

MING YANG SMART ENERGY GROUP LIMITED

(GDR under the symbol: "MYSE")

(a joint stock company established under the laws of the People's Republic of China with limited liability)

**Announcement on Shanghai Stock Exchange's Reply to the
Work Letter on Information Disclosure Supervision under
the Company's 2023 Annual Report**

Ming Yang Smart Energy Group Limited (the "MYSE" or "Company") recently received the Regulatory Enquiry Letter on the Information Disclosure of 2023 Annual Report of Ming Yang Smart Energy Group Limited (Shang Zheng Gong Han [2024] No. 0785) (the "Regulatory Enquiry Letter") issued by the Shanghai Stock Exchange. The Company attached great importance to the Regulatory Enquiry Letter and immediately organised relevant personnel together with the annual auditor and the sponsor to conduct a serious analysis and verification on the issues in the letter. The reply to the relevant issues in the Regulatory Enquiry Letter are hereby disclosed as follows:

Comment 1 of the Regulatory Enquiry Letter: The annual report shows that in 2023, the Company achieved a total operating income of RMB27.859 billion, representing a year-on-year decrease of 9.39%, and a net profit attributable to the parent of RMB372 million, representing a year-on-year decrease of 89.19%. The decline in the gross profit margin of the Company's major products was one of the main reasons for the decline in net profit. In terms of business segments, the revenue from wind turbines and related accessories amounted to RMB23.517 billion, representing a year-on-year increase of 3.11%, and the gross profit margin was 6.35%, representing a year-on-year decrease of 11.42 percentage points; revenue from other business amounted to RMB298 million, representing a year-on-year decrease of 39.04%, and the gross profit margin was -24.05%, representing a year-on-year decrease of 25.22 percentage points. In addition, the Company's R&D expenses in the Reporting Period amounted to RMB585 million, representing a year-on-year decrease of 30.67%. Please disclose the following additional information: (1) The names, term of cooperation, subject matter, transaction amount and current balance of the top five customers and suppliers of wind turbines and related accessories. Combined with the sales prices of major products and the changes in unit costs, please explain the reasons for and rationality of the sharp decline in gross profit margin, and whether the relevant gross profit margin is at a reasonable level compared with that of peers; (2) The specific contents of other businesses, including the revenue, gross profit margin and names, term of cooperation, subject matter, transaction amount and current balance of the top five customers and suppliers. Combined with the specific business model, procurement and sales unit prices, please explain the reasons for and rationality of the sharp decline in revenue and the negative gross profit margin, and whether the relevant gross profit margin is at a reasonable level compared with that of peers; (3) Combined with the investment and progress of specific R&D projects, please explain the specific reasons for the decline in R&D expenses during the Reporting Period, and whether the

decline in relevant investment will affect the Company's competitiveness and future profitability. The annual auditor please advise on comments (1) and (2).

I. The Company's response

(I) Analysis on the names, term of cooperation, subject matter, transaction amount and current balance of the top five customers and suppliers of wind turbines and related accessories, as well as explanation on the reasons and rationality for the substantial decline in gross profit margin, and whether the relevant gross profit margin is at a reasonable level compared with that of peers.

1. Table of the top five customers and suppliers of wind turbines and related accessories

(1) Top five customers

Unit: RMB'0,000

Names	Term of cooperation	Subject matter	Transaction amount (2023)	Receivables balance	Contract liabilities balance
China Energy Engineering Group Guangdong Electric Power Design Institute Co., Ltd.	6 years	WTGs	387,025.98	117,675.17	-
China Datang International Trading Corporation	5 years	WTGs	254,460.75	21,063.23	-
CGN New Energy (Huizhou) Co., Ltd.	3 years	WTGs	186,756.83	100,944.67	-
Shandong Ludian International Trade Co., Ltd.	5 years	WTGs	134,777.33	75,364.12	-
Huaneng (Longkou) New Energy Technology Development Co., Ltd.	1 year	WTGs	98,678.15	-	4,122.63
Total			1,061,699.04	315,047.19	4,122.63

(2) Top five suppliers

Unit: RMB'0,000

Names	Term of cooperation	Subject matter	Transaction amount (2023)	Payables balance
Nanjing High Speed Gear Manufacturing Co., Ltd.	12 years	Gearboxes	145,772.68	40,088.25
NFAIC High Precision Transmission Co., Ltd.	12 years	Gearboxes	103,432.62	12,815.94
NGC (Huai'an) High Speed Gear Manufacturing Co., Ltd.	2 years	Gearboxes	85,728.84	3,295.23
Zhangjiagang Guangda Special Material Co., Ltd.	9 years	Castings	80,685.83	12,511.98

Luoyang Xinqianglian Slewing Bearing Co., Ltd.	12 years	Main shaft bearings, yaw bearings and pitch bearings	73,739.97	19,773.83
Total			489,359.94	88,485.23

2. Reasons for the decline in gross profit margin of wind turbines and related accessories

With the launch of the 14th Five-Year Plan and Carbon Peak and Carbon Neutrality Policy, renewable clean energy power generation has become a key area and major layout point for China's future development. The vigorous development of wind power generation, clean energy and other industries has entered the fast lane, ensuring that the development environment of the industry will continue to improve in the future. The wind power industry has broad development prospects and coexists with fierce competition.

The continuous advancement of technology and cost optimization of WTGs are the important reasons for the reduction in bidding prices. With the continuous development of technology, the efficiency of WTGs has been continuously improved, and the cost of wind farm construction has also been gradually reduced. In addition, as the domestic wind power market gradually matures and competition intensifies, wind power companies have to adopt more favorable pricing strategies in order to gain more market share. Therefore, the bidding prices of wind turbines in the wind power industry continue to decline.

(1) Sales price: After wind power plants were connected to the grid at parity, wind power projects needed to reduce construction costs by lowering equipment purchase prices in order to ensure a reasonable rate of return. As a result, the bidding prices for wind power equipment fell sharply.

The Company's average revenue per kilowatt in 2023 amounted to RMB2,426.20/KW, compared with RMB3,121.46/KW in 2022, representing a decrease of 22.27%.

(2) Cost: The cost reduction of wind turbine equipment needs to be achieved gradually through various means including business and technology.

The Company's average cost per kilowatt in 2023 amounted to RMB2,272.12/KW, compared with RMB2,566.75/KW in 2022, representing a decrease of 11.48%.

Unit: RMB

Category	2023	2022	Change (%)
Average revenue per kilowatt	2,426.20	3,121.46	-22.27%
Average cost per kilowatt	2,272.12	2,566.75	-11.48%

(3) According to the Company's market research statistics, mainstream manufacturers in the market have lowered prices of all levels of models to varying degrees during the Reporting Period, continuously bringing down sales prices.

The Company has taken a number of measures to reduce costs, including centralised procurement bidding, business negotiations and R&D optimization, but costs still cannot drop at the same rate as the above-mentioned sales prices. On the other hand, the Company's cost-cutting measures will take some time to show results, resulting in a decline in the gross profit margin of

the Company's product sales order.

3. Comparison of gross profit margin of wind turbines and related accessories with that of peers

The gross profit data of wind turbines and related accessories in the same industry in 2023 are as follows:

Unit: RMB

Category	MYSE	Goldwind Science & Technology	Windey Group	Sany Renewable Energy	Electric Wind Power
Average revenue per kilowatt	2,426.20	1,923.74	1,890.99	1,648.79	2,279.70
Average cost per kilowatt	2,272.12	1,800.44	1,654.45	1,394.01	2,148.93
Gross profit margin	6.35%	6.41%	12.51%	15.45%	5.74%

The comparable listed companies in the same industry were selected by the Company based on its main business, and the figures were extracted from the annual reports of relevant listed companies. According to the above table, the Company's gross profit margin for wind turbines and related accessories was basically at the same level as that of Goldwind Science & Technology and Electric Wind Power.

(II) Analysis on specific contents of other businesses, including the corresponding business segment's revenue and gross profit margin, names, term of cooperation, subject matter, transaction amount and current balance of the top five customers and suppliers, as well as explanation on reasons and rationality for the substantial decrease in revenue and negative gross profit margin, and whether the relevant gross profit margin is at a reasonable level compared with that of peers.

1. The corresponding segment income, gross profit margin and information on the top five customers and suppliers for other income in revenue from principal businesses

The Company's other income amounted to RMB298 million, including photovoltaic product income of RMB189 million, wind farm construction income of RMB108 million, and electricity sales income of RMB0.45 million.

The income and gross profit margin of other business segments are as follows:

Unit: RMB'0,000

Business segment	Main business income	Main business cost	Gross profit margin
Photovoltaic components	18,920.12	26,169.33	-38.31%
Wind farm construction	10,829.64	10,762.30	0.62%
Electricity Sales	45.35	28.51	37.13%
Total	29,795.11	36,960.14	-24.05%

(1) The names, term of cooperation, subject matter, transaction amount and current balance of the top five customers and suppliers of photovoltaic products business are as follows:

1) Top five customers

Unit: RMB'0,000

No.	Name of customer	Transaction amount	Receivables balance	Term of cooperation	Subject matter
1	Electric Energy E-Commerce (Beijing) Technology Co., Ltd. (電能易購 (北京) 科技有限公司)	3,708.14	209.51	1 year	Photovoltaic components
2	Hunan Red Solar New Energy Science and Technology Limited Company	2,749.54	9.61	1 year	Photovoltaic components
3	Inner Mongolia Halun New Energy Technology Co., Ltd. (內蒙古哈倫新能源 科技有限公司)	1,987.95	523.19	1 year	Photovoltaic components
4	Shaanxi Skyworth New Energy Technology Co., Ltd. (陝西創維新能源 科技有限公司)	929.25	-	1 year	Photovoltaic components
5	China Electric Power Engineering Consulting Group Southwest Electric Power Design Institute Co., Ltd.	665.63	112.82	1 year	Photovoltaic components
	Total	10,040.51	855.13		

2) Top five suppliers

Unit: RMB'0,000

No.	Name of supplier	Transaction amount	Payables balance	Prepayments balance	Term of cooperation	Subject matter
1	Tianjin Huanou International Silicon Materials Co., Ltd.	7,501.03	-	440.64	1 year	Silicon Wafer
2	Dongguan CSG Solar Glass Co., Ltd	6,770.44	2,710.90	-	1 year	Glass
3	Suzhou iSilver Materials Co., Ltd	4,734.46	634.33	-	1 year	Silver paste
4	Zhonghuan Aineng (Gaoyou) Energy Technology Co., Ltd. (中環 艾能(高郵)能源科技有限公司)	4,710.36	2.48	-	1 year	Cell
5	Shangrao Jietai New Energy Technology Co., Ltd.	4,380.57	-	9.30	1 year	Cell
	Total	28,096.86	3,347.71	449.94		

(2) The names, term of cooperation, subject matter, transaction amount and current balance of the top five customers and suppliers of wind farm construction business

1) Top five customers

Unit: RMB'0,000

No.	Name of customer	Transaction amount	Contract assets	Contract liabilities	Term of cooperation	Subject matter
1	Turpan Xinyang Guosheng New Energy Power Generation Co., Ltd. (吐魯番新陽國盛新能源發電有限公司)	7,307.50	-	-	1 year	Power station project engineering
2	Xinyang Mingjun New Energy Co., Ltd. (信陽明駿新能源有限公司)	3,508.46	-	1,268.61	1 year	Power station project engineering
3	Huaian Guohe New Energy Co., Ltd. (淮安國和新能源有限公司)	13.68	14.50	-	0.5 years	Power station project operation and maintenance
	Total	10,829.64	14.50	1,268.61		

Note 1: Turpan Xinyang Guosheng New Energy Power Generation Co., Ltd. (吐魯番新陽國盛新能源發電有限公司) (the "Xinyang Guosheng") was originally a wholly-owned subsidiary of the Company and was sold in September 2023. The transaction amount of RMB73.075 million in 2023 was the revenue recognised by the Company for providing power station project engineering services to Xinyang Guosheng after it was deconsolidated.

Note 2: Xinyang Mingjun New Energy Co., Ltd. (信陽明駿新能源有限公司) (the "Xinyang Mingjun") was originally a wholly-owned subsidiary of the Company and was sold in June 2023. The transaction amount of RMB35.0846 million in 2023 was the revenue recognised by the Company for providing power station project engineering services to Xinyang Mingjun after it was deconsolidated.

2) Top five suppliers

Unit: RMB'0,000

No.	Name of supplier	Transaction amount	Balance of payables	Term of cooperation	Subject matter
1	PowerChina Henan Engineering Co., Ltd.	2,027.51	612.05	2 years	Main construction
2	Wolin Energy Group Co., Ltd. (沃霖)	1,484.79	1,379.80	1 year	Booster station and collector

	能源集團有限公司)				line engineering
3	Beijing Boneng Antai Electric Power Engineering Co., Ltd. (北京博能安泰電力工程有限公司)	806.61	677.55	2 years	Hoisting engineering
4	Xinjiang CSSC Haiwei Electric Power Technology Co., Ltd. (新疆中船海為電力科技有限公司)	799.66	998.00	1 year	Wind turbine and box-type transformer foundation engineering, booster station and collector line engineering
5	Sichuan Xinhua Energy Co., Ltd. (四川薪火能源有限公司)	629.84	119.96	2 years	Engineering construction
	Total	5,748.41	3,787.36		

2. The reasons for the significant decrease in other income under main business income as follows

Other income in 2023 amounted to RMB298 million, representing a decrease of RMB191 million from the same period last year, mainly due to a decrease of RMB362 million in revenue from wind farm construction from the same period last year.

The main reason for the decrease in revenue from wind farm construction business was the impact of industry competition. There were relatively more orders for wind farm construction business executed in 2022, and fewer new orders for this business in 2023.

3. The reasons for the negative gross profit margin in other income under main business income as follows

Other income includes revenue from photovoltaic products, wind farm construction, and electricity sales. Since the revenue from electricity sales accounts for an insignificant proportion, the impact on gross profit margin is negligible. The revenue proportion and gross profit margin of the main corresponding business segments in other income in 2023 and 2022 are as follows:

Unit: RMB'0,000

Business segment	2023			2022		
	Revenue	Gross profit margin	Revenue proportion	Revenue	Gross profit margin	Revenue proportion
Revenue from photovoltaic product	18,920.12	-38.31%	63.50%	1,802.98	-61.47%	3.69%
Revenue from wind farm construction	10,829.64	0.62%	36.35%	47,064.44	3.77%	96.29%
Total	29,749.76	-24.14%	99.85%	48,867.42	1.36%	99.98%

According to the table above, the negative gross profit margin of other income was mainly affected by the proportion of internal segments, with a decrease in revenue from wind farm construction revenue with positive gross profit and an increase in photovoltaic product revenue with negative gross profit. In 2022, photovoltaic revenue accounted for 3.69%, with a gross profit margin of -61.47%. In 2023, photovoltaic revenue accounted for 63.5%, representing an increase of 59.81 percentage points from the same period last year, and the gross profit margin

in 2023 was -38.31%.

The Company has been engaged in the photovoltaic business since 2018. During this stage, the Company mainly produced and sold thin-film photovoltaic components in small batches. In 2022, the Company began to invest in the large-scale construction of a crystalline silicon photovoltaic component production base. The main reasons for the negative gross profit margin of photovoltaic products were as follows: (1) after the crystalline silicon photovoltaic base was officially put into production in the first half of 2023, the overall capacity utilization rate was low with a high fixed amortization cost for products, and the average annual cost per watt was nearly RMB0.10-0.20/W higher than the full production state as the crystalline silicon photovoltaic business was in the early stage of production and the capacity ramp-up period, and was affected by the number of orders on hand for photovoltaic components; (2) affected by the price war of photovoltaic products, the market price of photovoltaic components has dropped sharply, resulting in a negative gross profit margin of photovoltaic products; and (3) in the future, the global photovoltaic installed capacity will still be in a continuous upward cycle, thus the Company considers that heterojunction photovoltaics will be the mainstream of photovoltaic products in the next few years, and there is a lot of room for improvement in performance, efficiency and cost reduction. With the scale of the Company's photovoltaic products and the continuous iteration and innovation of technology, the gross profit margin will gradually improve. The Company's photovoltaic gross profit margin was lower than that of its peers mainly because the Company's photovoltaic product business was in the early stage of production and the capacity ramp-up period with a low overall capacity utilization rate and a high fixed amortization cost for products.

Company	Gross profit margin in 2023	Gross profit margin in 2022
Risen	13.63%	5.02%
Golden Solar	-20.14%	-1.78%
EGING PV	7.36%	3.43%
Average gross profit margin	0.28%	2.22%

(III) Explanation on the specific reasons for the decrease in R&D expenses during the Reporting Period and whether the decrease in related investment will affect the Company's competitiveness and future profitability in combination with the investment and progress of specific R&D projects.

1. The specific reasons for the decrease in R&D expenses during the Reporting Period in combination with the investment and progress of specific R&D projects.

(1) In 2023, the total R&D investment (including expense and capitalization) amounted to RMB1.005 billion, the total operating income amounted to RMB27.859 billion, and the total R&D investment accounted for 3.61% of the operating income. In 2022, the total R&D investment amounted to RMB1.098 billion, the operating income in the same period amounted to RMB30.748 billion, and the total R&D investment accounted for 3.57% of the operating income, and the operating income of 2023 was basically the same as in 2022. For details, please refer to the table below:

Unit: RMB'00 million

Project	2023		2022		Year-on-year change	
	Amount	R&D structure ratio	Amount	R&D structure ratio	Change	Rate of change
Amount of expense	5.85	58.23%	8.44	76.85%	-2.59	-30.67%
Capitalised amount	4.20	41.77%	2.54	23.15%	1.66	65.04%
Total R&D investment	10.05	100%	10.98	100%	-0.93	-8.51%

(2) The reason for the decline in R&D expenses was that many R&D projects entered the development stage in the second half of 2022 and 2023. Therefore, the capitalised investment in 2023 was relatively concentrated, and the R&D expense investment was relatively reduced with more investment. The capitalised amount in 2023 amounted to RMB420 million, including 10MW fixed offshore wind turbine R&D projects of RMB123 million (including MySE11 unit development project and MSE12 unit development project), 10MW floating offshore wind turbine design and R&D projects of RMB116 million, and 9MW wind turbine R&D and improvement R&D projects of RMB45 million.

2. Explanation on the Company's competitiveness and future profitability

(1) 10MW offshore floating wind turbine design and R&D project

Performance: Offshore typhoon-resistant floating wind turbines. Main technical indicators: Equipped with two Ming Yang MySE8.3-180 ultra-compact semi-direct drive offshore wind turbines with the total capacity of 16.6MW. Advantages or core competitiveness: The world's largest and lightest dual-rotor typhoon-resistant floating wind turbine, which can be used in a wide range of seas around the world with a water depth of more than 35 meters.

(2) 8-10MW offshore wind turbine R&D project

Performance: Offshore typhoon-resistant fixed wind turbines, offshore non-typhoon-resistant wind turbines and onshore large-capacity wind turbines. The series of wind turbines can be customized for onshore desert, Gobi and wilderness areas, as well as near, medium and far sea areas. Main technical indicators: Advanced semi-direct drive technology route and customized offshore and onshore wind turbines with large single-unit capacity of 8-10MW. Advantages or core competitiveness: Ming Yang's unique super-compact semi-direct drive technology route, medium-speed gearbox, permanent magnet generator and full-power converter hybrid transmission design and innovative low-speed ratio gearbox and main shaft integrated design. The wind turbines are designed according to ultra-different environmental boundaries, and a diesel generator backup power supply is configured for typhoon areas to achieve active anti-typhoon yaw action.

(3) 9MW wind turbine R&D and improvement project

Performance: Offshore typhoon-resistant fixed wind turbines. Main technical indicators: MySE9.0-230 offshore products and supporting blade projects with blade length of 111.5m and impeller diameter of 230m. Advantages or core competitiveness: New products using double-fed technology, with modular design, high reliability, high efficiency, convenient transportation and installation and low cost.

Through continuous technological innovation, the Company has developed large-scale onshore and offshore wind turbines with better performance and lower kilowatt costs, contributing

Ming Yang's wisdom to customers' continuous improvement of the investment return rate of power station assets throughout the life cycle. As of now, the wind turbines on hand for models over 10MW amount to 3.9GW, of which 3.6GW is from domestic markets and 0.3GW is from international markets.

In view of the above, the total R&D investment was basically the same as last year, and the Company's main R&D technologies were at the leading level in the industry with industry competitiveness and future profitability.

II. The Accountant's response

(I) Verification procedures

We have designed and implemented relevant procedures in accordance with the requirements of the Chinese Certified Public Accountant Auditing Standards. The main procedures we implemented for the above issues include:

1. Understanding, evaluating and testing the design and implementation of internal controls related to MYSE's revenue and costs;
2. Identifying revenue recognition as a key audit matter and conducting random checks on sales contracts, original production records and product shipping logistics information to assess the accuracy of MYSE's revenue recognition amount and timing;
3. Reviewing purchase contracts, invoices and shipping logistics information on sampling basis, verifying the authenticity and accuracy of purchase amounts, and performing IT system testing for cost collection and allocation to evaluate whether the Company's product cost accounting is correct;
4. Performing confirmation procedures with MYSE's customers and suppliers to verify their contract signing, subject matter, transaction amount and other information; and
5. Performing analytical procedures on revenue, cost and gross profit margin to analyse the reasons and rationale for changes in gross profit margin.

(II) The Accountant's opinion

Based on the audit procedures we performed, we are of the opinion that the Company's above explanations on the reasons for the fluctuations in gross profit margin were consistent with the materials and information we obtained during the 2023 audit for MYSE, and the reasons for the changes in the Company's gross profit margin were in line with the actual situation.

Comment 2 of the Regulatory Enquiry Letter: According to the annual report, the Company's wind farm construction revenue amounted to RMB108 million, with a gross profit margin of 0.62%; in terms of related current accounts, the book balance of accounts receivable "engineering and construction business" portfolio amounted to RMB79.9198 million, and the book balance of contract assets "engineering construction business" portfolio amounted to RMB151 million, with a total impairment provision of RMB4.592 million. The Company is requested to make additional disclosure of: (1) the specific mode, settlement method, time point for revenue recognition of the wind farm construction business, the top five customers and

suppliers in the past two years, including but not limited to cooperation years, corresponding subject matter, transaction amount, and balance of accounts receivable and payable, explaining the reasons for and reasonableness of the lower gross profit margin, and whether it is at a reasonable level compared with the same industry; (2) the top five customers corresponding to accounts receivable and contract assets of the business, including but not limited to subject matter, corresponding amount of revenue, the basis and time point for revenue recognition, the credit period policy, and the time of formation of the current account, explaining the reasons for and reasonableness of the balance of the current account being higher than the revenue of the Reporting Period, and whether the relevant impairment provision is sufficient. Please provide an opinion from the annual audit accountant.

I. The Company's response

(I) The specific mode, settlement method, time point for revenue recognition of the wind farm construction business, the top five customers and suppliers in the past two years, including but not limited to cooperation years, corresponding subject matter, transaction amount and the analysis of the balance of the current account, as well as an explanation of reasons for and reasonableness of the lower gross profit margin, and whether it is at a reasonable level compared with the same industry.

1. Specific mode of wind farm construction business

The wind farm construction business mainly undertakes the construction of power station projects. The Company signs a general contracting engineering contract with the construction unit, which implements general contracting for the engineering design, procurement, construction or design, construction and other stages, and is fully responsible for the quality, safety, construction period, and cost of the project. The "turnkey engineering" model is implemented by the engineering construction organization.

