Variety 2)	1,000,000	2018-8-3	5 years	999,188
G18 Three Gorges 2	4,000,000	2018-10-24	3 years	3,997,265
18 Three Gorges GN001	3,000,000	2018-12-3	5 years	2,993,563
G19 Three Gorges 1 (Variety 1)	2,500,000	2019-2-26	5 years	2,497,649
G19 Three Gorges 1 (Variety 2)	500,000	2019-2-26	10 years	499,482
G19 Three Gorges 2 (Variety 1)	500,000	2019-9-11	3 years	499,492
G19 Three Gorges 2 (Variety 2)	3,000,000	2019-9-11	10 years	2,996,708
E19 Three Gorges 1	20,000,000	2019-4-9	5 years	18,854,402
19 Three Gorges GN001	3,500,000	2019-7-5	5 years	3,491,368
19 Three Gorges GN002	2,000,000	2019-8-29	3 years	1,995,153
19 Three Gorges GN003	3,000,000	2019-11-29	3 years	2,992,040
2015 10-year dollar notes (0.7 billion)	4,545,520	2015-6-10	10 years	4,874,733
2016 5-year dollar notes (0.5 billion)	3,468,500	2016-6-2	5 years	3,484,592
2016 10-year dollar notes (1 billion)	6,937,000	2016-6-2	10 years	6,959,820
2019 5-year dollar notes (0.5 billion)	3,488,100	2019-10-16	5 years	3,475,635
2019 30-year dollar notes (0.35 billion)	2,441,670	2019-10-16	30 years	2,438,339
2015 7-year Euro notes (0.7 billion)	5,461,610	2015-6-10	7 years	5,455,880
2017 7-year Euro notes (0.65 billion)	5,071,495	2017-6-21	7 years	5,073,509
Total	**185,852,644**	—	—	**181,578,835**

45. Lease liabilities

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Payables for leasing	7,514,634	—	—
Less: unrecognized financing charges	1,866,923	—	—
Reclassified to noncurrent liabilities due within one year	480,449	—	—
Net amount of leasing liabilities	**5,167,262**	**—**	**—**

46. Long-term payables

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Long-term payables	12,556,449	15,220,147	3,245,093
Special accounts payables	39,623	48,550	59,953
Total	**12,596,072**	**15,268,697**	**3,305,046**

46.1 Long-term payables

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Financial leases	11,686,533	10,034,186	2,842,963
Right of using sea area	619,143	559,202	131,240
Investment in PV project	216,928	261,433	268,490
Fengtai housing funds	2,400	2,400	2,400
Others	31,445	4,362,926	
Total	**12,556,449**	**15,220,147**	**3,245,093**

46.2 Special accounts payable

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Xiling community land expropriation compensation		265	13,274
Pension payables for retired employees	13,106	14,956	16,808
Government compensation	20,002	20,002	13,517
Three Gorges Resort Infrastructure Construction Project	6,515	13,327	8,354
Baiyunshan Water Supply Project			8,000
Total	**39,623**	**48,550**	**59,953**

47. Long-term employee benefits payable

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Defined benefit plan - net liability	65,728	81,197	47,036
Total	**65,728**	**81,197**	**47,036**

48. Provisions

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Technical transformation	1,564,670	1,446,922	2,718,955
Disposal costs	302,597	239,384	209,367
External Guarantee	5,004	3,520	2,120
Pending litigation	11,998	8,552	1,492
Others	218,266	188,370	226,715
Total	**2,102,535**	**1,886,748**	**3,158,649**

49. Deferred income

Items	January 1, 2021 (RMB'000)	Increase (RMB'000)	Decrease (RMB'000)	December 31, 2021 (RMB'000)
Government grants	489,253	1,934,177	1,767,033	656,397
Power sales	15,041	23,296	14,409	23,928
Others	1,662	22,511	1,891	22,282
Total	**505,956**	**1,979,984**	**1,783,333**	**702,607**

(Continued)

Items	December 31, 2019 (RMB'000)	Increase (RMB'000)	Decrease (RMB'000)	December 31, 2020 (RMB'000)
Government grants	368,592	1,090,178	969,517	489,253
Power sales	40,184	178	25,321	15,041
Others	57,563	9,679	7,714	59,528
Total	**466,339**	**1,100,035**	**1,002,552**	**563,822**

50. Other non-current liabilities

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Taxes to be carried forward	2,566,916	1,245,557	
CNMC tariff adjustment	400,269		
Environmental, tax and labor injury risk expenses	45,125	43,968	63,197
Quality guarantee for Carlot Project	64,330	65,949	50,006
Rentals for transformation substation	42,794	44,977	47,160
Others	32,900	22,896	4,004
Total	**3,152,334**	**1,423,347**	**164,367**

51. Paid-in capital

Name of investor	January 1, 2021 Investment cost (RMB'000)	Percentage (%)	Increase (RMB'000)	Decrease (RMB'000)	December 31, 2021 Investment cost (RMB'000)	Percentage (%)
State-owned capital	190,602,921	90			190,602,921	90
National Council for Social Security Fund	21,178,102	10			21,178,102	10
Total	**211,781,023**	**100**			**211,781,023**	**100**

(Continued)

Name of investor	December 31, 2019 Investment cost (RMB'000)	Percentage (%)	Increase (RMB'000)	Decrease (RMB'000)	December 31, 2020 Investment cost (RMB'000)	Percentage (%)
State-owned capital	190,602,921	90		21,178,102	190,602,921	90
National Council for Social Security Fund	21,178,102	10	21,178,102		21,178,102	10
Total	**211,781,023**	**100**	**21,178,102**	**21,178,102**	**211,781,023**	**100**

52. Other equity instruments

Items	January 1, 2021 (RMB'000)	Increase (RMB'000)	Decrease (RMB'000)	December31, 2021 (RMB'000)
Perpetual bond	9,972,641			9,972,641
Exchangeable bonds	1,554,542		236,126	1,318,416

Total	**11,527,183**		**236,126**	**11,291,057**

(Continued)

Items	December31, 2019 (RMB'000)	Increase (RMB'000)	Decrease (RMB'000)	December31, 2020 (RMB'000)
Perpetual bond		9,972,641		9,972,641
Exchangeable bonds	1,564,057		9,515	1,554,542
Total	**1,564,057**	**9,972,641**	**9,515**	**11,527,183**

53. Capital reserves

Items	January 1, 2021 (RMB'000)	Increase (RMB'000)	Decrease (RMB'000)	December31, 2021 (RMB'000)
Capital premium	21,226,436	6,929,676		28,156,112
Other capital reserves	10,519,815	468,301		10,988,116
Total	**31,746,251**	**7,397,977**		**39,144,228**

(Continued)

Items	December31, 2019 (RMB'000)	Increase (RMB'000)	Decrease (RMB'000)	December31, 2020 (RMB'000)
Capital premium	15,352,452	5,873,984		21,226,436
Other capital reserves	10,065,630	630,764	176,579	10,519,815
Total	**25,418,082**	**6,504,748**	**176,579**	**31,746,251**

Note 1: According to the Reply of the China Securities Regulatory Commission on *Approving the Initial Public Offering of Shares by China Three Gorges Renewables (Group) Co., Ltd.* (*ZJXK [2021] No. 1438*), CTGR, a subsidiary of the Company, was approved to publicly offer RMB common shares (A-shares) to the public and was listed and traded on the Shanghai Stock Exchange on June 10, 2021. The public offering of RMB common shares (A shares) of 8,571,000 thousand shares (par value of 1 yuan per share) increased the capital surplus - the capital premium of the Group by 1,807,708 thousand in 2021.

Note 2: According to the resolution of the Board of Directors passed on July 13, 2021, China Three Gorges International Co., Ltd., a subsidiary of the Company, introduced strategic investors by increasing its registered capital. After the introduction of strategic investors, the Company's shareholding in China Three Gorges International Co., Ltd. decreased from 100% to 77.7%, increasing the capital surplus - capital premium of the Group by 1,552,755 thousand in 2021.

