

IMPORTANT NOTICE

NOT FOR DISTRIBUTION DIRECTLY OR INDIRECTLY INTO THE UNITED STATES. THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following before continuing. The following applies to the offering circular (the “Offering Circular”) following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from the Issuer or the Guarantor (each as defined in the Offering Circular) as a result of such access. You acknowledge that the access to the Offering Circular is intended for use by you only and you agree you will not forward or otherwise provide access to any other person.

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

THE BONDS (THE “BONDS”) AND THE GUARANTEE DESCRIBED IN THE OFFERING CIRCULAR (TOGETHER, THE “SECURITIES”) HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY UNITED STATES ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED TO AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the “SFA”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Bonds are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

Confirmation of Your Representation:

By accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to have represented to the Issuer, the Guarantor and the Joint Lead Managers (as defined herein) (1) that you and any customers you represent are not, and that the electronic mail address that you gave the Issuer and/or the Guarantor and to which this e-mail has been delivered is not, located in the United States, its territories or possessions, (2) that you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission, and (3) to the extent you purchase the Bonds, you will be doing so in an offshore transaction as defined in regulations under the Securities Act in compliance with Regulation S thereunder.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular to any other person.

Nothing in this electronic transmission constitutes, or may be used in connection with, an offer or an invitation by or on behalf of any of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee (as defined herein) or the Agents (as defined herein) to subscribe or purchase any of the Bonds, in any place where offers or solicitations are not permitted by law and access has been limited so that it shall not constitute in the United States or elsewhere directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of any of the Joint Lead Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Joint Lead Manager or such affiliate on behalf of the Issuer and the Guarantor in such jurisdiction. Any Bonds to be issued in respect thereof will not be registered under the Securities Act and may not be offered or sold in the United States unless registered under the Securities Act or pursuant to an exemption from such registration. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the Bonds.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Guarantor, the Joint Lead Managers nor any of their affiliates, directors, officers, employees, representatives, agents and each person who controls any of them accepts any liability or responsibility whatsoever in respect of any such alteration or change to the Offering Circular distributed to you in electronic format or any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

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

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

CHANG DEVELOPMENT INTERNATIONAL LIMITED

長發國際有限公司

(incorporated with limited liability in the British Virgin Islands,

and an indirect wholly-owned subsidiary of Changchun Urban Development & Investment Holdings (Group) Co., Ltd.)

U.S.\$200,000,000 4.3 per cent. Guaranteed Bonds due 2024

Unconditionally and Irrevocably Guaranteed by



长春市城市发展投资控股(集团)有限公司

CHANGCHUN URBAN DEVELOPMENT & INVESTMENT HOLDINGS (GROUP) CO., LTD.

CHANGCHUN URBAN DEVELOPMENT & INVESTMENT HOLDINGS (GROUP) CO., LTD.

(长春市城市发展投资控股(集团)有限公司)

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

Issue Price: 100.0 per cent.

The 4.3 per cent. guaranteed bonds due 2024 in the aggregate principal amount of U.S.\$200,000,000 (the "Bonds") will be issued by Chang Development International Limited 長發國際有限公司 (the "Issuer") and will be unconditionally and irrevocably guaranteed (the "Guarantee") by Changchun Urban Development & Investment Holdings (Group) Co., Ltd. (长春市城市发展投资控股(集团)有限公司) (the "Guarantor"). The Bonds will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 5(a) of the terms and conditions of the Bonds (the "Conditions")) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable law, at all times rank at least equally with all the Issuer's other present and future unsecured and unsubordinated obligations. The payment obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 5(a)) unsecured obligations of the Guarantor and shall, save for such exceptions as may be provided by applicable law, at all times rank at least equally with all the Guarantor's other present and future unsecured and unsubordinated obligations.

The Bonds will bear interest on their outstanding principal amount from and including 27 April 2021 (the "Issue Date") at the rate of 4.3 per cent. per annum, payable semi-annually in arrear in equal instalments on 27 April and 27 October in each year, commencing on 27 October 2021. All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made without set-off or counterclaim, and free and clear of, and without withholding or deduction for, any taxes to the extent described under "Terms and Conditions of the Bonds – Taxation". The Guarantor will enter into a deed of guarantee (the "Deed of Guarantee") on the Issue Date. The Guarantor undertakes to file or cause to be filed with the Jilin Branch of the State Administration of Foreign Exchange of the PRC ("SAFE") the Deed of Guarantee within 15 PRC Business Days (as defined in the Conditions) after its execution in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the "Cross-Border Security Registration"). The Guarantor shall use its reasonable endeavours to complete the Cross-Border Security Registration and obtain a registration record from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the Registration Deadline (being 120 PRC Business Days after the Issue Date).

Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) (the "NDRC Circular") issued by the National Development and Reform Commission of the PRC (the "NDRC") and effective on 14 September 2015, the Issuer has registered the issuance of the Bonds with the NDRC and obtained a certificate from the NDRC on 12 January 2021 evidencing such registration and has undertaken to file or cause to be filed the requisite information and documents on the issuance of the Bonds to the NDRC within 10 PRC Business Days after the Issue Date.

Unless previously redeemed, or purchased and cancelled, the Issuer will redeem each Bond at its principal amount on 27 April 2024 (the "Maturity Date"). The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (as defined below) in accordance with Condition 17 (which notice shall be irrevocable and in writing and to the Trustee (as defined in the Conditions) and the Agents (as defined in the Conditions), at their principal amount, together with any interest accrued up to but excluding the date fixed for redemption but unpaid, if, immediately prior to giving such notice, the Issuer and/or the Guarantor (as the case may be) satisfies the Trustee that the Issuer (or if the Guarantee were called, the Guarantor) has or will become obliged to pay Additional Tax Amounts (as defined in the Conditions) as a result of any change in, or amendment to, the laws or regulations of the PRC or the British Virgin Islands or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 21 April 2021, and such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it. At any time following the occurrence of a Relevant Event (as defined in the Conditions), the holder of any Bond (each a "Bondholder") will have the right, at such Bondholder's option, to require the Issuer to redeem all, but not some only, of that Bondholder's Bonds on the Put Settlement Date (as defined in the Conditions) at 101 per cent. (in the case of a redemption for a Change of Control (as defined in the Conditions)) or 100 per cent. (in the case of a redemption for a No Registration Event (as defined in the Conditions)) of their principal amount, together in each case with accrued interest up to but excluding the Put Settlement Date. See "Terms and Conditions of the Bonds – Redemption and Purchase". For a more detailed description of the Bonds, see "Terms and Conditions of the Bonds" beginning on page 51.

The PRC government (including the Changchun Government (as defined herein)) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds or the Guarantee in lieu of the Issuer or the Guarantor. See "Risk Factors – The PRC government and the Changchun Government have no obligations under the Bonds or the Guarantee".

Investing in the Bonds involves risks. See "Risk Factors" beginning on page 12 for a discussion of certain factors to be considered in connection with an investment in the Bonds.

The Bonds and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds and the Guarantee are being offered in offshore transactions outside the United States in reliance on Regulation S under the Securities Act. For a description of these and certain further restrictions on offers and sales of the Bonds and the Guarantee and the distribution of this Offering Circular, see "Subscription and Sale".

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing of and quotation for the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Approval in-principle from, and admission to the Official List of, the SGX-ST and quotation of the Bonds on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Group, any of their subsidiaries, associated companies or the Bonds.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "SFA"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Bonds are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

As at the date of this Offering Circular, the Guarantor has received a long-term rating of Baa1 with a stable outlook from Moody's Investors Service, Inc. ("Moody's") and a long-term rating of BBB+ with a stable outlook from Fitch Ratings Ltd. ("Fitch"). The Bonds are expected to be rated Baa1 by Moody's and BBB+ by Fitch. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Bonds will be issued in specified denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. The Bonds will be initially evidenced by a global certificate (the "Global Certificate") in registered form which will be registered in the name of a nominee of, and shall be deposited on or about 27 April 2021 with, a common depository for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

BOCOM International	CEB International	CMBC Capital	CLSA	CNCB Capital
Joint Bookrunners and Joint Lead Managers				
Bank of China	ABC International	CMB International	Guotai Junan International	
Haitong International	Shenwan Hongyuan (H.K.)	China International Capital Corporation	Standard Chartered Bank	

Offering Circular dated 21 April 2021

NOTICE TO INVESTORS

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

Each of the Issuer and the Guarantor confirms that (i) this Offering Circular contains all material information with respect to the Issuer, the Guarantor and their respective subsidiaries taken as a whole (the “**Group**”), the Bonds and the Guarantee (including all information which, according to the particular nature of the Issuer, the Guarantor, the Bonds and the Guarantee, is necessary to enable investors to make an informed assessment of the activities, assets and liabilities, financial position, profits and losses and prospects of the Issuer, the Guarantor and the Group and of the rights attaching to the Bonds and the Guarantee), (ii) this Offering Circular does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, (iii) the statements of fact contained in this Offering Circular relating to the Issuer, the Guarantor, the Group, the Bonds and the Guarantee are in every material particular true and accurate and not misleading, (iv) the statements of intention, opinion, belief or expectation contained in this Offering Circular are honestly and reasonably made or held, and (v) all reasonable enquiries have been and will be made to ascertain such facts and to verify the accuracy of all such statements in this Offering Circular.

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Bonds and the giving of the Guarantee described in this Offering Circular. The distribution of this Offering Circular, the offering of the Bonds and the giving of the Guarantee in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor, BOCOM International Securities Limited, CEB International Capital Corporation Limited, CMBC Securities Company Limited, CLSA Limited, CNCB (Hong Kong) Capital Limited, Bank of China Limited, ABCI Capital Limited, CMB International Capital Limited, Guotai Junan Securities (Hong Kong) Limited, Haitong International Securities Company Limited, Shenwan Hongyuan Securities (H.K.) Limited, China International Capital Corporation Hong Kong Securities Limited and Standard Chartered Bank (collectively, the “**Joint Lead Managers**”) to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds and the giving of the Guarantee or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds and the giving of the Guarantee, and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Bonds and distribution of this Offering Circular, see “*Subscription and Sale*”.

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

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular or any information supplied by the Issuer and the Guarantor or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee, the Agents or their respective directors, officers, employees, agents, advisers or affiliates. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor or the Group or any of them since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof.

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

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee or the Agents, or any person who controls any of them, or any of their respective directors, officers, employees, agents, advisers or affiliates, accepts any responsibility for the contents of this Offering Circular or for any other statement made or purported to be made by a Joint Lead Manager, the Trustee or an Agent, or any person who controls any of them, or any of their respective directors, officers, employees, agents, advisers or affiliates or on its behalf, in connection with the Issuer, the Guarantor, the Group, the issue and offering of the Bonds or the giving of the Guarantee. Each of the Joint Lead Managers, the Trustee and the Agents and any person who controls any of them, or any of their respective directors, officers, employees, agents, advisers or affiliates accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee or the Agents, or any person who controls any of them, or any of their respective directors, officers, employees, agents, advisers or affiliates undertakes to review the financial condition or affairs of the Issuer, the Guarantor or the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Bonds of any information coming to the attention of the Joint Lead Managers, the Trustee or the Agents, or any person who controls any of them, or any of their respective directors, officers, employees, agents, advisers or affiliates.

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

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

This Offering Circular summarises certain material documents and other information, and the Issuer, the Guarantor and the Joint Lead Managers refer the recipient of this Offering Circular to them for a more complete understanding of what is contained in this Offering Circular. In making an investment decision, the prospective investor must rely on its own judgement and examination of the Issuer and the Guarantor and the Conditions, including the merits and risks involved. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds. None of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any person who controls any of them, or any of their respective directors, officers, employees, agents, advisers or affiliates are making any representation regarding the legality of an investment in the Bonds under any law or regulation. The recipient of this Offering Circular should not consider any information in this Offering Circular to be legal, business or tax advice. Any investor or prospective investor should consult his/her/its own attorney, business adviser and tax adviser for legal, business and tax advice regarding an investment in the Bonds.

IN CONNECTION WITH THE ISSUE OF THE BONDS, ANY OF THE JOINT LEAD MANAGERS (THE “STABILISATION MANAGER”) (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER) MAY, SUBJECT TO ALL APPLICABLE LAWS, OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISATION MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS.

Any of the Joint Lead Managers and their respective affiliates may purchase the Bonds for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of the Issuer, the Guarantor or their respective subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds). Furthermore, investors in the Bonds may include entities affiliated with the Group.

WARNING

The contents of this Offering Circular have not been reviewed by any regulatory authority of any jurisdiction. You are advised to exercise caution in relation to the offering of the Bonds. If you are in any doubt about any of the contents of this Offering Circular, you should obtain independent professional advice.

INDUSTRY AND MARKET DATA

Market data and certain industry forecasts and statistics used in this Offering Circular have been obtained from or based on, among other sources, market research, government information that is publicly available and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable and accurate but that the accuracy and completeness of that information is not guaranteed. Similarly, market research, while believed to be reliable, has not been independently verified, and none of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any person who controls any of them, or any of their respective directors, officers, employees, agents, advisers or affiliates makes any representation as to the correctness, accuracy or completeness of that information. Such information may not be consistent with other information compiled within or outside the PRC. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. Accordingly, such information should not be unduly relied upon.

PRESENTATION OF FINANCIAL INFORMATION

This Offering Circular contains financial information of the Guarantor (i) as at and for the years ended 31 December 2018 and 2019 which has been extracted from the audited consolidated financial statements of the Guarantor as at and for the year ended 31 December 2019 (the “**Audited Financial Statements**”), included elsewhere in this Offering Circular, and (ii) as at and for the nine months ended 30 September 2019 and 2020, which has been extracted from the unaudited but reviewed consolidated financial statements of the Guarantor as at and for the nine months ended 30 September 2020 (the “**Reviewed Financial Statements**”). The Audited Financial Statements were prepared and presented in accordance with the Accounting Standards for Business Enterprises in the PRC (“**PRC GAAP**”) and have been audited by Da Hua Certified Public Accountants (大華會計師事務所) (“**Da Hua**”), the independent auditors of the Guarantor. The Reviewed Financial Statements were prepared and presented in accordance with PRC GAAP and have been reviewed by Da Hua in accordance with the Review Standard for Chinese Certified Public Accountants No. 2101 Review of Financial Statements.

PRC GAAP differs in certain respects from the International Financial Reporting Standards (“**IFRS**”). See “*Summary of Certain Differences between PRC GAAP and IFRS*”.

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

The Reviewed Financial Statements have not been audited by a certified public accountant, and should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. None of the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them or their respective advisors makes any representation or warranty, express or implied, regarding the accuracy or sufficiency of such unaudited but reviewed consolidated financial statements for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Group's financial condition and results of operations. In addition, the unaudited but reviewed consolidated financial statements of the Guarantor as at and for the nine months ended 30 September 2020 should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ending 31 December 2020.

The Audited Financial Statements and the Reviewed Financial Statements (including the reports relating thereto) are prepared and issued in Chinese, and the English translations included elsewhere in this Offering Circular are provided for reference only. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers has independently verified or checked the accuracy of such translation and can give no assurance that the information contained in such translation is accurate, truthful or complete.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the “**PRC**”, “**China**” and “**mainland China**” are to the People’s Republic of China (excluding the Hong Kong and Macau Special Administrative Regions of the People’s Republic of China and Taiwan), all references to the “**United States**” and “**U.S.**” are to the United States of America, all references to “**Hong Kong**” are to the Hong Kong Special Administrative Region of the People’s Republic of China; all references to “**Renminbi**”, “**RMB**” and “**CNY**” are to the lawful currency of the PRC; all references to “**HKD**”, “**HK\$**” and “**HK dollars**” are to the lawful currency of Hong Kong; all references to “**USD**”, “**U.S.\$**” and “**U.S. dollars**” are to the lawful currency of the United States of America; and all references to “**SGD**” or “**S\$**” are to the lawful currency of Singapore.

This Offering Circular contains translations of certain Renminbi amounts into U.S. dollars at specified rates solely for the convenience of the reader. Unless otherwise specified, where financial information in Renminbi has been translated into U.S. dollars, it has been so translated, for convenience only, at the rate of RMB6.7896 to U.S.\$1.00 (being the noon buying rate in New York City on 30 September 2020 as set forth in the weekly H.10 statistical release of the Federal Reserve Board of the Federal Reserve Bank of New York (the “**Noon Buying Rate**”)). All such translations in this Offering Circular are provided solely for investors’ convenience and no representation is made that the amounts referred to herein have been, could have been or could be converted into U.S. dollars or Renminbi, or vice versa, at any particular rate or at all. Further information regarding exchange rate is set forth in “*Exchange Rates*” in this Offering Circular. In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of a thousand million units.