2. Settlement method for wind farm construction

The settlement of wind farm construction business mainly includes prepayment, progress payment and acceptance payment, warranty deposit and other nodes, and the settlement is made based on the progress of the project as audited and confirmed by the three parties, namely the supervisor, the general contractor and the owner.

3. Time point of revenue recognition for wind farm construction

Wind farm construction contracts are performance obligations that are performed within a certain period of time. For performance obligations that are performed within a certain period of time, the Company recognizes revenue during that period according to the progress of performance. When the progress of performance cannot be reasonably determined, the Company recognizes revenue according to the amount of costs incurred until the progress of performance can be reasonably determined if the Company's incurred costs are expected to be compensated.

Construction contracts between the Company and its customers refer to performance obligations for the construction of wind farms, which the Company treats as performance obligations to be fulfilled within a certain period of time, and determines the progress of performance for the provision of services on the basis of the costs incurred and recognizes revenue based on the progress of performance.

4. Top five customers and suppliers in the wind farm construction business for the past two years

(1) Top five customers in 2023 and 2022

Unit: RMB'0,000

Year	Name of customer	Transaction amount	Gross profit margin	Contract assets	Contract liabilities	Cooperation period	Subject matter
2023	Turpan Xinyang Guosheng New Energy Power Generation Co., Ltd. (吐魯番新陽國盛新能源發電有限公司)	7,307.50	1.95%	-	-	1 year	Power station project engineering
	Xinyang Mingjun New Energy Co., Ltd. (信陽明駿新能源有限公司)	3,508.46	0.76%	-	1,268.61	1 year	Power station project engineering
	Huaian Guohe New Energy Co., Ltd. (淮安國和新能源有限公司)	13.68	39.19%	14.50	-	0.5 years	Power station project operation and maintenance
	Total	10,829.64		14.50	1,268.61		
Year	Name of customer	Transaction amount	Gross profit margin	Contract assets	Contract liabilities	Cooperation period	Subject matter
2022	Taonan Baiqiang New Energy Co., Ltd. (洮南百強新能源有限公司)	22,873.72	-0.01%	7,206.96	23,615.04	2 years	Power station project engineering
	Shanxi Xudongsheng New Energy Technology Co., Ltd. (山西旭東升新能源科技有限公司)	9,760.23	-2.64%	-	9,758.15	2 years	Power station project engineering
	Guodian Yangjiang Hailing Island Wind Power Co., Ltd. (國電陽江海陵島風力發電有限公司)	4,511.16	38.17%	-	970.94	1 year	Power station project engineering
	Jilin Province Zhongneng Wind Power Investment Co., Ltd. (吉林省中能風電投資有限公司)	2,781.13	0.00%	734.11	-	3.5 years	Power station project engineering
	Guohua (Shanwei) Wind Power Co., Ltd. (國華 (汕尾) 風電有限公司)	2,593.92	3.91%	-	572.56	2 years	Power station project engineering
	Total	42,520.16		7,941.07	34,916.69		

Note 1: The gross profit margin of Huaian Guohe New Energy Co., Ltd. (淮安國和新能源有限公司) (the "Huaian Guohe") was 39.19%, mainly because the Company provided Huaian Guohe with on-site professional operation and maintenance management services for the Huaian 100MW wind farm from October 2023 to March 2024. During the operation and maintenance period, the Company dispatched an on-site staff, and the operation and maintenance cost was the salary and daily expenses of the staff and there was no expenditure under other costs, thus the gross profit margin was relatively high.

Note 2: The gross profit margin of Taonan Baiqiang New Energy Co., Ltd. (洮南百強新能源有限公司) (the "Taonan Baiqiang") was -0.01%, mainly

because the overall construction period was extended due to the slow supply of Taonan project towers and cross-winter construction and hoisting during the epidemic, resulting in increased construction costs, thus the construction costs were basically the same as project revenue. Their procurements of top five suppliers set out as follows:

Unit: RMB'0,000

No.	Suppliers	Transaction contents	Contract amount	Amount paid	Balance of transaction amount
1	Ming Yang Smart Energy Group Limited	Procurement of wind turbine	15,555.00	-	15,555.00
2	Jilin Province Baiqiang Electric Power Group Co., Ltd.	Construction for wind turbine foundations, box-type transformer substation foundation, collecting power lines, box-type transformer installation, substation civil work and equipment installation, road work, and a part of soil and water conservation	10,801.84	10,783.21	18.64
3	Jilin Province Xindongqi Energy Co., Ltd.	Procurement of tower and related accessories	3,507.17	3,507.17	-
4	Hunan Zhongtai Equipment Engineering Co., Ltd. (湖南中泰设备工程有限公司)	Wind turbine and tower Lifting	907.30	907.30	-
5	Hunan Chixing Engineering Construction Co., Ltd. (湖南驰兴工程建设有限公司)	Wind turbine and tower Lifting	669.18	669.18	-
	Total		31,440.49	15,866.86	15,573.64

Note 3: The gross profit margin of Shanxi Xudongsheng New Energy Technology Co., Ltd. (山西旭东升新能源科技有限公司) (the "Shanxi Xudongsheng") was -2.64%, mainly because transportation costs and labor costs for construction projects increased due to cross-winter construction and epidemic layoffs, thus the project gross profit margin turned negative. Their procurements of top five suppliers set out as follows:

Unit: RMB'0,000

No.	Suppliers	Transaction contents	Contract amount	Amount paid	Balance of transaction amount
1	Shanxi Huade Electric Power Engineering Co., Ltd.	Main engineering construction (including lifting/electrical	13,438.83	5,008.00	8,430.83

		installation)			
2	Fenyang Hanjing New Energy Equipment Co., Ltd. (汾阳市汉精新能源装备有限公司)	Tower purchase contract	1,998.84	1,968.84	30.00
3	Shanghai Bangda Longfei Logistics Co., Ltd.	Transformation of the cooling air and tooling contract	387.85	292.00	95.85
4	Jiangsu Zhongmei Cable Co., Ltd. (江苏中煤电缆有限公司)	Cable purchase contract	37.94	37.94	-
5	Ningbo Ningli High-Strength Fastener Co., Ltd.	Tower bolt purchase contract	26.31	25.07	1.24
	Total		15,889.77	7,331.85	8,557.92

Note 4: The gross profit margin of Guodian Yangjiang Hailing Island Wind Power Co., Ltd. (國電陽江海陵島風力發電有限公司) (the "Guodian Yangjiang") was 38.17%, mainly because the project was a technical transformation project of the “replacing small units with large units” policy, which included early micro-site selection, wind turbine selection, issuance of an overall technical plan, preparation of pre-feasibility study and feasibility study report, preliminary designs, early project applications, and formalities (environmental impact assessment, water conservation and grid access) and other high value-added services, thus the project gross profit margin was relatively high.

Note 5: The gross profit margin of Jilin Province Zhongneng Wind Power Investment Co., Ltd. (吉林省中能風電投資有限公司) (the "Jilin Zhongneng") was 0%, mainly because the overall construction period was extended due to the cross-winter hoisting during the construction process and the grid-connected time exceeding the original plan, resulting in increased construction costs. Therefore, the construction costs were basically the same as the project revenue.

(2) Top five suppliers in 2023 and 2022

Unit: RMB'0,000

Year	Name of supplier	Transaction amount	Balance of accounts payable	Cooperation period	Subject matter
2023	PowerChina Henan Engineering Co., Ltd.	2,027.51	612.05	2 years	Main construction

	Wolin Energy Group Co., Ltd. (沃霖能源集團有限公司)	1,484.79	1,379.80	1 year	Booster station and collection line engineering
	Beijing Boneng Antai Electric Power Engineering Co., Ltd. (北京博能安泰電力工程有限公司)	806.61	677.55	2 years	Lifting engineering
	Xinjiang CSSC Haiwei Electric Power Technology Co., Ltd. (新疆中船海為電力科技有限公司)	799.66	998.00	1 year	Wind turbine and box transformer foundation engineering, booster station and collection line engineering
	Sichuan Xinhua Energy Co., Ltd. (四川薪火能源有限公司)	629.84	119.96	2 years	Engineering construction
	Total	5,748.41	3,787.36		
Year	Name of supplier	Transaction amount	Balance of accounts payable	Cooperation period	Subject matter
2022	Shanxi Huade Electric Power Engineering Co., Ltd. (山西華德電力工程有限公司)	9,277.76	8,430.83	2 years	Project construction
	Jilin Province Baiqiang Electric Power Group Co., Ltd. (吉林省百強電力集團有限公司)	4,714.50	335.70	2 years	Project construction
	Jilin Province Xindongqi Energy Co., Ltd. (吉林省新東起能源有限公司)	3,103.69	350.72	1.5 years	Procurement of project towers and related accessories
	Guangdong Hongan Conversion Engineering Co., Ltd. (廣東鴻安送變電工程有限公司)	1,532.20	215.60	2 years	Project construction
	Ningxia Jianan Electric Power Engineering Co., Ltd. (寧夏嘉楠電力工程有限公司)	1,192.66	253.49	2 years	Collection line engineering
	Total	19,820.81	9,586.34		

Note: Jilin Province Baiqiang Electric Power Group Co., Ltd. (吉林省百強電力集團有限公司) (the "Jilin Baiqiang") is the parent company of Taonan Baiqiang New Energy Co., Ltd. (洮南百強新能源有限公司) (the "Taonan Baiqiang"). The sales and procurement business of the Company with Jilin Baiqiang and

Taonan Baiqiang is as follows:

1) Sales business: Shaanxi Jieyao Construction Engineering Co., Ltd. (陝西捷耀建設工程有限公司) (the "Shaanxi Jieyao") is a subsidiary of the Company, and has complete qualifications for general contracting of projects with many years of experience and capabilities in general contracting project management for the construction of medium and large power station projects (including engineering design management, compliance management, construction safety management, cost control management and construction schedule management), construction capabilities and strong supply chain integration capabilities. Shaanxi Jieyao provides project construction general contracting services for Taonan Baiqiang, with a general contract amount of RMB 328 million. Shaanxi Jieyao implements general contracting for engineering design, equipment procurement and engineering construction, and is fully responsible for the quality, safety, construction period and cost of the project.

2) Procurement business: Jilin Baiqiang has a stable construction team, strong coordination ability in Jilin Province, and rich experience in the construction of collector lines. Jilin Baiqiang, a subcontractor of the Taonan Baiqiang Yongmao Wind Power Project which is generally contracted by Shaanxi Jieyao, mainly provides engineering services including project foundation civil construction, collector line and box-variable installation, , and the amount of the sub contract accounts for 32.93% of the total contract amount of the Taonan Baiqiang Yongmao Wind Power Project.

5. Explanation of reasons for and reasonableness of the lower gross profit margin, and whether it is at a reasonable level compared with the same industry

The gross profit margin of wind farm construction business in 2023 was 0.62%, a decrease of 3.15% compared to 2022, mainly due to:

(1) The construction projects in 2022 mainly include technical renovation projects and new wind farm projects, with a high proportion of technical renovation projects. The Company has rich experience in wind farm/wind resource survey and evaluation, micro site selection, and wind turbine selection matching, which can improve the profitability of the power plant for the owner, resulting in a high gross profit margin; The main construction projects in 2023 are new wind farm projects, which are mainly civil engineering projects with limited gross profit. Therefore, the gross profit margin of wind farm construction in 2022 is higher than that in 2023.

(2) Compared with the construction segment of China Energy Construction and China Power Construction in the same industry, its gross profit margin is higher due to its large scale and strong bargaining power, and there is also a certain difference between its business composition and the Company's EPC business.

Company	Gross profit margin for 2023	Gross profit margin for 2022
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China Power Construction (other power engineering contracting business)	6.93%	6.90%
China Energy Construction (engineering construction business)	7.85%	7.65%
Average gross profit margin	7.50%	7.39%

(II) Top five customers corresponding to accounts receivable and contract assets of the wind farm construction business, including but not limited to subject matter, corresponding amount of revenue, the basis and timing for revenue recognition, the credit period policy, and the time point of formation of the current account, as well as an explanation of reasons for and reasonableness of the balance of the current account being higher than the revenue of the Reporting Period, and whether the relevant impairment provision is sufficient.

1. Top five receivables and contract assets for wind farm construction business

Unit: RMB'0,000

Names	Subject matter	Balance of receivables at the end of 2023	Balance of contract assets at the end of 2023	Subtotal of current accounts balance	Transaction amounts and the process of formation	Aging of current accounts	Credit period policy	Whether it is within the credit period
Taonan Baiqiang New Energy Co., Ltd. (洮南百强新能源有限公司)	Power station project engineering	5,589.81	18,532.19	24,122.00	In 2022, the taxable income amounted to RMB257.3915 million, the sales collection amounted to RMB16.1715 million, and the balance of current accounts amounted to RMB241.22 million, including receivables of RMB55.8981 million and contract assets of RMB185.3219 million	1) The balance of receivables amounted to RMB55.8981 million, with an age of 1-2 years; 2) The balance of contract assets amounted to RMB185.3219 million, with an age of 1-2 years	10% as advance payment, 85% as progress payment, 2% as acceptance payment and 3% as warranty deposit	Yes
Huaneng Tiancheng Financial Leasing Co., Ltd.	Power station project	-	6,173.02	6,173.02	In 2022, the taxable income amounted to RMB61.7302 million, the sales collection amounted to RMB0, and the balance of current accounts	The balance of contract assets amounted to RMB61.7302 million, with an age of 1-2	30% as advance payment, 50% as progress payment, 15% as acceptance payment	Yes

	engineering				amounted to RMB61.7302 million, all of which were contract assets	years	and 5% as warranty deposit	
Shanxi Xudongsheng New Energy Technology Co., Ltd. (山西旭東升新能源科技有限公司)	Power station project engineering	-	3,585.14	3,585.14	In 2022, the taxable income amounted to RMB35.8514 million, the sales collection amounted to RMB0, and the balance of current accounts amounted to RMB35.8514 million, all of which were contract assets	The balance of contract assets amounted to RMB35.8514 million, with an age of 1-2 years	30% as advance payment, 50% as progress payment, 15% as acceptance payment and 5% as warranty deposit	Yes
Yi'an County Mingyang Wind Power Co., Ltd. (依安縣明陽風力發電有限公司)	Power station project engineering	23.33	1,086.50	1,109.83	The total tax-inclusive income from 2021 to 2023 amounted to RMB362.1657 million, during which RMB351.0674 million has been collected. The current balance amounted to RMB11.0983 million, including receivables of RMB233,300 and contract assets amounted to RMB10.865 million. Note: Yi'an County Mingyang Wind Power Co., Ltd. (依安縣明陽風力發電有限公司) was originally a wholly-owned subsidiary of the Company and was sold in December 2023. The total tax-inclusive income of RMB362.1657 million from 2021 to 2023 was the income recognised before the sale, which has been internally offset.	1) The balance of accounts receivable was RMB233,300, with an age of less than 1 year; 2) The balance of contract assets amounted to RMB10.865 million;	10% as advance payment, 87% as progress payment and 3% as warranty deposit	Yes
Jilin Province Zhongneng Wind Power Investment Co., Ltd. (吉林省中能風電投資有限公司)	Power station project engineering	734.11	-	734.11	In 2022, the taxable income amounted to RMB7.3411 million, the sales collection amounted to RMB0, and the balance of current accounts amounted to RMB7.3411 million, all of which were receivables	The receivables amounted to RMB7.3411 million, with an age of 1-2 years	10% as advance payment, 85% as progress payment, 2% as acceptance payment and 3% as warranty deposit	Yes

Guohua (Shanwei) Wind Power Co., Ltd. (國華(汕尾)風電有限公司)	Power station project engineering	526.89	334.26	861.15	From 2022 to 2023, the cumulative tax-inclusive income recognised amounted to RMB43,411,200, the repayment received amounted to RMB34,799,700, the current balance amounted to RMB8,611,500, including receivables of RMB5,268,900 and contract assets amounted to RMB3,342,600	1) The balance of receivables amounted to RMB5,268,900 with the aging period of within 180 days; 2) The balance of contract assets amounted to RMB3,342,600 with the aging period of within 1 year	20% as advance payment, 60% as progress payment (70% for equipment, 77% for engineering and 80% for other expenses) and 20% as warranty deposit (3% for engineering and 10% for equipment)	Yes
Total		6,140.03	29,711.11	35,851.14	–			

Note 1: Criteria for recognition of contract assets refer to the portion of the revenue that has been recognised based on the progress of performance but for which contract settlement with the customer has not yet been completed.

Note 2: The balance of contract assets of Taonan Baiqiang New Energy Co., Ltd. (洮南百強新能源有限公司) (the "Taonan Baiqiang") amounted to RMB185.3219 million. As certain of deficiencies need to be eliminated in the project (fire water tanks and fire water pumps in the booster station need to be improved), the contract settlement requirements have not been met. The balance will be transferred to receivables as at 30 June 2024.

Note 3: The balance of contract assets of Huaneng Tiancheng Financial Leasing Co., Ltd. (the "Huaneng Tiancheng") amounted to RMB61.7302 million, and the balance of contract assets of Shanxi Xudongsheng New Energy Technology Co., Ltd. (山西旭東升新能源科技有限公司) (the "Shanxi Xudongsheng") amounted to RMB35.8514 million, totaling RMB97.5816 million. Such companies are the financial lessor and owner of the EPC project, respectively. Since the blade vibration monitoring system of the project has not yet reached the expected state, the contract settlement requirements have not been met. It is expected that the blade vibration monitoring system will be completed and debugged to the expected state in the third quarter of 2024 and then transferred to receivables.

Note 4: The balance of contract assets of Yi'an County Mingyang Wind Power Co., Ltd. (依安縣明陽風力發電有限公司) (the "Yian Mingyang") amounted to RMB10.865 million, which was the project warranty deposit. The contract settlement time has not yet been reached and such balance will be transferred to receivables after the warranty period ends.

2. For details of the basis and time point for revenue recognition, please refer to point 3 "3. Time point of revenue recognition for wind farm construction" of the Company's reply (I) to Comment 2.

3. There were no significant increases in risk for the projects corresponding to the wind farm construction business transactions in the current period, and no circumstances that required consideration of individual credit risk. Therefore, in accordance with the impairment methodology of the new financial instruments standard, the Company established a credit loss matrix based on historical credit losses, adjusted by applying specific forward-looking factors of the debtor and the economic environment, and considered the credit risk characteristics of different customers to assess the expected credit losses of receivables and contract assets based on both individual items and ageing combinations and make provision for impairment of receivables and contract assets based on the expected credit losses over the entire duration. In summary, it is reasonable that the balance of the Company's wind farm construction business transactions is higher than its revenue for the reporting period, and the Company has made adequate provision for bad debts.

II. The Accountant's response

(i) Verification procedures

We have designed and implemented relevant procedures in accordance with the requirements of the Chinese Certified Public Accountant Auditing Standards. The main procedures we implemented for the above issues include:

1. Understanding, evaluating and testing the design and implementation of internal controls relating to construction revenue and cost of MYSE's wind farm;

2. Inspecting the relevant contracts, winning notices and project progress information of customers in the wind farm construction business, and checking the sales collection of major customers; inspecting the purchase agreements and purchase orders of suppliers in the wind farm construction business to understand the specific purchases and payments; and verifying whether the relevant revenues and costs are recognised in accordance with the accounting policies disclosed by the enterprise and the requirements of the relevant accounting standards;

3. Implementing letter of credit procedures for accounts receivable and contract assets, and evaluating the results of the letter of credit;

4. Obtaining and evaluating management's expected credit loss model for the wind farm construction business segment, and reviewing the accuracy and reasonableness of the provision for related bad debts;

5. Performing analytical procedures on the revenue, cost and gross profit margin of the wind farm construction business, and analyzing the reasons for and reasonableness of the changes in gross profit margin.

(II) The Accountant's opinion

Based on the audit procedures we performed, we are of the opinion that the Company's above explanations on the wind farm construction business were consistent with the materials and information we obtained during the 2023 audit for MYSE, the reasons for the changes in the gross

profit margin of the Company's wind farm construction business were in line with the actual situation, and the provision for the relevant bad debts is sufficient and appropriate.

Comment 3 of the Regulatory Enquiry Letter: as disclosed in the annual report, the balance of trade receivables of the Company amounted to RMB15.051 billion, representing a year-on-year increase of 31.73%, deviating from the revenue trend. During the Reporting Period, provision for credit impairment loss amounted to RMB514 million, representing an increase of 116.88%, of which accounts receivable for which bad debt provision was made on an individual basis amounted to RMB161 million, the proportion of bad debt provision for "high-end manufacturing business", "power generation business" and "engineering construction business" for which bad debt provision is made on group basis increased by 1.59, 6.81 and 3.56 percentage points respectively. The Company is requested to make additional disclosure of: (1) the top five customers of trade receivables and accounts receivable for which bad debt provision was made on an individual basis, the transaction amount, the subject matter, the time of formation of trade receivables, and the age of trade receivables; (2) the distinctions among distribution of age of accounts on different groups, and the trade receivables that presented with extended age and affected the increase in the proportion of bad debt provision according to the principle of significance, including, but not limited to, the counterparty of the transaction, the transaction amount, the subject matter, the time of formation of trade receivables, whether it was within the credit period, and the reasons for the extension of age of accounts, etc.; (3) explanation of the reasons for the increase in the percentage of bad debt provision for each age group in the high-end manufacturing business and power generation business, and whether the provision for bad debts is sufficient, in combination with the changes in industry trends, credit policies and payment cycles, etc. The annual auditor is requested to comment.

I. The Company's response

(i) Analysis of the top five customers of trade receivables and accounts receivable for which bad debt provision was made on an individual basis, the transaction amount, the subject matter, the time of formation of trade receivables, and the age of trade receivables.