Note 3: According to the Reply on Matters Relating to the *Free Transfer of Part of Shares Held by State-owned Shareholders of Shanghai Electric Power Co., Ltd. and SPIC Dongfang New Energy Co., Ltd. of the State-owned Assets Supervision and Administration Commission of the State Council* (*GZCQ [2021] No. 313*), it was agreed that State Power Investment Group Co., Ltd. would transfer 160,853 thousand shares of Shanghai Power and 260,940 thousand shares of Dongfang Energy to the Company for free, and according to the Reply on Matters Relating to the *Free Transfer of State-owned Equity of Beijing Funeng New Energy Co., Ltd. of the State-owned Assets Supervision and Administration Commission of the State Council* (*GZCQ [2021] No. 314*), it was agreed that 100% of the state-owned equity of Beijing Funeng New Energy Co., Ltd. held by Three Gorges Asset Management Co., Ltd. would be transferred to State Power Investment Group Co., Ltd. for free with effect from May 1, 2021, and the above matter increased the capital surplus - capital premium by 108,657 thousand in 2021.

Note 4: CYPC, a subsidiary of the Company, issued a total of 74,186 thousand Global Depository Receipts ("GDRs") on the London Stock Exchange on September 30, 2020 and October 19, 2020 respectively, raised total funds of approximately USD 1,963 million and increased the Group's capital surplus - capital premium by RMB 4,870,991 thousand.

Note 5: In accordance with the *Approval on Matters Relating to the Free Transfer of State-owned Equity of Beijing Jianneng Engineering Management Co. Ltd.*(*SASAC [2020] No. 282*) of the State-owned Assets Supervision and Administration Commission of the State Council, 100% of the state-owned equity of Beijing Jianneng Engineering Management Co. Ltd. was transferred to China International Water & Electric Corp. without compensation, with April 30, 2020 as the base date and increased the capital surplus - capital premium by RMB 477,469 thousand.

Note 6: The Company issued "2019 Green Exchangeable Corporate Bonds (First)" in 2019, with the A-shares of CYPC held by the Company as the subject matter, and investors can choose to exchange for the shares of CYPC from the first trading day 12 months after the end date of the bond issue until the maturity date of such bonds. The investors exchanged 22,102 thousand shares in 2021, corresponding to an increase in the capital surplus - capital premium of the Group by 2,940,869 thousand yuan; The investors exchanged 8,124 thousand shares in 2020, corresponding to an increase in the capital surplus - capital premium of the Group by 110,749 thousand yuan.

Note 7: The Company received 500,000 thousand yuan of capital funds from the state-owned operation budget in 2021, received 412,500 thousand yuan in 2020, increasing the capital reserve-capital premium.

Note 8 Other than the items in Notes 1 to 7 above, the changes in the capital reserve are mainly due to the impact on changes in the owner's equity of the investee companies other than the net profit and loss and other comprehensive income by the equity method.

54. Special reserves

Items	January 1, 2021 (RMB'000)	Increase (RMB'000)	Decrease (RMB'000)	December 31, 2021 (RMB'000)
Safety production fees	1,134	6,368	4,906	2,596
Total	**1,134**	**6,368**	**4,906**	**2,596**

(Continued)

Items	December 31, 2019 (RMB'000)	Increase (RMB'000)	Decrease (RMB'000)	December 31, 2020 (RMB'000)
Safety production fees	1,162	2,921	2,949	1,134
Total	**1,162**	**2,921**	**2,949**	**1,134**

55. Surplus reserves

Items	January 1, 2021 (RMB'000)	Increase (RMB'000)	Decrease (RMB'000)	December 31, 2021 (RMB'000)
Statutory surplus reserves	18,308,225	1,507,624		19,815,849
Discretionary surplus reserves	10,577,301			10,577,301
Others	1,549	485		2,034
Total	**28,887,075**	**1,508,109**		**30,395,184**

(Continued)

Items	December 31, 2019 (RMB'000)	Increase (RMB'000)	Decrease (RMB'000)	December 31, 2020 (RMB'000)
Statutory surplus reserves	17,091,740	1,212,104		18,303,844
Discretionary surplus reserves	10,577,301			10,577,301
Others	1,549			1,549
Total	**27,670,590**	**1,212,104**		**28,882,694**

Note: The increase in "Statutory surplus reserves" is mainly based on 10% of the net profit of the parent company.

56. Undistributed profits

Items	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Closing balance of the previous year	63,506,915	41,587,014	29,113,249
Opening adjustment amount	610,724		-1,330,804
Opening balance of the current period	64,117,639	41,587,014	27,782,445
Increases	32,474,600	28,431,018	24,588,413
Including: Net profits attributable to the shareholders of the Company	32,474,600	28,431,018	24,588,413
Other Increases			
Decreases	10,355,092	6,511,117	10,783,844
Including: Appropriation to surplus reserves	1,507,672	1,212,104	1,446,756
Distribution of cash dividends	6,769,309	5,185,862	9,337,088
Other decreases	2,078,111	113,151	
Closing balances	**86,237,147**	**63,506,915**	**41,587,014**

Note: The adjustment at the beginning of the current period is the accumulated effect from the Group's first implementation of New Financial Instrument Standards, the New Income Standards, the New Leasing Standards, and Interpretation No.14 adjusts the retained earnings and other relevant items of the financial statements at the beginning of 2021, but the information during the comparable period is not adjusted; The adjustment at the beginning of 2019 is retrospective restatement based on the rectification opinion of the National Audit Office.

57. Operating revenue and operating cost

57.1 According to the industry

	2021	
Items	Revenue (RMB'000)	Cost (RMB'000)
(1) Power business	102,178,395	41,738,180
1) Hydropower	75,059,884	25,547,227
Including: Large hydropower	68,978,071	21,282,146
Other hydropower	6,081,813	4,265,081
Subtotal	**75,059,884**	**25,547,227**
2) Wind power	12,973,177	5,482,341
3) Photovoltaic power	6,670,930	2,948,708

Items	2021 Revenue (RMB'000)	2021 Cost (RMB'000)
4) Thermal power	7,474,404	7,759,904
(2) Overseas power distribution & sales business	5,751,191	3,980,288
(3) Construction contracts income	11,480,078	9,730,142
(4) Electric power equipment manufacturing		
(5) Provision of financing	1,904,786	138,377
(6) Others	14,712,819	14,279,603
Total	**136,027,269**	**69,866,590**

(Continued)

Items	2020 Revenue (RMB'000)	2020 Cost (RMB'000)
(1) Power business	90,410,762	34,965,735
1) Hydropower	70,023,367	23,620,210
Including: Large hydropower	65,502,290	22,380,310
Other hydropower	4,521,077	1,239,900
Subtotal	**70,023,367**	**23,620,210**
2) Wind power	9,810,189	4,246,064
3) Photovoltaic power	4,326,338	1,999,050
4) Thermal power	6,250,868	5,100,411
(2) Overseas power distribution & sales business	4,025,423	2,776,970
(3) Construction contracts income	8,939,074	7,045,117
(4) Electric power equipment manufacturing		
(5) Provision of financing	1,337,421	122,103
(6) Others	6,925,386	6,390,978
Total	**111,638,066**	**51,300,903**

(Continued)

Items	2019 Revenue (RMB'000)	2019 Cost (RMB'000)
(1) Power business	80,742,796	33,711,003

	2019	
Items	**Revenue (RMB'000)**	**Cost (RMB'000)**
1) Hydropower	62,796,489	23,334,550
Including: Large hydropower	58,118,297	20,633,759
Other hydropower	4,678,192	2,700,791
Subtotal	**62,796,489**	**23,334,550**
2) Wind power	8,067,840	3,599,691
3) Photovoltaic power	3,640,824	1,629,166
4) Thermal power	6,237,643	5,147,596
(2) Overseas power distribution & sales business		
(3) Construction contracts income	8,969,881	7,543,690
(4) Electric power equipment manufacturing	1,172,538	917,998
(5) Provision of financing	746,708	33,242
(6) Others	7,607,464	7,102,352
Total	**99,239,387**	**49,308,285**

57.2 According to the region

	2021	
Items	**Revenue (RMB'000)**	**Cost (RMB'000)**
Domestic	112,977,941	56,111,069
Overseas	23,049,328	13,755,521
Total	**136,027,269**	**69,866,590**