The English names of PRC nationals, entities, departments, facilities, laws, regulations, certificates titles and the like are translations or transliterations of their Chinese names and are included for identification purposes only.

In this Offering Circular, unless otherwise indicated or the context otherwise requires, references to:

- “**BT contracts model**” are to a Build-Transfer model, where the Group carries out construction work for the project and transfers the project to the Changchun Government following completion;
- “**CBIRC**” are to the China Banking and Insurance Regulatory Commission;
- “**Changchun Government**” are to the People’s Government of Changchun Municipality or local government entities, and instrumentalities thereof, or where the context requires, any of them;
- “**Changchun MOFCOM**” are to the Department of Commerce of Changchun Government;
- “**Changchun SASAC**” are to the State-owned Assets Supervision and Administration of Changchun Government or its successor;
- “**GDP**” are to gross domestic product;
- “**Jilin**” are to Jilin Province of the People’s Republic of China;
- “**Jilin Government**” are to the People’s Government of Jilin Province or local government entities, and instrumentalities thereof, or where the context requires, any of them;
- “**MOF**” are to the Ministry of Finance of the People’s Republic of China;
- “**MOFCOM**” are to the Ministry of Commerce of the People’s Republic of China;
- “**NDRC Circular**” are to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) issued by the NDRC;

- “**PBOC**” are to the People’s Bank of China, the central bank of the People’s Republic of China;
- the “**PRC government**” are to the central government of the People’s Republic of China and its political subdivisions, including provincial, municipal and other regional or local government entities, and instrumentalities thereof, or where the context requires, any of them;
- “**SAT**” are to the State Administration of Taxation of the People’s Republic of China;
- “**SCNPC**” are to the Standing Committee of the National People’s Congress of the People’s Republic of China;
- “**State Council**” are to the State Council of the People’s Republic of China; and
- “**VAT**” are to value-added tax.

FORWARD-LOOKING STATEMENTS

The Issuer and the Guarantor have made certain forward-looking statements in this Offering Circular. All statements other than statements of historical facts contained in this Offering Circular constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms, such as “anticipate”, “target”, “believe”, “can”, “could”, “estimate”, “expect”, “aim”, “intend”, “may”, “plan”, “will”, “would” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding expected financial condition and results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include but are not limited to statements as to the business strategy, operating revenue and profitability, planned projects and other matters as they relate to the Issuer, the Guarantor and/or the Group discussed in this Offering Circular regarding matters that are not historical fact. These forward-looking statements and any other projections contained in this Offering Circular (whether made by the Issuer, the Guarantor or by any third party) involve known and unknown risks, including those disclosed under the caption “*Risk Factors*”, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer, the Guarantor or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

These forward-looking statements speak only as at the date of this Offering Circular. Each of the Issuer and the Guarantor expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Group’s expectations with regard thereto or any change of events, conditions or circumstances, on which any such statement was based.

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

- the Group’s ability to successfully implement its business plans and strategies;
- various business opportunities that the Group may pursue;
- the Group’s capital expenditure plans and its ability to carry out those plans;
- access to and cost of capital and financing;
- changes in the competition landscape in the industries where the Group operates;
- any changes in the laws, rules and regulations of the PRC government, the Jilin Government, the Changchun Government and the rules, regulations and policies of the relevant governmental authorities relating to the Group’s business;
- general political and economic conditions, including those related to the PRC or Jilin;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which the Group operates;
- fluctuations in prices of and demand for products and services that the Group provides;
- macroeconomic measures taken by the PRC government to manage economic growth;
- natural disasters, industrial action, terrorist attacks and other events beyond the Group’s control;
- changes in global economic conditions; and
- other factors, including those discussed in “*Risk Factors*”.

Neither the Issuer nor the Guarantor undertakes any obligation to update or revise any of the opinions or forward-looking statements expressed in this Offering Circular as a result of any new information, future events or otherwise.

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SUMMARY

The summary below is only intended to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors and terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Prospective investors should therefore read this Offering Circular in its entirety, including the section titled “Risk Factors”, before making an investment decision.

The Issuer

The Issuer, which is a wholly-owned subsidiary of the Guarantor, was incorporated as a business company with limited liability on 29 July 2015 in the British Virgin Islands under the BVI Business Companies Act.

The Issuer’s registration number is 1884613. Its registered office is located at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

The Guarantor

Overview

The Guarantor is the only comprehensive investment and financing platform in Changchun City established by the Changchun Government and wholly owned by the Changchun SASAC, and was established with the aim of (i) directing and consolidating different sources of funds to Changchun City for the development of strategic sectors and major infrastructure and (ii) preserving and enhancing the value of state-owned assets. It invests in and controls a number of specialised companies in various industries, including urban drainage pipeline network business, engineering construction, water treatment, trading as well as financial services. As at 30 September 2020, the Guarantor operated its business through 15 wholly-owned subsidiaries and holding companies as well as 15 joint venture companies. The Guarantor was incorporated in September 2013 as an integrated platform for the purpose of diversified ownership structure reform and operational transition for state-owned companies in Changchun City, and is the largest local state-owned enterprise in Jilin Province in terms of total assets, total revenue and gross profit within Jilin Province.

Jilin Province is located in northeast China and is one of China’s most important agricultural bases. Jilin Province has a developed industrial economy represented by established automobile manufacturing and petrochemical industries, and emerging pharmaceutical and electronic information industries. Jilin Province’s economy has grown rapidly due to PRC government policies for the revitalisation of old industrial bases in northeast China. Changchun City is the capital and largest city of Jilin Province, and is located in the northeast China. As one of the central cities in the northeast of China, Changchun City is administered as a sub-provincial city.

The Group is mainly engaged in (i) urban drainage pipeline network business, which includes the rental of the underground drainage pipeline network of Changchun City; (ii) engineering construction, which includes urban infrastructure construction, old town redevelopment and welfare housing construction; (iii) water treatment, which includes water supply, water drainage and sewage treatment; (iv) trading, which mainly includes sales of ready-mixed concrete and building materials; and (v) financial services, which include the provision of financial services to agricultural and small- and medium-sized enterprises, providing guarantees, providing financial leasing and investing in securities. Besides the main business segments mentioned above, the Group is also engaged in some other businesses which include industrial investment (such as fuel gas and other energy construction projects), construction project contracting services, provision of loans and leasing services and provision of credit guarantees. Leveraging the fast development of Changchun City, the Group has expanded its business rapidly across its five principal business segments.

As at 31 December 2018 and 2019 and 30 September 2020, the Group’s total assets was RMB225.88 billion, RMB233.59 billion and RMB244.95 billion, respectively, and the Group’s net assets was RMB122.22 billion, RMB133.47 billion and RMB132.89 billion, respectively. For the years ended 31 December 2018 and 2019 and for the nine months ended 30 September 2019 and 2020, the Group achieved a total operating income of RMB3.76 billion, RMB4.29 billion, RMB2.58 billion and RMB2.67 billion, respectively. The Group recorded a net profit of RMB1.90 billion and RMB1.89 billion for the years ended 31 December 2018 and 2019, and a net loss of RMB1.09 billion and RMB0.67 billion for the nine months ended 30 September 2019 and 2020, respectively. The subsidies received from the Changchun Government for the years ended 31 December 2018 and 2019 amounted to RMB4.37 billion and RMB4.75 billion, respectively. The subsidies received from the Changchun Government for the nine months ended 30 September 2020 amounted to RMB1.54 billion, which showed a slight increase as compared with the same period in 2019.

Competitive Strengths

- The Group is the largest functional state-owned enterprise in Changchun City and the main platform for the Changchun Government's urban construction, development, investment and operation projects
- Strong and continuous favourable policies of the Changchun Government
- Stable credit metrics and strong financing capabilities
- Well-diversified business portfolio with stable sources of income
- Unparalleled market position
- Strong corporate governance
- Experienced and efficient management team with a strong track record

Strategies

- Transform from government financing platform to industrial investment enterprise
- Further develop the urban infrastructure construction and water treatment business segments
- Shape the "Changfa+" new model of urban development
- Develop ancillary businesses to diversify sources of revenue
- Reform operational modes to enhance profitability
- Improve profitability by further diversifying funding sources, further exploring financing channels and expanding the financing sources of the Group
- Continuous acquisition and development of talent, capital, technology and resources

SUMMARY CONSOLIDATED FINANCIAL INFORMATION AND OTHER DATA OF THE GUARANTOR

The following tables set forth the Guarantor's consolidated financial information as at the dates and for the periods indicated.

The Guarantor's audited consolidated financial information as at and for the years ended 31 December 2018 and 31 December 2019 have been derived from the Audited Financial Statements. The Audited Financial Statements were prepared and presented in Chinese in accordance with PRC GAAP and have been audited by Da Hua, the independent auditors of the Guarantor.

The Guarantor's consolidated financial information as at 30 September 2020 and for the nine months ended 30 September 2019 and 2020 have been derived from the Reviewed Financial Statements. The Reviewed Financial Statements were prepared by the Group's management in accordance with PRC GAAP and have been reviewed by Da Hua in accordance with the Review Standard for Chinese Certified Public Accountants No. 2101 Review of Financial Statements. Investors are cautioned against placing undue reliance on any such financial information since this has not been subject to any audit by Da Hua, the independent auditors of the Guarantor or any other independent auditor and neither the Issuer nor the Guarantor represents that any such unaudited financial information has been prepared in a manner consistent with the information reported in the Group's historical audited financial statements. Potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations.

The Audited Financial Statements and the Reviewed Financial Statements (including the reports relating thereto) are prepared and issued in Chinese, and the English translations included elsewhere in this Offering Circular are provided for reference only. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, representatives, agents, advisers or affiliates has independently verified or checked the accuracy of such translation and can give no assurance that the information contained in such translation is accurate, truthful or complete. Potential purchasers must exercise caution when using such financial information to evaluate the financial condition, results of operations and prospects of the Guarantor.

The summary financial data below should be read in conjunction with, and is qualified in its entirety by reference to, the English translation of Audited Financial Statements and the Reviewed Financial Statements, including the notes thereto included elsewhere in this Offering Circular. Historical results of the Guarantor are not necessarily indicative of results that may be achieved for any future period. PRC GAAP differ in certain material respects from IFRS. Accordingly, potential investors must exercise caution when using such audited consolidated financial statements to evaluate the Group's financial condition and results of operations.

On 15 June 2018, the MOF issued a Circular of the MOF on Revision and Issuance of 2018 Format of Financial Statement of General Enterprises (CaiKuai [2018] No. 15) (財政部關於修訂印發2018年度一般企業財務報表格式的通知(財會(2018)15號)) and Interpretations on Issues related to 2018 Format of Financial Statements of General Enterprises (關於2018年度一般企業財務報表格式有關問題的解讀), which modify format of financial statements of general enterprises (such modified format referred to as the "New Format"). The Group has adopted the New Format in preparing its financial statements as at and for the year ended 31 December 2018 and has reclassified certain items. See "Notes to the Financial Statements – Statement of project changes in the presentation of the financial statements" to the 2019 Financial Statements for further details.

CONSOLIDATED INCOME STATEMENT OF THE GUARANTOR

	For the year ended 31 December		For the period ended 30 September	
	2018	2019	2019	2020
	(RMB)		(RMB)	
	(audited)		(unaudited)	
Total operating income	3,759,251,008.96	4,294,672,232.39	2,581,682,530.62	2,668,072,677.90
Including:				
Operating income	3,715,503,840.94	4,242,219,199.17	2,551,759,172.61	2,614,255,143.93
Interest income	43,747,168.02	52,453,133.22	29,923,358.01	53,817,533.97
Total operating expense	(6,444,785,226.79)	(7,468,581,421.03)	(4,893,708,953.32)	(5,188,673,175.02)
Including:				
Operating expense	(2,945,673,902.97)	(3,201,543,125.29)	(1,871,350,163.11)	(1,928,838,142.58)
Interest expense	(4,602,749.48)	(76,896.22)	(396.23)	(43,764.15)
Fees and commission expenses	(10,834.30)	(14,963.00)	(10,655.20)	(5,357.40)
Tax and additional expense	(37,092,089.03)	(69,367,035.50)	(36,621,881.56)	(36,923,708.50)
Selling expenses	(98,400,997.19)	(121,573,629.11)	(79,286,204.52)	(89,971,243.09)
General & Administrative expense	(1,276,669,399.32)	(1,376,303,495.22)	(958,327,367.72)	(903,004,186.51)
Financial expenses	(2,082,335,254.50)	(2,699,702,276.69)	(1,948,112,284.98)	(2,229,886,772.79)
Including: Interest Expense	(2,498,073,637.82)	(2,945,738,159.38)	(2,133,220,833.32)	(2,408,319,972.52)
Interest income	431,182,524.88	310,385,902.15	220,145,972.61	218,248,342.51
Gains (loss) on foreign exchange Transactions	1,177,218.44	(3,574,730.65)	(678,760.40)	(626,522.49)
Asset impairment loss	(81,940,898.34)	(84,258,253.56)	(49,553,285.26)	(11,168,054.97)
Gain (loss) due to change of fair value of assets	(391,120.38)	3,351,596.14	-	-
Investment income (loss)	165,568,705.24	146,851,169.07	147,494,681.12	96,509,896.82
Other income	186,512,014.99	346,414,822.61	142,009,460.61	305,817,807.13
Gains (loss) on asset disposal	914,746.49	4,125,341.95	1,877,888.64	384,837.07
Operating profit (loss)	(2,414,870,769.83)	(2,757,424,412.43)	(2,070,197,677.59)	(2,129,056,011.07)
Non-operating income	4,400,324,571.92	4,747,396,880.81	1,047,873,578.33	1,551,177,732.54
Non-operating expenses	(4,998,664.61)	(7,681,731.58)	(7,520,324.91)	(4,976,166.50)
Total profit (loss)	1,980,455,137.48	1,982,290,736.80	(1,029,844,424.17)	(582,854,445.03)
Income tax expense	(67,188,187.67)	(90,042,149.14)	(64,673,480.60)	(82,304,911.61)
Net profit (loss)	1,913,266,949.81	1,892,248,587.66	(1,094,517,904.77)	(665,159,356.64)
Net income belongs to the parent company's owner	1,919,517,001.50	1,873,653,971.71	(1,093,299,045.46)	(672,371,637.10)
Minority gains (losses)	(19,143,622.31)	18,594,615.95	(1,218,859.31)	7,212,280.46
(I) Other comprehensive income that will be reclassified into profit or loss in the future	(488,008,002.41)	3,693,336,898.82	73,770,369.78	30,413,510.85
1. under the equity method, the investee's share of other comprehensive income will be reclassified into profit or loss	-	(7,945,485.05)	-	-
2. available-for-sale financial assets fair value change	(380,012,866.81)	191,479,573.78	115,313,430.38	(15,978,051.10)
3. translation of foreign currency financial statements balance	(130,959,480.60)	5,737,240.38	(41,543,060.60)	46,391,561.95
4. Others	22,964,345.00	3,504,065,569.71	-	-
Total comprehensive Income	1,425,258,947.40	5,585,585,486.48	(1,020,747,534.99)	(634,745,845.79)
Including: Items attributable to owners of parent company	1,444,402,569.71	5,566,990,870.53	(1,019,528,675.68)	(641,958,126.25)
Items attributable to noncontrolling interests	(19,143,622.31)	18,594,615.95	(1,218,859.31)	7,212,280.46