1. Top five customers of trade receivables

Unit: RMB'0,000

Names	Subject matter	Receivables	Within 6 Months	6 Months - 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	More than 5 Years	Time of formation of receivables	Whether it is within the credit period	Reasons for non-repayment	Transaction amount and process of receivables formation	Amount of sales collection in 2024
China Energy Engineering Group Guangdong Electric Power Design Institute Co., Ltd.	Wind Turbines	117,675.17	91,659.21	-	12,855.13	8,520.03	4,640.80	-	-	2020	Yes	Payment shall be made after the overall project passes pre-acceptance	The cumulative tax-inclusive income recognised amounted to RMB11,284,980,100, the repayment received amounted to RMB9,106,153,700, the current balance amounted to RMB2,178,826,500, including receivables of RMB1,176,751,700 and contract assets amounted to RMB1,002,074,800	27,877.28
China Nuclear Power Engineering Co., Ltd.	Wind Turbines	110,953.96	168.48	2,057.69	95,944.70	2,490.95	10,292.15	-	-	2020	Yes	Payment shall be made after the overall project passes pre-acceptance	The cumulative tax-inclusive income recognised amounted to RMB9,628,088,600, the repayment received amounted to RMB7,414,894,800, the current balance amounted to RMB2,213,193,800, including receivables of RMB1,109,539,600 and contract assets amounted to RMB1,103,654,200	24,873.00
CGN New Energy (Huizhou) Co., Ltd.	Wind Turbines	100,944.67	100,944.67	-	-	-	-	-	-	/	/	/	The cumulative tax-inclusive income recognised amounted to RMB2,218,897,300, the repayment received amounted to RMB985,242,600, the current balance amounted to RMB1,233,654,700, including receivables of RMB1,009,446,700 and contract assets amounted to RMB224,208,000	/
Shandong Ludian International Trade Co., Ltd.	Wind Turbines	75,364.12	66,364.12	9,000.00	-	-	-	-	-	/	/	/	The cumulative tax-inclusive income recognised amounted to RMB1,595,320,300, the repayment received amounted to RMB761,557,700, the current balance amounted to RMB833,762,600, including receivables of RMB753,641,200 and contract assets amounted to RMB80,121,400	/
Sinohydro International Engineering Co., Ltd. (中國水電建設集團國際工程有限公司)	Wind Turbines	64,874.91	-	2,376.04	62,498.87	-	-	-	-	2022	No	Not yet paid due to the owner's reasons and is in the process of collection	The cumulative tax-inclusive income recognised amounted to RMB821,288,200, the repayment received amounted to RMB172,539,100, the current balance of receivables amounted to RMB648,749,100	21,820.20
Total		469,812.83	259,136.48	13,433.73	171,298.70	11,010.98	14,932.95	-	-					

The Company adopted the original revenue standard in 2019 and previous years. Under the original revenue standard, the contract performance obligations were not distinguished and were credited as sales of goods. The Company used the point of time when the risks and rewards of the products were transferred as the judgment condition for revenue recognition. According to the wind turbine sales contract, the wind turbine shall be hoisted and installed by the customer based on the technical information, standards, drawings and instructions provided by the Company. The Company shall be obliged to provide a wind turbine installation work plan and provide installation guidance. After the customer's hoisting work is completed, a hoisting report shall be issued. The Company considers that after obtaining the hoisting report signed by the customer, the main risks and rewards of wind turbine ownership have been transferred to the customer, and the continued management and control of the wind turbine have not been retained. The amount of revenue and the cost can be reliably measured, and the relevant economic benefits are likely to flow into the enterprise. Therefore, the hoisting report signed by the customer shall be used as the point of time for revenue recognition.

Note: The process of transferring the principal risks and rewards of ownership of the wind turbine and the transfer of the right to continue management and effective control of the wind turbine includes the delivery of the wind turbine to the customer for acceptance and the provision of a installation plan of operations and installation instructions for wind turbine, and assistance to customer in completing the hoisting task. The provision of the installation work plan and installation instructions for wind turbine by the Company is part of the obligation in the transfer of control process, and therefore under the former Revenue Code, the "obligation of the Company to provide the installation work plan and installation instructions for wind turbine" was an influencing factor on the point of time when the transfer of control took place. The main risks and rewards of ownership of the wind turbines, as well as the right to continue management and effective control, are fully transferred when the entire transfer process is fulfilled.

The Company has adopted Enterprise Accounting Standard No. 14 - Revenue (the "New Revenue Standard") since 1 January 2020. According to the New Revenue Standard and the specific terms of the wind turbine sales contract, the Company identifies the individual performance obligations for analysis:

1) The contract stipulates that the Company shall deliver wind turbines and the ancillary equipment to customers, and provide commissioning services, operation and maintenance services for warranty period and delivery of spare parts.

2) The Company shall not responsible for hoisting and installation work.

3) The delivery of unit equipment and subsequent commissioning services, warranty period operation and maintenance services and delivery of spare parts shall be different obligations that can be clearly distinguished.

4) Identification of the individual performance obligations in the contract: sales of wind turbines, commissioning services, warranty period operation and maintenance services and spare parts.

In addition, based on information on the revenue recognition policy of the peer available, major listed companies all recognize revenue upon the delivery of wind turbines.

In accordance with the new revenue standard, the Company identifies four performance obligations in wind turbine sales contracts, including complete equipment revenue, commissioning service revenue, operation and maintenance service revenue and spare parts revenue. Given that the production cost of the installation plan for wind turbine and the cost of the installation instructor are relatively lower, in the process of identifying the contractual performance obligations, "the Company is obliged to provide the installation plan for wind turbine and provide installation instructions" is not considered as a major obligation, and it is not considered as a judgement of the point of time when the right of control of the first performance obligation is transferred. Instead, the point of transfer of control of the first performance obligation was judged to be when the wind turbines were delivered to the site and accepted for by customer. Upon delivery of the complete equipment, the Company recognises revenue from the complete equipment, which accounts for more than 90 per cent of the total contract revenue.

When the Company delivers the wind turbine to the customer's wind farm and the customer accepts it and signs the arrival receipt, the Company completes its delivery obligation for the wind turbine, which is the point of time when the first performance obligation of the contract is fulfilled. After the wind turbine arrives, it is handed over to the construction party (engaged by the customer) for hoisting and installation to the determined position. The hoisting time is generally 3-6 months. After the construction party completes the hoisting, the wind turbine enters the commissioning stage, and the Company dispatches professional technicians to carry out the commissioning. After the commissioning is completed, the Company obtains the commissioning report signed by the customer (the hoisting stage precedes the commissioning stage, the hoisting report confirms the hoisting and installation of the wind turbine, and the commissioning report confirms the commissioning of the wind turbine in powered operation), which is the point of time when the second performance obligation of the contract is fulfilled. After obtaining the commissioning report, the customer conducts a pre-acceptance of the wind turbine. Out of prudence, customers have high requirements for pre-acceptance, which generally takes 1-3 years. After the pre-acceptance of all wind turbines is completed and the pre-acceptance certificates signed by the customer are obtained, such wind turbines officially enter the 5-year warranty period. The Company provides operation and maintenance services during the warranty period and recognizes the operation and maintenance income on a monthly basis, which is the period of the third performance obligation of

the contract. During the execution of the contract, the Company delivers the spare parts (which are items delivered to customers in accordance with the list agreed in the contract, including mainly spanners, barrels, tensioners, pressure gauges, voltmeters, half-beams, lifting plates, buckles, slings, sling holders, modules, fuses, sensors, etc.) at the time required by the customer and obtain the receipt signed by the customer, which is the point of time when the fourth performance obligation of the contract is fulfilled.

Meanwhile, the contract also stipulates the payment nodes, including advance payment, material payment, delivery payment, pre-acceptance payment and warranty deposit. One to two months after the contract is signed, the customer pays the advance payment (10%-20%) according to the proportion agreed in the contract. Upon the production preparation work is completed, the customer pays the material payment (20%~40%). Upon the complete equipment arrives and is signed for, the customer pays the delivery payment (20%-60%). Upon the pre-acceptance of wind turbines is completed, both parties sign a pre-acceptance certificate, indicating that the project has entered the warranty period, and the customer pays the pre-acceptance payment (5%-25%). After the warranty period ends, the project is inspected and found to be free of defects, both parties sign a final acceptance certificate, and the customer pays the warranty deposit (5%~10%).

The Company's splitting of the performance obligations of the contract is based on the terms of the contract and depends on whether the Company needs to perform its obligations and meets the conditions for separate splitting. The payment node is only a commercial term, which is the arrangement of funds between the two parties of the contract and is irrelevant to the performance obligations of the contract.

In addition, the reasons for the large balance of receivables and the uncollected payment are as follows:

After the delivery of the complete equipment, the Company recognised the revenue from the complete equipment, and the proportion of recognised revenue has reached more than 90% of the total contract amount, of which 5%-10% of the warranty deposit has been included in the contract assets, and more than 80% has been included in receivables.

The payment is collected in accordance with the terms of the contract: after the complete equipment is delivered and signed for, the total payment ratio of the customer is generally between 50% and 90% of the total contract amount. Therefore, since some of the payment has not reached the collection node agreed in the contract, the balance of Company's receivables is relatively large.

2. Top five customers of accounts receivable for which bad debt provision was made on an individual basis

Unit: RMB'0,000

Names	Subject matter	Receivables	Within 6 Months	6 Months - 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	More than 5 Years	Time of formation of receivables	Reasons for non-repayment	Reasons for provision on an individual basis	Follow-up measures	Transaction amount and process of receivables formation
Tus-eguard New Energy Vehicle Co., Ltd. (启迪合加新能源汽车有限公司)	Wind Turbines	7,142.64	-	-	-	-	95.84	2,065.47	4,981.33	2016	Under litigation	Litigation	To be dealt with according to the ruling made by the court	The cumulative tax-inclusive income recognised amounted to RM B198,066,000, the repayment received amounted to RMB126,639,600, the balance of receivables amounted to RMB71,426,400
AI Development EOOD	Wind Turbines	2,718.19	-	-	-	-	-	-	2,718.19	2012	Debtor's shortage of funds	Debtor's shortage of funds	Continue to follow up on subsequent payments	The cumulative tax-inclusive income recognised amounted to RMB39,234,600, the repayment received amounted to RMB12,052,700, the balance of receivables amounted to RMB27,181,900
Hadian Wind Power Co., Ltd. (哈電風能有限公司)	Wind Turbines	2,190.23	54.51	53.50	100.30	1,981.92	-	-	-	2021	Debtor's shortage of funds	Litigation	Payments are being urged in accordance with the court's judgement, and an application to the court for enforcement is not ruled out	The cumulative tax-inclusive income recognised amounted to RMB262,641,500, the repayment received amounted to RMB213,990,400, the current balance amounted to RMB48,651,100, including receivables of RMB21,902,300 and contract assets amounted to RMB26,748,800
Shenzhen Boshi Jiatai Power Investment Co., Ltd. (深圳博實嘉泰電力投資有限公司)	Wind Turbines	2,060.80	-	-	-	-	-	-	2,060.80	2013	Debtor's shortage of funds	Debtor's shortage of funds	Enforcement has been filed with the court, but there are no assets to be liquidated as the other party is bankrupt	The cumulative tax-inclusive income recognised amounted to RMB128,040,000, the repayment received amounted to RMB107,432,000, the balance of receivables amounted to RMB20,608,000
Tianjin Ruixunde Electric Technology Co., Ltd. (天津銳迅德電器技術有限公司)	Accessories of wind Turbines	1,890.70	-	-	-	-	-	-	1,890.70	2012	Debtor's shortage of funds	Litigation	Currently in the enforcement stage and will continue to follow up on subsequent repayment	The cumulative tax-inclusive income recognised amounted to RMB133,036,800, the repayment received amounted to RMB114,129,800, the balance of receivables amounted to RMB18,907,000
Total		16,002.56	54.51	53.50	100.30	1,981.92	95.84	2,065.47	11,651.02					

Note 1: Tus-eguard New Energy Vehicle Co., Ltd.. (“Tus-eguard”): In May 2015, the Company entered into the Kangbao Wind Farm Project Wind Turbine Main Equipment Sales Contract with Tus-eguard , with a total contract amount of RMB198.066 million. After the contract was entered into, the Company delivered 33 1.5MW wind turbines to Tus-eguard as agreed. Tus-eguard paid the Company a total of RMB126.6396 million from 2015 to 2020, and the remaining RMB71.4264 million has not yet been paid. After repeated urging by the Company, Tus-eguard did not return the payment, thus the Company filed a lawsuit with the court, requiring Tus-eguard to pay the purchase price as agreed in the contract. The court has not yet made a ruling, and the case will be handled according to the ruling.

Note 2: A1 Development EOOD (the "Bulgaria A1") is a wholly-owned subsidiary of the Company's joint venture MW EP Renewables International Ltd and is the project company of the overseas cooperative wind farm project of the Company's subsidiary Mingyang Wind Power (International) Co., Ltd. In January 2012, Mingyang Wind Power (International) Co., Ltd. (the "Mingyang International") entered into a wind turbine sales contract with Bulgaria A1, with a sales amount of US\$5,665,080.00. The wind turbines were delivered in January 2012, and sales revenue of US\$5,665,080.00 and receivables of US\$5,665,080.00 were recognised. In 2012, the Company received 40% of the contract amount (US\$2,266,032.00), and the remaining US\$3,399,048.00 was not received. Due to the fact that the pilot wind farm project constructed by Bulgaria A1 was affected by Bulgaria's new energy policies and market environment, the operating conditions were relatively unstable, resulting in difficulties in capital turnover. Bulgaria A1 has been cutting its operating costs since 2015, achieving a certain cash surplus from power generation revenue after meeting daily operating expenses, and using the surplus to regularly pay Mingyang International for wind turbines.

Note 3: Hadian Wind Power Co., Ltd. (哈電風能有限公司): In March 2020, CNNC Yumen, Hadian Wind Power, and the Company entered into a tripartite agreement, whereby Hadian Wind Power purchased 26 wind turbines from the Company for the Yumen Qiduntan project. According to the contract, the wind turbines supplied by the Company have been pre-accepted and completed the first assessment. Hadian Wind Power shall pay the acceptance fee and the first assessment fee, but Hadian Wind Power has not paid. In 2023, the Company filed a lawsuit with the court, requiring Hadian Wind Power to pay the Company RMB19,698,800 and bear the litigation costs. In May 2024, the court ruled that Hadian Wind Power shall pay the Company RMB19,698,800 within ten days after the ruling came into effect. At present, the Company is urging the repayment based on the court's ruling, and does not rule out applying to the court for enforcement.

Note 4: Shenzhen Boshi Jiatai Power Investment Co., Ltd. (深圳博實嘉泰電力投資有限公司): In April 2011, the Company entered into the Southeast Australia South Asia Wind Farm 33MW Wind Farm Wind Turbine Generator Purchase Contract with Shenzhen Boshi Jiatai Power Investment Co., Ltd., with a total contract amount of RMB128.04 million. After the contract was entered into, the Company delivered 22 wind turbines to Boshi Jiatai as agreed. Boshi Jiatai paid the Company a total of RMB107.432 million from 2011 to 2017, and the remaining RMB20.608 million has not yet been paid. As the payment has not been recovered, the Company filed a lawsuit with the court. After winning the lawsuit, the Company has applied for enforcement. However, since the owner has gone bankrupt, there are currently no assets to be liquidated.

Note 5: Tianjin Ruixunde Electric Technology Co., Ltd. (天津銳迅德電器技術有限公司): On 12 March 2011, the Company and Ruixunde entered into the Tianjin Ruixunde Electric Technology Co., Ltd. Procurement Framework Contract, after entering into of the contract, the Company delivered the inverters, main controls, variable pitch systems and combined cabinets as agreed . Ruixunde paid part of the payment for goods from 2011 to 2017 and has not paid any more. At present, Ruixunde still owes RMB18,904,700. In 2019, the Company sold a batch of materials to Ruixunde, with the receivables amounting to RMB2,200, which had not been recovered. After repeated urging by the Company, Ruixunde still did not pay such amounts due. Therefore, the Company filed a lawsuit with the court in November 2020, demanding Ruixunde to pay the purchase price and compensate the Company for the loss of overdue payment. The case is currently in the stage of enforcement, and the subsequent repayment is being followed up.

(ii) Analysis of the distribution of age of accounts on different groups, and the trade receivables that presented with extended age and affected the increase in the proportion of bad debt provision according to the principle of significance, including, but not limited to, the counterparty of the transaction, the transaction amount, the subject matter, the time of formation of trade receivables, whether it was within the credit period, and the reasons for the extension of age of accounts.

1. High-end manufacturing business

Unit: RMB'0,000

Customer	Nature of the Amount	Subject matter	Transaction amount and process of formation of trade receivables	Amount of Trade Receivables for 2023	Balance of receivables as a percentage of total portfolio receivables	Within 180 Days	180 to 365 Days	1-2 Years	2-3 Years	3-4 Years	4-5 Years	More than 5 Years	Balance of Bad Debt Provisions	Bad Debt as a Percentage of Portfolio	Time of Formation of Trade Receivables	Whether It Was Within the Credit Period	Reasons for non- payment
China Energy Engineering Group Guangdong Electric Power Design Institute Co., Ltd.	Amount for manufacturing business fans and accessories	Wind Turbines	Cumulative recognition of taxable income of RMB 11,284,980,100, with a repayment of RMB 9,106,153,700 and a current account balance of RMB 2,178,826,500, including trade receivables of RMB1,176,751,700 and contract assets of RMB1,002,074,800	117,675.17	8.80%	91,659.21	-	12,855.13	8,520.03	4,640.80	-	-	3,506.83	4.40%	2020	Yes	Collections after pre-acceptance of the project as a whole
China Nuclear Power	Amount for manufacturing business fans	Wind Turbines	Cumulative recognition of taxable income of RMB 9,628,088,600, with a repayment of	110,953.96	8.30%	168.48	2,057.69	95,944.70	2,490.95	10,292.15	-	-	9,018.37	11.32%	2020	Yes	Collections after pre-acceptance

Engineering Co., Ltd.	and accessories		RMB7,414,894,800 and a current account of RMB 2,213,193,800, including trade receivables of RMB1,109,539,600 and contract assets of RMB1,103,654,200														of the project as a whole
Sinohydro International Engineering Co., Ltd.	Amount for manufacturing business fans and accessories	Wind Turbines	Cumulative recognition of taxable income of RMB821,288,200, with a repayment of RMB172,539,100 and a current account balance of RMB 648,749,100, including trade receivables of RMB648,749,100	64,874.91	4.85%	-	2,376.04	62,498.87	-	-	-	-	4,443.26	5.58%	2022	No	Owner's reasons for non-payment, collection in progress
Three Gorges New Energy Yangjiang Power Generation Co., Ltd.	Amount for manufacturing business fans and accessories	Wind Turbines	Cumulative recognition of taxable income of RMB3,488,248,400, with a repayment of RMB2,691,960,000 and a current account balance of RMB796,288,300, including trade receivables of RMB617,384,900 and contract assets of RMB178,903,400	61,738.49	4.62%	-	111.73	3,491.58	55,595.35	2,539.84	-	-	6,472.82	8.13%	2020	Yes	Collections after pre-acceptance of the project as a whole
Three Gorges Financial Leasing Co., Ltd.	Amount for manufacturing business fans and accessories	Wind Turbines	Cumulative recognition of taxable income of RMB3,385,583,600, with a repayment of RMB2,727,857,500 and a current account balance of RMB 657,726,100, including trade receivables of RMB483,463,200 and contract assets of	48,346.32	3.62%	-	-	2,973.70	45,372.63	-	-	-	4,891.21	6.14%	2021	Yes	Collections after pre-acceptance of the project as a whole

			RMB174,262,900														
CGN Qinghai Lenghu Wind Power Generation Co., Ltd.	Subsidies for power generation business	Subsidies for electricity charges	Cumulative recognition of taxable income of RMB567,388,700, with a repayment of RMB370,113,000 and a current account balance of RMB197,275,700, including trade receivables of RMB197,275,700	19,727.57	1.48%	167.18	16.52	17,559.87	-	-	1,984.00	-	2,068.09	2.60%	2019 年	No	Owner's reasons for non-payment, collection in progress
Gansu Yumen Huineng New Energy Development Co., Ltd.	Amount for manufacturing business fans and accessories	Wind Turbines	Cumulative recognition of taxable income of RMB568,714,700, with a repayment of RMB346,052,000 and a current account balance of RMB222,662,700, including trade receivables of RMB193,692,700 and contract assets of RMB28,970,000	19,369.27	1.45%	14.52	77.41	19,277.34	-	-	-	-	1,355.22	1.70%	2022 年	Yes	Collections after pre-acceptance of the project as a whole
CGN New Energy Haiyan Co., Ltd.	Amount for manufacturing business fans and accessories	Wind Turbines	Cumulative recognition of taxable income of RMB309,665,800, with a repayment of RMB92,733,200 and a current account balance of RMB216,932,600, including trade receivables of RMB184,936,900 and contract assets of RMB31,995,700	18,493.69	1.38%	215.35	88.49	16,425.56	1,764.29	-	-	-	1,339.19	1.68%	2021 年	No	Owner's reasons for non-payment, collection in progress
Guangdong Yuedian Yan	Amount for manufacturing	Wind Turbines	Cumulative recognition of taxable income of RMB2,179,820,800, with	16,612.90	1.24%	-	1.62	1,376.71	15,234.58	-	-	-	1,668.89	2.10%	2021 年	Yes	Collections after

gjiang Offshore Wind Power Co., Ltd.	business fans and accessories		a repayment of RMB1,789,948,200 and a current account balance of RMB389,872,600, including trade receivables of RMB1,661,290,000 and contract assets of RMB223,743,500														pre-acceptance of the project as a whole
Gansu China Power Jiuquan No. 3 Wind Power Company Limited	Subsidies for power generation business	Subsidies for electricity charges	Cumulative recognition of taxable income of RMB1,073,026,900, with a repayment of RMB969,077,300 and a current account balance of RMB103,949,600, including trade receivables of RMB103,949,600	10,394.96	0.78%	-	-	7,296.10	3,098.86	-	-	-	831.99	1.04%	2021 年	No	Owner's reasons for non-payment, collection in progress
Total				488,187.24	36.52%	92,224.74	4,729.50	239,699.56	132,076.69	17,472.79	1,984.00	-	35,595.87	44.69%			

2. Power generation business

Unit: RMB’0,000

Customer	Nature of the Amount	Subject matter	Transaction amount and process of formation of trade receivables	Amount of Trade Receivables for 2023	Balance of receivables as a percentage of total portfolio receivables	Within 180 Days	180 to 365 Days	1-2 Years	2-3 Years	3-4 Years	4-5 Years	More than 5 Years	Balance of Bad Debt Provisions	Bad Debt as a Percentage of Portfolio	Time of Formation of Trade Receivables	Whether It Was Within the Credit Period	Reasons for non-payment
State Grid Hebei Electric Power Co.,	Subsidies from power generation business	Power generation	From February 2017 to December 2023, the cumulative taxable income recognised was	38,103.83	26.43%	4,597.85	6,417.52	7,576.62	5,623.08	5,456.95	5,911.01	2,520.80	7,270.60	39.13%	2018	Yes	Electricity subsidies are

L t d .			RMB656,199,000, with a repayment of RMB275,160,700 and a current account balance of RMB381,038,300, including trade receivables of RMB381,038,300														not available and are not being paid back at this time
State Grid East Inner Mongolia Power Co. L t d .	Subsidies from power generation business	Power generation	From April 2017 to December 2023, the cumulative taxable income recognised was RMB255,538,200, with a repayment of RMB95,338,500 and a current account balance of RMB160,199,700, including trade receivables of RMB160,199,700	16,019.97	11.11%	1,054.17	2,528.99	1,307.83	3,748.79	4,094.58	3,285.62	-	2,646.93	14.25%	2019	Y e s	Electricity subsidies are not available and are not being paid back at this time
State Grid Xinjiang Electric Power Co., Ltd. Urumqi Branch	Subsidies from power generation business	Power generation	From October 2013 to December 2023, the cumulative taxable income recognised was RMB528,299,300, with a repayment of RMB41,586,800 and a current account balance of RMB157,903,800, including trade receivables of RMB157,903,800	15,790.38	10.95%	4,775.91	989.56	6,126.51	2,940.32	958.08	-	-	1,113.67	5.99%	2020	Y e s	Electricity subsidies are not available and are not being paid back at this time
State Grid Henan Electric Power Company	Subsidies from power generation business	Power generation	From December 2020 to December 2023, the cumulative taxable income recognised was RMB147,186,100, with a repayment of RMB1,934,600 and a current account balance of RMB145,251,500, including trade receivables of RMB145,251,500	14,525.15	10.07%	2,579.67	3,132.41	5,702.88	3,110.19	-	-	-	2,889.86	15.55%	2021	Y e s	Electricity subsidies are not available and are not being paid back at this time
State Grid Shanxi Electric Power Company	Subsidies from power generation business	Power generation	From February 2020 to December 2023, the cumulative taxable income recognised was RMB269,967,500, with a repayment of RMB 126,368,700 and a current account	14,359.88	9.96%	3,902.69	5,120.24	5,336.95	-	-	-	-	521.45	2.81%	2022	Y e s	

			balance of RMB143,598,800, including trade receivables of RMB 143,598,800														
Yunnan Power Grid Co., Ltd.	Subsidies for power generation business	Power generation	From December 2017 to December 2023, the cumulative taxable income recognised was RMB110,824,800, with a repayment of RMB 0 and a current account balance of RMB110,824,800, including trade receivables of RMB110,824,800	11,082.48	7.69%	872.10	1,011.61	1,809.86	1,874.37	1,935.17	2,004.01	1,575.36	2,208.22	11.88%	2018	Yes	Electricity subsidies are not available and are not being paid back at this time
Guangxi Power Grid Company Limited	Subsidies from power generation business	Power generation	From October 2020 to December 2023, the cumulative taxable income recognised was RMB112,141,700, with a repayment of RMB4,408,100 and a current account balance of RMB107,733,600, including trade receivables of RMB107,733,600	10,773.36	7.47%	2,009.95	2,011.78	3,707.11	2,008.79	1,035.73	-	-	815.96	4.39%	2020	Yes	Electricity subsidies are not available and are not being paid back at this time
Total				120,655.05	83.69%	19,792.34	21,212.11	31,567.76	19,305.54	13,480.51	11,200.64	4,096.16	17,466.69	94.00%			

Note: The ageing of trade receivables is calculated based on the time of occurrence of the business.