(Continued)

	2020	
Items	**Revenue (RMB'000)**	**Cost (RMB'000)**
Domestic	91,078,304	40,931,116
Overseas	20,559,762	10,369,787
Total	**111,638,066**	**51,300,903**

(Continued)

Items	2019 Revenue (RMB'000)	2019 Cost (RMB'000)
Domestic	80,098,673	37,915,319
Overseas	19,140,714	11,392,966
Total	**99,239,387**	**49,308,285**

58. Selling and distribution expenses

Items	2021 (RMB'000)	2020 (RMB'000)	2019 (RMB'000)
Employee salaries and benefits	191,137	76,163	61,434
Selling service fees	26,166	14,846	6,849
Others	43,641	89,401	54,947
Total	**260,944**	**180,410**	**123,230**

59. General and administrative expenses

Items	2021 (RMB'000)	2020 (RMB'000)	2019 (RMB'000)
Employee salaries and benefits	3,740,801	2,253,418	2,099,700
Repair expenses	524,996	437,059	306,811
Depreciation	466,329	452,135	251,209
Consulting expenses	334,787	310,785	175,173
Travelling expenses	138,407	96,215	127,765
Agency expenses	56,048	57,461	103,143
Office expenses	70,611	41,279	43,601
Amortization of intangible assets	98,355	63,347	47,670
Insurance expenses	59,955	23,621	22,004
Business entertainment fees	3,590	3,248	6,239
Others	1,306,254	1,182,194	1,047,417
Total	**6,800,133**	**4,920,762**	**4,230,732**

60. Financial expenses

Items	2021 (RMB'000)	2020 (RMB'000)	2019 (RMB'000)
Interest expenses	12,738,181	9,226,761	8,820,490
Less: Interest income	363,795	236,562	449,268
Add: Net exchange losses (net gains to be listed with "-")	92,404	1,958,967	248,778
Others	520,917	986,829	955,640
Total	**12,987,707**	**11,935,995**	**9,575,640**

61. Other income

Items	2021 (RMB'000)	2020 (RMB'000)	2019 (RMB'000)
Subsidies for flood control and navigation services	1,300,000	950,021	2,414,658
Value-added tax , income tax and personal income tax refund	209,454	111,634	74,779
Others	332,046	100,679	65,522
Total	**1,841,500**	**1,162,334**	**2,554,959**

62. Investment income

Source of investment income	2021 (RMB'000)	2020 (RMB'000)	2019 (RMB'000)
Investment Income from long-term equity investments under equity method	8,328,557	6,977,922	5,088,936
Investment Income from disposal of long-term equity investments	3,592,914	653,743	-63,183
Investment income from trading financial assets during the holding period	819,014	—	—
Investment income from disposal of trading financial assets	2,752,487	—	—
Investment income from investments in other equity instruments during the holding period	369,684	—	—
Investment income from financial assets at fair value through profit or loss	—	180,862	59,942
Investment income from disposal of financial assets at fair value through profit or loss	—	297,379	53,123
Investment Income from held-to-maturity investments	—	388	388

Source of investment income	2021 (RMB'000)	2020 (RMB'000)	2019 (RMB'000)
Investment Income from available-for-sale financial assets	—	1,409,134	948,519
Investment income from disposal of available-for-sale financial assets	—	4,587,372	2,614,342
Investment income from investment during holding debt investment	4,230	—	—
Investment income from investments in other creditor's investments during the holding period	109,461	—	—
Investment income from disposal of other debt investments	1,504	—	—
Profit from re-measurement of equity at fair value after obtaining the right of control	1,436	1,755	
Others	-164,650	118,474	67,952
Total	**15,814,637**	**14,227,029**	**8,770,019**

63. Gain from changes in fair value

Source of gains from changes in fair value	2021 (RMB'000)	2020 (RMB'000)	2019 (RMB'000)
Financial assets held for trading	925,959	—	—
Financial assets at fair value through profit or loss	—	159,055	51,309
Other non-current financial assets	-50,326	—	—
Financial liabilities held for trading	345,656	—	—
Financial liabilities at fair value through profit or loss	—	106,619	-269,355
Derivative financial liabilities	53,704		
Total	**1,274,993**	**265,674**	**-218,046**

64. Loss on impairment of credits

Items	2021 (RMB'000)	2020 (RMB'000)	2019 (RMB'000)
Impairment losses for bad debts	-332,878	—	—
Impairment loss for other debt investments	-21,453	—	—
Others	-14,080	—	—
Total	**-368,411**	**—**	**—**

65. Loss on impairment of assets

Items	2021 (RMB'000)	2020 (RMB'000)	2019 (RMB'000)
Impairment losses for bad debts	—	-634,918	189,631
Impairment losses for inventories	39,952	-29,112	-16,690
Impairment losses for contractual assets	-61,313	—	—
Impairment losses for available-for-sale financial assets	—	-381,633	
Impairment losses for investment properties			-3,723
Impairment losses for fixed assets		-219,155	-138,363
Impairment losses for construction in progress			
Impairment losses for intangible assets	-228,179		
Impairment losses for goodwill	-27,197		-111,576
Other impairment losses	3,653	3,260	12,245
Total	**-273,084**	**-1,261,558**	**-68,476**

66. Gains on disposal of assets

Items	2021 (RMB'000)	2020 (RMB'000)	2019 (RMB'000)
Gains on disposals of fixed assets	20,096	18,997	20,987
Gains on disposals of right-of-use assets	2,620		
Total	**22,716**	**18,997**	**20,987**

67. Non-operating income

Items	2021 (RMB'000)	2020 (RMB'000)	2019 (RMB'000)
Gains on scrapping of non-current assets	7,086	5,815	2,195
Non-recurring government grants	45,796	25,133	55,999
Penalty income	21,289	2,090	1,395
Unpayable account payables	20,057	10,623	1,134
Income from the difference between the cost of an investment in a subsidiary, associate enterprise and joint venture and the investee's interests in the fair value of the acquiree's identifiable net assets acquired during the acquisition	626,702	115,327	2,342,774

Items	2021 (RMB'000)	2020 (RMB'000)	2019 (RMB'000)
Others	108,961	43,332	51,264
Total	**829,891**	**202,320**	**2,454,761**

68. Non-operating expenses

Items	2021 (RMB'000)	2020 (RMB'000)	2019 (RMB'000)
Losses on scrapping of non-current assets	25,900	37,504	60,824
Donations	1,240,059	2,148,818	2,218,448
Abnormal losses	1,480	111	
Inventory deficit			1
Penalty expenses	17,302	3,185	13,145
Compensations, liquidated damages and penalty expenses	6,463	1,039	2,021
Expense for environmental protection and Poverty alleviation in the hydropower station Reservoir	254,828	288,115	281,986
Others	64,969	26,488	11,218
Total	**1,611,001**	**2,505,260**	**2,587,643**

69. Income tax expenses

Items	2021 (RMB'000)	2020 (RMB'000)	2019 (RMB'000)
Current income tax calculated under tax laws and relevant regulations	9,131,500	9,298,823	7,834,695
Deferred income tax adjustments	928,129	-14,602	275,397
Total	**10,059,629**	**9,284,221**	**8,110,092**

70. Other comprehensive income attributed to owners of parent company (after tax)

		2021	
Items	**Amount before tax (RMB'000)**	**Income tax (RMB'000)**	**Net amount after tax (RMB'000)**
1. Other comprehensive income not to be reclassified as profit or loss	**584,069**	**46,662**	**537,407**
(1) Changes in remeasured defined benefit obligations or net assets	10,886		10,886