CONSOLIDATED BALANCE SHEET OF THE GUARANTOR

	As at 31 December		As at 30 September
	2018	2019	2020
	(RMB)		
	(audited)		(unaudited)
Current assets			
Monetary fund	19,302,940,552.03	16,064,826,761.31	19,591,696,984.76
Be Measured at their fair values and of which the variation is included in the current profits and losses of financial assets	5,391,873.81	5,242,875.57	5,242,875.57
Notes receivable and accounts receivable	691,032,892.01	1,682,572,487.05	745,443,366.38
Advance payment	16,368,292,901.43	17,386,968,864.65	18,455,230,059.49
Other receivable	55,601,311,153.71	59,475,856,334.36	60,752,357,923.13
Inventories	7,460,381,040.51	8,331,131,155.10	10,976,192,409.58
Other current assets	1,270,047,401.31	1,714,175,349.98	2,075,018,155.92
Total current assets	<u>100,699,397,814.81</u>	<u>104,660,773,828.02</u>	<u>112,601,181,774.83</u>
Non-current assets			
Total disbursement of loans and advances	301,417,100.00	555,727,126.80	344,612,062.38
Available-for-sale financial assets	39,114,090,988.53	40,290,046,124.05	39,857,141,633.88
Held-to-maturity investment	5,856,231,173.51	3,490,179,541.49	3,280,629,090.13
Long-term receivables	9,927,720,913.12	5,611,693,314.94	5,307,431,360.61
Long-term equity investment	2,262,542,232.96	2,909,363,886.55	2,928,817,256.00
Investment property	887,502,259.07	7,450,490,421.01	7,453,405,810.31
Net value of fixed assets	44,099,190,585.16	41,599,356,563.56	40,974,481,002.75
Construction in progress	12,180,966,969.13	14,093,311,738.24	16,884,175,576.81
Intangible assets	797,758,079.37	11,380,032,740.56	13,771,045,928.01
Goodwill	13,488,525.84	13,488,525.84	13,488,525.84
Long-term deferred expenses	8,260,762,838.73	30,768,466.53	36,522,552.78
Deferred income tax assets	47,269,961.81	69,223,170.64	68,384,987.50
Other non-current assets	1,433,241,779.13	1,433,402,633.32	1,432,940,377.03
Total non-current assets	<u>125,182,183,406.36</u>	<u>128,927,084,253.54</u>	<u>132,353,076,164.03</u>
Total assets	<u>225,881,581,221.17</u>	<u>233,587,858,081.56</u>	<u>244,954,257,938.86</u>
Current liabilities			
Short-term borrowings	7,029,589,758.94	8,318,983,963.71	8,937,987,027.42
Notes payable and accounts payable	1,642,192,739.55	1,025,600,333.16	1,056,964,532.00
Advance from customers	586,216,850.32	554,803,314.27	1,402,746,764.04
Accrued wages	144,250,799.65	138,679,281.60	108,179,175.97
Tax payable	16,202,713.01	29,304,766.30	(2,653,726.75)
Other payable	29,674,539,483.57	22,863,455,383.67	23,880,297,519.28
Non-current liabilities due within one year	19,697,347,127.76	20,679,094,424.85	11,513,494,622.20
Other current liabilities	5,469,846.99	5,164,971.94	71,793,601.39
Total current liabilities	<u>58,795,809,319.79</u>	<u>53,615,086,439.50</u>	<u>46,968,809,515.55</u>
Non-current liabilities			
Long-term borrowings	19,854,378,087.78	20,634,746,983.06	34,294,190,264.92
Bonds payable	20,061,853,329.99	21,427,905,978.01	25,495,905,714.17
Long-term payable	4,785,242,919.39	3,010,742,556.63	4,025,930,954.42
Accrued expense	-	1,129,359.00	-
Deferred revenue	160,473,807.42	256,167,516.85	106,362,250.41
Deferred income tax liability	-	1,168,021,856.58	1,169,066,856.58
Other non-current liability	276,006.90	-	-
Total non-current liabilities	<u>44,862,224,151.48</u>	<u>46,498,714,250.13</u>	<u>65,091,456,040.50</u>
Total liabilities	<u>103,658,033,471.27</u>	<u>100,113,800,689.63</u>	<u>112,060,265,556.05</u>
Shareholder's equity			
Paid in capital (share capital)	5,022,000,000.00	5,022,000,000.00	5,022,000,000.00
Capital reserve	89,264,855,784.82	93,600,083,657.71	93,600,092,697.16
Other comprehensive income	(409,353,044.89)	3,283,983,853.93	3,314,397,364.78
Surplus reserve	1,812,179,081.84	1,883,313,957.27	1,883,313,957.27
Undistributed profits	24,469,343,996.04	26,270,960,689.33	25,702,635,560.44
Total owners' equity attributable to parent company	120,160,114,493.62	130,062,282,519.70	129,524,379,941.11
Minority interests	2,063,433,256.28	3,411,774,872.23	3,369,612,441.70
Total equity	<u>122,223,547,749.90</u>	<u>133,474,057,391.93</u>	<u>132,893,992,382.81</u>
Total liabilities and equity	<u>225,881,581,221.17</u>	<u>233,587,858,081.56</u>	<u>244,954,257,938.86</u>

SELECTED OTHER FINANCIAL DATA OF THE GUARANTOR

	For the year ended 31 December		For the nine months ended	
	2018	2019	2019	2020
	(RMB in millions)			
Total income ⁽¹⁾	8,126.16	9,039.82	3,610.05	4,204.45
Gross profit ⁽²⁾	1,681.38	1,571.24	(1,283.66)	(984.22)
Net profit	1,900.37	1,892.25	(1,094.52)	(665.16)

(1) Total income equals to the sum of total operating income and government grant.

(2) Gross profit equals to total income less total operating expense.

	As at 31 December		As at
	2018	2019	30 September 2020
	(RMB in millions except for ratios and percentages)		
Total debt ⁽¹⁾	71,428.41	74,071.47	84,267.51
Net assets ⁽²⁾	122,223.55	133,474.06	132,893.99
Monetary funds	19,302.94	16,064.83	19,591.70
Total liabilities/Total assets	46.0%	42.9%	45.7%
Total debt/Total capital ⁽³⁾	40.97%	38.68%	42.65%

(1) Total debt equals to the sum of short-term borrowings, non-current liabilities due within one year, long-term borrowings, bonds payable and long-term payable.

(2) Net assets equals to total assets less total liabilities.

(3) Total capital equals the sum of total owners' equity and total debt less the sum of monetary funds and financial assets at fair value through income statement.

	As at and for the year ended 31 December		As at and for the nine months ended 30 September
	2018	2019	2020
	(RMB in millions except for ratios and percentages)		
EBITDA ⁽¹⁾	4,824.19	5,779.04	2,150.17
Total debt/EBITDA	14.81	12.82	39.19
Net debt ⁽²⁾ /EBITDA	10.08	10.04	30.08
EBITDA/Interest expense ⁽³⁾	1.93	1.96	0.89

- (1) EBITDA for any year consists of total operating income less the sum of operating costs, business tax and surcharges, sales expenses and management expenses plus depreciation of fixed assets and investment property, amortisation of intangible assets, amortisation of long-term prepaid expenses and government grant. EBITDA is not a standard measure under PRC GAAP. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of the Group's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, the Issuer and Guarantor believe that investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. The Issuer and the Guarantor included EBITDA because they believe it is a useful supplement to cash flow data as a measure of the Group's performance and the Group's ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Group's EBITDA to EBITDA presented by other companies because not all companies use the same definition.

	As at and for the year ended 31 December		As at and for the nine months ended 30 September
	2018	2019	2020
	(RMB in millions)		
Total operating income	3,759.25	4,294.67	2,668.07
Less: operating expense	2,945.67	3,201.54	1,928.84
Tax and additional expenses	37.09	69.37	36.92
Selling expense	98.40	121.57	89.97
General and administrative expenses	1,276.67	1,376.30	903.00
Add: depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	863.14	1,153.54	591.00
Amortisation of intangible assets	0.57	1.26	1.02
Amortisation of long-term deferred expenses	5.64	6.79	6.61
Government grant	4,366.91	4,745.15	1,536.38
Other income	186.51	346.41	305.82
EBITDA	4,824.19	5,779.04	2,150.17

- (2) Net debt equals total debt less the sum of monetary funds and financial assets at fair value through profit or loss.
- (3) Interest expense equals the sum of dividends paid, profit distribution and interest paid less dividend and profit paid to minority interest.

THE OFFERING

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

Issuer	Chang Development International Limited 長發國際有限公司.
Issuer’s LEI Code	The Issuer’s Legal Entity Identifier (LEI) code is 2549002QJ5W02381E840.
Guarantor	Changchun Urban Development & Investment Holdings (Group) Co., Ltd. (長春市城市發展投資控股(集團)有限公司).
Bonds	U.S.\$200,000,000 4.3 per cent. Guaranteed Bonds due 2024.
Guarantee	<p>The Guarantor will unconditionally and irrevocably guarantee the due payment of the principal, premium (if any) and interest in respect of the Bonds and all other moneys payable by the Issuer under or pursuant to the Bonds and the Trust Deed. Its obligations in that respect will be contained in the Deed of Guarantee.</p> <p>The Guarantor undertakes to file or cause to be filed with the Jilin Branch of the SAFE the Deed of Guarantee within 15 PRC Business Days after its execution in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014. The Guarantor shall use its reasonable endeavours complete the Cross-Border Security Registration and obtain a registration record from SAFE on or before the Registration Deadline (being 120 PRC Business Days after the Issue Date).</p>
Issue Price	The Bonds will be issued at 100.0 per cent. of their principal amount.
Form and Denomination	The Bonds will be issued in registered form in specified denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.
Issue Date	27 April 2021.
Interest	The Bonds will bear interest on their outstanding principal amount from and including the Issue Date, at the rate of 4.3 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.\$21.50 per Calculation Amount on 27 April and 27 October in each year in equal instalments, commencing on 27 October 2021.
Maturity Date	27 April 2024.

Status of the Bonds	The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 5(a) (<i>Negative Pledge</i>) of the Conditions) unsecured obligations of the Issuer which will at all times rank pari passu and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable law and subject to Condition 5(a) (<i>Negative Pledge</i>) of the Conditions, at all times rank at least equally with all the Issuer's other present and future unsecured and unsubordinated obligations.
Status of the Guarantee	The payment obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable law and subject to Condition 5(a) (<i>Negative Pledge</i>) of the Conditions, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Negative Pledge	The Bonds will contain a negative pledge provision as further described in Condition 5(a) (<i>Negative Pledge</i>) of the Conditions.
Use of Proceeds	See " <i>Use of Proceeds</i> ".
Events of Default	The Bonds will contain certain events of default as further described in Condition 10 (Events of Default) of the Conditions.
Cross-Default	The Bonds are subject to a cross-default provision in respect of indebtedness for or in respect of moneys borrowed or raised or any security or guarantee and/or indemnity in respect thereof of the Issuer or the Guarantor or any of their respective Subsidiaries which individually or in aggregate equals or exceeds U.S.\$30,000,000 or its equivalent. See Condition 10(c) (<i>Cross-Default</i>) of the Conditions.
Taxation	All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made without set-off or counterclaim, and free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands or the PRC or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or the Guarantor, as the case may be, shall pay (except in certain circumstances set out in Condition 9 (<i>Taxation</i>) of the Conditions) such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required. See " <i>Terms and Conditions of the Bonds – Taxation</i> ".
Final Redemption	Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.

Redemption for Relevant

Events

At any time following the occurrence of a Relevant Event, a Bondholder will have the right, at such Bondholder’s option, to require the Issuer to redeem all, but not some only, of such Bondholder’s Bonds on the Put Settlement Date at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together in each case with accrued interest up to (but excluding) the Put Settlement Date.

A “**Change of Control**” occurs when:

- (i) Changchun SASAC and any other person or entity directly or indirectly controlled by the central government of the PRC (such person or entity and Changchun SASAC, each a “**PRC Government Person**”) ceases to, directly or indirectly, own or control 100 per cent. in aggregate of the Voting Rights of the issued share capital of the Guarantor;
- (ii) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person or persons, acting together, except where such person(s) is/are Controlled, directly or indirectly, by a PRC Government Person; or
- (iii) the Guarantor at any time and for any reason ceases to, directly or indirectly, own or control 100 per cent. of the Voting Rights of the issued share capital of the Issuer.

A “**No Registration Event**” occurs when the Registration Conditions are not satisfied by 5:00 p.m. (Hong Kong time) on the Registration Deadline.

Redemption for Taxation

Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Bondholders (which notice shall be irrevocable) and in writing to the Trustee and the Agents at their principal amount, together with interest accrued up to (but excluding) the date fixed for redemption but unpaid, if, immediately prior to giving such notice, the Issuer and/or the Guarantor (as the case may be) satisfies the Trustee that the Issuer (or if a demand was made under the Guarantee, the Guarantor) has or will become obliged to pay Additional Tax Amounts as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or the PRC or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, (including but not limited to any decision by a court of competent jurisdiction) which change or amendment becomes effective on or after 21 April 2021, and such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, as further described in “*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for Taxation Reasons*”.

Further Issues	The Issuer may from time to time, without the consent of the Bondholders, create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all material respects save for the issue date, the first payment of interest on them, the registration deadline for completion of the Cross-Border Security Registration and the deadline for submission of the NDRC Post-issue Filing and the deadlines for the corresponding notifications) so as to be consolidated and form a single series with the outstanding Bonds, as the case may be, as further described in “ <i>Terms and Conditions of the Bonds – Further Issues</i> ”.
Trustee	Citicorp International Limited
Principal Paying Agent, Transfer Agent and Registrar	Citibank, N.A., London Branch
Clearing Systems	The Bonds will initially be evidenced by the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with, a common depository for Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in this Offering Circular, definitive certificates for the Bonds will not be issued in exchange for beneficial interests in the Global Certificate.
Notices and Payment	So long as the Global Certificate is held on behalf of Euroclear and Clearstream, any notice to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.
Governing Law	English law.
Listing	Approval in-principle has been received from the SGX-ST for the listing of and quotation for the Bonds on the SGX-ST. The Bonds will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies) for so long as the Bonds are listed on the SGX-ST and the rules of the SGX- ST so require.
Selling Restrictions	The Bonds will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See “ <i>Subscription and Sale</i> ”.
Ratings	The Guarantor was rated Baa1 with a stable outlook by Moody’s and BBB+ with a stable outlook by Fitch. The Bonds are expected to be rated Baa1 by Moody’s and BBB+ by Fitch. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
ISIN	XS2325858038.
Common Code	232585803.

RISK FACTORS

An investment in the Bonds is subject to a number of risks. Investors should carefully consider all of the information in this Offering Circular and, in particular, the risks described below, before deciding to invest in the Bonds. The following describes some of the significant risks relating to the Group, its business, the market in which the Group operates and the value of Bonds. Some risks may be unknown to the Issuer, the Guarantor or the Group and other risks, currently believed to be immaterial, could in fact be material. Any of these could materially and adversely affect the business, financial condition, results of operations or prospects of the Issuer, the Guarantor and the Group or the value of the Bonds. The Issuer and the Guarantor believe that the risk factors described below represent the principal risks inherent in investing in the Bonds, but the ability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with any Bonds may be affected by some factors that may not be considered as significant risks by the Issuer, the Guarantor or the Group based on information currently available to them or which they are currently unable to anticipate. All of these factors are contingencies which may or may not occur, and none of the Issuer, the Guarantor or the Group is in a position to express a view on the likelihood of any such contingency occurring. This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The actual results of the Group could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Offering Circular.

Neither the Issuer nor the Guarantor represent, that the statements below regarding the risk factors of holding any Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

RISKS ASSOCIATED WITH THE GROUP'S BUSINESSES

The Group's businesses are dependent on future economic growth in the PRC and internationally.

The growth of the Group's respective businesses is largely dependent on the continuation of economic development and growth in the PRC, which the Group expects will, in turn, increase demand for the Group's products and services. The PRC has experienced rapid economic development in the last decade. However, there has been a slowdown in the growth in China's GDP since the second half of 2013 and this has raised a concern that the historic rapid growth of the PRC economy may not be sustainable. For the years ended 31 December 2018 and 2019 and for the nine months ended 30 September 2020, China's GDP growth rate slowed to 6.6 per cent., 6.0 per cent. and 0.7 per cent. respectively, according to the National Bureau of Statistics of China. In March 2016, both S&P Global Ratings ("S&P") and Moody's changed the outlook of PRC's sovereign rating from stable to negative. On 24 May 2017, Moody's downgraded PRC's long-term local currency and foreign currency issuer ratings from "Aa3" to "A1" and changed the outlook from negative to stable. Since 21 September 2017, S&P downgraded PRC's long-term sovereign credit ratings to "A+" from "AA-", citing increasing economic and financial risks from a prolonged period of strong credit growth. Further indication of the slowdown in the growth of China's economy is evidenced by press reports of a recent increase in bond defaults by PRC corporate issuers.

The PRC economy may also be more susceptible to slowdowns or downturns as a result of uncertainties related to the recent trade war and other tension between the United States and the PRC. Since July 2018, the U.S. government has been imposing various tariffs on Chinese goods, which then led the PRC to respond with similar sized tariffs on U.S. products. In addition, in 2019, the U.S. government restricted certain Chinese technology firms from exporting certain sensitive U.S. goods. The PRC government lodged a complaint in the World Trade Organization against the U.S. over the import tariffs in the same year. On 15 January 2020, the U.S. and PRC governments signed the U.S.-China Economic and Trade Agreement (the "Phase I Agreement"). Under the Phase I Agreement, the U.S. agreed to cancel a portion of tariffs imposed on Chinese products, China promised additional purchases of U.S. goods and services, and both parties expressed a commitment to further improving various trade issues. Despite this reprieve, however, it remains to be seen whether the Phase I Agreement will be abided by both governments and successfully reduce trade tensions. The trade war created substantial uncertainties and volatilities to global markets, and may severely damage the economy and market confidence of both countries. A sustained period of slower growth in the PRC in general could have a material adverse effect on the financial condition and operating results of the Group as well as on its prospects to identifying, investing in and developing new projects and businesses.