3. Project construction business

Unit: RMB’0,000

Customer	Nature of the amount	Subject matter	Transaction amount and process of formation of trade receivables	Amount of trade receivables for 2023	Balance of receivables as a percentage of total portfolio receivables	Within 180 days	1180 to 365 days	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Balance of bad debt provisions	Bad debt as a percentage of portfolio	Time of formation of trade receivables	Whether it was within the credit period	Reasons for non-payment
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Taonan Baiqiang New Energy Co., Ltd. (洮南百強新能源有限公司)	Construction business	Power station project engineering	From 2020 to 2022, a cumulative taxable income of RMB328.22 million was recognised, with a repayment of RMB87.00 million from 2021 to 2023, and a current account balance of RMB241.22 million, including receivables of RMB55.8981 million and contract assets of RMB185.3219 million	5,589.81	69.94%	-	-	5,589.81	-	-	-	-	279.49	86.12%	2022	No	Owner's reasons for non-payment
Jilin Zhongneng Wind Power Investment Co., Ltd. (吉林省中能風電投資有限公司)	Construction business	Power station project engineering	From 2019 to 2022, a cumulative taxable income of RMB354,8926 million was recognised, with a repayment of RMB347.5515 million from 2021 to 2023, and a current account balance of RMB7.3411million, including receivables of RMB7.34111 million and contract assets of RMB 0 million	734.11	9.19%	-	-	734.11	-	-	-	-	36.71	11.31%	2022	Yes	To collect pending completion of remedial matters
Guohua(Shanwei)Wind Power Co.,Ltd.(國華(汕尾)風電有限公司)	Construction business	Power station project engineering	Cumulative recognition of taxable income of RMB43.4112million, with a repayment of RMB34.7997million and a current account balance of RMB8.6115 million, including trade receivables of RMB5.2689 million and contract assets of RMB3.3426 million	526.89	6.59%	526.89	-	-	-	-	-	-	2.63	0.81%	RMB 5.2689 million within 180 days	Yes	Project settlement in progress, payment shall be made upon completion of the owner's acceptance
Fujian Datang International New Energy Co., Ltd. (福建大唐國際新能源有限公司) Fuzhou Changle Branch	sConstruction business	Power station project engineering	Cumulative recognition of taxable income of RMB3.28 million, with a repayment of RMB0 million and a current account balance of RMB3.28 million, all of which are accounts receivable	328	4.10%	328	-	-	-	-	-	-	1.64	0.51%	RMB 3.28 million within 180 days	Yes	Not yet due for settlement
Tongyu Xinfu Wind	Construction business	Power station	Cumulative recognition of taxable income of	232.67	2.91%	232.67	-	-	-	-	-	-	1.16	0.36%	RMB 2.3267	Yes	Not yet due for

Power Generation Co., Ltd.(通榆新發風力發 電有限公司)		project engineering	RMB6.25 million, with a repayment of RMB3.9233 million and a current account balance of RMB2.3267 million, all of which are accounts receivable												million within 180 days		settlement
Total				7,411.48	92.74%	1,087.5 6	-	6,323.9 2	-	-	-	-	321.63	99.11%			

(iii) Reasons for the increase in the bad debt provision ratio for each age group of the high-end manufacturing business and the power generation business in combination with changes in industry trends, credit policies, and payback cycles, and explanations of the adequacy of the related bad debt provision.

1. High-end manufacturing business

1) After the end of the rush installation period in 2020 and 2021, the market demand declined and the market competition became increasingly fierce. In order to obtain orders and seize the market, the payment terms of the newly signed contracts were more demanding, and the collection ratio of prepayment, input payment and payment on arrival declined compared with that of the rush installation period.

2) Affected by complex process of the offshore wind power project acceptance, settlement, the payback cycle of trade receivables due from downstream customer became longer, the time when warranty deposits reach the scheduled payback point was later, resulting in slow progress of collection, the backward movement of age group of the accounts, and the increase in proportion of bad debt provision.

3) Some of the customers were not able to receive subsidies for wind power and pay them to the Company in a timely manner due to the lag in the disbursement of renewable energy subsidies. The pressure on the Company's collection increased and the turnover of trade receivables deteriorated.

2. Power generation business

Trade receivables of power generation business mainly consisted of government subsidies for electricity charges, the issuance of which was subject to the influence of national policies, and the Company was unable to control the time of collection. With the increase of the years of the Company's operating term, the subsidies for electricity charges receivables increased year by year, and the ageing of the subsidy receivables also gradually became longer, which led to the increase

of bad debt provision for receivables year by year.

In accordance with the impairment methodology of the new financial instruments standard, based on historical credit losses, the Company applied adjustments for specific forward-looking factors of the debtor and the economic environment, establishes credit loss matrices, assessed the expected credit losses on trade receivables on an individual and ageing portfolio basis taking into account the credit risk characteristics of different customers, and made provision for impairment of trade receivables based on the expected credit losses throughout their lifetime.

The Company selected four comparable companies, namely Goldwind Science & Technology, Sany Renewable Energy, Electric Wind Power (电气风电) and Windey Energy to compare and analyse the bad debt provision ratio as follows:

Project	MYSE	Goldwind Science & Technology	Sany Renewable Energy	Electric Wind Power (电气风电)	Windey Energy
Total provision ratio	7.49%	6.16%	2.45%	6.75%	7.66%
Bad debt provision ratio by individual	88.83%	94.51%	100.00%	0.04%	100.00%
Bad debt provision ratio by portfolio	6.62%	2.37%	2.20%	6.88%	6.87%

In terms of the total provision ratio, the Company's total bad debt provision ratio is at a high level among the industry.

In summary, the Company's bad debt provision for trade receivables was adequate and reasonable in accordance with the Accounting Standards for Business Enterprises and the Company's policy relating to provision for bad debt.

II. The Accountant's response

(i) Verification procedures

We have designed and implemented relevant procedures in accordance with the requirements of the Chinese Certified Public Accountant Auditing Standards. The main procedures we implemented for the above issues include:

1. Interviewing with management and reviewing sales contracts to assess whether MYSE's revenue recognition policy complies with the requirements of the Accounting Standards for Business Enterprises;

2. Understanding, evaluating and testing the design and implementation of internal controls related to the provision for bad debt receivables of MYSE;
3. Obtaining and evaluating the management's expected credit loss model for high-end manufacturing business and power generation business segment, and reviewing the accuracy and reasonableness of the provision for relevant bad debts;
4. Obtaining and assessing management's policies and methods relating to individual provision for high-end manufacturing business and power generation business segment, evaluating management's assessment on the repayment ability of the relevant customers and assessing the reasonableness of management's estimates.

(ii) The Accountant's opinion

Based on the audit procedures performed by us, we are of the opinion that the Company's revenue recognition policy is in compliance with the requirements of the Accounting Standards for Business Enterprises, and the above explanations on provision for bad debt related to trade receivables were consistent with the materials and information we obtained during the 2023 audit for MYSE, and the Company's provision for the relevant bad debts is sufficient and appropriate.

Comment 4 of the Regulatory Enquiry Letter, the annual report shows that the book balance of prepayment of the Company is RMB765 million, bad debt provision is RMB4,004,300, of which the prepayment of RMB25,360,300 aging more than one year has not been timely settled by one debtor; among other non-current assets, prepaid project payment is RMB200 million, prepaid equipment payment is RMB62,179,300, bad debt provision is RMB4,622,600. In addition, the Company incurred RMB984 million of related purchases during the reporting period, representing an increase of 30.48%.

The Company is to make additional disclosure: (1) the situation of prepayment exceeding the contract settlement period, including but not limited to the counterparty, subject matter, prepayment balance, the aging, bad debt provision, the reasons for not receiving the goods exceeding the settlement period, whether the relevant funds are involved in the situation of disguised inflow of controlling shareholders and related parties, and whether bad debt provision is sufficient; (2) the situation of the top five prepayments, prepaid project payment, prepaid equipment payment. Including, but not limited to, the counterparty, subject matter, prepayment balance, the age, bad debt provision, explaining whether the relevant billing period is still in the contract settlement period, and whether it is carried forward after the period; (3) the counterparty of connected procurement transactions, the specific subject matter, unit price, payment and delivery arrangement of the goods, etc., and comparing it with the Company's procurement transactions to non-connected parties, explaining whether the pricing of the relevant transactions is fair, whether the payment arrangement is reasonable, there is any arrangement for payment to connected parties and any tilting of interests in favor of the connected parties. The annual auditor's opinion is requested.

I. The Company's response:

(I) Explanation of prepayments exceeding the contractual settlement period, including, but not limited to, the counterparty, the content of the transaction, the balance of the prepayment, the aging, the bad debt provisions, the reasons for the non-receipt of the goods exceeding the settlement period, whether the relevant funds are involved in the situation of disguised inflow into the controlling shareholders and the relevant parties, and an explanation of the adequacy of the bad debt provisions.

1. Prepayments with the aging of more than one year

As of 31 December 2023, prepayments of more than one year amounted to RMB87,053,300, of which RMB61,693,000 was not exceeding the contract period and RMB25,360,300 was exceeding the contract period. The breakdown is as follows:

Unit: RMB'0,000

No.	Name of suppliers with prepayments aged over one year	Subject matter	Closing balance over one year	Aging					Whether the aging is beyond the contract settlement period	Whether bad debts are provided for
				1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years		
1	Liebherr (China) Co., Ltd.	Yaw drive/reducer	2,536.03	2,536.03	-	-	-	-	Yes	No
2	CITIC Heavy Industries Co., Ltd.	Floating Sampler/Labour cost	766.87	766.87	-	-	-	-	No	No
3	Neptune Offshore Engineering Development Co., Ltd.	Suction Anchor	750.00	750.00	-	-	-	-	No	No
4	Zhongshan Customs	Imported Bearing Customs Fees	693.75	693.75	-	-	-	-	No	No
5	Beijing FRP Institute Tengzhou Composite Materials Co., Ltd.	Moulds/Glass Fibre Sleeves	622.25	622.25	-	-	-	-	No	No
6	Zhejiang Zhongya Shenli Heavy Machinery Co., Ltd.	Hub/nacelle elbow	619.53	619.53	-	-	-	-	No	No
7	Fuzhou Tongze Electromechanical	Transformer	567.16	567.16	-	-	-	-	No	No

	Equipment Co., Ltd.									
8	Luoning County Changshi Agricultural Technology Development Co., Ltd.	Project Payment	360.00	360.00	-	-	-	-	No	No
9	Diweida (Shanghai) Engineering Technology Co., Ltd.	Tension cable systems	336.01	336.01	-	-	-	-	No	No
10	Others		1,453.73	1,289.03	63.96	58.73	29.28	12.73	No	No
	Total		8,705.33	8,540.63	63.96	58.73	29.28	12.73		

2. Reasons for non-receipt of goods beyond the settlement period, as well as the relevant funds involved in disguised flow to controlling shareholders and related parties, and an explanation of the adequacy of the provision for bad debts

As shown by the table above, the prepayment of Liebherr (China) Co., Ltd. (hereinafter referred to as: Liebherr) of RMB25,360,300 was beyond the contract settlement period, which was mainly due to the following reasons: the Company paid prepayment of RMB40,000,000 to Liebherr, and due to the change in demand of the Company's project, the progress of picking up the goods was slower than the plan, and as at 31 December 2023, the goods arrived had offset the prepayment by RMB14,639,700 (contractually agreed to offset the prepayment by 20% of the arrival amount), resulting in a prepayment balance of RMB25,360,300 beyond the contractual settlement period. At the end of 2023, the Company renegotiated with Liebherr on the aforesaid prepayment amount and agreed to offset its payment in full when placing orders for goods in 2024. Therefore, there is no indication of impairment of the Company's prepayment of RMB25,360,300 to Liebherr.

The Company does not have any connected relationship with Liebherr, and there is no disguised flow of funds to controlling shareholders and related parties through suppliers.

(II) Top five prepayments, prepayments for construction and prepayments for equipment, including but not limited to the counterparty, the content of the transaction, the balance of the prepayment, the ageing and the bad debt provisions, stating whether the relevant billing period is still in the contract settlement period, and analyzing the carry-forward situation after that period

I. Top five prepayments

Wind power materials are mostly customized non-general products with poor marketability, high order amount and high capital consumption, large project changes, high risk of cancellation or delay, and long delivery cycle, etc. Therefore, the industry requires 10% of the prepayment, 20% of the payments for material

preparation, 50% of the payments upon reception, 10% of payment on acceptance and 10% warranty payment in accordance with the progress. Typical stocking period of turbine tower is 3-6 months, and delivery is made only according to the actual progress of the project site as well as the dispatch note, so the ageing is not directly related to the contract settlement period. Currently, the project is under continuous delivery and there is no default situation:

Unit: RMB'0,000

No.	Name of suppliers	Subject Matter	Balance of prepayments	Aging				Bad debt accruals	Whether within contract settlement period	Carry-forward situation after that period
				Within 6 months	6-12 months	1-2 years	Over 2 years			
1	Sinohydro Engineering Bureau 4 Co., Ltd	Tower, turbine tower	6,759.14	6,759.14	-	-	-	-	Yes	34.42%
2	Qinzhou Jinfeng Marine Heavy Industry Technology Co., Ltd.	Tower, turbine tower	3,928.07	3,928.07	-	-	-	-	Yes	13.63%
3	Thyssenkrupp rothe erde Germany Gmb	Bearing	3,867.06	3,867.06	-	-	-	-	Yes	0.00%
4	Shanghai Changzhi Industrial Co., Ltd.	Transformer	3,575.85	3,575.85	-	-	-	-	Yes	14.00%
5	China Second Metallurgical Group Co., Ltd	Tower	3,374.68	3,374.68	-	-	-	-	Yes	32.00%
	Total		21,504.80	21,504.80	-	-	-	-	-	-

Note: The percentage of post-period carry-forward situation is the ratio of the amount of post-period arrivals to the closing balance of prepayments. The supplier's products are shipped in batches according to the project demand plan, and the company flexibly controls the arrival quantity according to the on-site demand of the project, so as to avoid the backlog of inventory and the use of funds.

According to the above table, the reasons for the zero carry-forward situation after the period are explained below:

Thyssenkrupp rothe erde Germany Gmb: prepayment of RMB38,670,600 for fan bearings, according to the contract, the delivery cycle is more than 8 months, full payment of prepayment is required, and the owner requires optimization of the bearings in the process of delivery due to technical upgrading. The

specific delivery date is to be determined after the completion of the optimization and the prepayment has not yet been carried forward.

II. Other non-current assets-top five prepayments for construction

Unit: RMB'0,000

No.	Name of suppliers	Subject matter	Balance of prepayments	Aging				Provision for bad debts	Whether within contract settlement period	Carry-forward situation after that period
				Within 6 months	6-12 months	1-2 years	2-5 years and above			
1	China Construction Fourth Engineering Division Corp. Ltd	Construction	5,945.02	5,945.02	-	-	-	-	Yes	100%
2	Shenzhen S.C New Energy Technology Corporation	Payment for equipment and installation	4,026.60	-	-	4,026.60	-	-	Yes	0%
3	Harbin Hongguang Boiler GENERAL FACTORY Co., Ltd.	Payment for turbine tower materials	2,200.00	2,200.00	-	-	-	-	Yes	100%
4	Guizhou Fodingshan Investment Holding Co., Ltd.	Compensation for land requisition	1,000.00	-	1,000.00	-	-	-	Yes	0%
5	China Railway Construction Electrification Bureau Group 1st Engineering Co., Ltd.	Lump sum	876.56	876.56	-	-	-	-	Yes	100%
	Total		14,048.18	9,021.58	1,000.00	4,026.60	-			

Note: The percentage of post-period carry-forward situation is the ratio of the amount of post-period arrivals to the closing balance of prepayments. The supplier's products are shipped in batches according to the project demand plan, and the company flexibly controls the arrival quantity according to the on-site demand of the project, so as to avoid the backlog of inventory and the use of funds.

According to the table above, the reasons for the zero carry-forward situation after the period are explained below:

Guizhou Fodingshan Investment Holding Co., Ltd.: The prepayment of RMB10 million was for land requisition compensation for two projects, for which no land requisition inventory had yet been obtained and the prepayment had not yet been carried forward.

III. Other non-current assets - Top five prepayments for equipment

Unit: RMB'0,000

No.	Name of suppliers	Subject matter	Balance of prepayments	Aging				Provision for bad debts	Whether within contract settlement period	Carry-forward situation after that period
				Within 6 months	6-12 months	1-2 years	2-5 years and above			
1	Gold Stone (Fujian) Energy Company Limited	0.5GW Battery Equipment	2,780.00	-	-	2,780.00	-	254.09	Yes	1
2	Suzhou Maxwell Technologies Co Ltd.	0.5GW Battery Equipment	2,277.56	-	-	2,277.56	-	208.17	Yes	2
3	Shandong Shuangyi Technology Co., Ltd.	M8&M10 Mould	327.31	327.31	-	-	-	-	Yes	3
4	Henan Shengqi Machinery Group Co., Ltd.	Vehicle	237.6	237.6	-	-	-	-	Yes	4
5	Guangdong Mingyang Electric Co., Ltd.	Primary and secondary prefabricated switchyard equipment	156.98	-	156.98	-	-	-	Yes	5
	Total		5,779.45	564.91	156.98	5,057.56	-	462.26		

Note: The percentage of post-period carry-forward situation is the ratio of the amount of post-period arrivals to the closing balance of prepayments. The supplier's products are shipped in batches according to the project demand plan, and the company flexibly controls the arrival quantity according to the on-site demand of the project, so as to avoid the backlog of inventory and the use of funds.

According to the above table, the reasons for the zero carry-forward situation after the period are explained below:

1) Gold Stone (Fujian) Energy Company Limited: according to the requirements of the contract, prepayment for equipment has been made at the rate of 30%, and the prepayment of RMB27.8 million is for prepayment for 0.5GW of battery equipment which has not yet been taken delivery of, and since the equipment has not yet been taken delivery of, the prepayment has not yet been carried forward.

2) Suzhou Maxwell Technologies Co Ltd.: according to the requirements of the contract, prepayment for equipment has been made at the rate of 30%, and a prepayment of RMB22,775,600 battery equipment has been made for 0.5GW battery equipment, and prepayment has not been carried forward as the equipment has not yet been delivered.

3) Guangdong Mingyang Electric Co., Ltd.: prepayment of RMB1,569,800 for switching station equipment, and prepayment has not been carried forward as the equipment has not yet been delivered.

Reasons for impairment of prepayments to Gold Stone (Fujian) Energy Company Limited (hereinafter referred to as " Gold Stone (Fujian)") and Suzhou Maxwell Technologies Co Ltd. (hereinafter referred to as " Suzhou Maxwell "): Jiangsu Ruisheng Solar Energy Technology Co., Ltd., a subsidiary of the Company, has planned to invest in a total of 2GW production line, and signed a contract with Gold Stone (Fujian) and Suzhou Maxwell for each 1GW battery production equipment; as of the end of 2023, 0.5GW battery equipment of each of Suzhou Maxwell and Gold Stone has been delivered, but the equipment did not meet the performance requirements agreed in the contract and was in the process of debugging and rectification, so, the remaining 0.5GW battery equipment of each of Suzhou Maxwell and Gold Stone at the end of 2023will be delivered upon rectification. Provision for bad debts has been made on a prudent basis.

(III) The counterparties to the connected procurement transactions, the specific contents of the transactions, the unit prices, the payments and the arrangements for delivery of the goods, and a comparison with the Company's procurement transactions from non-connected parties, stating whether the pricing of the transactions in question is fair and the payment arrangements are reasonable, and a statement as to whether there are any circumstances that tilt the benefits in favor of the connected parties.

1. The breakdown of major related parties in the procurement business is as follows:

Unit: RMB'0,000

Name of affiliated suppliers	Transaction volume in 2023	Transaction volume in 2022	Year-on-year growth
Guangdong Mingyang Electric Co., Ltd.	60,882.86	47,345.03	28.59%
Zhongshan Taiyang Kehui Industry Co., Ltd.	26,925.63	25,830.47	4.24%
Beijing Boyang Huiyuan Electric Power Technology Co., Ltd	6,072.08	2,248.84	170.01%
Guangdong Borui Tiancheng Energy Technology Co., Ltd	1,898.44	-	100.00%
Jiangsu Higee Energy Co., Ltd	2,582.81	-	100.00%

Total	98,361.82	75,424.34	30.41%
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The unit prices of related party purchases in the above table are as follows:

(1) Guangdong Mingyang Electric Co., Ltd.

Unit: RMB'0,000/unit

Details of major transaction	Material content	Related parties	Non-related parties		Arrangements for delivery of goods
		Guangdong Mingyang Electric Co., Ltd.	Shandong Siminz Intelligent Technology Co., Ltd.	Qingdao Devis Electric Co., Ltd	
	Transformer_SRSPB-10500/66	153	196.02	198	According to the project delivery plan
	High-voltage switchgear (DDV)_MYS20-72.5	107	149	146.50	According to the project delivery plan
	High-voltage switchgear (one-in-one-out type) MYS20-72.5 (DV)	90	141	183.50	According to the project delivery plan
Payment	Billing period	0% in advance, 95% 1 month after invoicing, 5% in warranty deposit, with the warranty period of 60 months	100% in advance, 0% upon reception, 10% in warranty letter, with the warranty period of 60 months	100% in advance, 0% upon reception, 10% in warranty letter, with the warranty period of 60 months	-
Details of major transaction	Material content	Guangdong Mingyang Electric Co., Ltd.	Jiangxi Transformer Science & Technology Co., Ltd.	Shaanxi Hanzhong Transformer Co., Ltd.	Arrangements for delivery of goods
	Oil-type converter transformer_S11-14000-35/10	57	91.40	64.60	According to the project delivery plan
Payment	Billing period	0% in advance, 95% 1 month after invoicing, 5% in warranty deposit, with the warranty period of 60 months	-	-	-
Details of major transaction	Material content	Guangdong Mingyang Electric Co., Ltd.	Jiangxi Transformer Science & Technology Co., Ltd.	Guangxi Liuzhou Special Transformer Co., Ltd.	Arrangements for delivery of goods
	Oil transformer_S11-315-35/0.4	5.14	5.50	5.50	According to the project delivery plan
Payment	Billing period	0% in advance, 95% 1 month after invoicing, 5% in warranty deposit, with the warranty period of 60 months	-	-	-

The Company's procurement of transformers and high-voltage switchgear from Guangdong Mingyang Electric Co., Ltd. ("Ming Yang Electric") was agreed on

the basis of market prices negotiated by both parties. The prices and payment arrangements were reasonable when compared with those of the aforesaid non-related party suppliers. The aforesaid two unrelated parties are agents of foreign brands: Shandong Siminz Intelligent Technology Co., Ltd. is the domestic agent of Siemens, a foreign brand, and Qingdao Devis Electric Co., Ltd. is the domestic agent of ABB, a foreign brand, and therefore the unit price of the products purchased is higher than the unit price of the domestic brand.