	2021		
Items	**Amount before tax (RMB'000)**	**Income tax (RMB'000)**	**Net amount after tax (RMB'000)**
(2) Portion of other comprehensive income not to be reclassified as profit or loss under equity method	211,461		211,461
(3) Change in fair value from other equity instruments investments	361,722	46,662	315,060
2. Other comprehensive income to be reclassified as profit or loss	**-5,329,946**	**7,245**	**-5,337,191**
(1) Portion of other comprehensive income to be reclassified as profit or loss under equity method	-465,799		-465,799
Less: Other comprehensive income recorded in prior periods transferred to profit or loss during the year	-57,578		-57,578
Sub-total	**-408,221**		**-408,221**
(2) Change in fair value from other debt investments	27,483	3,332	24,151
Less: Other comprehensive income recorded in prior periods transferred to profit or loss during the year			
Sub-total	**27,483**	**3,332**	**24,151**
(3) Change in fair value from available-for-sale assets	—	—	—
Less: Other comprehensive income recorded in prior periods transferred to profit or loss during the year	—	—	—
Sub-total	—	—	—
(4) Provision for impairment of credit in other debt investment	19,564	3,913	15,651
Less: Other comprehensive income recorded in prior periods transferred to profit or loss during the year			
Sub-total	**19,564**	**3,913**	**15,651**
(5) Gain or loss on effective cash flow hedge	-195,525		-195,525
Adjustment for the initial recognition of transferred to arbitraged items			
Less: Other comprehensive income recorded in prior periods transferred to profit or loss during the year			
Sub-total	**-195,525**		**-195,525**
(6) Currency translation reserve	-4,713,061		-4,713,061

	2021		
Items	**Amount before tax (RMB'000)**	**Income tax (RMB'000)**	**Net amount after tax (RMB'000)**
Less: Other comprehensive income recorded in prior periods transferred to profit or loss during the year	60,186		60,186
Sub-total	**-4,773,247**		**-4,773,247**
3.Total other comprehensive income	**-4,745,877**	**53,907**	**-4,799,784**

(Continued)

	2020		
Items	**Amount before tax (RMB'000)**	**Income tax (RMB'000)**	**Net amount after tax (RMB'000)**
1. Other comprehensive income not to be reclassified as profit or loss	**-143,705**		**-143,705**
(1) Changes in remeasured defined benefit obligations or net assets	-23,135		-23,135
(2) Portion of other comprehensive income not to be reclassified as profit or loss under equity method	-120,570		-120,570
(3) Change in fair value from other equity instruments investments			
2. Other comprehensive income to be reclassified as profit or loss	**-9,916,575**	**-878,931**	**-9,037,644**
(1) Portion of other comprehensive income to be reclassified as profit or loss under equity method	-767,648		-767,648
Less: Other comprehensive income recorded in prior periods transferred to profit or loss during the year	1,916		1,916
Sub-total	**-769,564**		**-769,564**
(2) Change in fair value from other debt investments	—	—	—
Less: Other comprehensive income recorded in prior periods transferred to profit or loss during the year	—	—	—
Sub-total	—	—	—
(3) Change in fair value from available-for-sale assets	-2,913,066	-609,947	-2,303,119
Less: Other comprehensive income recorded in prior periods transferred to profit or loss during the year	1,299,578	268,984	1,030,594

	2020		
Items	**Amount before tax (RMB'000)**	**Income tax (RMB'000)**	**Net amount after tax (RMB'000)**
Sub-total	**-4,212,644**	**-878,931**	**-3,333,713**
(4) Provision for impairment of credit in other debt investment	—	—	—
Less: Other comprehensive income recorded in prior periods transferred to profit or loss during the year	—	—	—
Sub-total	—	—	—
(5) Gain or loss on effective cash flow hedge	79,910		79,910
Adjustment for the initial recognition of transferred to arbitraged items			
Less: Other comprehensive income recorded in prior periods transferred to profit or loss during the year			
Sub-total	**79,910**		**79,910**
(6) Currency translation reserve	-5,014,277		-5,014,277
Less: Other comprehensive income recorded in prior periods transferred to profit or loss during the year			
Sub-total	**-5,014,277**		**-5,014,277**
3.Total other comprehensive income	**-10,060,280**	**-878,931**	**-9,181,349**

(Continued)

	2019		
Items	**Amount before tax (RMB'000)**	**Income tax (RMB'000)**	**Net amount after tax (RMB'000)**
1. Other comprehensive income not to be reclassified as profit or loss	**-136,319**		**-136,319**
(1) Changes in remeasured defined benefit obligations or net assets	438		438
(2) Portion of other comprehensive income not to be reclassified as profit or loss under equity method	-136,757		-136,757
(3) Change in fair value from other equity instruments investments			
2. Other comprehensive income to be reclassified as profit or loss	**-283,294**	**77,882**	**-361,176**

Items	2019 Amount before tax (RMB'000)	Income tax (RMB'000)	Net amount after tax (RMB'000)
(1) Portion of other comprehensive income to be reclassified as profit or loss under equity method	153,226		153,226
Less: Other comprehensive income recorded in prior periods transferred to profit or loss during the year	-4,120		-4,120
Sub-total	**157,346**		**157,346**
(2) Change in fair value from other debt investments	—	—	—
Less: Other comprehensive income recorded in prior periods transferred to profit or loss during the year	—	—	—
Sub-total	—	—	—
(3) Change in fair value from available-for-sale assets	2,138,206	500,512	1,637,694
Less: Other comprehensive income recorded in prior periods transferred to profit or loss during the year	1,762,981	422,630	1,340,351
Sub-total	**375,225**	**77,882**	**297,343**
(4) Provision for impairment of credit in other debt investment	—	—	—
Less: Other comprehensive income recorded in prior periods transferred to profit or loss during the year	—	—	—
Sub-total	—	—	—
(5) Gain or loss on effective cash flow hedge	40,207		40,207
Adjustment for the initial recognition of transferred to arbitraged items			
Less: Other comprehensive income recorded in prior periods transferred to profit or loss during the year			
Sub-total	**40,207**		**40,207**
(6) Currency translation reserve	-856,072		-856,072
Less: Other comprehensive income recorded in prior periods transferred to profit or loss during the year			
Sub-total	**-856,072**		**-856,072**

	2019		
Items	**Amount before tax (RMB'000)**	**Income tax (RMB'000)**	**Net amount after tax (RMB'000)**
3.Total other comprehensive income	**-419,613**	**77,882**	**-497,495**

71. Non-monetary transactions

As of December 31, 2021, the Group did not have any non-monetary transaction items that should be disclosed.

72. Debt restructuring

As of December 31, 2021, the Group did not have any debt restructuring items that should be disclosed.

73. Consolidated statement of cash flows

73.1 Supplementary information for consolidated statement of cash flows

Items	**2021 (RMB'000)**	**2020 (RMB'000)**	**2019 (RMB'000)**
(1) Reconciliation from net profit to cash flows from operating activities			
Net profit	50,245,059	43,449,824	36,272,577
Add: Provision for assets impairment	273,084	1,261,558	68,476
Loss on impairment of credits	368,411	—	—
Depreciation of fixed assets, biological assets and depletion of oil and nature gas assets	22,086,455	19,033,643	17,047,713
Depreciation of right-of-use assets	203,532	—	—
Amortization of intangible assets	1,977,185	948,496	933,943
Amortization of long-term deferred expenses	64,001	194,501	73,200
Loss on disposal of fixed assets, intangible assets and other long-term assets (Gain presented as "-")	-22,716	-18,997	-20,987
Loss on scrapping of fixed assets (Gain presented as "-")	18,814	31,688	58,629
Loss on change in fair value (Gain presented as "-")	-1,274,993	-265,674	218,046
Financial expenses (Gain presented as "-")	12,953,486	10,800,454	9,454,859
Loss on investments (Gain presented as "-")	-15,814,637	-14,227,029	-8,770,019
Decrease in deferred tax assets (Increase presented as "-")	-352,501	-791,419	-1,414,698
Increase in deferred income tax liabilities (Decrease presented as "-")	777,694	204,047	1,157,049
Decrease in inventories (Increase presented as "-")	-811,245	-244,320	-924,355

Items	2021 (RMB'000)	2020 (RMB'000)	2019 (RMB'000)
Decrease in operating receivables (Increase presented as "-")	-24,353,364	-12,054,782	-8,363,588
Increase in operating payables (Decrease presented as "-")	2,223,463	8,513,146	2,847,909
Others	589,956	1,257,935	-2,184,721
Net cash flow from operating activities	**49,151,684**	**58,093,071**	**46,454,033**
(2) Significant non-cash investment and financing activities			
Conversion of debts into capital			
Convertible bonds due within 1 year			
Fixed assets acquired under finance leases arrangement			
(3) Changes in cash and cash equivalents			
Ending balance of cash	38,547,494	35,010,792	40,718,875
Less: Opening balance of cash	35,010,792	40,718,875	37,309,553
Add：Ending balance of cash equivalents			
Less：Opening balance of cash equivalents			
Net Increases in cash and cash equivalents	**3,536,702**	**-5,708,083**	**3,409,322**