Moreover, the future performance of China's economy is not only affected by the economic and monetary policies of the PRC government, but is also exposed to material changes in global economic and political environments as well as the performance of certain major developed economies in the world, such as the U.S. and the European Union. Any slowdown in the economies of the U.S., the European Union and certain Asian countries may adversely affect economic growth in the PRC and elsewhere. The outlook for the world economy and the financial markets remains uncertain. In Europe, several countries are facing difficulties in refinancing sovereign debt. In the United States, the unemployment rate remains relatively high. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow and outflow, or both. In the Middle East, Eastern Europe and Africa, political unrest in various countries has resulted in economic instability and uncertainty.

In June 2016, the United Kingdom held a remain-or-leave referendum on its membership within the European Union, the result of which favoured the exit of the United Kingdom from the European Union ("Brexit"). In January 2020, the United Kingdom officially exited the European Union following a UK-EU Withdrawal Agreement signed in October 2019. Given the lack of precedent, it is unclear how Brexit would affect the fiscal, monetary and regulatory landscape within the United Kingdom, the European Union and globally. This event has resulted in a downgrade of the credit ratings of the United Kingdom and the uncertainty of certain aspects of the negotiated trade procedures have already caused economic disruptions in the European Union and the United Kingdom. There can be no assurance that the Group's business, financial position and operating results, as well as its future prospects, will not be materially and adversely affected by an economic downturn in any of these countries.

Furthermore, any significant declines in stock prices or increased volatility in PRC stock markets may impact capital markets within the PRC as well as global capital markets, potentially making it more difficult for the Group to access financing. The market volatility may also negatively affect PRC consumer confidence and have an adverse impact on the wider PRC economy, which may adversely affect the value of the Group's investments and businesses.

The outbreak of the COVID-19 pandemic has been growing and its impact is uncertain and may affect the Group's business.

The COVID-19 is a global pandemic that has had a significant impact on the global and PRC economy. Governments of many countries (including the PRC) have declared a state of emergency, closed their borders to international travellers and issued stay-at-home orders with a view to containing the pandemic. The COVID-19 pandemic and policies implemented by governments and health authorities to deter the spread of the disease have had and may continue to have an adverse effect on consumer confidence and the general economic conditions which the Group's business is subject to. There is no assurance that such measures will be effective in ending or deterring the spread of COVID-19. As COVID-19 continues to spread globally, many more countries may be affected, which may result in the extension or implementation of further restrictive measures. The resultant disruptions to the supply chain and reduced levels of consumption, commercial activities and industrial production in the affected countries may result in an economic slowdown in such economies which, if prolonged, could cause a global recession.

The Group remains operational and has implemented contingency plans to combat against the adverse effects of the COVID-19 pandemic (see "*Description of the Guarantor and the Group – Recent Developments*"). Accordingly, the Group believes that the disruption caused by COVID-19 to its development and operating projects has been limited and there is no sustained shutdown of projects. However, the extent to which COVID-19 will impact the Group's operations and those of its customers will depend on future developments, which are highly uncertain. Should the disruption continue or the extent of such disruption become more severe, this may affect the Group's results of operations.

The Group's business, financial condition and results of operations are heavily dependent on the level of economic development in Changchun City.

The Group's business, financial condition, results of operations and prospects are heavily dependent on the level of economic development in Changchun City and Jilin Province.

The Group is one of the few state-owned investment and financing platform companies located in Changchun City, wholly and beneficially owned by Changchun SASAC, and primarily engages in urban drainage pipeline network business, engineering construction, water treatment and trading businesses in Changchun City. The majority of its business and assets are located and concentrated in Changchun City and Jilin Province.

Accordingly, the Group's business, financial condition and results of operations have been, and will continue to be, heavily dependent on the level of economic development in Changchun City and other regions in Jilin Province. Changchun City and Jilin Province have undergone a prolonged period of rapid economic development, which have greatly benefited the Group and allowed it to grow at a rapid pace during this time. However, there can be no assurance that the level of economic development in Changchun City and Jilin Province will continue to grow at the pace that it has achieved in the past, or at all, and in the event of any unfavourable developments, the Group's business, financial condition and results of operations may be adversely affected.

The Changchun Government can exert significant influence on the Group, and could cause the Group to make decisions or modify the scope of its activities, or impose new obligations on the Group, which may not be in the Group's best interests or meet demands from the Group's clients.

The Guarantor is directly and wholly owned by Changchun SASAC and, accordingly, the Changchun Government is in a position to significantly influence the Group's major business decisions and strategies, including the scope of its activities, investment decisions and dividend policy. There can be no assurance that Changchun SASAC would always take actions that are in the Group's best interests or that aim to maximise the Group's profits. Changchun SASAC may use its ability to influence the Group's business and strategy in a manner beneficial to the Changchun City or the Jilin Province as a whole, but which may not necessarily be in the Group's best interests, or may transfer existing or future assets owned by the Group to other entities which are not subsidiaries of the Group. For example, in March 2018, the Guarantor announced that it would no longer exercise its voting right in Changchun Construction Investment (Group) Co., Ltd. (長春城投建設投資(集團)有限公司) ("Changchun Construction Investment") independently, but would act in concert with Changchun Urban and Rural Construction Committee. This was due to a shareholding restructuring in Changchun Construction Investment where Changchun Urban and Rural Construction Committee acquired 49.02 per cent. of equity interest in Changchun Construction Investment from its minority shareholders, with the Guarantor holding the remaining 50.98 per cent. of equity interest. Meanwhile, as Changchun Urban and Rural Construction Committee acquired control over directors and senior management appointment as well as financial and operation policies, the Guarantor no longer has control over Changchun Construction Investment whose financials are no longer consolidated into the Group's financial statements.

The Changchun Government may also change its policies, intention, preferences, views, expectations, projections, forecasts and opinions as a result of changes in the PRC's economic, political and social environment, its projections of population and employment growth; any such change may have a material effect on the Group's business and prospects. Any amendment, modification or repeal of existing policies of the Changchun Government could result in a modification of the existing regulatory regime which, in turn, could have a material adverse effect on the Group's financial condition and results of operations.

The Group may be involved in public interest projects, which may have a material and adverse effect on the Group's financial condition and results of operations.

The Group is wholly owned by Changchun SASAC, and, as a state-owned enterprise, it may be required from time to time to engage and participate in projects which are principally motivated by public interest considerations. Public interest projects and semi-public interest projects may not be commercially viable, and the Group may not be able to recover its investment or achieve financial returns in a commercially desirable time frame, if at all. The Group has received financial allocations and asset injections, in the form of land use rights, cash or other assets, and may receive other financial support from the government for such government-sponsored projects. However, such financial support may not always be available due to the government's liquidity, budgeting priority and other considerations. In addition, such financial support may not be sufficient to cover the Group's investment. Furthermore, the Group has limited resources, and engagement in such projects may reduce its ability to participate in other profit-generating enterprises. The Group cannot make any assurances that it may not be involved in public interest projects in the future, and, to some extent such engagement may not be commercially profitable. There can be no assurance that the Group's results of operations, business and financial condition will not be adversely affected as a result.

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

To strengthen the management of financing vehicles of China's local governments and manage the risks relating to China's local government debt, the State Council of the PRC issued the Notice on Strengthening Management of Financing Platform of Local Government (國務院關於加強地方政府融資平台公司管理有關問題的通知) (“**Circular 19**”) in June 2010 and the General Office of the NDRC issued the Notice on Further Regulating Issuance of Notes by Financing Platform of Local Government (國家發展改革委辦公廳關於進一步規範地方政府投融資平台公司發行債券行為有關問題的通知) (“**Circular 2881**”) in November 2010. According to Circular 19, local governments at different levels were required to classify the indebtedness incurred by their respective financing vehicles into three categories based on the standards and principles set by the State Council (namely (i) debts incurred relating to projects for public welfare and to be repaid with government funds, (ii) debts incurred relating to projects for public welfare and to be repaid with cash flow generated by the relevant projects and (iii) debts incurred relating to projects not for public welfare), and to manage or scale down according to the requirements set out in the circulars. According to Circular 2881, the financing vehicles of a local government, such as the Group, must rely on their internal operating cash flow to finance the payment of more than 70 per cent. of the cash requirements for repaying their corporate bonds issued in the PRC. If revenue from the construction of public interest projects represents more than 30 per cent. of their total revenue, the financing vehicles should provide the authorities that review the application of corporate bonds issuance with information relating to the balance of the local government's debts and comprehensive financial information. In addition, Circular 2881 reinforces the requirements under Circular 19 which prohibit local governments from mortgaging state-owned assets or otherwise creating security interests over fiscal funds to secure the debts of their financing vehicles, directly or indirectly.

On 26 April 2017, the MOF, the NDRC, the Ministry of Justice of the PRC, the PBOC and CBIRC and CSRC jointly issued the Circular on Further Regulating the Debt Financing Behaviours of Local Government (關於進一步規範地方政府舉債融資行為的通知) (“**Circular 50**”). According to Circular 50, (i) local governments should not inject public assets and land reserves into their financing vehicles, and should not undertake to use the expected income from transfer of land reserves as sources of debt servicing for their financing vehicles, (ii) when providing financing to enterprises such as financing vehicles, the financial institutions shall not request or accept any form of guarantee of such financing from the local governments and their departments by way of letter of guarantee, letter of undertaking, letter of comfort or otherwise, and (iii) a financing vehicle shall make a written representation to the relevant creditor that it does not perform any financing function on behalf of local governments, and any debts incurred by it after 1 January 2015 shall not be regarded as local government debts pursuant to applicable laws.

On 28 March 2018, the MOF issued the Notice of the Ministry of Finance on Issues concerning Regulating the Investment and Financing Behaviours of Financial Enterprises for Local Governments and State-owned Enterprises (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知) (“**Circular 23**”). According to Circular 23, (i) state-owned financial enterprises are prohibited from increasing loans of local government financing platform companies in violation of regulations including the new Budget Law of the PRC which took effect on 1 January 2015 (the “**New Budget Law**”), the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (國務院關於加強地方政府性債務管理的意見) (“**Circular 43**”) issued by the State Council of the PRC in September 2014 and other requirements, except for purchase of local government bonds, (ii) while providing financing for state-owned enterprises, financing platforms of local government or public-private partnership projects of local construction, state-owned financial enterprises shall, under the “penetration principle”, ensure that the source of financing entities' capital funds is in compliance with applicable laws and regulations, and that the financing projects satisfy the requirements for the proportion of capital funds, (iii) state-owned financial enterprises are obliged to evaluate the financial capabilities of entities raising funds and sources of repayments when they provide agency services to local state-owned enterprises, such as financing platforms of local governments for domestic and overseas bonds issuance. Where the source of repayments made by the entities raising funds involves fiscal funds, state-owned financial enterprises shall conduct due diligence, and carefully verify whether the arrangement to offer fiscal funds is in compliance with applicable laws and regulations, and (iv) such documents, including the offering circulars, shall not disclose information that can implicitly or explicitly indicate the government's endorsement, such as local financial revenues and expenditures and government debt information, or conduct misleading publicity that implies an association with the government's credit.

The above-mentioned regulations regulate the Group's operations and, in particular, may adversely affect the Group's access to financing by imposing requirements not only on the Group but also the lenders. In addition, the PRC government may issue more stringent policies that could affect the business of the financing platforms of local governments in the PRC in the future. Therefore, there can be no assurance that the Guarantor will be able to continue to carry out its business activities under the current business model in the future, which in turn may have a material adverse effect on the Guarantor's business model, sources of financing and results of operations.

PRC regulations on the administration of fiscal debts of local governments will impact the Guarantor's financing mode, business mode and business scope.

In April 2014, the government of Jilin Province released the Opinion on Further Enhancing the Administration of Local Government Debts (吉林省人民政府關於進一步加強政府性債務管理的意見) (“**Jilin Circular 8**”). In September 2014, the State Council of the PRC released Circular 43. In January 2016, the government of Jilin Province released the Implementation Opinion on Further Enhancing the Administration of Local Government Debts (吉林省人民政府關於進一步加強政府性債務管理的實施意見) (“**Jilin Circular 2**”, together with Jilin Circular 8, “**Jilin Circulars**”), pursuant to which the financing platforms of the government of Jilin Province shall no longer serve the government financing functions or incur new government debts.

Since the Guarantor is the primary investment and financing platform of the Changchun Government in urban construction, the Changchun Government funds the repayment of the implicit government debts incurred by the Group in the course of public welfare projects in accordance with the relevant implicit government debts elimination regulations. In accordance with Circular 43 and Jilin Circulars, financing platform companies shall no longer serve the government financing functions or incur new government debts. Public interest projects may be funded by the government through issuing government bonds. Public interest projects which generate income, such as city infrastructure construction, may be operated through the issuance of local government special treasury bonds or operated independently by social investors or jointly by government and social investors through the establishment of special purpose companies. Social investors or special purpose companies shall invest in accordance with market-oriented principles, and their investments may be funded by, among other market-oriented approaches, bank loans, enterprise bonds, project revenue bonds and asset-backed securitisation. Furthermore, such social investors or special purpose companies shall bear the obligation to pay off their debts, and the government shall not be liable for any of the social investors' or the special purpose companies' debts.

In addition, Circular 43 and the Jilin Circulars set forth the general principles of dealing with existing debts of the local financing platforms. In 2014, the local counterparts of the Ministry of Finance of the PRC began an audit on the existing debts of the financing vehicles of local governments whereby the existing debts of the financing vehicles of the local governments will be classified into four types of borrowings, namely (i) borrowings that shall be repaid with funds of the local governments, (ii) borrowings that are guaranteed by the local governments, (iii) borrowings that the local governments has no obligations to repay with public funds but in which case it may choose to provide funding for the local financing vehicles when they are not able to repay the borrowings, and (iv) borrowings that will not be repaid or financed with the funds of the local governments. For the Guarantor's debts that are classified as the third type of borrowings, the Guarantor would be exposed to the risk of non-performance by the Changchun Government to provide financing to the Guarantor when the Guarantor is unable to repay its borrowings that have become due, which is beyond the Guarantor's control. Failure by the Changchun Government to honour its undertaking to provide sufficient funding for the Guarantor to fulfil its payment obligations may cause the Guarantor to default under the relevant indebtedness which, in turn, may have a material adverse effect on its overall financial condition and results of operations.

In addition to Circular 43, Circular 50 reaffirmed that local government debts shall only be incurred through the issuance of local government bonds within the quota approved by the State Council, and the local governments and their departments are not permitted to use any other means for debt financing. The local governments and their departments are prohibited from requesting or ordering enterprises to issue debts for or on behalf of the local governments.

On 11 May 2018, the NDRC and the MOF jointly issued the Circular of the National Development and Reform Commission and the Ministry of Finance on Improving the Market Restraint Mechanism and Taking Strict Precautions against Foreign Debt Risks and Local Debt Risks (國家發展改革委、財政部關

於完善市場約束機制嚴格防範外債風險和地方債務風險的通知) (“**Circular 706**”). According to Circular 706, any enterprise that intends to incur medium- and long-term foreign debts is prohibited from including public schools, public hospitals, public cultural facilities, parks, public squares, office buildings of government departments and public institutions, municipal roads, non-toll roads, non-operating water conservancy facilities, not-charged pipe network facilities and other public assets and the use right of reserve land in enterprise assets.

As at the date of this Offering Circular, the Group’s assets include roads and bridges, drainage pipeline network, some municipal facilities and others. While Circular 706 and the other regulations discussed above illustrate certain types of “public assets”, the definition of public assets is not exhaustive and its interpretation may involve uncertainty; the Guarantor and the Issuer believe that not all such assets constitute public assets within the scope of Circular 706, and the proportion of public assets against the Group’s total assets is relatively small. Circular 706 also reaffirms that the offering circulars of bond issuances shall not disclose information that can implicitly or explicitly indicate the government’s endorsement of the offering, such as local financial revenues and expenditures and government debt information, and strictly prohibits misleading publicity that implies an association with the government’s credit. In addition, the liability of the local government as the shareholder of such foreign-debt-incurring enterprises shall be limited to its agreed obligation to contribute to the registered capital of such enterprises, and the relevant foreign debts should be solely repaid by such enterprises as independent legal persons.