Due to the high technical requirements of offshore wind power products, especially for electrical products , the owner, from the point of view of safety, tends to use imported brands with offshore applications experience, such as Siemens and ABB. Combined with the national guidance on the localisation of foreign key technologies and components, as well as the need for cost reduction of the Company, Ming Yang Electric was invited to carry out scientific research in order to break through the foreign technological limitations. The above products are closely related to the performance and parameters of the wind turbines of the Company, and need to be customized and developed, and the previous period did not involve other domestic companies to participate in the scientific research, so it is not possible to purchase them from a domestic third party.

There is no prepayment clause in any of the purchase contracts for the Company's procurement of wind power products from Ming Yang Electric, but there is a prepayment clause in the purchase contract for equipment used for plant construction.

In general, the procurement of products from related parties is in line with the company's normal commercial interests, with necessity and reasonableness, and compared with the unit price of similar products. The pricing is fair, the payment arrangement is reasonable, and there is no tilting the interests in favor of related parties.

(2) Zhongshan Taiyang Kehui Industry Co., Ltd.

Unit: RMB/metre

Details of major transaction	Material content	Related parties	Non-related parties		Arrangements for delivery of goods
		Zhongshan Taiyang Kehui Industry Co., Ltd.	Guangdong Rifeng Electric Cable Co., Ltd.	FAR EAST Cable Co., L td.	
		1,085	1,138	1,115	
	(Plateau G4/Tube type Φ100×8) _2200A				According to the project delivery plan

	(Conventional/tube type Φ80×7) _2200A	1,085	1,138	1,115	According to the project delivery plan
	(Conventional/pipe type Φ100×8) _2600A	1,302	1,365	1,137	According to the project delivery plan
	Bus duct A(High-voltage/G4/Tube type Φ80×6) _1600A	1,085	1,138	1,115	According to the project delivery plan
	Bus duct A (high voltage/G4/tube type Φ70×4.5) _1100A	863	906	887	According to the project delivery plan
	Bus duct A (high voltage/pipe type Φ70×4.5)_1100A	863	906	887	According to the project delivery plan
	Bus duct A (high voltage/pipe type Φ70×6) _1600A	1,085	1,138	1,115	According to the project delivery plan
	Bus duct A (high voltage pipe type)_Φ70×4.5/Φ70×4.5×2_1350A/2700A	1,079	1,131	1,108	According to the project delivery plan
	Bus duct A (high voltage pipe type) _Φ70×4.5/Φ70×6×2_1350A/3600A	1,281	1,342	1,315	According to the project delivery plan
	Bus duct A (high voltage pipe type) _Φ70×4.5/Φ70×7×2_1350A/4000A	1,407	1,473	1,442	According to the project delivery plan
	Cable (aluminium alloy) _ZC-LHEH 0.6/1 1×150	19.57	19.96	20.36	According to the project delivery plan
	Cable (aluminium alloy) _ZC-LHEH 1.8/3 1×400	48.83	49.80	50.8	According to the project delivery plan
	Cable (aluminium alloy) _ZC-LHEH 1.8/3 1×300	38.15	38.92	39.67	According to the project delivery plan
	Cable (Aluminium Alloy) _ZC-LHEH105 1.8/3 1×400	50.58	51.59	52.52	According to the project delivery plan
	Cable (Aluminium Alloy) _ZC-LHEH105 1.8/3 1×300	38.84	39.62	40.42	According to the project delivery plan
	Cable (aluminium alloy) _ZC-LHEH105 1.8/3 1×240	32.42	33.07	33.72	According to the project delivery plan
Payment	Billing period	0% in advance, 95% one month after invoicing, 5% in warranty deposit, with the warranty period of 60 months	95% in advance, 0% upon reception, 5% in warranty letter, with the warranty period of 60 months	95% in advance, 0% upon reception, 5% in warranty letter, with the warranty period of 60 months	

The Company's procurement of bus duct, aluminium-copper cables and other commodities from Zhongshan Taiyang Kehui Industry Co., Ltd. was agreed on the basis of market prices negotiated by both parties, which is in line with the company's normal commercial interests, with necessity and reasonableness, and basically the same as those of the unit price of similar products of non-related parties. The pricing was fair, the payment arrangement was reasonable, and there was no tilting the interests in favor of related parties.

(3) Beijing Boyang Huiyuan Electric Power Technology Co., Ltd.

Unit: RMB'0,000 /set

Details of major transaction	Material content	Related parties	Non-related parties		Arrangements for delivery of goods
		Beijing Boyang Huiyuan Electric Power Technology Co., Ltd.	Anhui Ronds Science & Technology Incorporated Company	Shanghai Baiantek Sensing Technology Co., Ltd.	
	Online monitoring device (tower stress and sway settlement tower plant) _FT1611	6.36	6.80	6.62	According to the project delivery plan
Payment	Billing period	0% in advance, 95% one month after invoicing, 5% in warranty deposit, with the warranty period of 60 months	0% in advance, 95% three months after invoicing, 5% in warranty deposit, with the warranty period of 60 months	0% in advance, 95% three months after invoicing, 5% in warranty deposit, with the warranty period of 60 months	
Details of major transaction	Material content	Beijing Boyang Huiyuan Electric Power Technology Co., Ltd.	Henan Guoya Power Equipment Co., Ltd.	Beijing Anxinlian Technology Co., Ltd.	Arrangements for delivery of goods
	Fire-fighting system (High-quality_8.5MW_ main engine plants) _M0000034188A	6.80	7.80	8.58	According to the project delivery plan
Payment	Billing period	0% in advance, 95% one month after invoicing, 5% in warranty deposit, with the warranty period of 24 months	0% in advance, 95% three months after invoicing, 5% in warranty deposit, with the warranty period of 60 months	0% in advance, 95% three months after invoicing, 5% in warranty deposit, with the warranty period of 60 months	
Details of major transaction	Material content	Beijing Boyang Huiyuan Electric Power Technology Co., Ltd.	Fontalecloud Technology Co., Ltd.	Beijing Century Jiuyang Technology Co., Ltd.	Arrangements for delivery of goods
	Video system	4.72	4.98	12.39	According to the project delivery plan

Payment	Billing period	0% in advance, 95% one month after invoicing, 5% in warranty deposit, with the warranty period of 24 months	0% in advance, 95% three months after invoicing, 5% in warranty deposit, with the warranty period of 60 months	0% in advance, 95% three months after invoicing, 5% in warranty deposit, with the warranty period of 60 months	
Details of major transaction	Material content	Beijing Boyang Huiyuan Electric Power Technology Co., Ltd.	Jery Intelligent Control Technology (Tianjin) Co., Ltd.	Guangzhou Mechanical Engineering Research Institute Co., Ltd.	Arrangements for delivery of goods
	Sensor (ferromagnetic particle monitoring) _OWF0400M08240485	0.65	0.90	0.79	According to the project delivery plan
Payment	Billing period	0% in advance, 95% one month after invoicing, 5% in warranty deposit, with the warranty period of 24 months	0% in advance, 95% three months after invoicing, 5% in warranty deposit, with the warranty period of 60 months	0% in advance, 95% three months after invoicing, 5% in warranty deposit, with the warranty period of 60 months	
Details of major transaction	Material content	Beijing Boyang Huiyuan Electric Power Technology Co., Ltd.	Jery Intelligent Control Technology (Tianjin) Co., Ltd.	Beijing Huaxin Science and Technology Co., Ltd.	Arrangements for delivery of goods
	CMS Online Vibration Monitoring Equipment	3.09	4.05	3.18	According to the project delivery plan
Payment	Billing period	0% in advance, 95% one month after invoicing, 5% in warranty deposit, with the warranty period of 24 months	0% in advance, 95% three months after invoicing, 5% in warranty deposit, with the warranty period of 60 months	0% in advance, 95% three months after invoicing, 5% in warranty deposit, with the warranty period of 60 months	

The Company's procurement of video surveillance systems, automatic fire-fighting systems, online monitoring systems and other commodities from Beijing Boyang Huiyuan Electric Power Technology Co., Ltd. was agreed on the basis of market prices negotiated by both parties, which is in line with the company's normal commercial interests, with necessity and reasonableness, and basically the same as those of the unit price of similar products of non-related parties. The pricing was

fair, the payment arrangement was reasonable, and there was no tilting the interests in favor of related parties.

(4) Guangdong Borui Tiancheng Energy Technology Co., Ltd.

Unit: RMB/set

Details of major transaction	Material content	Related parties	Non-related parties		Arrangements for delivery of goods
		Guangdong Borui Tiancheng Energy Technology Co., Ltd.	WindSun Science & Technology Co., Ltd.	Guodian Nanjing Automation Co., Ltd.	
	35KV dynamic reactive power compensation device	8,951.46	9,252.21	8,685.15	According to the project delivery plan
Payment	Billing period	Billing period of 1 month, 10% in warranty deposit, with the warranty period of 12 months	Billing period of 3 months, 5% in warranty deposit, with the warranty period of 60 months	Billing period of 3 months, 5% in warranty deposit, with the warranty period of 66 months	

The Company's procurement of 35KV dynamic reactive power compensation device from Guangdong Borui Tiancheng Energy Technology Co., Ltd. was agreed on the basis of market prices negotiated by both parties, which was in line with the Company's normal commercial interests, with necessity and reasonableness, and basically the same as those of the unit price of similar products of non-related parties. The pricing was fair, the payment arrangement was reasonable, and there was no tilting of interests in favor of related parties.

(5) Jiangsu Hige Energy Co., Ltd

Unit: RMB/wh

Details of major transaction	Material content	Related parties	Non-related parties		Arrangements for delivery of goods
		Jiangsu Hige Energy Co., Ltd	CALB Group Co., Ltd.	Wuhan Cornex New Energy Co., Ltd.	
	Lithium iron phosphate square aluminium cells	0.60	0.60	0.62	According to the project delivery plan
Payment	Billing period	10% in advance and 90 % of the final payment within 2 months of receipt of the goods	20% in advance, 40% before shipment, 40% 60 days upon reception	Billing period of 3 months, 5% in warranty deposit, with the warranty period of 60 months	

The Company's procurement of lithium iron phosphate square aluminium cells and battery box from Jiangsu Hige Energy Co., Ltd was agreed on the basis of market prices negotiated by both parties, which was in line with the Company's normal commercial interests, with necessity and reasonableness, and basically the same as those of the unit price of similar products of non-related parties. The pricing was fair, the payment arrangement was reasonable, and there was no tilting the interests in favor of related parties.

Four related parties, namely Zhongshan Taiyang Kehui Industry Co., Ltd., Beijing Boyang Huiyuan Electric Power Technology Co., Ltd., Guangdong Borui Tiancheng Energy Technology Co., Ltd. and Jiangsu Hige Energy Co., Ltd., have selected benchmark companies as high-quality suppliers that are currently cooperating with, the reasonableness of which is as follows: firstly, the Company's professional team will investigate the basic information and operating conditions of the suppliers to analyse whether they satisfy the conditions for access to the suppliers; secondly, the core competence of the suppliers will be considered in accordance with the dimensions of industry certifications, owner's approval, and product quality; lastly, the Company will purchase a small batch of products for testing and verification, and screen the qualified products to meet the Company's requirements. At the same time, the unit price will be adjusted based on market price changes to ensure fair pricing.

In summary, for daily connected transactions, the Finance Centre initiates the procedures for consideration by the Board of Directors and the General Meeting at the beginning of each year based on the estimated total amount of daily connected transactions for the whole year to the office of the Board of Directors. When such procedure occurs, the application is initiated by each demand department in the OA system, and the office of the Board of Directors verifies whether the counterparty of the transaction is within the scope of consideration at the beginning of the year, and the Finance Centre verifies the fairness of the price of the connected transaction. Within the scope of the amount deliberated and approved, the Chief Executive Officer (General Manager) will authorize the execution of the transaction in accordance with the Management Measures for Group's Authorization and Approval; if it is not within or exceeds the scope of the consideration, it will be executed only after performing the corresponding deliberation procedures in accordance with the Decision-making System for Connected Transactions for the Company. Upon verification, compared with non-connected procurement transactions, the Company purchases from connected parties at lower prices and with more reasonable payment methods, and therefore there is no tilting of interests in favor of connected parties.

II. The Accountant's response

(I) Verification procedures

We have designed and implemented relevant procedures in accordance with the requirements of the Chinese Certified Public Accountant Auditing Standards. The main procedures we implemented for the above issues include:

1. Understood, evaluated and tested management's key internal controls over the identification, approval and disclosure of related parties and related transactions;

2. To understand the credit policies of suppliers from the management of MYSE and relevant procurement personnel, and to evaluate the commercial reasonableness of the relevant credit policies; to understand the reasons for the formation of significant aged prepayments, and to check whether the prepayments are in compliance with the contractual agreements in conjunction with the contractual terms;

3. A list of related parties as at 31 December 2023 provided by the Company was obtained and based on publicly available information, enquiries were made as to whether the counterparties had any potential related relationships with the Company, the controlling shareholders, the beneficial owner and its related parties, and whether there was any appropriation of funds based on the nature of the amounts;

4. Correspondence procedures are carried out in respect of prepayments. Based on the replies to the correspondence and in conjunction with public information enquiries, the creditworthiness of the suppliers and the extent to which the scale of the suppliers matches the scale of the Company's purchases are assessed to determine whether the provision for impairment of prepayments made by the management is reasonable;

5. To examine the terms of the purchase contracts and agreements between related parties and non-related parties, whether there are any discrepancies in the unit prices of the purchases, payment terms and delivery of goods, and to assess the fairness of the pricing of the purchases made by the related parties and the reasonableness and fairness of the payment arrangements.

(II) The Accountant's Opinion

Based on the audit procedures we performed, we are of the opinion that the Company's above explanations on prepayments were consistent with the materials and information we obtained during the 2023 audit for MYSE, the price of the related purchases of Company was fair, the payment arrangements were reasonable, and there was no tilting of interest in favour of related parties.

Comment 5 of the Regulatory Enquiry Letter. The Annual Report show that the Company's monetary funds amounted to RMB12.959 billion, reported in other non-current assets, large-denomination certificates of deposit of non-current assets due within one year totaling RMB6.305 billion; short-term borrowings of RMB864 million, long-term borrowings of RMB11.48 billion, non-current liabilities due within one year of RMB2.59 billion, and the relevant borrowings totaled 141.42% over the previous year. Of the cash received in relation to other financing activities, RMB1,441 million was for discounted bills and factored accounts receivable; and of the cash paid in relation to other financing activities, RMB688 million was for discounted bill acceptances, both of which had no balance in the prior period.

Please make additional disclosure:(i) the specific business model of discounted bills and factored accounts receivable, the main discounting or factoring financial institutions, and the discount interest rate, etc., and explain the specific considerations for the addition of the relevant business in the reporting period; (ii) the reasons for the substantial increase in borrowings, the specific use of such borrowings, and the reasons for and reasonableness of the continued substantial increase in borrowings in comparison with the return on relevant assets, and whether there is any disguised inflow of relevant funds to the controlling shareholders and related parties;

(iii) the names, the corresponding amounts, and whether access was restricted of the specific bank branches where the monetary funds and large-denomination certificates of deposit were deposited at the end of the year, and, taking into account the amounts of deposits and loans made by the Company's controlling shareholders, de facto controllers and their associates in the above banks in the last three years, make statement about whether there are any cases of tilting of interests in any form, such as the existence of a co-management of the account, or the use of deposits of the above monetary funds to provide guarantees and assurances to them;(iv) in conjunction with the deposit and loan interest rates, deposit use arrangements, daily working capital requirements, and loan fund usage, explain the match between the balance of monetary funds and the Company's business scale, whether there is any difference with comparable companies in the same industry, and analyse the reasonableness of the Company's financial arrangements for maintaining a large amount of debt at the same time as the Company's monetary funds are higher. The annual auditor's opinion is requested.

I. The Company's response

(I) The specific business model of discounted bills and factored accounts receivable, the main discounting or factoring financial institutions, and the discount interest rate, etc., and explain the specific considerations for the addition of the relevant business in the reporting period

1. The business model of discounted bills and factored accounts receivable, discounting or factoring financial institutions, and the discount interest rate

According to the settlement terms of the contract, the Company collects bank acceptance bills, commercial acceptance bills, letters of credit, and supply chain financial bills (belonging to factored accounts receivable) from customers to complete sales receipts. The Company receives notes that it chooses to hold to maturity, endorse to suppliers, or discount in advance, depending on its capital needs plan. The business model for early discounting of bills is as follows:

1) Discounting of outstanding bank acceptance bills or letters of credit

(1) The Company receives discounted bank acceptance bills from customers (not within the Group): in accordance with the provisions of Accounting Standard for Business Enterprises (ASBE) No. 23 - Transfers of Financial Assets, bank acceptance bills shall be derecognised when the credit risk and deferred payment risk associated with the ownership of the bank acceptance bills have been transferred without recourse after the discounting of the bills and shall be debited to: bank deposits, credited to: receivable financing, cash flows from the discounted amount received are shown in the cash received for the sale of goods and provision of labour services.

(2) Discounting of bills issued between companies within the scope of consolidation: Based on the business transactions between companies within the scope of consolidation, Company A issues bank acceptance bills or letters of credit to Company B, which are recorded as "bills payable" or "accounts payable - letters of credit" for Company A and "receivable financing" or "accounts receivable - letters of credit" for Company B at the level of the individual statements. ①If Company B obtains bank acceptance bills issued by Company A for discounting to banks, Company B derecognises "receivables financing" at the level the individual statement. At this point, the bank acceptance bills issued by Company A are liabilities to the holding bank, which are

in essence the financing obtained by the Company from the bank. Therefore, the Company reclassifies the discounted but not yet due bank acceptance bills from "bills payable" to "short-term borrowings" at the consolidated statement level for presentation, and simultaneous reverses cash flows to other financing-related cash received. ②If Company B obtains a letter of credit from Company A for discounting to banks, the discounted amount should be recognised as a financial liability before derecognition, and should be debited to bank deposits and credited to short-term borrowings, with the cash flows from discounted amount received reversed to the cash received from other financing activities.

2) Discounting of outstanding supply chain financial bills (belonging to factored accounts receivable)

The Company collects supply chain financial bills from its customers by logging into the customers' supply chain information platform to sign for the bills and form the "Receipt Voucher", and the bills will be redeemed by the factoring company within the customer's group when the bills mature. If the outstanding supply chain financial bills are discounted, as the credit risk and deferred payment risk associated with their ownership has not been transferred, the discounting does not affect the recourse and should not be derecognised, and the funds obtained from the discounting are recognised as a financial liability, with debit: bank deposits and credit: short-term borrowings, and cash flows are shown to the extent that the discounted amount received represent other cash received related to the financing activities.

The Company mainly conducts bill discounting through China Merchants Bank Co., Ltd., China Construction Bank Co., Ltd. and Bank of Communications Co., Ltd., with the discount rate of 1.2% to 1.8% for bank acceptance bills, 2% to 3% for commercial acceptance bills and letters of credit, and 3% to 3.5% for suppliers' financial bills.

The Company's bill discounting business, which is required for the Company's business development and normal production and operation, is conducive to accelerating capital turnover, improving the asset and liability structure and the operating cash flow position, which is in line with the Company's development planning for sustained stability and the overall interests and healthy development of the Company.

2. Specific description of new relevant business during the Reporting Period

(1) The cash received in relation to other financing activities included RMB1,441 million in discounted bills and factored accounts receivable, with the following business conditions:

1) Discounting of bank acceptance bills and letters of credit amount to RMB991 million: Discounting of bills issued between companies is within the scope of consolidation of the Group. In order to save interest during the construction period and reduce the consolidated cost, the power station subsidiaries used bank acceptance bills and letters of credit to make payments to the Company for equipment based on the capital payment requirements of the equipment contracts, and the Company discounted bank acceptance bills and letters of credit received, with the consolidated cost of discounting in the range of 1.28%-1.94%, which was substantially lower than the bank's interest rate on medium-to-long-term fixed asset loans (with the interest rate in the range of 3.0%-3.3%). Upon maturity of bank acceptance bills and letters of credit, the banks will issue fixed asset loans to take over the loans.

2) Discounting of supply chain financial bills of RMB450 million: The Company discounted RMB450 million supply chain financial bills received from customers, namely Shandong Ludian International Trade Co., Ltd. and Huaneng (Dashiqiao) Power New Energy Co., Ltd., through Shenyang Railway Sub-branch of China Construction Bank Co., Ltd. and the Beijing Branch of Bank of Communications Co., Ltd. and received RMB 450 million of discounted bills, and the cost of the discounted bills was borne by the customers.

(2) Cash paid in relation to other financing activities included RMB688 million in discounted bills acceptances for business.

Discounting of bills issued between companies is within the scope of consolidation of the Group. In order to save interest during the construction period and reduce comprehensive costs, power station subsidiaries use bank acceptance bills and letters of credit to make payments for equipment to the Company in accordance with the capital payment requirements of the equipment contracts, and the bills will be redeemed by the issuer (power station subsidiaries) upon maturity. In 2023, the due payment for the bills of power plant subsidiaries was RMB688 million.

(II) The reasons for the substantial increase in borrowings, the specific use of such borrowings, and the reasons for and reasonableness of the continued substantial increase in borrowings in comparison with the return on relevant assets, and whether there is any disguised inflow of relevant funds to the controlling shareholders and related parties.

The balance of interest-bearing liabilities at the end of 2023 amounted to RMB15.462 billion, and the actual net new interest-bearing liabilities for the whole year amounted to RMB7.385 billion. The increase in borrowings was mainly used for the construction of Wind Farm Project and the construction of production base plants, of which the net new borrowings used for the construction of onshore/offshore wind farms amounted to RMB6.082 billion, and the loan period of power station construction projects is generally in the range of 12 to 20 years. The Company continues to promote the rolling development strategy of power plant, with the continuous growth of the scale of power plant project construction, the demand for bank loans for power plant construction in the next few years will grow accordingly.