73.2 Cash and cash equivalents

Items	2021 (RMB'000)	2020 (RMB'000)	2019 (RMB'000)
Cash	38,547,494	35,010,792	40,718,875
Cash equivalents			
Cash and cash equivalents at end of the year	**38,547,494**	**35,010,792**	**40,718,875**

VIII. Contingencies

1. As at December 31, 2021, the Group has the following guarantees for entities

Guarantee	Type of guarantee	Amount guaranteed	Duration of guarantee	Notes
I. Subsidiaries				
China Yangtze Power Co., Ltd.	Bond Guarantee	CNY 5,000,000,000.00	2002.9-2023.3	–
China Yangtze Power Co., Ltd.	Bond Guarantee	CNY 3,000,000,000.00	2003.8-2034.2	–
China International Water & Electric Corporation	Loan guarantee	USD 15,900,000.00	2016.11-2028.5	Notes 1
China International Water & Electric Corporation	Loan guarantee	USD 26,400,000.00	2013.9-2026.3	Notes 2
China Three Gorges (Hong Kong) Co., Ltd.	Bond Guarantee	USD 1,500,000,000.00	2012.8-2022.8	–
Three Gorges Finance I (Cayman) Co., Ltd.	Bond Guarantee	USD 700,000,000.00	2015.6-2025.6	–
Three Gorges Finance I (Cayman) Co., Ltd.	Bond Guarantee	USD 1,000,000,000.00	2016.6-2026.6	–

Guarantee	Type of guarantee	Amount guaranteed	Duration of guarantee	Notes
Three Gorges Finance I (Cayman) Co., Ltd.	Bond Guarantee	USD 500,000,000.00	2019.10-2024.10	–
Three Gorges Finance I (Cayman) Co., Ltd.	Bond Guarantee	USD 350,000,000.00	2019.10-2049.10	–
Three Gorges Finance I (Cayman) Co., Ltd.	Bond Guarantee	USD 500,000,000.00	2020.9-2025.9	–
Three Gorges Finance I (Cayman) Co., Ltd.	Bond Guarantee	USD 500,000,000.00	2020.9-2030.9	–
China Three Gorges International Co., Ltd.	Bond Guarantee	EUR 175,000,000.00	2014.9-2034.9	–
China Three Gorges International Co., Ltd.	Bond Guarantee	EUR 80,000,000.00	2014.9-2029.9	–
China Three Gorges International Co., Ltd.	Bond Guarantee	EUR 90,000,000.00	2015.1-2027.1	–
Three Gorges Finance II (Cayman) Co., Ltd.	Bond Guarantee	EUR 700,000,000.00	2015.6-2022.6	–
Three Gorges Finance II (Cayman) Co., Ltd.	Bond Guarantee	EUR 650,000,000.00	2017.6-2024.6	–
Rio Parana Energia S.A.	Loan guarantee	BRL 1,350,000,000.00	2016.6-2023.6	–
Xiangshui Changjiang Wind Power Generation Co., Ltd.	Loan guarantee	CNY 1,110,600,000.00	2015.3-2029.12	–
Hubei Jingzhou Coal Port Co., Ltd.	Loan guarantee	CNY 468,417,558.96	2019.5-2034.5	–
Hubei Jingzhou Coal Port Co., Ltd.	Loan guarantee	CNY 401,500,000.00	2020.12-2034.12	–
Lou River Hydropower Co., Ltd. of Hubei Energy Group	Loan guarantee	CNY 964,470,000.00	2019.5-2041.5	–
Hubei Energy Group Edong Natural Gas Co., Ltd.	Loan guarantee	CNY 561,000.00	2011.7-2024.7	–
Hubei Energy Jingmen Xianghe Wind Power Co., Ltd.	Loan guarantee	CNY 233,169,500.00	2018.11-2035.11	–
Three Gorges Pakistan No. 1 Wind Power Co., Ltd.	Loan Guarantee	USD 20,738,355.00	2013.6-2025.6	–
Laos Nam Ngiep 2 Hydropower Co., Ltd.	Loan guarantee	USD 161,760,000.00	2013.8-2029.7	Notes 3
Laos Nam Kong 1 Hydropower Co., Ltd.	Loan guarantee	USD 230,640,000.00	2020.7-2035.7	–
Guinea Kaleta Hydropower Station Management Company	Loan guarantee	USD 200,000,000.00	2019.9-2035.9	–
Three Gorges Financial Leasing Co., Ltd.	Loan guarantee	CNY 1,462,270,000.00	2019.10-2022.10	–
Three Gorges Financial Leasing Co., Ltd.	Loan guarantee	CNY 385,000,000.00	2019.8-2022.8	–
Three Gorges Financial Leasing Co., Ltd.	Loan guarantee	CNY 100,000,000.00	2019.9-2022.9	–
Three Gorges Financial Leasing Co., Ltd.	Loan guarantee	CNY 110,000,000.00	2019.11-2031.6	–
Three Gorges Financial Leasing Co., Ltd.	Loan guarantee	CNY 207,000,000.00	2020.6-2022.6	–
Three Gorges Financial Leasing Co., Ltd.	Loan guarantee	CNY 273,000,000.00	2020.7-2030.7	–
Three Gorges Financial Leasing Co., Ltd.	Loan guarantee	CNY 456,250,000.00	2020.9-2030.9	–
Three Gorges Financial Leasing Co., Ltd.	Bond Guarantee	CNY 500,000,000.00	2020.9-2023.9	–
Three Gorges Financial Leasing Co., Ltd.	Loan guarantee	CNY 2,947,649,710.00	2021.8-2023.8	–
Three Gorges Financial Leasing Co., Ltd.	Loan guarantee	CNY 273,480,000.00	2021.3-2024.3	–
Three Gorges Financial Leasing Co., Ltd.	Bond Guarantee	CNY 500,000,000.00	2021.8-2024.4	–
Three Gorges Financial Leasing Co., Ltd.	Bond Guarantee	CNY 1,000,000,000.00	2021.9-2024.9	–

Guarantee	Type of guarantee	Amount guaranteed	Duration of guarantee	Notes
Three Gorges Capital Holdings (Hong Kong) Co., Ltd.	Loan guarantee	USD 168,040,000.00	2021.4-2024.5	–
Three Gorges Capital Holdings (Hong Kong) Co., Ltd.	Loan guarantee	USD 20,000,000.00	2021.4-2024.5	
Three Gorges Capital Holdings (Hong Kong) Co., Ltd.	Loan guarantee	USD 148,252,000.00	2021.10-2023.4	
Three Gorges Capital Holdings (Hong Kong) Co., Ltd.	Loan guarantee	HK 40,000,000.00	2021.10-2023.4	–
Three Gorges Asset Management Co., Ltd.	Loan guarantee	CNY 1,505,960,600.00	2021.4-2025.7	–
(II) Related entities				
Pucheng Clean Energy Chemical Co., Ltd.	Loan guarantee	CNY 1,042,312,600.00	2015.11-2026.11	–
Hydro Global Investment Limited	Loan guarantee	USD 132,500,000.00	2017.12-2038.12	–
Hunan Taohuajiang Nuclear Power Co., Ltd.	Loan guarantee	CNY 243,468,000.00	2017.11-2025.11	–
Central Eolica Jau S.A.	Loan guarantee	BRL 93,100,000.00	2021.8-2023.8	–
Central Eolica Aventura S.A.	Loan guarantee	BRL 28,665,000.00	2021.9-2023.9	–
Empresade Energia Cachoeira Caldeirao S.A.	Loan guarantee	BRL 78,250,000.00	2020.9-2022.3	–
Empresade Energia Cachoeira Caldeirao S.A.	Loan guarantee	BRL 252,050,000.00	2020.9-2022.3	–
Empresade Eneria Sao Manoel S.A.	Bond Guarantee	BRL 437,995,620.00	2019.10-2022.10	–
Guinea Suapiti Hydropower Station Management Company	Loan guarantee	USD 281,805,747.89	2020.12-2042.8	–
III. Other entities				
Guangzhou Jinxin Real Estate Development Co., Ltd.	Loan guarantee	CNY 40,500,000.00	2001.8-2005.8	Notes 4