On 6 June 2019, the NDRC issued Notice of the Relevant Requirements for the Application for Recordation and Registration of Foreign Debt Issuance by Local State-owned Enterprises (國家發展改革委辦公廳關於對地方國有企業發行外債申請備案登記有關要求的通知) (“**Notice 666**”), which became effective on the same day. Notice 666 reaffirms that local state-owned enterprises shall take responsibility for foreign debt repayment as independent legal persons. Local governments or their departments shall not directly repay, or promise to repay, the foreign debts of local state-owned enterprises with government funds, nor shall they provide guarantees for the foreign debts issued by the local state-owned enterprises. The foreign debts issued by local state-owned enterprises that undertake the financing function of local governments can only be used to repay medium- and long-term foreign debts due within one year. Meanwhile, local state-owned enterprises shall strengthen information disclosure when issuing foreign debts, and it is prohibited to include misleading publicity information, that may be linked to government’s credit in the offering circular or other documents.

The Group believes that the PRC government will continue to implement Circular 43, Circular 50, Circular 706, Notice 666 and other relevant regulations to control local government debts. Accordingly, the Group should rely on the cashflow generated from its operations and external borrowings to satisfy its cash needs for servicing its outstanding indebtedness and for financing its operating activities. The PRC government may continue to release new policies or amend existing regulations to control the increase in local government debts in China. The Group may be required to further change its financing model and business model, which may have a material impact on its business, financial condition, results of operations and prospects.

The Changchun Government has no obligation to repay any amount under the Bonds. Investments in the Bonds rely solely on the credit risk of the Group. In the event the Issuer or the Guarantor does not fulfil its obligations under the Bonds or the Guarantee, investors will only be able to claim as an unsecured creditor against the Issuer and the Guarantor and their respective assets, and not any other person including the Changchun Government or any other local or municipal government. See “*Risk Factors – The PRC government and the Changchun Government have no obligations under the Bonds or the Guarantee*” for more information.

The Group is exposed to risks associated when entering into contracts with the PRC government and other public organisations, and its performance may be significantly affected by government spending on infrastructure and other projects.

The Group’s customers include agencies or entities owned or otherwise controlled by the PRC government. To the extent that the Group’s projects are funded or paid by such agencies or entities, they may be subject to delays or changes as a result of the changes in the PRC government’s budgets, or of other policy considerations. The PRC government’s spending on infrastructure and other construction projects has historically been, and will continue to be, cyclical in nature and vulnerable to fluctuations in the PRC’s

economic conditions and changes in the PRC government's policies. The Group has exposure to the risks associated with contracting public organisations. In addition, any disputes with PRC governmental entities and other public organisations could potentially lead to contract termination if unresolved, or may take a considerably longer period of time to resolve than disputes with counterparties in the private sector, and payments due to the Group from these entities and organisations may be delayed as a result. In some circumstances, PRC governmental entities and public organisations may require the Group to change its construction methods, equipment or other performance terms, or direct the Group to reconfigure its designs or purchase specific equipment for the relevant project in connection with the Group's engineering and construction projects, or undertake additional obligations, or change other contractual terms, resulting in increased costs. Resolution of any disagreement with PRC governmental entities and public organisations with respect to such changes may be time-consuming and may also cause the Group to incur additional costs. Changes in governmental budgets and policies relating to the Group's projects could also result in delays in project commencement or completion, adverse changes to such projects or a withholding of, or delay in, payment to the Group. If a government entity or other public organisation terminates a contract with the Group, the Group's order book could be reduced, and the Group's business plans may be adversely affected.

The Group may not have access to external financing, or may not have such access on acceptable terms, and its growth prospects and future profitability may be adversely affected as a result.

The Group's core businesses require substantial capital investment. As at 30 September 2020, the Group had an amount of approximately RMB18.75 billion of outstanding bank loans and approximately RMB15.0 billion of outstanding bonds issued in the PRC. The Group has historically satisfied its capital requirement with (i) the cash flow generated from its operating activities, (ii) subsidies from the Changchun Government, (iii) proceeds of bank and other borrowings and issuance of bonds and commercial paper in the PRC capital markets, (iv) funds from investment into the Group, (v) equity investment income, and (vi) special fiscal funds. The Group will continue to require additional capital resources to carry out its businesses in various sectors, in particular, its infrastructure construction projects.

The Group's ability to arrange for external financing and the cost of such financing are dependent on numerous factors, including:

- general economic and capital market conditions;
- changes in monetary policies with respect to bank interest rates and lending policy;
- interest rates and credit availability from banks or other lenders;
- investor confidence in the Group and success of the Group's businesses;
- the Group's ability to obtain the PRC government approvals required to access domestic or international financing;
- provisions of tax and securities laws that may be applicable to the Group's efforts to raise capital; and
- political and economic conditions in the rest of the PRC generally.

There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to the Group. If the Group is unable to obtain financing on a timely basis and at a reasonable cost, it may not be able to undertake new projects or implement them as planned. This would restrict the Group's ability to grow and, over time, may reduce the quality and reliability of the service it provides, and may adversely affect the Group's business, financial condition and results of operations.

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

The Group has maintained a substantial level of indebtedness to finance its operations and, in particular, to finance the Group's expansion of businesses. As at 31 December 2018 and 2019 and 30 September 2020, the Group's aggregate outstanding short-term borrowings, long-term borrowings and non-current liabilities due within one year were RMB46.58 billion, RMB49.63 billion and RMB54.75 billion, respectively. Substantial indebtedness could have a number of impacts on the Group's businesses.

For example, it could:

- require the Group to dedicate part of its operating cash flow to service its indebtedness before it receives any government funding;
- increase the Group's finance costs, thus affecting the overall profits of the Group;
- limit the Group's flexibility in planning for, or responding to, changes in the Group's businesses and the industries in which it operates;
- limit, together with the financial and other restrictive covenants of the Group's indebtedness, among other things, the Group's ability to borrow additional funds; and
- increase the Group's vulnerability to adverse general economic and industry conditions.

If the Group fails to comply with the restrictions (including restrictions on the Group's future investments) and covenants in its current or future debt obligations and other agreements, a default under the terms of such agreements may occur. In the event of a default under such agreements, the lenders could terminate their commitments to the Group, accelerate the debt, declare all amounts borrowed due and payable, or terminate the agreements, as the case may be. Some of the financing arrangements entered into by the Group may contain cross-acceleration or cross-default provisions. A default by the Group under another financing agreement may cause acceleration of the repayment of the debt outstanding under the agreement which contains a cross-acceleration provision, or result in a default under the agreement which contains a cross-default provision. If the Group defaults under a large amount of debts, there can be no assurance that its cash would be sufficient to remedy those debts or repay in full them as they become due, or that it would be able to find alternative financing on terms that are acceptable to it.

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

As at 31 December 2018 and 2019 and 30 September 2020, the Group's notes receivable and accounts receivable were RMB691.03 million, RMB1,682.57 million and RMB745.44 million, respectively, representing 0.31 per cent., 0.72 per cent. and 0.30 per cent. of the Group's total assets, while the Group's long-term receivables were RMB9,927.72 million, RMB5,611.69 million and RMB5,307.43 million, respectively, representing 4.40 per cent., 2.40 per cent. and 2.17 per cent. of the Group's total assets. In addition, as at 31 December 2018 and 2019 and 30 September 2020, the Group's other receivable were RMB55,601.31 million, RMB59,475.86 million and RMB60,752.36 million, respectively, representing 24.62 per cent., 25.46 per cent. and 24.80 per cent. of the Group's total assets.

Most of the Group's engineering construction projects take a long time to complete, and the Group generally requires customers to make payments in stages, upon the achievement of certain project milestones. The Group incurs material, equipment and labour costs associated with a project on an ongoing basis at the beginning of a project or before achieving its relevant project milestones. There can be no assurance that the Group's customers will make payment in full in a timely manner. Delays in receiving payments for which the Group has already incurred significant costs and expenditures can materially and adversely affect the Group's working capital and cash flow and reduce its financial resources that would otherwise be available to fund other projects.

The Group's results of operations may be susceptible to material fluctuations of interest rates.

The Group has substantial indebtedness outstanding. Much of the Group's indebtedness bears interest that accrues at interest rates linked to the benchmark loan prime rate published by the PBOC. Any material fluctuation in the benchmark loan prime rate may have a material impact on the Group's interest expenses and payables under its bank loans and, in turn, affect its results of operations. The PRC government from time to time adjusts interest rates in implementation of the PRC government's economic and monetary policies. The PBOC has adjusted the benchmark one-year lending rate a number of times in the past in response to the changing PRC and global financial and economic conditions. In February 2020, the PBOC reduced the one-year loan prime rate from 4.15 per cent. to 4.05 per cent., and the five-year rate from 4.80 per cent. to 4.75 per cent. This was the first reduction since October 2019. Due to the size of the Group's borrowings, its results of operations will be materially affected by the effective interest rate of these borrowings. There is also no assurance that PBOC will not raise the benchmark loan prime rate further or otherwise discourage bank lending, or that the Group's business, results of operations and financial position will not be materially and adversely affected as a result.

The Group has historically experienced fluctuations in its net operating cash inflows and net profit.

The Group has experienced fluctuations in its net operating cash inflows and net profit in the past three years. The Group's operating cash inflows decreased from RMB6.70 billion in 2018 to RMB0.96 billion in 2019, primarily as the amount of loans granted exceeded the loans collected by the subsidiaries of the Group in 2019. The decrease was also attributable to a mismatch between the development and buyback timetable of its existing businesses, an increase of procurement expenditures in line with its expansion of business, and an increase of other receivables. The Group's operating cash inflows increased from RMB0.40 billion in the nine months ended 30 September 2019 to RMB1.37 billion in the nine months ended 30 September 2020, primarily due to a decrease in special fund designation in 2020 as compared to 2019. The Group recorded a net profit of RMB1.90 billion and RMB1.89 billion for the two years ended 31 December 2018 and 2019, and a net loss of RMB1.09 billion and RMB0.67 billion for the nine months ended 30 September 2019 and 2020.

For urban infrastructure construction projects under BT contracts model and welfare housing construction projects, the Group will start receiving the repurchase payment from the Changchun Government only upon completion of the relevant projects. The repurchase price of these projects would be paid in instalments over a number of years by the Changchun Government. As the Group anticipates continued expansion of its business, it believes that it will continue to require significant capital commitment. Under such circumstances, the Group will continue to rely on external financing to satisfy its working capital and capital expenditure, thus increasing its financial vulnerability and adversely affecting its financial condition and results of operations.

The Group may cease to enjoy government subsidies and grants, the loss of which, or a reduction in which, could substantially reduce the Group's profits.

The Group relies considerably on government subsidies and grants to generate a significant portion of its profits. For the two years ended 31 December 2018 and 2019, the Group received government subsidies in the amount of RMB4.37 billion and RMB4.75 billion, respectively, which accounted for 221.95 per cent. and 239.38 per cent. of the total profit in the respective periods. The decrease in net loss incurred by the Group from RMB1.09 billion for the nine months ended 30 September 2019 to RMB0.67 billion for the nine months ended 30 September 2020 was principally attributable to the increase in government subsidies received from the Changchun Government.

The Group receives financial support and certain preferential treatment from the Changchun Government in various forms, such as government subsidies, governmental funds and interest subsidies grants for its construction projects as well as assets injections, mainly in the form of equity interest of the Group's principle operating subsidiaries and Changchun City's major urban drainage pipeline network. The Changchun Government's continuous financial support to the Group and timely payment of the promised subsidies and grants depend on the future fiscal revenue and fiscal policies of the local and central government. There can be no assurance that the Group will continue to receive the same government subsidies and grants or enjoy the same preferential treatments, since the relevant government policies may change over time. Any loss or reduction in government subsidies and grants or other form of government support could have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's results of operations and operating cash flow from the Group's various business segments may vary significantly from period to period.

The Group's results of operations and operating cash flow from its five principal business segments may vary significantly from period to period due to a number of factors, including the timing of the Group's construction projects, the Group's revenue recognition policies and any volatility in expenses. The overall schedule for the Group's construction projects and the number of projects that the Group can complete during any particular period are both limited due to the substantial capital required for construction.

The construction projects that the Group undertakes and the civil engineering materials involved in the Group's trading business are also subject to general market and economic conditions in the areas where the Group conducts its business and the demand for urban infrastructure construction. Changes in economic conditions and in the Group's ability to take on new projects or sell the civil engineering materials it produces can cause significant fluctuations in the Group's results of operations and operating cash flow from its contracting business.

The Group may not be able to complete its engineering construction projects on time, or at all.

The progress and costs of the Group's urban construction projects can be adversely affected by many factors, including:

- delays in obtaining licences, permits or approvals as required by government authorities;
- changes in government policies or in applicable laws or regulations;
- delays in, or increased costs of, the relocation of existing site occupants or demolition of existing structures;
- shortages of materials, equipment, contractors and skilled labour;
- labour disputes;
- construction accidents;
- disputes with or delays caused by the Group's contractors and sub-contractors;
- delays in the construction of supporting infrastructure or completing land clearing work by local government authorities;
- adverse weather conditions and natural disasters, including earthquakes, ice storms and other natural hazards;
- changes in market conditions;
- unforeseen engineering, design, environmental, structural or geographic problems;
- discovery of historic and cultural relics on the construction site; and
- widespread diseases or epidemics, including COVID-19, SARS, H5N1 or H7N9 flu, H1N1 flu and other diseases.

Construction delays or failure to complete the construction of a project according to its planned specifications, schedule or budget as a result of the above factors may result in increased costs, harm to the Group's reputation, loss of or delay in recognition of revenues and lower returns. In addition, if the Group fails to complete a project by the agreed delivery time, the Group may be liable to its customers for their losses and such customers may seek compensation for late delivery pursuant to the construction contract or PRC laws and regulations. If the delay in completion extends beyond a specified period, the Group's customers may terminate their contracts and claim for damages.

The Group cannot provide assurance that it will not experience any significant delays in the completion of its engineering construction projects in the future or that it will not be subject to any liabilities for any such delays. There can be no assurance that the Group will not experience any delays or other issues with respect to any of its projects. Any of these may disrupt the Group's project schedules and result in violation of the applicable regulations, which could materially and adversely affect the Group's business, financial condition and results of operations and subject the Group to various penalties.

Moreover, further regulatory changes, competition, inability to procure governmental approvals or required changes in project development practice could occur at any stage of the planning and construction process. The Group may not be able to complete projects currently under construction and the Group may find itself liable to customers for losses suffered by them.

The Group's engineering construction business is subject to rising costs for labour and materials, which it may not be able to pass on to sub-contractors or to purchasers.

Construction and development costs account for the majority of the Group's engineering construction business's costs and are one of the significant factors affecting its financial condition and results of operations. As a result of economic growth and the boom in the construction industry in the PRC, wages for construction workers and the price of construction materials and building equipment have substantially increased in recent years. Under the terms of most of the Group's construction contracts, contractors may adjust contract prices to cover increases in the cost of construction materials. In order to maintain relationships with contractors, the Group may agree to bear a greater share of increased material costs than it is contractually obligated to bear. The Group is also exposed to the price volatility of labour and construction materials to the extent that it periodically enters into new construction contracts or renews existing construction contracts on different terms during the life of a project, which may span several years, or, if it chooses, hires construction workers directly or purchases construction materials directly from suppliers. If the Group is unable to pass on any increase in the cost of labour, construction materials or building equipment to either its sub-contractors or to its customers, the Group's contracting business's prospects, financial condition and results of operations may be materially and adversely affected.

The Group may be adversely affected by the performance of third-party contractors.

The Group engages independent third-party contractors for its urban infrastructure construction projects and welfare housing construction projects. The Group generally selects independent contractors through an open tender process. However, there can be no assurance that the services rendered by any of these independent contractors or subcontractors will always be satisfactory or meet the Group's quality and safety standards. If the performance of any independent contractor is not satisfactory, the Group may need to replace such contractor or take other actions to remedy the situation, which could adversely affect the cost and construction progress of its projects. Further, the completion of its infrastructure projects may be delayed, and the Group may incur additional costs in some cases due to a contractor's financial or other difficulties. In addition, the Group may be asked to undertake additional infrastructure development projects by the government on short notice, and there may be a shortage of contractors that meet the Group's quality requirements. Contractors may undertake projects for other companies and developers which may engage in risky or unsound practices or encounter financial or other difficulties, which may affect their ability to complete their work for the Group on time or within budget. Any of these factors could have a material adverse effect on the Group's business, financial condition and results of operations.