Among them: Yangjiang Mingyang Yunhua Offshore Wind Power Co., Ltd. has a net increase of RMB3.132 billion in the current period, accounting for 42.42% of the annual net new ratio; Kailu Mingyang Smart Energy Co., Ltd. has new borrowings of RMB1.496 billion in the current period, accounting for 20.26%; Xinyang Mingyi New Energy Co., Ltd. has new borrowings of RMB961 million in the current period, accounting for 13.02%; Naimanqi Mingyang Smart Energy Co., Ltd. has new borrowings of RMB780 million in the current period, accounting for 10.57%; Xinyang Huangming New Energy Co., Ltd. has new borrowings of [490 million] in the current period, accounting for 6.64% ; the above five projects are the key wind power projects developed and constructed by the Company in the current year, which together accounted for 92.90% of the annual net additions. The expected rate of return (IRR after tax) of the above projects is in the range of 5.72%-9.13%, and the financing cost of the relevant borrowings is 2.75%-3.15%.

The new borrowings were utilized for power station and base project construction, equipment procurement and other corresponding expenditures, and there was no disguised inflow to the controlling shareholder and related parties.

(III) The names, the corresponding amounts, and whether access was restricted of the specific bank branches where the monetary funds and large-denomination certificates of deposit were deposited at the end of the year, and, taking into account the amounts of deposits and loans made by the Company’s controlling shareholders, de facto controllers and their associates in the above banks in the last three years, make statement about whether there are any cases of tilting of interests in any form, such as the existence of a co-management of the account, or the use of deposits of the above monetary funds to provide guarantees and assurances to them

1. The names, the corresponding amounts, and whether access was restricted of the specific bank branches where the monetary funds and large-denomination certificates of deposit were deposited at the end of the year

(1) Balance of monetary fund (as of 31 December 2023)

No.	Name of Bank	Name of sub-bank	Deposit balance (RMB 0'000)	Nature of deposits	Restricted or not
1	Cash in treasury		18.14	Cash in treasury	No
2	Third party securities institutions	Deposits from investments	21,443.85	Deposits from investments	Yes
3	Bradesco	Head office	57.15	Demand deposit	No
4	KEBHANABANK	Head office	864.39	Demand deposit	No
5	MizuhoBank, Ltd. Multinational Corporate Banking Branch	Head office	99.28	Demand deposit	No
6	Zhuhai China Resources Bank Co., Ltd.	Zhongshan branch	18,549.10	Demand deposit	No
7	Baotou Rural Commercial Bank Co., Ltd.	Shiguai branch	6.12	Demand deposit	No
8	Xinjiang Mulei Rural Commercial Bank Co., Ltd.	Yuanlin sub-branch	0.26	Demand deposit	No
9	Hainan Bank Co., Ltd.	Oriental sub-branch	2.51	Demand deposit	No
10	Nanyang Wolong District Rural Credit Cooperative Union Qinghua Credit Cooperative	Local banks	78.27	Demand deposit	No
11	Yunnan Binchuan Rural Commercial Bank Co., Ltd.	Local banks	12.33	Demand deposit	No
12	Shaoguan Rural Commercial Bank Co., Ltd.	Local banks	0.32	Demand deposit	No
13	Bohai Bank Co., Ltd.	Huayuan sub-branch	506.16	Demand deposit	No
14	Banque de l'Indochine (China) Limited	Shanghai sub-branch	0.00	Demand deposit	No

15	Zhongyuan Bank Co., Ltd.	Xi county sub-branch	676.52	Land reclamation bond	Yes
16	Hebei Bank Co., Ltd.	Zhangjiakou Wanquan sub-branch	1.31	Demand deposit	No
17	DBS Bank	Hong Kong branch	3.04	Demand deposit	No
18	Standard Chartered Bank (China)Co., Ltd.	Hong Kong branch	1,857.83	Demand deposit	No
19	The Export-Import Bank of China	Guangdong branch	11,402.89	Demand deposit	No
20	Nordea Bank	Head office	1.50	Demand deposit	No
21	Bank of America	Head office	0.31	Demand deposit	No
22	Bank of Dongguan Co., Ltd.	Zhongshan branch	5,803.96	Demand deposit	No
23	Guangdong Huaxing Bank Co., Ltd.	Zhongshan branch	296.33	Demand deposit	No
24	HSBC Bank (China)Co., Ltd.	Zhongshan central plaza branch	264.85	Demand deposit	No
25	Zhongshan Rural Commercial Bank Co., Ltd.	Zhongshan Branch, Development Zone sub-branch	1,335.66	Demand deposit	No
26	Dalian Bank	Tianjin branch	0.03	Demand deposit	No
			2.90	Bank guarantee deposit	Yes
27	China Development Bank	Guangdong Branch	80.94	Demand deposit	No
		Qinghai Branch	3.40	Demand deposit	No
28	Mengshang Bank Co., Ltd.	Mengshang Bank Business Department	15.58	Demand deposit	No
		Baotou Business Department, Mengshang Bank	6.41	Demand deposit	No
29	Industrial and Commercial Bank of China Co., Ltd.	Zhongshan Zhangjiabian Sub-branch	77,263.63	Fundraising	No
			63.28	Fundraising	No
			10.30	Judicial freeze	Yes
			185,168.29	Demand deposit	No
		Xi'an Changying Road Sub-branch	4,184.84	Demand deposit	No
		Hohhot Station Sub-branch	1,637.48	Demand deposit	No
		Xinyang Zhenghe Sub-branch	789.12	Demand deposit	No
		Harbin Hatie Sub-branch	697.77	Demand deposit	No

		Hohhot Station Sub-branch	624.49	Demand deposit	No
		Shiqian Sub-branch	543.91	Demand deposit	No
		Industrial and Commercial Bank of China (Asia)	525.94	Demand deposit	No
		Summary of other small amount banks	3,501.42	Demand deposit	No
30	China Merchants Bank Co. Ltd.	Zhongsan Development Zone Sub-branch	77,085.87	Demand deposit	No
		Business Department, Tianjin Branch	42,437.28	Demand deposit	No
		Development Zone Sub-branch	11,682.00	Demand deposit	No
		Zhongsan Shiqi Technology Sub-branch	5,996.34	Demand deposit	No
			41.63	fundraising	No
			52,436.63	fundraising	No
		Shenzhen New Era Sub-branch	3,311.66	Demand deposit	No
		Xianning Road Sub-branch, Xi'an Branch	1,591.61	Demand deposit	No
		Beijing Xiaoguan Sub-branch	590.14	Demand deposit	No
		Tianjin Pilot Free Trade Zone Sub-branch	8,064.76	Guarantee deposit	Yes
			522.68	Demand deposit	No
		Summary of other small amount banks	203.96	Demand deposit	No
31	Bank of China Co., Ltd.	Huangchuan Sub-branch	727.26	Land reclamation bond	Yes
		Zhangshan Branch	2,128.30	Fundraising	No
			44.88	Fundraising	No
			0.00	Fundraising	No
			30,441.38	Demand deposit	No
		Zhanjiang Xuwen Sub-branch	3,000.56	Demand deposit	No
		Tianjin Hedong Sub-branch	2,462.20	Demand deposit	No
			1,798.15	Guarantee deposit	Yes
		Urumqi Jinquan Street Sub-branch	1,334.00	Demand deposit	No

		Yongnian Sub-branch	777.10	Demand deposit	No
		Hanbao Sub-branch	731.24	Demand deposit	No
		Jingbian Sub-branch	567.04	Demand deposit	No
		Summary of other small amount banks	1,426.18	Demand deposit	No
32	China Everbright Bank Co., Ltd.	Haikou Haijing Sub-branch	0.08	Demand deposit	No
		Zhongsan Sub-branch	1,529.36	Demand deposit	No
		Zhongsan Torch Development Zone Sub-branch	0.00	Demand deposit	No
33	CGB Co., Ltd.	Zhongsan Development Zone Science and Technology Sub-branch	58,791.37	Demand deposit	No
		Zhongsan Development Zone Sub-branch	11,101.62	Demand deposit	No
		Tianjin Pilot Free Trade Zone Sub-branch	5,538.54	Demand deposit	No
		Summary of other amount banks	440.76	Demand deposit	No
34	Guangzhou Bank Co., Ltd.	Zhongsan Branch	7,553.70	Demand deposit	No
35	Hang Seng Bank (China) Co., Ltd.	Zhongsan Sub-branch	1,046.05	Demand deposit	No
		Shenzhen Branch	0.00	Demand deposit	No
36	Hua Xia Bank Co., Ltd.	Zhongsan Development Zone Technology Sub-branch	62,009.05	Demand deposit	No
		Zhongsan Development Zone Sub-branch	8,500.00	Demand deposit	No
		Guangzhou Sub-branch	5,495.84	Demand deposit	No
		Huanghua Sub-branch	2,149.58	Demand deposit	No
		Zhengzhou Agricultural Road Sub-branch	1,494.46	Demand deposit	No
		Xi'an High-tech Development Zone Sub-branch	1,117.42	Demand deposit	No
		Summary of other small amount banks	23.62	Demand deposit	No
37	China Construction Bank Corporation	Zhongsan Torch Development Zone Sub-branch	36,778.06	Demand deposit	No
			4,186.74	Fundraising	No
			79.92	Guarantee deposit	Yes
			4,304.47	Restrictions on change of information	Yes

			3,298.13	Judicial freeze	Yes
			0.05	Overseas dedicated funds	Yes
		Xinyang Pingqiao Sub-branch	414.32	Demand deposit	No
			6,427.59	Judicial freeze	Yes
		Huaibin Sub-branch	1,741.25	Time deposit	Yes
			0.01	Demand deposit	No
		Jingbian County Sub-branch	124.55	Land reclamation bond	Yes
			0.68	Demand deposit	No
		Xinyang Fuqian Road Sub-branch	43,670.81	Demand deposit	No
		Xinyang Yangshan Sub-branch	24,495.98	Demand deposit	No
		Beijing Xuanwumen Sub-branch	2,896.18	Demand deposit	No
		Zhaoyuan Sub-branch	1,924.87	Demand deposit	No
		Chengde High-tech Zone Sub-branch	712.25	Demand deposit	No
		Summary of other small amount banks	2,477.55	Demand deposit	No
38	Bank of Communications Co., Ltd.	Development Zone Sub-branch	21,630.24	Demand deposit	No
		Yinchuan Development Zone Sub-branch	1,703.14	Demand deposit	No
		Summary of other small amount banks	144.30	Demand deposit	No
39	China Minsheng Banking Corp., Ltd.	Business Department, Tianjin Free Trade Zone Branch	388.20	Guarantee deposit	Yes
		Tianjin Pilot Free Trade Zone Sub-branch	0.77	Guarantee deposit	Yes
		Business Department of Handan Branch	4,336.67	Demand deposit	No
		Zhongshan Branch	1,887.55	Demand deposit	No
		Business Department of Tianjin Pilot Free Trade Zone Sub-branch	1,730.58	Demand deposit	No
		Summary of other small amount banks	461.37	Demand deposit	No
40	Agricultural Bank of China Limited.	Zhongshan Torch High-Tech Industrial Development Zone Sub-branch	3,240.39	Judicial freeze	Yes
			130.03	Demand deposit	No

		Xilinhong Rongda Sub-branch	526.66	Demand deposit	No
			22.65	Land reclamation deposit	Yes
		Development Zone Sub-branch	40,300.85	Demand deposit	No
		Huanghua Sub-branch	27,429.00	Demand deposit	No
		Zhongshan Science and Technology Sub-branch	7,353.59	Demand deposit	No
		Nansha Sub-branch, Guangdong Pilot Free Trade Zone	6,447.89	Demand deposit	No
		Business Office, Longsheng Autonomous County Sub-branch	5,325.91	Demand deposit	No
		Zhongshan Kaiyin New Town Sub-branch	3,722.15	Demand deposit	No
		Zhangjiakou Wanquan Sub-branch	3,105.25	Demand deposit	No
		Urumqi Heilongjiang Road Sub-branch	1,448.06	Demand deposit	No
		Pingle County Sub-branch	1,163.85	Demand deposit	No
		Nimu County Sub-branch	925.29	Demand deposit	No
		Summary of other small amount banks	1,406.22	Demand deposit	No
41	Ping An Bank Co., Ltd.	Development Zone Sub-branch	3,368.09	Demand deposit	No
		Summary of other small amount banks	166.30	Demand deposit	No
42	Shanghai Pudong Development Bank Co., Ltd.	Zhongshan Sub-branch	42,267.47	Restrictions on change of information	Yes
		Zhongshan Development Zone Sub-branch	22,235.83	Demand deposit	No
		Business Department, Baotou Branch	4,455.19	Demand deposit	No
		Summary of other small amount banks	71.52	Demand deposit	No
43	Industrial Bank Co., Ltd.	Business Department, Xinyang Branch	6.50	Judicial freezing	Yes
			15,241.57	Demand deposit	No
		Zhongshan Branch	60,862.95	Demand deposit	No
		Tianjin Airport Sub-branch	5,040.76	Demand deposit	No
		Guilin Gaoxin Sub-branch	3,602.41	Demand deposit	No
		Beijing Baizhifang Sub-branch	993.10	Demand deposit	No

		Summary of other small amount banks	307.71	Demand deposit	No
44	Postal Savings Bank of China Co., Ltd.	Zhongshan Xiaolan Sub-branch	14,089.44	Demand deposit	No
			198.00	Guarantee deposit	Yes
		Zhongshan Harbour Sub-branch	20,563.84	Demand deposit	No
		Zhangjiakou Wanquan Sub-branch	676.25	Demand deposit	No
		Summary of other small amount banks	653.03	Demand deposit	No
45	China CITIC Bank Corporation Limited	Zhongshan Branch	22,684.79	Demand deposit	No
		Binhai New District Sub-branch	22,548.86	Demand deposit	No
		Beijing Wukesong Sub-branch	12,594.05	Demand deposit	No
		Beijing Beichen Sub-branch	10,967.29	Demand deposit	No
		Business Department of Hohhot Branch	7,279.69	Demand deposit	No
		Tianjin Dongli Sub-branch	2,000.50	Demand deposit	No
		Summary of other small amount banks	100.65	Demand deposit	No
	Total		1,295,935.97		

(ii) large-denomination certificates of deposit (As of 31 December 2023)

NO.	Bank	Sub-bank	Amount (RMB'0,000)	Nature of deposits	Restricted or not
1	China Resources Bank of Zhuhai Co., Ltd.	Zhongshan Branch	69,509.91	Large-denomination certificates of deposit	No
2	Bank of China Co., Ltd.	Zhongshan Branch	202,022.81	Large-denomination certificates of deposit	No
3	Agricultural Bank of China Limited	Zhongshan Torch Development Zone Sub-branch	39,916.42	Large-denomination certificates of deposit	No
4	China Merchants Bank Co., Ltd.	Zhongshan Shiqi Sub-branch	15,000.00	Large-denomination certificates of deposit	No
5	Industrial Bank Co., Ltd.	Zhongshan Branch	59,921.87	Large-denomination certificates of deposit	No
6	Bank of Guangzhou Co., Ltd.	Zhongshan Branch	34,518.28	Large-denomination certificates of deposit	No
7	HSBC Bank (China) Company Limited	Zhongshan Branch	3,101.75	Large-denomination certificates of deposit	No

8	Shanghai Pudong Development Bank Co., Ltd.	Zhongshan Torch Development Zone Sub-branch	12,774.08	Large-denomination certificates of deposit	No
9	Hua Xia Bank Co., Limited	Zhongshan Branch	39,904.63	Large-denomination certificates of deposit	No
		Guangzhou Liede Avenue Sub-branch	12,950.56	Large-denomination certificates of deposit	No
10	Guangdong Huaxing Bank Co., Ltd.	Zhongshan Branch	32,685.60	Large-denomination certificates of deposit	No
11	Industrial and Commercial Bank of China Limited	Zhongshan Zhangjiabian Sub-branch	108,200.46	Large-denomination certificates of deposit	No
	Total		630,506.36		

2. taking into account the amounts of deposits and loans made by the Company’s controlling shareholders, de facto controllers and their associates in the above banks in the last three years, make statement about whether there are any cases of tilting of interests in any form, such as the existence of a co-management of the account, or the use of deposits of the above monetary funds to provide guarantees and assurances to them.

(1) Through enquiry of industrial and commercial data information such as Enterprise Search, we understand that the controlling shareholders, de facto controllers and their related parties are as follows:

No.	Name of related party	Relationship
1	First Base Investments Limited	One of the shareholders of the Company
2	Keycorp Limited	One of the shareholders of the Company
3	Wiser Tyson Investment Corp Limited	One of the shareholders of the Company
4	Mingyang New Energy Investment Holding Group Co., Ltd.	One of the shareholders of the Company
5	King Venture Limited	Under the same control by ultimate controlling party
6	Rich Wind Energy One Corp	Under the same control by ultimate controlling party
7	Sky Trillion Limited	Under the same control by ultimate controlling party
8	First Windy Investment Corp.	Under the same control by ultimate controlling party
9	Asiatech Holdings Limited	Under the same control by ultimate controlling party
10	Tech Sino Limited	Under the same control by ultimate controlling party
11	Tianjin Mingyang Enterprise Management Consulting Co., Ltd.	Under the same control by ultimate controlling party
12	Zhongshan Bozhongke Innovation Energy Management Consulting Co., Ltd.	Under the same control by ultimate controlling party

13	Zhongshan Ruijin New Energy Investment Development Co., Ltd.	Under the same control by ultimate controlling party
14	Rich Wind Energy Three Corp	Under the same control by ultimate controlling party
15	Rich Wind Energy Two Corp	Under the same control by the ultimate controlling party
16	China Ming Yang Wind Power Group Ltd.	Under the same control by the ultimate controlling party
17	Mingyang Wind Power Investment Holding (Tianjin) Co., Ltd.	Under the same control by the ultimate controlling party
18	Zhaoming Qianfan (Tianjin) Equity Investment Partnership Enterprise (Limited Partnership)	Under the same control by the ultimate controlling party
19	Zhaoming Tongchuang (Tianjin) Equity Investment Partnership Enterprise (Limited Partnership)	Under the same control by the ultimate controlling party
20	Ming Yang Energy Investment (HK) International Limited	Under the same control by the ultimate controlling party
21	Beihai Ruiyue Venture Capital Co., Ltd.	Under the same control by the ultimate controlling party
22	Ningbo Boyun Tiancheng Venture Capital Partnership Enterprise (Limited Partnership)	Under the same control by the ultimate controlling party
23	Xiamen Lianyun Investment Partnership Enterprise (Limited Partnership)	Under the same control by the ultimate controlling party
24	Zhongshan Mingyang Electronic Co., Ltd.	Under the same control by the ultimate controlling party
25	Beijing Boyang Huiyuan Electric Power Technology Co., Ltd.	Under the same control by the ultimate controlling party
26	Guangdong Mingyang Longyuan Powerelectronics Co., Ltd.	Under the same control by the ultimate controlling party
27	Guangdong Mingyang Electric Co., Ltd.	Under the same control by the ultimate controlling party
28	Guangdong Borui Tiancheng Energy Technology Co., Ltd.	Under the same control by the ultimate controlling party
29	Jieyang Mingyang Longyuan Power Electronics Co., Ltd.	Under the same control by the ultimate controlling party
30	Guangdong Anpu Power Technology Co., Ltd.	Under the same control by the ultimate controlling party
31	Jiuhua Technology Development Co., Ltd.	Under the same control by the ultimate controlling party
32	Jiayuguan Ruide Xinyang New Energy Technology Co., Ltd.	Under the same control by the ultimate controlling party
33	Neimenggu Ming Yang Wind Power Co., Ltd.	Under the same control by the ultimate controlling party
34	Jiuhua Jiye (Beijing) Technology Development Co., Ltd.	Under the same control by the ultimate controlling party
35	Huayang Changqing Investment Co., Ltd.	Under the same control by the ultimate controlling party
36	Zhengzhou Ruixu New Energy Technology Co., Ltd.	Under the same control by the ultimate controlling party
37	Henan Huayang Changqing Lubricant Technology Co., Ltd.	Under the same control by the ultimate controlling party

38	Turpan Huayang Changqing Nonmetallic Waste Recycling Co., Ltd.	Under the same control by the ultimate controlling party
39	Bazhou Ruiheng Biotechnology Co., Ltd.	Under the same control by the ultimate controlling party
40	Hainan Ruixufeng Castor Seed Technology Co., Ltd.	Under the same control by the ultimate controlling party
41	Xinjiang Ruixiang Smart Agricultural Technology Development Co., Ltd.	Under the same control by the ultimate controlling party
42	Zhongshan Taiyang Kehui Industrial Co., Ltd.	Under the same control by the ultimate controlling party
43	Zhongshan Taiyang Kehui Industrial Co., Ltd.	Under the same control by the ultimate controlling party
44	Zhongshan Zhichuang Technology Investment Management Co., Ltd.	Under the same control by the ultimate controlling party
45	Zhongshan Ruixin Enterprise Management Consulting Partnership (Limited Partnership)	Under the same control by the ultimate controlling party
46	Yunnan Mingli Xinyuan Technology Service Co., Ltd.	Under the same control by the ultimate controlling party
47	Beijing Mingyang Hydrogen Energy Technology Co., Ltd.	Under the same control by the ultimate controlling party
48	Ming Yang Lusheng (Shenzhen) Intelligent Industry Investment Partnership (Limited Partnership)	Under the same control by the ultimate controlling party
49	Ming Yang Electrics (Shaanxi) Limited	Under the same control by the ultimate controlling party

(2) Details of the amounts of deposits and loans with banks by the Company's controlling shareholders, de facto controllers and their related parties for the last three years are as follows:

RMB 0'000

No.	Name of Bank	31 December 2023		31 December 2022		31 December 2021	
		Deposit balance	Loan balances	Deposit balance	Loan balances	Deposit balance	Loan balances
1	Bohai Bank Co., Ltd.	-	-	-	-	-	-
2	Bank of Dongguan Co., Ltd.	3,628.84	-	1,147.67	-	-	-
3.	Gushi Tianjiao Village Bank	5.70	-	100.30	-	8.54	-

4	Guangdong Huaxing Bank Co., Ltd.	14,694.59	-	1,399.17	-	2,741.96	-
5	CGB Co., Ltd.	3.42	-	3.47	-	3.57	-
6	Guangzhou Bank Co., Ltd.	2,048.75	-	925.31	-	1,536.37	-
7	Hua Xia Bank Co., Ltd., Science and Technology Sub-branch of Zhongshan Development Zone	2,958.81	3,582.00	5,000.14	3,980.00	-	-
8	Bank of Communications Co., Ltd	14,435.39	-	3,958.53	-	66.34	-
9	Rural Commercial Bank	1.56	-	1,071.70	-	26.55	-
10	Shanghai Pudong Development Bank Co., Ltd.	2,383.71	-	367.98	-	1,473.90	1,000.00
11	Shenwan & Hongyuan Securities Ltd.	-	-	-	-	-	-
12	Industrial Bank Co. Ltd., Beijing Guangan Men Sub-branch	34.19	208.00	-	-	-	-
13	Industrial Bank Co. Ltd., Shenzhen Yuehai Sub-branch	1,829.82	-	3,061.23	-	-	-
14	Industrial Bank Co. Ltd., Xinyang Branch Business Department	146.84	8,860.00	0.72	8,980.00	391.20	1,000.00
15	Industrial Bank Co. Ltd., Zhongshan Branch	17,506.64	41,126.06	555.26	1,000.00	1,776.67	3,600.00
16	China Merchants Bank Co., Ltd., Beijing Century City Branch	6,836.10	-	-	-	-	-
17	China Merchants Bank Co., Ltd., Beijing Yayuncun Branch	1.42	-	11.07	-	24.65	-
18	China Merchants Bank Co., Ltd., Xiamen Binbei Branch	379.45	-	-	-	-	-
19	China Merchants Bank Co., Ltd., Shenzhen Branch	-	-	-	-	-	-
20	China Merchants Bank Co., Ltd., Tianjin Pilot Free Zone Branch	0.06	-	-	-	-	-
21	Wing Lung Bank of China Merchants Bank Co., Ltd.	2,340.72	68,400.00	1,558.98	68,400.00	-	-
22	China Merchants Bank Co., Ltd., Shiqi Science and Technology Sub-branch	5,612.03	35,000.00	8,814.28	79,900.00	265.98	-
23	China Merchants Bank Co., Ltd., Zhongshan Torch Development Zone Science and Technology Sub-branch	6,061.93	-	-	-	-	-
24	Bank of Zhengzhou Co., Ltd.	-	-	-	-	-	-
25	Industrial and Commercial Bank of China Limited	19,297.75	-	6,238.22	-	5,944.10	-
26	China Everbright Bank Co. Ltd.	1,905.64	500.56	333.37	1,970.00	-	-
27	China Construction Bank Corporation Limited, Beijing Xingrong Sub-branch	-	-	-	-	-	-