Notes 1 : The Company provided guarantee to the Export-Import Bank of China for foreign currency loans for the Ghana Electrification Upper West Region Expansion Project of its subsidiary China International Water & Electric Corp., as of December 31, 2021, the actual guarantee amount was USD 15.9 million;

Note 2: The Company provided guarantee to the Export-Import Bank of China for foreign currency loans for the Ghana Electrification Project IV of export seller credit of China International Water & Electric Corp., as of December 31, 2021, the actual guarantee amount was USD 26.4 million;

Note 3: China International Water & Electric Corp., a subsidiary of the Company, provided loan guarantee for its subsidiary Laos Nam Ngiep 2 Hydropower Co., Ltd., as of December 31, 2021, the actual guarantee amount was USD 161.76 million;

Note 4: China Huashui Hydropower Development Co., Ltd.(hereinafter referred to as Huashui), a subsidiary of the Company, entered into the Guarantee Contract with Huaxia Bank Guangzhou Branch on August 29, 2001, whereby Huashui provided guarantee for the short and medium-term loan between Guangzhou Jinxin Real Estate Development Co., Ltd. (the Guarantee) and Huaxia Bank Guangzhou Branch. The principal of borrowing under the guaranteed loan contract was 40.5 million yuan for a period from August 2001 to August 2003 at an interest rate of 5.445%. The guarantee covers the principal of the loan contract, interest, penalty interest, liquidated damages, damages and costs incurred by the creditor to realize the creditor's right. The guarantee's borrowing was overdue. On July 18, 2018, the SGSCZ (2018) No. 112 of Guangzhou Administration for Industry and Commerce made the penalty of revoking business license of Guangzhou Jinxin Real Estate Development Co., Ltd.

2. As of December 31, 2021, significant pending actions and arbitrations

2.1. Sichuan Ningda Construction Labor Service Co., Ltd., the Subcontractor of Wudongde Hydropower Station Huidong-Hemenkou Highway Project Bid Section I, requested Sinohydro Bureau 8 Co., Ltd., Huang Jianjun and the Company to pay 36.2442 million yuan in contract disputes due to economic disputes between the Contractor and the Subcontractor. Sichuan Liangshan Prefecture Intermediate People's Court rejected the lawsuit request of Sichuan Ningda Construction Labor Service Co., Ltd. in the first instance judgment on February 28, 2019 after hearing the case. Sichuan Ningda Construction Labor Service Co., Ltd. has filed an appeal. The Company received a second instance judgment on October 13, 2020, in which the Court remanded the case for a new trial on the grounds that identification was required. On December 24, 2020, the Liangshan Prefecture Intermediate People's Court heard the case for the second time, and on June 16, 2021, Sichuan Boda Times Construction Project Management Co., Ltd. was selected as the appraisal institution to conduct judicial appraisal on the project involved in the case. Currently in the process of identification by an appraisal institution, the amount involved cannot yet be reliably estimated.

2.2. Three Gorges Brazil Company has been involved in the conflict of remuneration and taxation, which is in the process of trial, the amount of money involved in the cases cannot be estimated. The company is dealing with it positively and will evaluate the impact on financial statements.

3. As of December 31, 2021, other than the items of contingencies disclosed above, the Group did not have any material contingencies that should be disclosed.

IX. Events occurring after the balance sheet date

The Group has no non-adjusting event after the balance sheet date that needs to be disclosed.

X. Related parties and related-party transactions

1. Related parties

Name of related	Related parties
ACE Investment Fund LP	Associates
Alexsun 2 S.A.	Associates
Associates	Associates
Bank of Beijing Co., Ltd.	Associates
Beijing IWHR Technology Co., Ltd.	Associates
Beijing Sino-TechStar Venture Capital Management Partnership (Limited Partnership)	Associates
Changjiang Institute of Survey, Planning, Design and Research Co., Ltd.	Associates
Changjiang Securities Co., Ltd.	Associates
Changsha Three Gorges Beikong Water Co., Ltd.	Associates
China Development Bank Finanial Leasing Co.,Ltd.	Associates
China Railway Fuzhou Marine Engineering Co., Ltd.	Associates
Chongqing Changdian United Energy Co., Ltd.	Associates
Chongqing Changxingyou Energy Co., Ltd.	Associates
Chongqing Fuling Energy Industry Co., Ltd	Associates
Chongqing Liangjiang Changxing Electric Power Co., Ltd.	Associates
Chongqing Three Gorges Financing Guarantee Group Co., Ltd.	Associates
Chongqing Three Gorges Water Conservancy and Electric Power (Group) Co., Ltd.	Associates
CSD Water Service Co., Ltd	Associates
EDP Renovaveis Portugal, S.A.	Associates
Empresa de Energia São Manoel S.A.	Associates
Fujian Fuchuan Yifan New Energy Equipment Manufacturing Co., Ltd.	Associates
Fujian New Energy Offshore Wind Power Research Center Ltd	Associates
Guinea Suapiti Hydropower Station Management Company	Associates
Hubei Bajiao River Hefeng Yanzi Bridge Hydropower Development Co., Ltd.	Associates
Hubei Jingzhou Coal Chemical Electric Development Co., Ltd.	Associates
Hubei Qingneng Investment and Development Group Co., Ltd.	Associates
Hubei Xinjie Natural Gas Co., Ltd	Associates
Jiangsu Jinhai New Energy Power Co., Ltd.	Associates
Leshan Daping Hydropower Co., Ltd.	Associates
Linzhi Yajiang Industry Investment Ltd	Associates

Name of related	Related parties
Moray East Holdings Limited	Associates
Sanxia Jinshi Investment Management Co., Ltd.	Associates
Shanghai Changtou Huicheng Enterprise Management Co., Ltd.	Associates
Three Gorges (Guangdong) Electric Energy Co., Ltd.	Associates
Three Gorges CCB (Beijing) Investment Fund Management Ltd	Associates
Three Gorges Electric Energy Management (Hubei) Co., Ltd.	Associates
Three Gorges Funeng (Pingtan) Equity Investment Fund Management Co., Ltd.	Associates
Three Gorges Goldstone Investment Management Co., Ltd.	Associates
Three Gorges Nengshida Electric Limited	Associates
Three Gorges Smart Energy Co., Ltd.	Associates
Wuhan High-Tech Thermal Power Co., Ltd.	Associates
Xinjiang Goldwind Science & Technology Co., Ltd.	Associates
Xinjiang Wind Energy Co., Ltd.	Associates
Yunnan Jiehua Clean Energy Development Co., Ltd.	Associates
Zhongping Nenghua Group Hubei Pinge Coal Harbor Co., Ltd.	Associates
Three Gorges Electric Energy (Anhui) Co., Ltd.	Joint ventures
Three Gorges Electric Energy (Guangdong) Co., Ltd	Joint ventures
Three Gorges Electric Energy (Yunnan) Co., Ltd.	Joint ventures
Yangtze Zhihui Distributed Energy Co., Ltd.	Joint ventures

2. Related-party transactions

2.1 Purchases of goods and receiving of services

Name of related party	Type of transaction	Pricing policy	2021 (RMB'000)	2020 (RMB'000)	2019 (RMB'000)
Xinjiang Goldwind Science & Technology Co., Ltd.	Purchases of goods receiving of services	Market price	5,810,977	3,360,621	1,751,800
Fujian Fuchuan Yifan New Energy Equipment Manufacturing Co., Ltd.	Purchases of goods	Market price	215,935	304,447	37,958
China Railway Fuzhou Marine Engineering Co., Ltd.	receiving of services	Market price	486,421		
Empresa de Energia São Manoel S.A.	Purchases of goods	Market price	47,439	51,264	63,720
Changjiang Institute of Survey, Planning, Design and Research Co., Ltd.	Receiving of services	Market price	7,250	10,361	95,677