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

Some of the past projects developed by the Group involved relocation of indigenous residents and businesses, and the Group believes that similar situations may recur when it develops its future projects. If any indigenous resident or business is dissatisfied with the relocation compensation and refuses to move, the relevant entity of the township government will seek to resolve the dispute by negotiating with the relevant resident or business to reach a mutually acceptable relocation compensation arrangement, or apply to the relevant land authority for its determination on whether the relocation compensation and relocation timetable is in compliance with PRC law. The relevant land authority will then make a decision as to the proper relocation compensation and timetable. There can be no assurance that the relocation of indigenous residents or businesses will proceed smoothly or that they will agree to the compensation. In addition, the amount of compensation to be paid is subject to PRC governmental regulations and can be changed at any time. Any delays affecting such relocations of these indigenous residents or businesses may result in delays in the Group's development schedules and/or increases in its development costs, any of which could have a material adverse effect on its business, financial condition and results of operations.

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

The Group relies heavily on its quality control systems to ensure the safety and quality of its projects and products. Therefore, it needs to maintain an effective quality control system for its infrastructure construction business and other operational activities. However, the effectiveness of the Group's quality control system depends significantly on a number of factors, including the design of the system, the related training programme, as well as its ability to ensure that the Group's and the subcontractors' employees adhere to its quality control policies and guidelines. There is no assurance that the quality of affordable housing constructed by the Group could always meet the required standards. Any failure or deterioration of the Group's quality control systems could result in defects in its projects or products, which in turn may subject the Group to contractual, product liability and other claims. Any such claims, regardless of whether they are ultimately successful, could cause the Group to incur significant costs, harm its business reputation and result in significant disruption to its operations. Furthermore, if any of such claims were ultimately successful, the Group could be required to pay substantial monetary damages or penalties. Although the Group believes that its quality control systems have been functioning properly, there can be no assurance that failures in its quality control systems will not occur in the future, and any such failure could have an adverse effect on the Group's business and operations.

The Group's welfare housing construction businesses are subject to claims under statutory quality warranties.

Under Regulations on the Administration of Quality of Construction Works (建設工程質量管理條例), all property development companies in the PRC must provide certain quality warranties for the properties they develop or sell. The construction company shall fulfil the warranty obligation, and shall be liable for the losses caused if the construction project has quality problems within the warranty scope and warranty period. The Group is required to provide these warranties to its customers. The Group may sometimes receive quality warranties from its third-party contractors with respect to the welfare housing construction projects. If a significant number of claims are brought against the Group under its warranties, and if the Group is unable to obtain reimbursement for such claims from third-party contractors in a timely manner or at all, the Group could incur significant expenses to resolve such claims or face delays in correcting the related defects, which could in turn harm the Group's reputation and have a material and adverse effect on the Group's business, prospects, financial condition and results of operations.

Water shortages and restrictions on the use or supply of water could adversely affect the Group's business.

In the event of water shortages, additional costs may be incurred in order to provide emergency reinforcement to supplies in areas of shortage which may adversely affect the Group's business, financial condition and results of operations. In addition, government restrictions on the use or supply of water may adversely affect the Group's turnover and, in very extreme circumstances, may lead to significant compensation becoming due to customers because of interruptions to supply, both of which could adversely affect the Group's business, financial condition and results of operations.

The Group's water supply business is subject to tariff payments and adjustments.

Operating income from the Group's water supply business consists primarily of tariff payments under the relevant concession agreements. Adjustments to tariffs are generally subject to approvals by the relevant government authorities in the PRC and applications for upward adjustments to the tariffs may usually be made in the case of increases in key costs, including raw material prices, labour costs and electricity charges. There is no assurance that, in the event that there is any increase in such key costs, the relevant government authorities will approve the Group's applications for increasing the tariffs to reflect such increase in costs. Furthermore, even if the relevant government authorities agree to increase the tariffs, there is no assurance that such increase will fully and timely reflect the increase in the Group's actual costs.

Sales of water in traditional water sale areas may decline.

The decline of manufacturing activities in some existing water supply areas where the Group operates has led to a decrease in sales volume of water. At the same time, awareness of water conservation is gradually affecting the Group's sales volume. If the Group fails to expand into new business areas or to adapt its business model, the Group's business, financial condition and results of operations may be adversely affected.

Pollution may have adverse effects on the Group's water supply business.

Water is a resource and a raw material in the water industry, and the quality of raw water has a significant impact on water production. There has been an increase in the occurrence of water pollution in certain cities. Such water pollution is caused by various factors, including, but not limited to, the discharge of untreated sewage directly into water supply source. In the event that raw water is contaminated by pollutants, the Group is required to undertake additional technical procedures to treat such raw water to generate clean drinking water, resulting in increased production costs. The increase in polluted water has also necessitated the Group's investment in additional water production and treatment technologies, resulting in additional costs. If the raw water is contaminated by pollutants that the Group is unable to treat, the Group will not be able to deliver its water services, which could have a material adverse effect on the Group's business, financial condition and results of operations. In addition, the Group's reputation and ability to obtain new projects may be negatively affected.

The Group faces competition in the markets in which it operates, which may adversely affect its business and results of operations.

The Group believes that the construction industry and civil engineering materials manufacturing and trading industry in the PRC are in a market-oriented open-competition environment. The Group's competition comes from various sources, including large state-owned enterprises of the PRC, privately-owned domestic companies, and leading international companies, in Jilin Province in particular. As a result of the PRC's accession to the World Trade Organisation, the PRC government has opened up domestic markets to foreign competition, and foreign invested companies are now allowed to participate in various types of infrastructure projects. The Group also competes with both local and international companies in capturing new business opportunities in the PRC. Some of these companies have significant financial resources, marketing and other capabilities. In the PRC, some of the local companies have extensive local knowledge and business relationships and a longer operational track record in the relevant local markets than the Group. The international companies are able to capitalise on their overseas experience to compete in the PRC markets. The Group's market position depends on its ability to anticipate and respond to various competitive factors, including pricing strategies adopted by competitors, changes in customer preferences, availability of capital and financing resources and the introduction of new or improved products and services. There can be no assurance that the Group's current or potential competitors will not offer services or products comparable or superior to those that it offers at the same or lower prices, or adapt more quickly than the Group does to evolving industry trends or changing market conditions. The Group may lose its customers to its competitors if, among other things, it fails to keep its prices at competitive levels or to sustain and upgrade its capacity and technology. Increased competition may result in price reductions, reduced profit margins and loss of market share.

The Group's trading business is subject to commodity price fluctuation.

The Group's trading business consists primarily of the selling of high-strength, high-performance concrete and building materials, the prices of which are influenced by macroeconomic conditions, and market supply and demand and are subject to fluctuation. There can be no assurance that the prices of concrete or any building material will not fluctuate in the future. At the same time, the potential deterioration of customer credit, commodity quality, payment terms and other factors in the current global economic fluctuation and credit environment is also likely to pose a certain risk to the Group's trading operation.

The Group has limited information on the Small and Medium Enterprises (“SMEs”) and individuals to which it provides financial services, and there can be no assurance that the Group’s customer due diligence is sufficient to uncover material risks relating to its loans and guarantees.

The credit evaluation of the Group’s financial services depends primarily on customer due diligence. A majority of the customers of the Group’s financial services are SMEs and individuals, and available information about such customers is sometimes limited. For example, the accounting records or other financial information of the customers might not have been well maintained, their business model and procedures might not have been documented and they may not have as effective internal controls as larger corporate entities. Inadequate information not only could result in additional work and related costs, but may also undermine the effectiveness of its customer due diligence. The Group normally conducts its own customer due diligence. There can be no assurance that the Group’s investigation is able to procure all material information necessary to make a fully informed decision, or that its due diligence is sufficient to detect customer fraud. If the Group fails to perform thorough due diligence or discover customer fraud or intentional deceit, the quality of its credit evaluation may be compromised. Failure to effectively measure and limit the credit risk associated with its credit guarantee and loan portfolio could have a material adverse effect on its financial service business, financial condition and results of operations. In addition, the Group typically does not monitor the use of the financing it has guaranteed or provided to its customers. If its customers engage in any illegal transactions, such as money laundering activities, the Group may face administrative and criminal liabilities and suffer financial and/or reputational damage.

The Group’s financial guarantee companies are subject to credit risks associated with their guarantees. Further, if the Group is unable to realise the collateral or guarantees securing its loans to cover the outstanding principal and interest balance of its loans, its financial condition and results of operations may be adversely affected.

The Group’s financial guarantee companies are subject to credit risks on their guarantees because certain of their guarantees may need to be fulfilled as a result of non-performance by their customers. If the Group’s financial guarantee companies are not able to force their customers to perform their obligations or to obtain repayment from their customers in respect of these guarantees, the Group’s financial guarantee companies’ business, financial condition and results of operations may be materially and adversely affected.

In the case where the Group’s loans to its customers is secured by collateral, the value of such collateral may fluctuate due to factors beyond the Group’s control, including macroeconomic factors affecting the PRC economy. In particular, an economic slowdown in the PRC may lead to a downturn in the PRC real estate market, which may, in turn, result in declines in the value of the collateral securing some of the Group’s loans to levels below the outstanding principal balance of such loans. Any significant decline in the value of the collateral securing the Group’s loans may result in a reduction in the amount the Group can recover from collateral realisation and an increase in its impairment losses.

In addition, a substantial portion of the Group’s domestic loans and advances to its customers is backed by guarantees. The Group’s exposure to guarantors is generally unsecured, and a significant deterioration in the financial condition of these guarantors increases the risk that the Group may not be able to recover the full, or any, amount of such guarantees if and when required.

General economic and market conditions could materially and adversely affect the securities business of the Group.

The Group’s securities business is directly affected by the inherent risks associated with the securities markets, such as market volatility, investor sentiment, fluctuations in the market capitalisation and trading volume, the supply of liquidity and the perceived creditworthiness of the securities industry in the marketplace. The Group’s business is also subject to changes in the general economic and political conditions, such as macroeconomic and monetary policies, fiscal policies, foreign exchange policies, taxation policies and other policies, legislation and regulations affecting the financial and securities industries, upward and downward trends in the business and financial sectors, inflation, currency fluctuations, availability of short-term and long-term market funding sources, cost of funding and the level and volatility of interest rates.

The PRC securities industry has historically been adversely affected by the tightening of monetary policies and high inflation in the PRC, as well as the volatile PRC A share market. The Hong Kong economy has also experienced disruptions in the past, including the outbreak of SARS in 2003, the global financial crisis in 2008, the market volatility in the second-half of 2011, the outbreak of the COVID-19 pandemic, the recent trade war between the United States and the PRC as well as other political tension in Hong Kong. These economic downturns resulted in substantial losses in the securities markets, significant deterioration in customers' asset quality, and increases in the cost of funding in the overseas markets. The turmoil in the securities markets was caused by a number of factors beyond the Group's control, such as the overall economic conditions of the PRC, Hong Kong, the introduction and suspension of the "circuit-breaker" system and the fluctuations in the exchange rate of Renminbi. Poor market conditions and an increase in credit risks could affect the value of the Group's financial assets and may have an adverse effect on the Group's securities and futures brokerage business, while favourable market conditions may not be sustainable.

A reduction in the Group's income or a loss resulting from its underwriting and brokerage, investments, trading or asset management activities could have a material adverse effect on its business, results of operations and financial condition.

There are risks associated with any investments of the Group.

Before making investment decisions, the Group generally conducts business, financial, legal and other due diligence that the Group deems reasonable and appropriate based on the facts and circumstances applicable to each investment. The due diligence investigation that the Group will carry out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity, which could subject the Group to unknown financial, legal and other risks and liabilities. Also, such an investigation will not necessarily result in the investment being successful. When determining the consideration for any investment, the Group will consider various factors, including, but not limited to, the quality of the target business, estimated costs associated with the investment and the management of the target business, prevailing market conditions and intensity of competition. There can be no assurance that the Group will be able to address these issues effectively.

The brokerage business of the Group is subject to various risks, and there is no guarantee that its brokerage commission and fee income can be sustained.

The brokerage business of the Group is affected by external factors such as general economic conditions, macroeconomic and monetary policies, market conditions and fluctuations in interest rates, all of which are beyond its control. Adverse financial or economic conditions, and securities market volatility, could discourage investor confidence and reduce securities trading and corporate finance activities, which may adversely affect the income of the Group's brokerage and investment banking business. In addition, market competition is another key factor affecting the brokerage business of the Group. The Group monitors its product pricing in relation to competitors and adjusts commission rates and other fee structures to enhance its competitiveness.

The investment banking business of the Group is subject to various risks in the underwriting and sponsorship of securities, and there is no guarantee that its underwriting and sponsor fees can be sustained.

The investment banking business of the Group is subject to certain risks that are primarily related to the underwriting of securities. The primary offering of securities in Hong Kong, in particular by way of an initial public offering, is subject to a merit-based review and approval process conducted by various regulatory authorities. The result and timing of these reviews are beyond the control of the Group and may cause substantial delays to, or the termination of, securities offerings it underwrites and sponsors. There is no guarantee that such approvals will be granted in a timely manner or at all in the future. A significant decline in the approval rate of the securities offerings the Group sponsors could harm its reputation, erode client confidence and reduce its underwriting and sponsors' fee income, because the Group receives most of its fees only after the successful completion of a securities offering.

In addition, substantial capital market volatility may cause the securities that the Group underwrites to be undersubscribed. Since the Group may underwrite securities offerings on a firm-commitment basis, it would then be required to purchase some or the entire unsubscribed portion for its own account, which would materially and adversely affect its liquidity. After trading begins, if the Group sells the securities on its own account to investors below the offer price at which it was committed to purchase, it would incur losses on the sales of those securities.

Intensifying price competition in investment banking business from competing securities firms may force the Group to charge a lower underwriting fee rate to remain competitive. This could cause the underwriting and sponsor fees of the Group to be reduced, which could adversely affect its business, financial condition and results of operations.

Furthermore, when acting as a sponsor in the underwriting of securities, the Group may be subject to regulatory sanctions, fines, penalties or other disciplinary actions for conducting inadequate due diligence in connection with an offering, fraud or misconduct committed by issuers, their agents, other sponsors or itself, misstatements and omissions in disclosure documents, or other illegal or improper activities that occur during the course of the underwriting process.

The Group is subject to extensive regulatory and licensing requirements, the non-compliance with which could cause it to incur penalties or could affect its ability to carry on its business activities.

As a participant in the securities and financial services industries in the PRC and Hong Kong, the Group is subject to extensive PRC and Hong Kong regulatory and licensing requirements, which are designed to ensure the integrity of the financial markets, the soundness of securities firms and other financial institutions and the protection of investors. These regulations often serve to limit the activities of the Group by, among other things, imposing capital requirements, limiting the types of products and services it may offer, restricting the types of securities in which it may invest and limiting the number and location of branches it may establish. Despite the efforts of the Group to comply with applicable regulations, there are a number of associated risks, particularly in areas where applicable regulations may be unclear or where regulators subsequently revise their previous guidance. Material incidents of non-compliance may subject the Group to penalties or restrictions on its business activities, which could have a material adverse effect on its business, results of operations or financial condition. In 2017, the Guarantor was also once disciplined by the National Association of Financial Market Institutional Investors for having filed its 2016 annual report and 2017 first-quarter financial statements late. The Group is also required to hold various licences in the PRC and Hong Kong in order to carry on its business activities. These licences may be revoked or withdrawn by the relevant issuing authority if the Group breaches or is unable to comply with the terms and conditions of these licences, or otherwise at the discretion of the relevant issuing authority. In addition, there can be no assurance that the Group will be able to obtain or renew its existing approvals, permits and licences on commercially reasonable terms in a timely manner. In the event of the revocation or withdrawal or failure to renew of any licence which is necessary for the Group to carry on its business activities, the Group may be required to limit or cease the relevant business activity, which, in turn, may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

New legislation or changes in the PRC and Hong Kong regulatory requirements may affect the business operations and prospects of the Group.

The PRC and Hong Kong securities industry is highly regulated, and relevant rules and regulations could be changed from time to time based on the development of the securities markets.

New rules and regulations and changes in the interpretation or enforcement of currently existing rules and regulations may directly impact the business strategies and prospects of the Group. In addition, changes in the rules and regulations could result in limitations on the business lines the Group may conduct, modifications to its business practices or additional costs.

The Group may suffer significant losses from its credit exposures related to its securities businesses.

The securities businesses of the Group are subject to risks that a customer or counterparty may fail to perform its contractual obligations, or that the value of collateral held to secure the obligations might be inadequate.