28	China Construction Bank Corporation Limited, Beijing Xuanwumen Sub-branch	361.36	-	189.79	-	223.45	-
29	China Construction Bank Corporation Limited, Hitech Sub-branch	342.63	-	6,110.16	-	3,494.65	-
30	China Construction Bank Corporation Limited, Gongqingcheng Sub-branch	69.59	-	608.84	-	565.20	-
31	China Construction Bank Corporation Limited, Torch Development Zone Sub-branch	22,102.72	-	1,725.80	44,970.00	514.74	2,000.00
32	China Construction Bank Corporation, Jiayuguan Yingbin East Road Sub-branch	1.41	-	2.81	-	4.19	-
33	China Construction Bank Corporation, Tianjin Bohai Petroleum Sub-branch of	-	-	0.00	-	0.09	-
34	China Construction Bank (Asia) Corporation Limited	85.17	-	360.20	-	166.56	-
35	China Construction Bank Corporation, Zhongshan Cuiheng New District Sub-branch	32,317.50	-	-	-	-	-
36	Zhongshan Hengxin Sub-branch of China Construction Bank Corporation	1,255.25	-	776.25	-	676.67	-
37	China Minsheng Bank Co., Ltd.	4,025.27	-	177.29	-	518.24	-
38	Agricultural Bank of China Co., Ltd.	67,152.74	-	3,962.78	-	6,570.64	8,950.00
39	Bank of China Limited, Dali Economic Development Zone Sub-branch	2.27	-	2.30	-	2.34	-
40	Bank of China Limited, Torch Development Zone Science and Technology Sub-branch	482.94	-	816.67	-	11.22	-
41	Bank of China Limited, Xinyang Pingqiao Sub-branch	4.11	-	4.17	-	4.20	-
42	Bank of China Limited, Torch Development Zone Sub-branch	583.45	-	624.10	-	280.12	-
43	Bank of China Limited, Zhongshan Branch	14,457.05	-	11,933.43	32,225.30	11,813.43	45,374.86
44	Bank of China Limited, Zhongshan Nanlang Sub-branch	70,101.15	-	-	-	-	-
45	China Postal Savings Bank	1.44	-	1.49	-	1.54	-
46	Zhongshan Guzhen Nanyue County Bank Co., Ltd.	769.08	-	1,589.62	-	1,263.59	-
47	China CITIC Bank Co., Ltd.	6,098.74	-	2,646.97	-	189.19	-
48	CITIC Securities Company Limited	-	-	-	-	-	-
49	Zhuhai China Resources Bank Co., Ltd.	10,194.33	101.00	867.33	238.00	2,302.50	551.00
	Total	332,521.55	157,777.61	66,947.40	241,663.30	42,862.38	62,475.86

The Company's restricted funds were mainly restricted due to deposits arising from the processing of letters of credit, time deposits, land reclamation, deposited with third-party securities institutions, execution of property preservation measures ruled by the court in respect of litigation matters and the failure to pass the information of the annual inspection of bank accounts in the process of the change of the amount of registered capital and the scope of business. After verification, there is no case where the Company has co-managed accounts with controlling shareholders, de facto controllers and their affiliates resulting in funds being restricted.

The Company has made a comprehensive sorting and verification of the guarantee matters, the guaranteed persons, the guarantee methods, the guarantee periods and the guarantee balances of the guarantee business, and has also focused on verifying whether the guaranteed persons belong to the controlling shareholders, the actual controllers and their related parties. After verification, the guarantees provided by the Company do not involve controlling shareholders, actual controllers and their related parties, and each guarantee business has been considered and approved by the Board of Directors and the shareholders' meeting, and there is no situation of any form of tilting of interests, such as providing guarantees or assurances, by utilizing the aforesaid deposits of monetary funds.

(IV) In conjunction with the deposit and loan interest rates, deposit use arrangements, daily working capital requirements, and loan fund usage, explain the match between the balance of monetary funds and the Company's business scale, whether there is any difference with comparable companies in the same industry, and analyse the reasonableness of the Company's financial arrangements for maintaining a large amount of debt at the same time as the Company's monetary funds are higher.

1. An analysis of the Company's monetary funds and financial resources and business scale in the past three years, as well as a description of the differences with comparable companies in the same industry.

The Company's monetary funds and financial resources in relation to the business scale for the last three years are as follows:

Unit: RMB'0,000

Item	31 December 2023	31 December 2022	31 December 2021
Monetary funds and financial resources	1,926,442.33	1,740,525.37	1,727,457.68
Total assets	8,386,125.59	6,894,022.49	6,149,292.94
Revenue	2,785,907.65	3,074,777.50	2,721,624.91
Monetary funds and financial resources/total assets	22.97%	25.25%	28.09%
Monetary funds and financial resources/total assets	69.15%	56.61%	63.47%

A comparison of monetary funds and financial resources with the business scale in the same industry is shown below:

Unit: RMB'00 million

Item	MYSE	Goldwind Science and Technology	Sany Renewable Energy	Electric Wind Power	Yunda Corporation
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Monetary funds and financial resources	192.64	147.67	117.59	22.11	53.35
Total assets	838.61	1,434.95	333.76	258.57	344.58
Revenue	278.59	504.57	149.39	101.14	187.27
Monetary funds and financial resources/Total assets	22.97%	10.29%	35.23%	8.55%	15.48%
Monetary funds and financial resources/Total assets	69.15%	29.27%	78.72%	21.86%	28.49%

According to the above table, the Company's monetary funds balance and business scale ratio is lower than Sany Renewable Energy, higher than Goldwind Science and Technology, Electric wind power, and Yunda Corporation, which is in the middle level.

2. The Company's financial needs

The Company's monetary funds (including other monetary assets) and bank borrowings as a percentage of total assets in the last three years

Unit: RMB'0,000

Item	31 December 2023	31 December 2022	31 December 2021
Monetary funds and financial resources	1,926,442.33	1,740,525.37	1,727,457.68
Bank borrowings	1,295,454.83	572,573.15	403,186.80
Total assets	8,386,125.59	6,894,022.49	6,149,292.94
Monetary funds/total assets	22.97%	25.25%	28.09%
Bank borrowings/total assets	15.45%	8.31%	6.56%

Note: Bank borrowings = short-term borrowings + long-term borrowings due within one year + long-term borrowings

(1) The Company's working capital and safety fund requirements

Based on the Company's budgeted operating income, working capital turnover times and operating profit margins for the next three years, it has been calculated that the Company's working capital requirements for 2024, 2025 and 2026 are estimated to be RMB5,741.0018 million, RMB5,996.8185 million and RMB6,476.564 million, respectively, and the new working capital requirement for 2024 compared to that of 2023 is RMB1,719.5663 million, and the Company has established a safety fund inventory of RMB3,000.00 million.

(2) The Company's investment funding requirements

According to the Company's business plan for 2024, it is estimated that the capital fund requirement for 2024 will be RMB15,186.2294 million, including the capital investment fund requirement for power stations will be RMB11,515.3001 million, representing an increase of approximately RMB5,350,000,000 in capital investment over the previous year, mainly due to the increase in the scale of investment in power stations(new power plant projects to be commissioned in 2024 with a capacity of 2,600 MW and capital investment requirement of RMB5,224 million) as well as the new investment in the electric hydroalcohol business in 2024(the project to be commissioned with a capacity of 600MW and capital investment requirement of RMB1,127 million); and the capital investment fund requirement for infrastructures and fixed assets will be RMB3,670.9293 million, representing an increase of approximately RMB2,150,000,000 over the capital investment of the previous year, which was mainly attributable to the addition of new production bases for photovoltaic and wind

turbines as well as the construction of the Group's new headquarters campus in the southern district. The above additional power station projects, in accordance with the 2024 Engineering and Construction Programme, will commence in September 2024, and construction contracts for engineering and construction and equipment procurement contracts will be signed after the commencement of the projects. The construction contracts and procurement contracts have not yet been signed.(3) Financing needs

1) As of the end of 2023, the total amount of financing amounted to RMB15,564.9896 million, the total amount of accumulated financing amounted to RMB12,537.4658 million, the permanent replenishment flow amounted to RMB138.5907 million, and the unused balance of fund-raising amounted to RMB2,888.9332 million.

2) Bank borrowings as of the end of 2023: the closing balance amounted to RMB12,954.5483 million, an increase of RMB7,228.8168 million compared with the same period last year. Among them, short-term loans amounted to RMB863.5116 million, increased by RMB603.9978 million compared with the same period of last year, and long-term loans amounted to RMB12,091.0367 million, increased by RMB6,624.8189 million compared with the same period of last year. They were mainly loans for power station construction projects with a term of 12-15 years in general. The Company continued to promote the rolling development strategy of power stations, and as the scale of construction of power station projects continued to grow, the demand for bank loans for power station construction also grew accordingly.

3) According to the forecast, the capital requirement in 2024 will be RMB16,905.7957 million (of which: the new working capital requirement will be RMB1,719.5663 million and the new capital requirement will be RMB15,186.2294 million)

3. Interest rate and use of loan funds

The uses and interest rates of the Company's loans are as follows: (1) for the construction of wind power projects with an interest rate range of 1.28%-3.3%; (2) for the construction of production bases with an interest rate range of 1.2%-3.38%.

4. Explanation of the reasonableness of the Company's financial arrangements for maintaining a large amount of debt at the same time as the Company's monetary funds are higher

(1) As of the end of 2023, the Company's monetary funds (including other monetary assets) amounted to RMB19,264.4233 million (liquidity funds of RMB16,015.3901 million, fund raising funds of RMB2,888.9332 million and loan funds of RMB360.1 million), excluding restricted funds of RMB3,837.1701 million (of which: the earmarked funds amounted to RMB2,888.9332); the Company in the process of changing the amount of registered capital and scope of business, due to the annual inspection of bank account information did not pass for RMB465.7198 million; Due to deposits with third-party securities institutions amounting to RMB214.4385 million (funds earmarked for stock repurchases); deposits arising from the handling of letters of credit, time deposits, land reclamation, etc. amounting to RMB138.2494 million; and the execution of property preservation measures

ruled by the court in respect of litigation matters amounting to RMB129.8291 million), the normal funds available amounted to RMB15,427.2532 million. Based on the above forecast result, the fund requirement in 2024 is RMB16,905.7957 million, compared with the normal usable fund of RMB15,427.2532 million and the safety fund stock of RMB3,000.00 million, there still exists a fund gap of RMB4,478.5425 million.

(2) The raising funds are earmarked for specific purposes and need to be invested in accordance with regulatory requirements as the project progresses. In order to improve the operating efficiency of the funds, some of the funds that have not been invested in the short term have been subject to financial management, which generates capital gains.

(3) The Company manages its monetary funds strictly in separate pools and divides them into short-term operating funds and medium- to long-term investment funds according to the nature of the source of funds. In order to ensure the safety of the Company's capital chain and effectively guard against financial risks, short-term operating funds are not used for long-term investment. Fixed assets and power station projects have a long payback period and require long-term liabilities to match, and it is necessary and reasonable to maintain the existing loans.

(4) The Company's gearing ratio at the end of 2023 was 66.07%, which is lower than the level of the same industry (among them: Goldwind Science and Technology's gearing ratio of 71.96%, Yunda Corporation's gearing ratio of 84.63%, and Electric Wind Power's gearing ratio of 77.28%), reflecting the Company's reasonable level of indebtedness and sound financial operating fundamentals.

II. The Accountant's response

(I) Verification procedures

We have designed and implemented relevant procedures in accordance with the requirements of the Chinese Certified Public Accountant Auditing Standards. The main procedures we implemented for the above issues include:

1. Understanding and evaluating the effectiveness of the management's design of internal controls relating to monetary funds and long-term borrowings, and testing the effectiveness of control implementation;

2. Understanding the specific modes of bill discounting and accounts receivable factoring, obtaining contracts related to accounts receivable factoring, and reviewing whether the Company's accounting treatment for bill discounting and accounts receivable factoring complies with the requirements of the Auditing Standards.

3. Obtaining the list of opened bank settlement accounts, including accounts canceled in the current period and with zero balance, and checking them with the book records to check the completeness of Ming Yang Smart Energy's bank accounts;

4. Obtaining corporate credit report to verify whether there is any discrepancy between credit record details and company records;

5. Executing correspondence procedures for all bank accounts and borrowings to verify the closing balance, pledge, restricted status, and the existence of funds pooling business; and

executing correspondence procedures for notes receivable to verify the authenticity of notes receivable.

6. Sample checking the drawdown of currency funds, verifying whether the currency funds flow to related parties, obtaining the approval records of the drawdown of funds, verifying whether the funds flow to the construction of the relevant long-term assets, and sample checking the progress of the construction of the relevant long-term assets to confirm the authenticity of the long-term assets.

7. Supervising the inventory procedures for large amount of certificates of deposit and confirming to the bank by letter whether they exist, whether they are pledged or not, and other restricted situations;

8. Examining the relevant loan contracts to understand the specific purposes of the borrowings, obtaining the budgets and expected yields of the relevant long-term assets, and assessing the reasonableness of the borrowings.

(II) The Accountant's opinion

Based on the audit procedures we performed, we are of the opinion that the Company's above explanations on the monetary funds and bank borrowings were consistent with the materials and information we obtained during the 2023 audit for MYSE, the Company's monetary funds and bank borrowings are in line with the scale of its business, and there is no tilting of interests to the interests of related parties.

Comment 6 of the Regulatory Enquiry Letter: As disclosed in the annual report, the investment progress of some of the Company's fundraising projects is slow. Among them, the committed investment of the convertible bond fundraising project of MySE10MW offshore wind turbines and key component development project (hereinafter referred to as the MySE10MW Offshore Wind Turbine Project) in December 2019 amounted to RMB166 million, and the actual investment amounted to RMB97.3087 million, with an investment progress of 59%, and is disclosed to reach intended useable condition on 31 December 2023. The committed investment amount of the 10MW offshore floating wind turbine design and R&D project (hereinafter referred to as the 10MW Offshore Wind Turbine Project) and the Shanwei Marine Engineering Base (Lufeng) Project (hereinafter referred to as the Shanwei Marine Project), the projects to raise funds through non-public issuance of shares in October 2020 amounted to RMB616 million and RMB1.5 billion, respectively, the actual total investment by the end of 2023 amounted to RMB216 million and RMB587 million, respectively, and the expected dates for reaching the intended useable condition are 31 October 2024 and 31 December 2024 respectively. Company please provide additional disclosures on: (1) The current specific investment and construction content, the corresponding amount, the specific standards for reaching the intended useable condition and the benefits of the MySE10MW Offshore Wind Turbine Project, explaining whether the relevant project has reached the intended useable condition, and whether there is any failure to perform the extension review process of the project in a timely manner; (2) The current specific investment and construction content, the corresponding amount, the content and corresponding amount yet to be invested and constructed, and the specific standards for the intended useable condition of the 10MW Offshore Wind Turbine Project and Shanwei Marine Project, explaining

the reasons for the slow progress of investment, whether the project construction can be completed as scheduled under the current low investment progress, whether there may be a situation where the investment progress is low but is disclosed to have reached the intended useable condition, the relevant impairment provision and adequacy, and necessary risk reminder. Please disclose the sponsor's opinion.

I. The Company's response:

(I) Explanation of the current specific investment and construction content, the corresponding amount, the specific standards for reaching the intended useable condition and the benefits of the MySE10MW Offshore Wind Turbine Project, whether the relevant project has reached the intended useable condition, and whether there is any failure to perform the extension review process of the project in a timely manner.

1. The current specific investment and construction content, and the corresponding amount of the project

The purpose of the convertible bond fundraising project of MySE10MW offshore wind turbines and key component development project is to complete the development of 10MW offshore wind turbines and key components of blades, gearboxes, generators and converters. The specific construction content includes: the research, design and development of the offshore wind turbines MySE11-230, MySE12.0-242, and key components of blades, gearboxes, generators and converters, completing the lifting and commissioning of the prototypes to meet the design requirements, and then carrying out project completion.

The amount of raised funds intended to be used by the project is RMB165.799 million, of which the actual amount of proceeds used is RMB97.3087 million and the amount unused is RMB68.4903 million. In November 2023, the MySE10MW offshore wind turbine and key component development project was completed, and the Company closed the project and the remaining raised funds was used to permanently replenish working capital. The remaining amount of the project is relatively high, mainly due to the fact that the payments are not yet due, the suppliers have not requested payment and payments made with bills not yet due is RMB108,122,400 (see the table below for details of balances of over RMB1 million not yet paid with proceeds) according to the terms of the contract. In order to effectively improve the efficiency of the use of funds, the Company intends to use the remaining raised funds (including interest income) corresponding to the project to replenish working capital, and complete the final payment with its own funds in accordance with the time point of payment agreed in the relevant contract.

Unit: RMB'0,000

No.	Name of supplier	Procurement content of materials/asset	Amount of arrivals (including tax)	Amounts paid with proceeds	Balance
1	Beijing FRP Institute Tengzhou Composite Materials Co., Ltd.	Blade Mould	4,602.62	1,347.71	3,254.91
2	China Hydropower Fourth Bureau (Yangjiang) Marine Equipment Co., Ltd.	Tower	1,116.69	-	1,116.69
3	Jiangsu CRRC Electronic Co., LTD.	Generator	744.68	-	744.68
4	Zhangjiagang Guangda Special Material Co., Ltd	Hub, nacelle elbow, standoffs	638.19	-	638.19
5	Shandong Gulf Lifting Engineering Co., Ltd. (山東海灣吊裝工程股份有限公司)	12MW test prototype installation and handling costs	1,400.00	799.76	600.24
6	Shanghai XWME Mechanical Engineering Co., Ltd.	Single blade spreader	1,552.40	1,037.04	515.36
7	Treolca Tianjin (特力佳 (天津) 風電設備零部件有限公司)	Hydraulic lubrication and cooling system, radiator	301.79	-	301.79
8	REsource Electric Tianjin Ltd.	Control cabinet, frequency converter	276.70	-	276.70
9	Zhenshi Group Huazhi Research Institute (Zhejiang) Co., Ltd	Glass Fibre Sleeves	164.62	-	164.62
10	ABB Shanghai Transformer Co., Ltd. (上海 ABB 變壓器有限公司)	Transformers	162.00	-	162.00
11	Sungrow Power Supply Co., Ltd.	Converter	161.90	-	161.90
12	Nari Technology Co., Ltd.	Converter	128.00	-	128.00
13	Luoyang Xinqianglian Slewing Bearing Co Ltd.	Bearing	121.50	-	121.50
14	Hubei Aerospace Cable Co., Ltd	Cables	120.61	-	120.61
	Total		11,491.69	3,184.51	8,307.18

2. Benefits of the project

This project is a R&D project that does not directly generate economic benefits and does not involve expected benefits and its completion.

At present, the two models of wind turbines developed and completed by the project have received orders from central state-owned enterprises such as Yuedian, Guodian and CGN, and have achieved mass production and delivery.

3. Explanation of the specific standards for the project reaching the intended useable condition, whether the project has reached the intended useable condition, and whether there is any failure to perform the extension review process of the project in a timely manner.

The standards for the project reaching the intended useable condition are that after the developed wind turbine prototypes are installed and commissioned, they run stably during trial operation, meet the design requirements, and a completion report is issued.

In October 2023, the prototype turbines of the project have been installed and commissioned and met the design requirements, and a completion report was issued. The project has reached its intended useable condition.

According to the Prospectus, the construction period of the project is 36 months. The project started construction in August 2021, and the latest deadline for the completion of the project will be August 2024 based on the calculation of the construction period of 36 months. In November 2023, the MySE10MW offshore wind turbine and key component development project was completed, and the Company closed the project and the remaining raised funds was used to permanently replenish working capital. For details, please refer to the Announcement on the Completion of Convertible Bond Fundraising Projects and the Use of Remaining Raised Funds to Permanently Replenish Working Capital (2023-094). There is no extension of the project.

(II) Explanation of the current specific investment and construction content, the corresponding amount, the content and corresponding amount yet to be invested and constructed, and the specific standards for the intended useable condition of the 10MW Offshore Wind Turbine Project and Shanwei Marine Project, the reasons for the slow progress of investment, whether the project construction can be completed as scheduled under the current low investment progress, whether there may be a situation where the investment progress is low but is disclosed to have reached the intended useable condition, the relevant impairment provision and adequacy, and necessary risk warning.

1. The 10MW offshore floating wind turbine design and R&D project

The main purpose of the 10MW offshore floating wind turbine design and R&D project, a project to raise funds through non-public issuance of shares, is the development of the 10MW offshore floating wind turbines. The specific construction content includes the applicability and overall design technology R&D of floating wind turbines and key components, the design and development of the floating platform (including floating platform-prefabricated molds, production lines and related asset investment), mooring system design, manufacturing and transportation, manufacturing and commissioning technology R&D of floating wind turbines. The amount of raised funds intended to be used by the project is RMB615.95 million.

(1) The current investment and construction content, the corresponding amount, the content and corresponding amount yet to be invested and constructed of the project

As of May 2024, the design and development of the floating wind turbines and key components of the project has been completed. The main engine and blades of the floating wind turbines have been rolled off the production line, the design of the floating platform and trial production of the sample parts of the floating platform have been completed, the mooring system design, and the production and delivery of buoys and mooring system have been completed. As of 31 May 2024, the amount of raised funds invested amounted to RMB279.3126 million.

It still needs to complete the floating wind turbine wharf assembly, towing, mooring system connection and grid-connected commissioning of the turbine for the project. It is estimated that a construction investment of RMB181.7378 million is still needed, and the project is expected to be completed by October 2024. In addition, part of the contract payments of the project have not yet met the payment conditions, the suppliers have not requested payment and payments made with bills not yet due, the raised funds have not been used, amounting to approximately RMB163.9324 million (see the table below for details of balances of over RMB1 million not yet paid with proceeds).