Name of related party	Type of transaction	Pricing policy	2021 (RMB'000)	2020 (RMB'000)	2019 (RMB'000)
Hubei Bajiao River Hefeng Yanzi Bridge Hydropower Development Co., Ltd.	Purchases of goods	Market price	6,700	7,063	3,269
Three Gorges Electric Energy Digital Energy Technology (Hubei) Co., Ltd.	Purchases of goods	Market price	2,103	1,838	
Fujian New Energy Offshore Wind Power Research Center Ltd	receiving of services	Market price	1,224	761	
Three Gorges Electric Energy (Yunnan) Co., Ltd.	receiving of services	Market price	1,159		
Three Gorges Nengshida Electric Limited	Purchases of goods	Market price	41	2,739	194
Chongqing Three Gorges Water Conservancy and Electric Power (Group) Co., Ltd.	receiving of services	Market price		43,773	
Beijing IWHR Technology Co., Ltd.	receiving of services	Market price		494	
Chongqing Liangjiang Three Gorges Xinghong Equity Investment Fund Partnership (Limited Partnership)	receiving of services	Market price		156	
Inner Mongolia of Gimhae New Energy Technology Co., Ltd.	receiving of services	Market price		108	
Hubei Province Gaoxia Pinghu Cruise Co., Ltd.	Purchases of goods	Market price			8,351
Energias de Portugal, S.A (EDP)	Purchases of goods	Market price			1,159

2.2 Sales of goods and provision of service

Name of related party	Type of transaction	Pricing policy	2021 (RMB'000)	2020 (RMB'000)	2019 (RMB'000)
Three Gorges Zhaoyin (Hubei) Clean Energy Industry Fund Partnership (Limited Partnership)	Provision of service	Market price	18,201		
Hubei Bajiao River Hefeng Yanzi Bridge Hydropower Development Co., Ltd.	Sales of goods	Market price	2,587	4,677	3,758
Xinjiang Goldwind Science & Technology Co., Ltd.	Sales of goods	Market price	817	1,364	70,197
Hubei Jingzhou Coal Chemical Electric Development Co., Ltd.	Provision of service	Market price	374	251	308
Three Gorges Electric Energy Digital Energy Technology (Hubei) Co., Ltd.	Sales of goods	Market price	221		
Yichang Yangtze River Three Gorges Shore Power Operation Service Co., Ltd.	Sales of goods Provision of service	Market price	89		

Name of related party	Type of transaction	Pricing policy	2021 (RMB'000)	2020 (RMB'000)	2019 (RMB'000)
Three Gorges Green Industry (Shandong) Investment Management Co., Ltd.	Provision of service	Market price	1	67	
Three Gorges CCB (Beijing) Investment Fund Management Ltd	Provision of service	Market price		2,820	2,623
Dongfang Three Gorges (Chengdu) Equity Investment Fund Management Co., Ltd.	Provision of service	Market price		244	
Leshan Daping Hydropower Co., Ltd.	Sales of goods	Market price			3,388
Changjiang Institute of Survey, Planning, Design and Research Co., Ltd.	Provision of service	Market price			343
Hubei Province Gaoxia Pinghu Cruise Co., Ltd.	Provision of service	Market price			284
Yangtze Zhihui Distributed Energy Co., Ltd.	Provision of service	Market price			180
Beijing Three Gorges Xintai Investment Fund Management Co., Ltd.	Provision of service	Market price			55

2.3 Guarantees to related parties

Please refer to Note VIII.1

2.4 Borrowing and lending with/to related parties

(1) Borrowing from related parties

Name of related party	Type of transaction	2021 Borrowing amount (RMB'000)	2021 Repayment amount (RMB'000)	2020 Borrowing amount (RMB'000)	2020 Repayment amount (RMB'000)	2019 Borrowing amount (RMB'000)	2019 Repayment amount (RMB'000)
Bank of Beijing Co., Ltd.	loans	2,947,650	770,962	770,962	587,724	356,000	57,890
Hubei Jingzhou Coal Chemical Electric Development Co., Ltd.	loans	90,000	90,000			90,000	97,000

(2) Loans to related parties

Name of related party	Type of transaction	2021 Borrowing amount (RMB'000)	2021 Repayment amount (RMB'000)	2020 Borrowing amount (RMB'000)	2020 Repayment amount (RMB'000)	2019 Borrowing amount (RMB'000)	2019 Repayment amount (RMB'000)
ACE Investment Fund LP	Loans	251,679	505,968	1,362,829	55,569	948,066	54,709
EDP Renovaveis Portugal, S.A.	Loans		98,454		96,297		89,231
Yunnan Jiehua Clean Energy Development Co., Ltd.	Loans		3,800		1,900		2,000
Chongqing Liangjiang Changxing Electric Power Co., Ltd.	Loans					490,000	
Moray East Holdings Limited	Loans					359,544	

(3) Interest paid to related parties

Name of related party	Type of transaction	2021 (RMB'000)	2020 (RMB'000)	2019 (RMB'000)
Bank of Beijing Co., Ltd.	Interest	41,151	19,680	14,768
Hubei Jingzhou Coal Chemical Electric Development Co., Ltd.	Interest	3,351	3,662	3,868
Alexsun 2 S.A.	Interest	50	889	
Chongqing Changxingyou Energy Co., Ltd.	Interest	2	1	

(4) Interest received from related parties

Name of related party	Type of transaction	2021 (RMB'000)	2020 (RMB'000)	2019 (RMB'000)
ACE Investment Fund LP	Interest	224,924	204,231	166,673
Bank of Beijing Co., Ltd.	Interest	33,059	29,560	
EDP Renovaveis Portugal, S.A.	Interest	9,797	15,485	20,124
Chongqing Changxingyou Energy Co., Ltd.	Interest	647	8,905	
Chongqing Liangjiang Changxing Electric Power Co., Ltd.	Interest		13,419	10,186
Moray East Holdings Limited	Interest			31,600

3. Balance of payables and receivables with related parties

3.1 Monetary funds with related parties

Name of related party	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Bank of Beijing Co., Ltd.	584,833	1,466,579	569,273

3.2 Accounts receivable from related parties

Name of related party	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Empresa de Energia São Manoel S.A.	31,777		
Xinjiang Goldwind Science & Technology Co., Ltd.	4,752	16	45
Chongqing Changdian United Energy Co., Ltd.	35	35	
Leshan Daping Hydropower Co., Ltd.			16

3.3 Interest receivable from related parties

Name of related party	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
ACE Investment Fund LP	123,986	130,118	129,512
Moray East Holdings Limited	3,457	3,366	3,779
Chongqing Changxingyou Energy Co., Ltd.	647	647	
Hubei Bajiao River Hefeng Yanzi Bridge Hydropower Development Co., Ltd.		4,577	5,077
Chongqing Liangjiang Changxing Electric Power Co., Ltd.			647

3.4 Other receivables from related parties

Name of related party	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Fujian New Energy Offshore Wind Power Research Center Ltd	694	694	
Three Gorges Smart Energy Co., Ltd.	502	208	
Three Gorges Electric Energy (Yunnan) Co., Ltd.	405	183	
Sanxia Jinshi Investment Management Co., Ltd.	296	511	
Yangtze Zhihui Distributed Energy Co., Ltd.	288	407	10
Changsha Three Gorges Beikong Water Co., Ltd.	217		
Chongqing Three Gorges Financing Guarantee Group Co., Ltd.	192		
Three Gorges Funeng (Pingtan) Equity Investment Fund Management Co., Ltd.	176	2	249
Hubei Xinjie Natural Gas Co., Ltd	141	263	145
Three Gorges Electric Energy (Anhui) Co., Ltd.	49	288	
Guinea Suapiti Hydropower Station Management Company		15,387	257,895
Wuhan High-Tech Thermal Power Co., Ltd.		14,162	10,162
Chongqing Three Gorges Water Conservancy and Electric Power (Group) Co., Ltd.		411	
Three Gorges Electric Energy (Guangdong) Co., Ltd		395	
Beijing Sino-TechStar Venture Capital Management Partnership (Limited Partnership)		160	306
Xinjiang Goldwind Science & Technology Co., Ltd.			2,343