While the Group has internal policies and procedures designed to manage such risks, these policies and procedures may not be fully effective. The credit exposure of the Group mainly results from its margin financing and securities lending businesses and its role as a counterparty in financial and derivative contracts. Any material non-payment or non-performance by a customer or counterparty could adversely affect the financial position, results of operations and cash flows of the Group.

In addition, the Group has exposure to credit risk associated with its available-for-sale investments and held-to-maturity financial assets. These investments may also be subject to price fluctuations as a result of changes in the financial market's assessment of the issuer's creditworthiness, delinquency and default rates and other factors, which could adversely affect the financial condition and results of operations of the Group.

The Group faces additional risks as it expands its investment banking and financial services product and service offerings.

The Group may face additional risks as it expands its investment banking and financial services product and service offerings. The Group intends to continue to expand its investment banking and financial services product and service offerings as permitted by the PRC and Hong Kong regulatory authorities, to transact with new customers not in its traditional customer base and to enter into new markets. These activities may expose the Group to new and increasingly challenging risks, including, but not limited to:

- the Group may have insufficient experience or expertise in offering new products and services and dealing with new counterparties and customers;
- the Group may be subject to greater regulatory scrutiny, increased credit risks, market risks and operational risks;
- the Group may suffer from reputational concerns arising from dealing with less sophisticated counterparties and customers;
- the Group may be unable to provide customers with adequate levels of service for its new products and services;
- the Group may be unable to hire additional qualified personnel to support the offering of a broader range of products and services;
- the Group's new products and services may not be accepted by its customers or meet its profitability expectations;
- the Group may be unable to obtain sufficient financing from internal and external sources to support its business expansion; and
- the Group may not be successful in enhancing its risk-management capabilities and IT systems to identify and mitigate the risks associated with these new products and services, new customers and new markets.

If the Group is unable to achieve the intended commercial results with respect to its offering of new products and services, its business, financial condition, results of operations and prospects could be materially and adversely affected.

New legislation or changes in the PRC regulatory requirements may affect the business operations and prospects of the Group.

The PRC financial industry is a highly regulated industry, and relevant rules and regulations could be changed from time to time based on the development of the financial market. New rules and regulations, as well as changes in the interpretation or enforcement of currently existing rules and regulations, may directly impact the business strategies and prospects of the Group. In addition, changes in the rules and regulations could result in limitations on the financial services business lines that the Group may conduct, modifications to its business practices, or additional costs.

As the PRC financial industry is still evolving, most of the newly introduced businesses require further development and improvement, and there are some uncertainties regarding the enforcement of existing rules and regulations in relation to these new businesses. New legislation and changes in the interpretation or enforcement of rules and regulations for these new businesses may result in changes in, or the suspension of, certain of the new businesses of the Group, which could have a material adverse effect on the business prospects of the Group.

The Group's financial services business is susceptible to the operational failure of third parties.

The Group faces the risk of operational failure or termination of any of the exchanges, depositaries, clearing agents or other financial intermediaries it uses to facilitate its securities transactions. Any operational failure or termination of the particular financial intermediaries that it uses could adversely affect its ability to effect transactions, serve its clients, and manage its risk exposure. In addition, as the Group's interconnectivity with its clients grows, the Group's business also relies heavily on its customers' use of their own systems, such as personal computers, mobile devices and the internet; and the Group will increasingly face the risk of operational failure with respect to its clients' systems. The operational failure of third parties may harm the business and reputation of the Group, which could have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

The financial services business may be materially adversely affected if the Group fails to maintain effective or adequate risk management and internal control systems.

The Group has established risk management and internal control systems and procedures. Certain areas within its risk management and internal control systems may require constant monitoring, maintenance and continued improvements by its senior management and staff. Its business and prospects may be materially and adversely affected if its efforts to maintain these systems are proved to be ineffective or inadequate. Deficiencies in its risk management and internal control systems and procedures may adversely affect its ability to record, process, summarise and report financial and other data in an accurate and timely manner, and adversely impact its ability to identify any reporting errors and non-compliance with rules and regulations.

The Group's internal control systems may contain inherent limitations caused by misjudgement or fault. As a result, there is no assurance that its risk management and internal control systems are adequate or effective notwithstanding its efforts, and any failure to address any internal control matters and other deficiencies could result in investigation and disciplinary actions or even prosecution being taken against it or its employees, disruption to its risk management system, and material and adverse effects on its financial condition and results of operations.

The Group may cease to enjoy preferential tax treatment and tax exemptions, the loss of which, or a reduction in which, could reduce the Group's profits.

Pursuant to the *Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax* issued by the Ministry of Finance of the People's Republic of China and the State Administration of Taxation (財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知), the Group's interest income related to the uniform lending and repayment business conducted by the Group within its enterprise group at a rate not higher than the loan interest rate paid to financial institutions or the nominal rate of bonds is free from value-added tax. While PRC legal advisors to the Guarantor have confirmed that such preferential tax treatment is not in violation of the applicable PRC Laws, there is no assurance that the preferential tax treatment will not be withdrawn or revoked by the PRC government or become inapplicable before the expiry of the current exemption term. If the Group ceases to enjoy such preferential tax benefits or if the scope of the preferential treatment is scaled back, the Group's financial condition and results of operations may be adversely affected.

Further, there is no assurance that the Group will continue to receive the same preferential tax treatments or government grants, since the relevant government policies may change over time. Any loss or reduction in preferential tax treatments or government grants could have an adverse effect on the Group's results of operations, prospects and financial position.

The Group is subject to joint-venture risks.

Certain of the Group's operations are conducted through jointly controlled entities and associated companies. Co-operation and agreement among the Group's joint venture partners on its existing or any future projects are important factors for the smooth operation and financial success of such projects. The Group's joint-venture partners may (i) have economic or business interests or goals that are inconsistent with those of the Group, (ii) be unable or unwilling to fulfil their obligations under the relevant joint venture, or other agreements or (iii) experience financial or other difficulties. Further, the Group may not be able to control the decision-making process of the joint ventures without reference to the joint venture partners and, in some cases, it may not have majority control of the joint venture. The Group does, however, through contractual provisions or representatives appointed by it, typically have the ability to influence certain material decisions. Although the Group has not, to date, experienced any significant problems with its partners, no assurance can be given that disputes among its partners will not arise in the future that could adversely affect such projects which, in turn, may have an adverse impact on the Group's business, financial condition, operating results and future prospect.

The Guarantor is a holding company with no operations and relies on its operating subsidiaries to provide it with funds necessary to meet its financial obligations and to pay dividends.

The Guarantor is a holding company with no material direct operations. Its principal assets are the equity interests it directly or indirectly holds in its operating subsidiaries, which own its operating assets. As a result, it is dependent on dividends and other payments from its subsidiaries to generate the funds necessary to meet its financial obligations and to pay dividends. The Guarantor's subsidiaries are legally distinct from the Guarantor. There is no assurance that such requirement will not be amended or terminated in the future, which may have a materially adverse effect on the Group's financial condition.

The Group's business is subject to extensive government regulation and unforeseeable changes in rules and regulations by the PRC government.

Certain of the Group's businesses are highly regulated. As a result, the Group may face significant constraints on its flexibility and ability to expand its business operations or to maximise its profitability. In addition, the regulations and policies applicable to the Group's business may change from time to time. Changes in regulations and policies may adversely affect the Group's operations. The cost of complying with government regulations may become substantial. Although the Group has obtained all the approvals required to conduct its present operations, a failure or delay in obtaining any additional regulatory approvals required in the future could harm the Group's business and financial results.

In particular, the PRC is undergoing rapid economic development, and government regulations and policies are regularly promulgated to address such development. For example, unfavourable changes in PRC government policies that affect the transportation infrastructure industries could adversely affect the Group's transportation urban construction and operation business and, in turn, its results of operations or financial condition.

The Group may not successfully implement its growth strategy.

In connection with the implementation of its business growth, the Group's strategy will, to some extent, depend on the identification of attractive projects, obtaining required approvals from relevant regulatory authorities in the PRC, and the availability and cost of financing. The Group's ability to continue to develop its business will depend on it being able to identify favourable opportunities, reach agreements with potential joint venture partners on commercial and technical terms satisfactory to the Group, and to enter into binding contracts with such parties, and to obtain financing to fund the projects. While the Group is experienced in conducting such negotiations, the success of negotiations with respect to any particular project cannot be assured. In addition, the Group may not successfully integrate newly acquired operations with its existing operations. Each project will also require certain government consents and approvals as part of the development process. There can be no assurance as to the timing and completion of any particular investment or joint venture arrangement or as to the availability of attractive investment opportunities.

There can also be no assurance that the Group's future projects will provide terms that are equivalent to, or as favourable as, the Group's existing projects. Failure to develop new projects will adversely affect the Group's growth prospects.

The Group may not successfully manage its growth.

The Group comprises a large number of companies operating in a variety of industries. As the Group continues to grow, its operations will become more widespread and complex. It might become increasingly challenging for the Group to direct and monitor the day-to-day operations of its different business segments, to prevent and detect fraud, and to protect its assets. To meet this challenge, the Group must continue to improve its managerial, technical, operational and other resources, and to implement an effective management and internal control system that emphasises proper authorisations, reliability and accountability of financial reporting, imposes financial and internal control disciplines on subsidiary and associate companies, and creates value-focused incentives for the management. In addition, in order to fund the Group's ongoing operations and its future growth, the Group needs to have sufficient internal sources of liquidity or access to additional financing from external sources. Further, the Group will be required to manage relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties. There can be no assurance that the Group will not experience issues such as capacity and capital constraints, construction delays, operational difficulties at new facilities or difficulties in upgrading or expanding existing facilities and training an increasing number of personnel to manage and operate those facilities. In particular, failure of the Group to implement its expansion plans in a timely manner could adversely affect its ability to maintain, expand and diversify its revenue base and to maintain the profitability of the Group. There can be no assurance that such expansion plans will not adversely affect the Group's existing operations and thereby will have a material adverse effect on its business, financial condition, operating results and future prospects, and could cause the price of the Bonds to fall.

The Group's operations are subject to hazards customary to various industries the Group operates in, and the Group's insurance policies may not be adequate and do not cover damage and losses arising from acts of terrorism and related events.

The Group participates in operations in various industries through its subsidiaries, and its operations involve many potential risks, including breakdown, equipment failures, sub-standard performance of equipment, improper installation or operation of equipment, natural disasters, environmental or industrial accidents, labour disturbances, disputes with contractors and other business interruptions. The occurrence of any of the above may materially and adversely affect the Group's business or results of operations.

The Group maintains insurance policies in line with general business practices in the PRC in the relevant industries. There are, however, certain types of losses (such as those arising from wars, acts of terrorism or acts of God, business interruption, property risks and third party (public) liability) that generally are not insured because they are either uninsurable or not economically insurable. Should an uninsured loss or a loss in excess of insured limits occur, the Group could lose capital invested in the relevant property, as well as anticipated future revenue and, in the case of debt that is with recourse to the Group, the Group may remain liable for financial obligations related to the relevant property. Any such loss could adversely affect the operating results and financial condition of the Group.

Further, since the attacks on the United States on 11 September 2001, many insurance companies have substantially increased their premiums. Insurance companies are also seeking to exclude insurance risks and claims relating to terrorism or related activities. As a result, the Group's insurance policies do not cover damages and losses arising from acts of terrorism or related events.

Failure in the Group's information and technology systems may result in delays in the Group's business operations.

The Group has established a modern information management system covering areas of the Group's business operations in various industries as well as financial and accounting management. Such technology is intended to improve the efficiency of the Group's operations and assist in monitoring and controlling all aspects of the Group's operations. Any failure or breakdown in these systems could interrupt the Group's normal business operations in relation to its distribution segment, and may affect the Group's usual operational and management efficiency. Any prolonged failure or breakdown may significantly impact the Group's business and, consequently, results of operations.

The Group's operation also relies on computer, communications or other technology systems in monitoring the operation of the water plants, sewage treatment plants and financial institutions. These systems could be disrupted due to various events, some of which are beyond its control, including natural disasters,

power failures, terrorist attacks, equipment failures, software failures, computer viruses and hackers. The Group has taken certain steps to help reduce the risk of some of these potential disruptions. However, the Group cannot guarantee that the measures that it has taken to reduce the risk of some of these potential disruptions are adequate to prevent or remedy disruptions or failures of these systems. Any substantial or repeated failure of these systems could result in the loss of important data, loss of revenues, and increased costs, and generally harm the Group's business, profitability, reputation and customer services.

The Group is required to comply with various environmental, safety and health laws and regulations which may be onerous or expensive to comply with.

The Group is required to comply with various environmental, as well as health and safety, laws and regulations promulgated by the PRC government. These laws and regulations govern the level of fees payable to governmental entities providing environmental services, and prescribe the standards for the use, storage, discharge and disposal of chemical by-products of, and water used in, its manufacturing processes. If the Group fails to comply with these laws and regulations, it could be exposed to penalties, fines, suspension or revocation of its licences or permits to conduct business, administrative proceedings and litigation. Given the magnitude and complexity of these laws and regulations, compliance with them or the establishment of effective monitoring systems may be onerous or require a significant amount of financial and other resources. As these laws and regulations continue to evolve, there can be no assurance that the PRC government or the governments of other overseas jurisdictions in which the Group has operations will not impose additional or more onerous laws or regulations, compliance with which may cause the Group to incur significantly increased costs, which the Group may not be able to pass on to its customers.

The Group may fail to obtain or renew required government approvals, permits and licences for its operating activities.

The Group is required to obtain certain government approvals, permits and licences for its operating activities across its respective business segments. The Group's ability to carry on its business across its respective business segments is therefore subject to its ability to obtain, and the PRC government's decision to issue, renew and not revoke, such requisite approvals, permits and licences.

There can be no assurance that the Group will be able to obtain or renew its existing approvals, permits and licences on commercially reasonable terms in a timely manner, or at all, or that such approvals, permits and licences will not be revoked by the relevant authorities. The Group could be subject to fines or penalties imposed by the relevant government authorities, or required to cease the construction or operation of certain of the Group's projects due to non-compliance with the terms of the government approvals, permits and licences. Any such fines, penalties or orders for the cessation of construction or operation could materially and adversely affect the Group's business, financial condition and results of operations.

The Group's businesses may be affected by an outbreak, or threatened outbreak, of any severe contagious disease and occurrence of natural disasters which may, in turn, significantly reduce demand for the Group's services and have an adverse effect on its financial condition and results of operations.

The Group's business is subject to general economic and social conditions in the PRC. Natural disasters, epidemics and other acts of God which are beyond the Group's control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. Some regions in the PRC, including the cities where the Group operates, such as Changchun City, are under the threat of earthquake, sandstorm, snowstorm, fire, drought, or epidemics Severe Acute Respiratory Syndrome (SARS), H5N1 avian flu, human swine flu (also known as Influenza A ("H1N1")), H7N9 or COVID-19 pandemic (as described in further details in "*Description of the Guarantor and the Group – Recent Developments*"). In addition, past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in the PRC. The outbreak of COVID-19, a recurrence of SARS, an outbreak of any other epidemics in the PRC, such as the H5N1 or the H7N9 avian flu, or the measures taken by the PRC government or other countries in response to a future outbreaks of SARS, H5N1 avian flu, H1N1, COVID-19 or other epidemics, especially in the cities where the Group has operations, may result in a material influence on the Group's related business which, in turn, may adversely affect its financial condition and results of operations.

The Group may be involved in legal and other proceedings arising out of its operations from time to time and may face significant liabilities as a result.

The Group is involved in disputes arising from the ordinary course of its business with various parties with respect to land development, financial service and engineering construction businesses, including government authorities, contractors, suppliers and partners. These disputes may lead to legal or other proceedings and may result in substantial costs and diversion of resources and management's attention, and may have a material and adverse effect on its reputation and the Group's business and results of operations.

As of the date of this Offering Circular, the Group was not involved in any material legal or administrative proceedings. However, there can be no assurance that the Group will not be involved in legal or administrative proceedings in the future that may result in an outcome which may have a material adverse effect on the Group's business, financial condition and results of operations, or have a negative impact on the Group's reputation or brand. Further, the Group may have disagreements with regulatory bodies in the course of its operations, which may subject the Group to administrative proceedings and unfavourable decrees that result in pecuniary liabilities and cause delays to the Group's ordinary course of business.

The Group may have difficulty implementing and monitoring corporate policies across its subsidiaries in the PRC.