Unit: RMB'0,000

No.	Name of supplier	Procurement content of materials/asset	Amount of arrivals (including tax)	Amounts paid with proceeds	Balance
1	TBEA Shandong Luneng Taishan Cable Co., Ltd.	Cables	2,282.38	-	2,282.38
2	aerodyne engineering gmbh	Design cost	2,027.25	198.77	1,828.48
3	Diweida (Shanghai) Engineering Technology Co., Ltd. (地偉達 (上海) 工程技術有限公司)	Tension cable systems	1,680.05	336.01	1,344.04
4	Fujian Fuchuan Yifan New Energy Equipment Manufacturing Co., Ltd.	Tower	2,661.01	1,320.03	1,340.98
5	Epticore Mold Materials (Shanghai) Co., Ltd. (艾普科模具材料 (上海) 有限公司)	Foam	1,204.45	162.18	1,042.28
6	Asian Star Anchor Chain Co., Ltd. Jiangsu	Connecting shackles, universal joints	1,249.76	316.74	933.02
7	Jiangsu CRRC Electric Co., Ltd.	Generator	640.90	-	640.90
8	Shanghai XWME Mechanical Engineering Co., Ltd.	Spreader, downwind float alignment hydraulic adjustment tooling	598.60	-	598.60
9	CITIC Heavy Industries Co., Ltd.	Pontoon steel cylinder	994.10	511.25	482.85
10	PowerChina Guizhou Engineering Co., Ltd	Installation work	1,589.23	1,247.32	341.91
11	China Construction West Construction Building Materials Scientific Research Institute Co., Ltd. (中建西部建設建材科學研究院有限公司)	UHPC premix	673.59	369.11	304.47
12	Guangdong Mingyang Electric Co., Ltd.	Transformer, control cabinet	255.50	-	255.50
13	Resource Electric Tianjin Ltd.	Control cabinet	320.12	80.78	239.34
14	Zhongshan Kunxiang Science and Technology Co., Ltd. (中山市鯤翔科技有限公司)	Rebar	239.22	56.21	183.01
15	Juli Sling Co., Ltd.	Wheel turning spreader	176.00	-	176.00
16	Sichuan Crun Hydraulic & Lubrication Co., Ltd. (四川川潤液壓潤滑設備有限公司)	Hydraulic lubrication cooling integrated system	170.94	-	170.94

17	Zhuzhou Times New Material Technology Co., Ltd.	Elastic bearing	167.30	-	167.30
18	First Branch of Henan Xinzhonglian Construction Engineering Co., Ltd. (河南省鑫中聯 建工有限公司)	Linhai blade floating precast project	444.26	280.51	163.75
19	Luoyang Xinqianglian Slewing Bearing Co., Ltd.	Bearing	138.00	-	138.00
20	Nantong Zewen Steel Trading Co., Ltd. (南通澤文鋼鐵貿易有限公司)	Rectangular Tube	115.56	-	115.56
21	Guangzhou Yingbo Industrial Products Co., Ltd. (廣州迎鉈工業品有限公司)	Epoxy structural binder	104.34	-	104.34
22	Shanghai Rentong Electronics Technologies Co., Ltd. (上海仁童電子科技有限公司)	Semi-physical simulation platform	152.00	48.00	104.00
	Total		17,884.55	4,926.90	12,957.65

(2) Reasons for the slow progress of investment

The amount of raised funds intended to be used by the project is RMB615.95 million. As of 31 May 2024, the amount of proceeds invested amounted to RMB279.3126 million and the amount unused amounted to RMB336.6374 million.

The main reasons for the slow progress of capital investment of the project are as follows: 1) The project has not yet been completed, and the floating wind turbine wharf assembly, towing, mooring system connection and grid-connected commissioning of the turbine still need to be completed, and a further investment of RMB181.7378 million is required; 2) Part of the contract payments have not yet met the payment conditions, the suppliers have not requested payment and payments made with bills not yet due and the raised funds have not been used, amounting to approximately RMB163.9324 million.

(3) The specific standards for the intended useable condition, whether the project construction can be completed as scheduled under the current low investment progress, and whether there may be a situation where the investment progress is low but is disclosed to have reached the intended useable condition.

The standards for the project reaching the intended useable condition are that after the developed wind turbine prototypes are installed and commissioned, they run stably during trial operation, meet the design requirements, and a completion report is issued.

According to the Prospectus, the construction period of the project is 36 months. The project started construction in October 2021, and the latest deadline for the completion of the project will be October 2024 based on the calculation of the construction period of 36 months. According to current forecasts, the overall construction progress of the project is normal, and is expected to be completed by October 2024. There is no extension of the project, and the project construction is currently expected to be completed as scheduled.

As mentioned above, the main reason for the low investment amount of the project is that the project is still under construction and some of the payment is not yet due. According to the preliminary calculation of the finance department of the Company, it is expected that the actual investment amount of the

project will exceed net proceeds from the project, and there will be no situation where the actual investment is low but the project has been completed. Subsequently, the Company will close the project and perform corresponding procedures and disclosure obligations based on the actual expenditure of the project.

(4) The relevant impairment provision and adequacy, and necessary risk warning.

The Company conducts an impairment test on its assets at the end of each year and determines whether an impairment provision is required based on the recoverable amount.

At the end of 2023, the Company conducted an impairment test on the 10MW offshore floating wind turbine design and R&D project, and there was no indication of impairment for the project.

The Company's additional disclosure of risk warning in relation to the fundraising project is set out below:

"Although the Company's fund-raising project of 10MW offshore floating wind turbine design and R&D project has undergone sufficient feasibility demonstration in the early stage, there are still many uncontrollable factors in the actual construction process, such as restrictions from external objective conditions and the macroeconomic environment, the upstream and downstream industry environment and the Company's operating conditions, which may lead to slower-than-expected progress. Therefore, the 10MW offshore floating wind turbine design and R&D project has the risk of extension. In the future, the Company will accelerate the construction of fundraising projects and continue to pay attention to the use of raised funds and investment progress to ensure the effect of fundraising project construction."

2. Shanwei Marine Engineering Base (Lufeng) Project

The main construction content of the Shanwei Marine Engineering Base (Lufeng) Project is a R&D and production base for large offshore wind power equipment, including the R&D and manufacturing of large offshore wind turbines, the manufacturing of offshore wind turbine blade equipment and the construction of related supporting facilities. The specific construction content includes the R&D projects of the plants, production equipment and supporting office buildings and dormitories of the production base project, floating docks and 12-15MW offshore wind turbines. The amount of raised funds intended to be used by the project is RMB1,499.5141 million.

(1) The current investment and construction content, the corresponding amount, the content and corresponding amount yet to be invested and constructed of the project

As of 31 May 2024, the construction of the plants, some production equipment and supporting office buildings and dormitories of the production base project in this project has been completed. The investment of some equipment and production lines has been postponed due to the market in Shanwei area and the Company's production capacity layout; The R&D project of 12-15MW offshore wind turbines is under construction; The amount of raised funds invested is RMB608.2221 million.

As of 31 May 2024, the Company was still in the process of verifying the market situation, and deciding whether to continue to invest in some of the equipment

under suspended construction of the production base project depending on the subsequent market situation; In the future, some finishing work of the R&D project of 12-15MW offshore wind turbines still needs to be completed, and is expected to be closed after the completion report is finalised in the near future; part of the contract payments of the project has not yet met the payment conditions, and the unutilized parts of the raised funds amounted to approximately RMB139.8428 million.

(2) Reasons for the slow progress of investment

The amount of raised funds intended to be used for the project is RMB1,499.5141 million. As of 31 May 2024, the amount of proceeds invested amounted to RMB608.2221 million, and the unutilised amounts of proceeds amounted to RMB891.292 million; part of contract payments has not yet met the payment conditions or is not settled by suppliers, and the unutilized parts of the proceeds amounted to approximately RMB139.8428 million. The balance of the proceeds is estimated to be RMB750 million.

According to the project feasibility study report, the total investment of the project is RMB 2,500 million, and as of 31 May 2024, the cumulative total investment of the project has been RMB1,623 million, with a difference of RMB877 million, as detailed in the table below:

NO.	Engineering projects	Amount of investment in the feasibility study	Actual investment amount	Difference (actual investment amount - Amount of investment in the feasibility study)	Remarks
1	Construction and installation costs	40,000.00	47,333.13	7,333.13	
2	Technology and equipment costs	135,000.00	37,052.30	-97,947.70	
2.1	Of which: 12-15MW offshore wind turbine development	45,068.00	13,238.47	-31,829.53	See note 1 for details of balances
2.2	Acquisition of production equipment	89,932.00	23,813.83	-66,118.17	See note 2 for details of balances
3	Land acquisition cost	5,000.00	7,952.24	2,952.24	
4	Working capital	70,000.00	70,000.00	-	
	Total	250,000.00	162,337.67	-87,662.33	

Note 1: The balance of 12-15MW offshore wind turbine development amounted to RMB318,295,300, as detailed below:

(a) Optimisation of the number of prototype development units: Due to the complexity of the research and development and system structure design of offshore ultra-large wind turbines, in order to guarantee the successful development of the project, the original plan was to install two prototypes successively for testing and validation. The completion of the first prototype testing and verification results showed that the project has reached the expected goals, and there was no need to invest in the research and development of another prototype, reducing the prototype materials and related investment of RMB162,076,000;

(b) As a result of the research and development innovation, the research and development of the project was adjusted from single main bearing compact semi-direct drive technology to double main bearing semi-direct drive technology, the research and development cost was significantly reduced, while the price of some components in the industry was reduced, and the overall cost of the research and development for a single unit was reduced by RMB 73,820,500;

(c) Inputs such as submarine cables and jacket foundations reduced by RMB 70,000,000. According to the planning of the project feasibility study, the offshore wind farm where the prototypes are located need to install the jacket foundations, submarine cables and other ancillary equipment, but in the actual research and development process of the project, the prototypes are arranged to be tested at the owner's offshore wind farms that have the same testing conditions in order to make full use of the testing environment that has already been available, so that there is no need to invest in the sea cables and conduit rack foundation;

(d) The design and testing of the prototype part was changed from the original planning of joint development to independent research and development and testing, reducing the technical service fee by RMB12,398,800.

Note 2: The balance of the purchase of production equipment amounted to RMB661,181,700, as detailed below:

(a) The total investment for optimization of equipment acquisition for the production base project amounted to RMB559.1417 million, including 1) some equipment with investment postponed reduced the investment by RMB951.417 million. As the market demand for projects in Hainan region and Yangjiang region increases, the two regions have attracted more investment and production resources, resulting in a decrease in the demand for production resources and the demand for delivery of wind turbine orders in the Shanwei area. Therefore, in light of the market conditions, the Company has postponed the investment in some equipment originally planned for the project. Subsequently, the Company will decide on whether to further invest in this part of equipment according to the market changes and orders situation in Shanwei area. 2) Due to factors such as process optimization, the optimization of production line design as well as the substitution of domestic equipment for imported equipment, the investment reduced by RMB64 million.

(b) The total investment for optimization of floating wind turbine wharfs amounted to RMB102.04 million. In order to develop the offshore industry, the local government has optimised the construction of the wharf and related supporting infrastructure, which can provide complete

wharf loading and unloading services to the Company. Therefore, the Company suspended the construction of the floating wind turbine wharf originally planned for such project and changed to leasing the governmental wharf for loading and unloading, so reducing the investment by RMB 102.04 million.

The slower progress of capital investment in such project was mainly due to that: 1) the total investment in the project was reduced; 2) the Company constructed part of the project with its internal resources.

(3) The specific standards for the intended useable condition, whether the project construction can be completed as scheduled under the current low investment progress, and whether there may be a situation where the investment progress is low but is disclosed to have reached the intended useable condition.

Up to now, the construction of the plants, some production equipment and supporting office buildings and dormitories of the production base project have been completed and have reached the intended useable condition and have been transferred to a fixed state; investment in some equipment and production lines have been postponed due to the market and the business strategy of the Company. Subsequently, the Company will decide on whether to further invest in such part of equipment based on market changes and orders in Shanwei area.

The standards for the R&D project of 12-15MW offshore wind turbines reaching the intended useable condition are that after the developed wind turbine prototypes are installed and commissioned, they run stably during trial operation, meet the design requirements, and a completion report is issued. Up to now, the R&D project of 12-15MW offshore wind turbines still needs to complete some finishing work, and is expected to be closed after the completion report is finalised in the near future.

The funds raised for the project arrived in October 2020. Based on the project construction period of 12 months, the project has exceeded the original completion period. The Company has changed the estimated completion date of the project to 31 December 2024 in the Report on the Deposit and Use of Raised Funds for the Year 2022 reviewed by the Board, and the project was postponed to continue. Up to now, excluding some equipment with investment postponed, the project is expected to be completed by the end of December 2024, and there is no need for the project to be postponed again.

As mentioned above, the main reasons for the low investment amount in the project are the postponed investment in some equipment, optimised design and failure to meet payment conditions, which is expected to generate remaining funds.

In order to further improve the efficiency of the use of raised funds, the Company plans to make a prudent argument in the near future on the market situation in Shanwei area and whether to resume investment in equipment that has been suspended for construction, and consider changing the remaining raised funds of the project to power station construction projects with high yields and better economics, at which time a Board meeting and the general meeting of shareholders will be convened for review and public announcement in accordance with legal procedures.

(4) The relevant impairment provision and adequacy, and necessary risk warning.

The Company conducts an impairment test on its assets at the end of each year and determines whether an impairment provision is required based on the recoverable amount.

At the end of 2023, the Company conducted an impairment test on the production base asset group of Shanwei Marine Project and the 12-15MW offshore wind turbines, and there was no indication of impairment for the projects.

The Company's additional disclosure of risk warning in relation to the fundraising project is set out below:

“Affected by the decreased orders in Shanwei area, and to avoid the negative impact of the project construction on the Company's profitability and the interests of shareholders, the Company has temporarily postponed the investment of equipment of Shanwei Marine Engineering Base

(Lufeng) Project. If there is no significant improvement in such situation in the future, there will be a risk of further postponed investment or changes in the project of remaining raised funds in Shanwei Marine Engineering Base (Lufeng) Project.

The Company will, from the perspective of safeguarding the interests of the Company and all shareholders, improving the profitability and operational level of the Company, and after taking comprehensive consideration of multiple factors such as the macroeconomic environment, national industrial policies, changes in market supply and demand in Shanwei area, price fluctuations of related products, and technical levels, make prudent decisions on whether to continue to implement the fundraising project and the specific implementation of construction time and progress, and perform review procedures and information disclosure by strictly following the relevant laws and regulations.”

II. The Sponsor’s response

(I) Verification procedures

1. Check and obtain the feasibility study report, plans and feasibility analysis report of the relevant fundraising projects;
2. Check and obtain the statistics on the use of raised funds, raised funds ledgers and statements of relevant fundraising projects;
3. Check the explanatory documents issued by the Company on the implementation of relevant fundraising projects and the on-site photos of the fundraising projects.
4. For the relevant fund-raising projects with expenditures of over RMB1.0 million for delivery of goods, the relevant contracts or orders, warehousing or acceptance documents were consulted and obtained and compared and analysed with the fund-raising flow.

(II) Verification response

1. The convertible bond fundraising project of MySE10MW offshore wind turbines and key component development project has been completed and has reached the intended usable condition, and there is no failure to perform the extension review process of the project in a timely manner;
2. The 10MW offshore floating wind turbine design and R&D project, a project to raise funds through non-public issuance of shares, is expected to be completed as scheduled. There will be no situation where the actual investment is low but the project has been completed. Subsequently, the Company will close the project and perform corresponding procedures and disclosure obligations based on the actual expenditure of the project; No impairment is required for the project; The Company has made additional risk disclosure for the project;
3. The Shanwei Marine Engineering Base (Lufeng) Project, a project to raise funds through non-public issuance of shares, is expected to be completed as scheduled (excluding some equipment with investment postponed); In order to further improve the efficiency of the use of raised funds, the Company plans to make a prudent argument in the near future on the market situation in Shanwei area and whether to resume investment in equipment and production line that has been suspended for construction, and consider changing the remaining raised funds of the project to power station construction projects with high yields and better economics, at which time a Board meeting and the general meeting of shareholders will be convened for review and public announcement in accordance with legal procedures; No impairment is required for the project; The Company has made additional risk disclosure for the project;
4. The sponsor has requested the Company to re-evaluate the feasibility and expected returns of the above-mentioned fundraising projects in strict compliance with the requirements of laws and regulations such as the Rules Governing the Listing of Stocks on the Shanghai

Stock Exchange, the Self-Regulatory Supervision Guidelines for Listed Companies on Shanghai Stock Exchange No. 1– Standardized Operation and the Regulatory Guidelines for Listed Companies No. 2 – Regulatory Requirements for the Administration and Use of Proceeds of the Listed Companies and take corresponding measures based on the conclusion of the evaluation, and perform corresponding internal resolution and information disclosure procedures in a timely manner.

Comment 7 of the Regulatory Enquiry Letter: According to the annual report and relevant announcements, as of 21 May 2024, the Company’s total external guarantees amounted to RMB10.552 billion, accounting for 38.48% of the net assets attributable to the parent company. Among them, the guarantee to Taonan Baiqiang New Energy Co. Ltd. (hereinafter referred to as “Taonan Baiqiang”) was a corporate guarantee outside the scope of the consolidated statement of the Company. The relevant guarantee amount amounted to RMB305 million, and the corresponding debt balance amounted to RMB222 million. The agreement stipulated that the project is connected to the grid and generates electricity, the Company will be assigned all the equity interests of Taonan Baiqiang. Company please provide additional disclosures on: (1) penetration shareholders of Taonan Baiqiang, guarantee starting and ending time, reasons for the guarantee, invested amount of relevant wind power projects, construction progress, the amount of future proposed investment, estimated completion time, and the top five suppliers related to construction and procurement; (2) explanation of whether guarantees for companies without shareholding relationship are a common business model, whether the Company has other similar guarantee, whether there is the case where the guaranteed funds have flowed into the controlling shareholders and related parties in disguised form, and whether there are overdue risks for the relevant debts. Please disclose the audit opinion of annual audit accountant.

I. The Company’s response

(I) Explanation of the penetration shareholders of Taonan Baiqiang, guarantee starting and ending time, reasons for the guarantee, invested amount of relevant wind power projects, construction progress, the amount of future proposed investment, estimated completion time, and the top five suppliers related to construction and procurement.

In view of the fact that Yongmao Bao’an 50MW wind power project owned by Taonan Baiqiang is located in Yongmao Township, Taonan City, an area where the wind resources are of excellent quality, with wind speeds of 7.5 to 7.6 meters per 100 meters; the power grid architecture is good with no cross-sections, no grid blockage, better consumption and strong transmission capacity, it’s expected that there will be a high investment return rate of the project in the future.

In August 2020, the Company signed the Cooperation Agreement and the Equity Pledge Agreement through its subsidiary Beijing Jieyuan New Energy Investment Co., Ltd. and the shareholder of Taonan Baiqiang, Jilin Baiqiang Electric Power Group Co., Ltd. (吉林省百強電力集團有限公司, hereinafter referred to as “Baiqiang Group”), and agreed that after the Taonan Baiqiang project is connected to the grid and generates electricity, and meets the conditions of equity transfer(Baiqiang Group obtains all authorisations and approvals from various governmental authorities necessary to complete the transfer of the shareholding and other related requirements), Beijing Jieyuan New Energy Investment Co., Ltd. will be assigned all the equity interests in Taonan Baiqiang held by Baiqiang Group. After penetration verification by the Company, it’s found that the shareholders of Baiqiang Group are seven natural persons, and there is no related party relationship with the Company.

According to the agreement, the construction funds for Taonan Baiqiang project were obtained through financial leasing with the help of the Company, and the Company provided guarantee for the financial leasing. The starting date of the guarantee is 9 September 2021, and the expiration date of the guarantee is 8 September 2024 (the agreement stipulates that the expiration date of the guarantee is three years from the expiration of the performance period of the main contract debtor stipulated in the autonomous contract). As of 31 December 2023, the balance of the main debt actually guaranteed by the Company for Taonan Baiqiang amounted to RMB222.2814 million. Baiqiang Group pledged 100% of its equity in Taonan Baiqiang to Beijing Jieyuan New Energy Investment Co., Ltd. as a counter-guarantee.

As of 31 December 2023, the total investment in Taonan Baiqiang project amounted to RMB429 million, and the project was completed and connected to the grid and generated electricity in March 2022. According to the investment plan, there will be no subsequent large capital expenditures.

The information on top five suppliers of construction and procurement of the project are as follows:

Unit: RMB'0,000

Name of suppliers	Name of contracts	Amount of contract	Amount of disbursements (as at the end of 2023)
Shaanxi Jieyao Construction Engineering Co., Ltd.	General Contracting Contract for the Construction of Yongmao Bao'an 50MW Wind Power Affordable Grid-connection Project owned by Taonan Baiqiang	32,822.00	8,700.00
	Crawler Crane Lifting Service Contract	330.00	330.00
Ming Yang Smart Energy Group Limited	Wind Turbine Renovation Service Contract for Yongmao Bao'an 50MW Wind Power Affordable Grid-connection Project owned by Taonan Baiqiang	4,250.00	-
	Technical Service Contract for Turbine Software Transformation and Upgrading of Taonan 50MW Project	790.00	-
Total		38,192.00	9,030.00

(II) The Company's explanation of the business of guarantees for companies without shareholding relationship and similar guarantees, the verification of the guarantee business, and overdue risks.

Based on the above business background, the Company has provided financing guarantees for Taonan Baiqiang which it has no shareholding relationship. This is the only one of such business of the Company, and there are no other similar guarantees.

The Company has formulated a standardized internal control process for the guarantee business, which comprehensively sorted out the guarantee matters, the guaranteed party, the guarantee method, the guarantee period and the guarantee balance of the guarantee business, and carried out focused verification on whether the guaranteed party is a related party. After verification, the Company's guarantee complies with the internal control process, the guarantee funds provided by the Company have legal and reasonable uses, real projects and business backgrounds, and the guarantee business has been considered and approved by the Board and the general meeting of shareholders, and there is no disguised inflow to the controlling shareholder or related parties.

As of 31 December 2023, the balance of the main debt actually guaranteed by the Company for Taonan Baiqiang amounted to RMB222.2814 million. The expiration date of the guarantee is 8 September 2024. Baiqiang Group has pledged 100% of its equity interests in Taonan Baiqiang to Beijing Jieyuan New Energy Investment Co., Ltd. and provided a counter guarantee for such guarantee in the form of equity pledge. Up to now, the project has been connected to the grid and generated electricity. According to the requirements of the agreement, after Baiqiang Group obtains all the authorizations and approvals necessary for completing the equity transfer from various government departments, Beijing Jieyuan New Energy Investment Co., Ltd. will be assigned all the equity interests of Taonan Baiqiang held by Baiqiang Group. Taonan Baiqiang project is operating normally and generating electricity, and the financial leasing payments are being paid on schedule. In view of the above, there is no overdue risk in the guarantee business.

II. The Accountant's response

(I) Verification procedures

We have designed and implemented relevant procedures in accordance with the requirements of the Chinese Certified Public Accountant Auditing Standards. The main procedures we implemented for the above issues include:

1. Get to know the effectiveness of internal control design and operation related to the external guarantee of Ming Yang Smart;

2. Enquiry the industrial and commercial information of Taonan Baiqiang to check whether its shareholders are related to Ming Yang Smart;

3. Check relevant procurement contracts, cooperation agreements and equity pledge agreements;

4. Check the relevant guarantee decision-making process of the Company.

(II) The Accountant's opinion

Based on the audit procedures we performed, we are of the opinion that the Company's above explanations on the guarantee mentioned above were consistent with the materials and information we obtained during the 2023 audit for MYSE.

Ming Yang Smart Energy Group Limited

11 July 2024