Name of related party	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Three Gorges Goldstone Investment Management Co., Ltd.			501
Three Gorges (Guangdong) Electric Energy Co., Ltd.			292
Chongqing Liangjiang Changxing Electric Power Co., Ltd.			162

3.5 Advances to related parties

Name of related party	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Xinjiang Goldwind Science & Technology Co., Ltd.	191,352	481,333	22,995
CSD Water Service Co., Ltd	6,948		
Changjiang Institute of Survey, Planning, Design and Research Co., Ltd.	2,401		
Fujian Fuchuan Yifan New Energy Equipment Manufacturing Co., Ltd.		78,652	

3.6 Contractual assets from related parties

Name of related party	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Changjiang Institute of Survey, Planning, Design and Research Co., Ltd.	31,777	—	—

3.7 Non-current assets due within one year from related parties

Name of related party	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
ACE Investment Fund LP	3,696,636	1,829,694	529,887
EDP Renovaveis Portugal, S.A.	98,098		
Yunnan Jiehua Clean Energy Development Co., Ltd.		3,800	
Jiangsu Jinhai New Energy Power Co., Ltd.			3,299

3.8 Other current assets from related parties

Name of related party	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
ACE Investment Fund LP	1,038,625		948,066

3.9 Loans and advances from related parties

Name of related party	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Chongqing Changxingyou Energy Co., Ltd.	490,000	490,000	
Chongqing Liangjiang Changxing Electric Power Co., Ltd.			490,000

3.10 Debt investments from related parties

Name of related party	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Moray East Holdings Limited	732,028	—	—

3.11 Other non-current assets from related parties

Name of related party	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
ACE Investment Fund LP	489,505	2,803,098	3,173,067
Moray East Holdings Limited		715,427	694,703
EDP Renovaveis Portugal, S.A.		212,322	302,052
Yunnan Jiehua Clean Energy Development Co., Ltd.			158,117

3.12 Short-term borrowings from related parties

Name of related party	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Bank of Beijing Co., Ltd.	2,947,650	770,962	342,110
Hubei Jingzhou Coal Chemical Electric Development Co., Ltd.	90,000	90,000	90,000

3.13 Notes payable to related parties

Name of related party	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Xinjiang Goldwind Science & Technology Co., Ltd.	135,720	76,060	383,998

3.14 Accounts payable to related parties

Name of related party	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Xinjiang Goldwind Science & Technology Co., Ltd.	2,690,586	1,155,522	1,513,676
China Railway Fuzhou Marine Engineering Co., Ltd.	107,399		
Fujian Fuchuan Yifan New Energy Equipment Manufacturing Co., Ltd.	22,843	31,081	

Name of related party	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Changjiang Institute of Survey, Planning, Design and Research Co., Ltd.	19,908	42,670	8,823
Three Gorges Nengshida Electric Limited	1,460	1,093	4,566
Fujian New Energy Offshore Wind Power Research Center Ltd	1,224	790	
Hubei Bajiao River Hefeng Yanzi Bridge Hydropower Development Co., Ltd.	256	341	341
Empresa de Energia São Manoel S.A.		3,420	4,622
Zhongping Nenghua Group Hubei Pinge Coal Harbor Co., Ltd.		11	11
Fujian Fuchuan Yifan New Energy Equipment Manufacturing Co., Ltd.			4,178
Xinjiang Wind Energy Co., Ltd.			84
Beijing IWHR Technology Co., Ltd.			29

3.15 Other payables to related parties

Name of related party	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Wuhan High-Tech Thermal Power Co., Ltd.	14,382	1,507	1,826
Fujian Fuchuan Yifan New Energy Equipment Manufacturing Co., Ltd.	10,186	9,767	1,200
Xinjiang Goldwind Science & Technology Co., Ltd.	3,831	4,700	10,777
Changjiang Institute of Survey, Planning, Design and Research Co., Ltd.	1,476	15,702	2,149
Three Gorges Nengshida Electric Limited	1,123	1,407	1,279
Hubei Qingneng Investment and Development Group Co., Ltd.	244		
Three Gorges Electric Energy Management (Hubei) Co., Ltd.	153	31	
Shanghai Changtou Huicheng Enterprise Management Co., Ltd.	51		
Three Gorges Electric Energy (Anhui) Co., Ltd.	49		
Alexsun 2 S.A.	4	2	
Three Gorges Funeng (Pingtan) Equity Investment Fund Management Co., Ltd.		75,841	
Beijing IWHR Technology Co., Ltd.		1,113	
Zhengzhou Hydraulic Machinery Co., Ltd.		80	
Chongqing Fuling Energy Industry Co., Ltd		45	45

Name of related party	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Fujian New Energy Offshore Wind Power Research Center Ltd		30	

3.16 Interest payable to related parties

Name of related party	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Bank of Beijing Co., Ltd.	1,924	355	730
Linzhi Yajiang Industry Investment Ltd			190
Three Gorges (Guangdong) Electric Energy Co., Ltd.			39

3.17 Advances from related parties

Name of related party	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Three Gorges CCB (Beijing) Investment Fund Management Ltd		315	312
Three Gorges Nengshida Electric Limited		1	
Wuhan High-Tech Thermal Power Co., Ltd.			19,479
Xinjiang Goldwind Science & Technology Co., Ltd.			5,324

3.18 Non-current liabilities due within one year to related parties

Name of related party	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
China Development Bank Finanial Leasing Co.,Ltd.	27,881	26,253	

3.19 Long-term payables to related parties

Name of related party	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
China Development Bank Finanial Leasing Co.,Ltd.	334,057	1,496,725	

4. Balance of provision for bad debts of outstanding related receivables

4.1 Accounts receivable

Name of related party	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Empresa de Energia São Manoel S.A.	95		
Xinjiang Goldwind Science & Technology Co., Ltd.	14		
Chongqing Changdian United Energy Co., Ltd.	3		

4.2 Other receivables

Name of related party	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Fujian New Energy Offshore Wind Power Research Center Ltd	258	129	
Three Gorges Electric Energy (Yunnan) Co., Ltd.	18		
Yangtze Zhihui Distributed Energy Co., Ltd.	1	2	
Changsha Three Gorges Beikong Water Co., Ltd.	4		
Wuhan High-Tech Thermal Power Co., Ltd.		14,162	10,162
Chongqing Three Gorges Water Conservancy and Electric Power (Group) Co., Ltd.		12	
Three Gorges Electric Energy (Guangdong) Co., Ltd		19	
Guinea Suapiti Hydropower Station Management Company			1,713
Xinjiang Goldwind Science & Technology Co., Ltd.			7

4.3 Other non-current assets

Name of related party	December 31, 2021 (RMB'000)	December 31, 2020 (RMB'000)	December 31, 2019 (RMB'000)
Yunnan Jiehua Clean Energy Development Co., Ltd.			158,117

China Three Gorges Corporation

April 29, 2022

会 计 师 事 务 所

执业证书

名　　　　称：信永中和会计师事务所（特殊普通合伙）

首 席 合 伙 人：谭小青

主 任 会 计 师：

经 营 场 所：北京市东城区朝阳门北大街8号富华大厦A座8层

组 织 形 式：特殊普通合伙

执业证书编号：11010136

批准执业文号：京财会许可[2011]0056号

批准执业日期：2011年07月07日

证书序号：0014624

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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。

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。

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发证机关：北京市财政局

二〇一六年一月二十五日

中华人民共和国财政部制

统一社会信用代码

91110101592354581W

营业执照

（副 本）(3-1)

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名　　称　信永中和会计师事务所（特殊普通合伙）

类　　型　特殊普通合伙企业

执行事务合伙人　张克，叶韶勋，顾仁荣，李晓英，谭小青

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。（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02日

合伙期限　2012年03月02日 至 2042年03月01日

主要经营场所　北京市东城区朝阳门北大街8号富华大厦A座8层

登记机关　北京市东城区市场监督管理局

2022年03月04日

国家企业信用信息公示系统网址：http://www.gsxt.gov.cn

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国家市场监督管理总局监制

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