The Group strives to implement its corporate governance, operational and safety standards across each of its subsidiaries in the PRC in a uniform manner. As at 30 September 2020, the Group held a controlling ownership interest in a total of 15 subsidiaries operating in multiple industries. As such, the Group is exposed to risks associated with multiple businesses. The Group is exposed to business, market and regulatory risks relating to different industries and may, from time to time, expand its businesses to new industries, markets and geographic areas in which it has limited operating experience. It needs to devote substantial resources to become familiar with, and monitor changes in, different operating environments so that it can succeed in its businesses. In addition, the Group's recent expansion in the number of new projects, implementing and monitoring these standards may prove difficult, and failure to do so may result in violations of local regulations or the Group's own internal policies. There can be no assurance that the Group can effectively monitor each subsidiary and prevent non-compliance. This may result in violations that could affect the Group's reputation and business prospects in the PRC, which could materially and adversely affect the Group's financial condition and results of operations.

Furthermore, the Guarantor may provide direct funding, guarantees and other support to certain of its portfolio companies. For example, the Guarantor provides shareholder loans to, or acts as a guarantor for the borrowings of, certain portfolio companies. If a portfolio company defaults on any borrowings lent or guaranteed by the Guarantor, the Guarantor will not receive the repayment as planned, or the relevant lender may exercise its right under the guarantee to demand repayment from the Guarantor. The occurrence of either of these types of events may result in a funding shortage at the Guarantor level and may materially and adversely affect the Guarantor's ability to provide financial support to its other portfolio companies. If the Guarantor's financial or non-financial support ceases or diminishes for any reason, the operations of the relevant portfolio companies may be materially and adversely affected, which, in turn, may have a material adverse impact on the Group's business, financial condition, results of operations and prospects.

The Group's operations depend on key management and professional staff, and the Group's business may suffer if it is unable to retain or replace them.

The success of the Group's business depends on, to a large extent, the ability to attract and retain key personnel who possess in-depth knowledge and understanding of, and extensive working experience in, the core industries where the Group operates. These key personnel include members of the core management, risk management staff, IT specialists, sales staff and other key personnel of the Group. Therefore, the Group devotes considerable resources to recruiting and retaining these personnel. However, the market for quality professionals is highly competitive and the Group faces increasing competition in recruiting and retaining these individuals as other financial institutions are vying for the same pool of talent. Intensive competition may require the Group to offer higher compensation and other benefits in order to attract and retain qualified professionals, which could result in additional expenditures. The Group may be unable to attract or retain these personnel, and the failure to do so could severely disrupt the business and prospects

of the Group. In addition, due to the rapid development of the PRC investment industry, the Group's current professionals' knowledge and skills may be insufficient to meet the need for investment strategy innovations, which may materially and adversely affect the Group's business, financial condition and results of operations.

The Group may not be able to prevent fully, or to detect, money laundering or other illegal or improper activities or misconduct in its business operations.

The Group has complied strictly with applicable anti-money laundering laws and other relevant regulations. The Group has continued to optimise its anti-money laundering mechanisms, actively fulfilled applicable anti-money laundering regulatory requirements, and comprehensively improved the management standard of its anti-money laundering compliance. The Group is not aware of any money laundering or other major illegal or improper activities or misconduct engaged in by, or involving, any employee, customers and other parties with whom the Group has a business relationship in its domestic or overseas operations. However, in light of the complexity of money-laundering activities and other illegal or improper activities or misconduct, the policies and procedures adopted by the Group may not completely eliminate the possibility of it being utilised by other parties to engage in money-laundering and other illegal or improper activities or misconduct. If the Group fails to detect and prevent money-laundering activities or other illegal or improper activities or misconduct, relevant regulatory agencies will have the power and authority to impose sanctions on it, which may materially and adversely affect its reputation, business, financial condition and results of operations.

The Group's auditors were previously subject to investigations initiated by relevant PRC authorities, and have a relatively small number of international operations.

Da Hua, the Group's independent auditor, is a registered member of The Chinese Institute of Certified Public Accountants supervised by relevant PRC regulatory agencies, including the MOF and China Securities Regulatory Commission (the "CSRC"). Da Hua was previously under investigation initiated by the CSRC ("CSRC Investigations"). The CSRC Investigations are mainly focused on the independence of auditors, the appropriateness of the implementation of accounting standards, the adequacy of professional scepticism in the auditing process, and the reasonableness of the judgements made by auditors. If Da Hua were found to be deficient in performing its audit tasks, it could affect investors' confidence in companies and financial statements audited by it. There is no assurance that there will not be prolonged or broadened investigations, or any indication of what the results or impact of the CSRC Investigations will be. Nor is there any assurance that negative news about Da Hua would not have a material and adverse effect on the Group. Da Hua has confirmed to the Group that their auditing work for the Group, including in respect of the financial statements included elsewhere in this Offering Circular, is not affected by the CSRC Investigations. Da Hua has also confirmed that the CSRC Investigations are not related to the signing partners and registered accountants of the Da Hua team serving as the Group's auditors for this offering.

Furthermore, although Da Hua has significant audit experience in the PRC, it has a relatively small number of international operations.

Potential investors should consider these factors prior to making any investment decision.

The Guarantor's audited consolidated financial statements have been prepared and presented in accordance with PRC GAAP, which is different from IFRS in certain respects.

Save as disclosed herein, the Guarantor's audited consolidated financial statements included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. See "*Summary of Certain Material Differences between PRC GAAP and IFRS*". There is no guarantee that the PRC GAAP will fully converge with IFRS or there will be no additional differences between the two accounting standards in the future. Each investor should consult its own professional advisers for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

The Guarantor published and may continue to publish interim financial information in the PRC pursuant to applicable PRC regulatory rules. Investors should be cautious and not place undue reliance on the Guarantor's unaudited and unreviewed financial information or the discussion of material financial trends in relation to the Guarantor's unaudited and unreviewed financial information as at and for the nine months ended 30 September 2020.

The Guarantor from time to time issues corporate bonds and short-term financing bills in the domestic capital markets in the PRC. According to applicable PRC securities regulations on debt capital markets, the Guarantor needs to publish its quarterly, half year and annual financial information to satisfy its continuing disclosure obligations relating to its corporate bonds and short-term financing bills. After the Bonds are issued, the Guarantor is obligated by the terms of the Bonds, among others, to provide holders of the Bonds with its audited financial statements and certain unaudited and unreviewed interim financial statements. The quarterly and half year financial information published by the Guarantor in the PRC is normally derived from the Group's management accounts and has not been audited or reviewed by independent auditors. As such, this financial information published in the PRC should not be referred to or relied upon by potential purchasers to provide the same quality of information associated with any audited information. The published financial information in the PRC may be adjusted or restated to address subsequent changes in accordance with the accounting standards, the Guarantor's accounting policies and/or applicable laws and regulations affecting the Group's financial reporting or to reflect the subsequent comments given by independent auditors during the course of their audit or review. Such adjustment or restatement may cause discrepancies between the financial information with respect to a particular period or date contained in the Group's management accounts subsequently published in the PRC and its audited or reviewed financial statements to be provided to holders of the Bonds.

RISKS RELATING TO THE PRC

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

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

The economy of the PRC differs from the economies of most developed countries in many respects, including with respect to government involvement, level of development, economic growth rate, control of foreign exchange and allocation of resources. The economy of the PRC has been transitioning from a planned economy to a more market-oriented economy. In recent years, the PRC government has implemented a series of measures emphasising market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises. Some of these measures benefit the overall PRC economy, but may also negatively affect the Group's operations. For example, the Group's financial condition and results of operations may be adversely affected by the PRC government's control over capital investments or any changes in tax regulations or foreign exchange controls that are applicable to the Group.

However, a large portion of productive assets in the PRC remain owned by the PRC government. The PRC government continues to play a significant role in regulating industrial development, the allocation of resources, production, pricing and management, and there can be no assurance that the PRC government will continue to pursue its economic reforms or that any such future reforms will not have an adverse effect on the Group's business.

The Group's operations and financial results could also be affected by changes in political, economic and social conditions, or the relevant policies of the PRC government, such as changes in laws and regulations (or the interpretation thereof). In addition, the growth of infrastructure construction demand in the PRC depends heavily on economic growth. If the PRC's economic growth slows down or if the economy of the PRC experiences a recession, the growth of infrastructure construction demand may also slow down, and the Group's business prospects may be materially and adversely affected. See also "*Risk Factors – The Group's businesses are dependent on future economic growth in the PRC and internationally.*" for more information. The Group's operations and financial results, as well as its ability to satisfy its obligations under the Bonds, could also be materially and adversely affected by changes to, or introduction of measures to control, changes in the rate or method of taxation and the imposition of additional restrictions on currency conversion.

The PRC legal system is evolving, and uncertainty with respect to the PRC legal system could affect the Group.

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

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

Substantially all of the Group's assets are located within the PRC. In addition, most of the Group's directors and senior management reside within China, and assets of the directors and senior management may also be located within China. As a result, it may not be possible to effect service of process outside China upon most of the Group's directors and senior management, including for matters arising under applicable securities law. A judgment of a court of another jurisdiction may be reciprocally recognised or enforced if the jurisdiction has a treaty with China, or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of other requirements. However, in respect of civil and commercial matters, China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with many countries, including Japan, the United States and the United Kingdom; therefore, it may be difficult for investors from these countries to enforce any judgments obtained from non-PRC courts against the Group, the Guarantor, any of their respective directors or senior management in the PRC. See "*Risk Factors – Risks relating to the Bonds and the Guarantee – Additional procedures may be required to be taken to hear English law governed matters in the courts of Hong Kong. There is also no assurance that the PRC courts will recognise and enforce judgments of the courts of Hong Kong.*" for more information.

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

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

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

Fluctuations of the Renminbi could affect the Group’s financial condition and results of operations.

Substantially all of the Group’s revenues are generated by the Group’s subsidiaries in the PRC and are denominated in Renminbi. The value of the Renminbi against other currencies may fluctuate and is affected by, among other things, changes in China’s political and economic conditions. On 21 July 2005, the PRC government reformed its exchange rate regime by adopting a managed floating exchange rate regime based on market supply and demand. Under this regime, the Renminbi is no longer pegged to the US dollar but is permitted to fluctuate within a narrow and managed band with reference to a portfolio of currencies. There is no assurance as to how and to what extent the exchange rate of the Renminbi will fluctuate against the Hong Kong dollar, U.S. dollar or any other foreign currency in the future. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future. However, there is no assurance if or when these further reforms will occur. On 5 August 2019, the PBOC set the Renminbi’s daily reference rate above 7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. The Group has payment obligations arising from its trading activities overseas and debt obligations, both of which are denominated in foreign currencies. In this regard, depreciation of the Renminbi against the Hong Kong dollar or any such other relevant foreign currencies could have an adverse effect on the Group’s business, financial condition and results of operations.

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

In China, the Labour Contract Law of the PRC (中華人民共和國勞動合同法), as amended in December 2012 with such amendments becoming effective from 1 July 2013 (the “**Labour Contract Law**”), the Interim Provisions on Labour Dispatching (勞務派遣暫行規定), which came into effect on 1 March 2014, and the Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例), which became effective on 1 January 2008, all provide for regulation on employment contracts, temporary employment, paid vacation, employment termination and related compensation. These laws and regulations in general have improved employee benefits and protections, implemented more restrictions on the use of dispatched workers, temporary employees, and have increased cost to employers upon termination of employees. As a result of these protective labour measures or any additional future measures, the Group’s labour costs may increase. The Group cannot give assurance that any disputes, work stoppages or strikes will not arise in the future.

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

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

Certain facts and statistics in this Offering Circular are derived from publications not independently verified by the Issuer, the Guarantor, the Joint Lead Managers or their respective advisers.

Some of the facts and statistics in this Offering Circular relating to the PRC, the PRC economy and industries in which the Group operates and its related industry sectors are derived from various publications and obtained from communications with various agencies that the Issuer and the Guarantor believe to be reliable. However, neither the Issuer nor the Guarantor can guarantee the quality or reliability of certain source materials. Such source materials have not been prepared or independently verified by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee, the Agents (as defined in the Conditions) or any of its or their respective affiliates, employees, directors, agents, advisors or representatives, and, therefore, the Issuer, the Guarantor, the Joint Lead Managers, the Trustee, the Agents or any of its or their respective affiliates, employees, directors, agents, advisors or representatives make no representation as

to the completeness, accuracy or fairness of such facts or other statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics in this Offering Circular relating to the PRC economy and the industries in which the Group operates and its related industry sectors may be inaccurate. In all cases, Bondholders should consider how much weight or importance they should attach to, or place on, such facts and statistics.

RISKS RELATING TO THE BONDS AND THE GUARANTEE

The PRC government and the Changchun Government have no obligations under the Bonds or the Guarantee.

The PRC government (including the Changchun Government) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds or the Guarantee of the Bonds in lieu of the Issuer or the Guarantor. This position has been reinforced by Circular 706, Notice 666 and Circular 23 (each as defined in “*PRC Regulations – Regulation on Fiscal Debts of Local Governments*”).

The PRC government and the Changchun Government, through Changchun SASAC, as the ultimate shareholders of the Guarantor only have limited liability in the form of their equity contribution in the Guarantor. As such, neither the PRC government nor the Changchun Government have any payment obligations under the Bonds or the Guarantee. The Bonds are solely to be repaid by the Issuer (and the Guarantee is to be satisfied only by the Guarantor), each as an obligor under the relevant transaction documents and as an independent legal person.

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

The Bonds are complex financial instruments and may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to a potential investor’s overall portfolio. A potential investor should not invest in the Bonds unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor’s overall investment portfolio.

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds, and the information contained in this Offering Circular or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor’s currency;
- (iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets;
- (v) understand the tax consequence of the purchase, ownership and disposition of the Bonds; and
- (vi) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

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

The Bonds constitute a new issue of securities for which there is currently no trading market.

There is currently no existing trading market for the Bonds, and the liquidity of the Bonds is limited. If the Bonds are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer, the Guarantor, or the Group. If the Bonds are traded at a discount, investors may not be able to receive a favourable price for their Bonds, and in some circumstances investors may not be able to sell their Bonds at all or at their fair market value. Although application will be made to the SGX-ST for permission to deal in and list the Bonds, no assurance can be given by the Issuer or the Guarantor as to the liquidity of, or trading market for, the Bonds. If such a market were to develop, the Bonds could be traded at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Group's operations and the market for similar securities. The Joint Lead Managers are not obliged to make a market in the Bonds and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Stabilisation Manager.

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

No assurances are given by the Issuer or the Guarantor as to whether or not payments on the Bonds may be made without withholding taxes or deductions applying from the Issue Date on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands, the PRC or any political subdivision or authority therein or thereof having power to tax. See "*Terms and Conditions of the Bonds – Redemption for Taxation Reasons*" for additional details.

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

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

The Bonds and the Guarantee are the Issuer's and the Guarantor's unsecured obligations, respectively, and will: (i) at all times rank at least *pari passu* in right of payment with all the Issuer's and the Guarantor's other present and future unsecured and unsubordinated obligations save for such exceptions as may be provided by applicable law; (ii) be effectively subordinated to all of the Issuer's and the Guarantor's

present and future secured indebtedness to the extent of the value of the collateral securing such obligations; and (iii) be senior to all of the Issuer's and the Guarantor's present and future subordinated obligations. As a result, claims of secured lenders, whether senior or junior, with respect to assets securing their loans will be prior with respect to those assets. In the event of (1) the Issuer's or the Guarantor's bankruptcy, insolvency, liquidation, reorganisation, dissolution, or other winding up proceedings, or (2) a default in payment under the Issuer's or the Guarantor's secured indebtedness or other unsecured indebtedness, or (3) any acceleration of any of the Issuer's or the Guarantor's indebtedness, these assets will be available to pay obligations on the Bonds only after all other debt secured by these assets has been repaid in full; thus, the repayment may be compromised. Any remaining assets will be available to the Bondholders rateably with all of the Issuer's or the Guarantor's other unsecured creditors, including trade creditors. If there are not sufficient assets remaining to pay all such creditors, then all or a portion of the Bonds then outstanding would remain unpaid.

The Issuer may not be able to meet its outstanding obligations under the Bonds.

The Issuer may, upon the occurrence of an early redemption event (and at maturity, will), be required to redeem all of the Bonds. However, the Issuer is a special purpose vehicle which does not generate any revenue. In the event the Issuer is required to redeem the Bonds or to pay interest under the Bonds, the Issuer may not have sufficient cash on hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds and/or to meet the interest payment obligations under the Bonds may also be limited by the terms of other debt instruments. Failure to redeem Bonds, or failure to pay interest under the Bonds by the Issuer, may constitute an event of default under the Bonds, which may also constitute a default under the terms of the Issuer's or the Guarantor's other indebtedness.

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

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

Decisions that may be made on behalf of all holders of the Bonds may be adverse to the interests of individual holders of the Bonds.

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

Modifications and waivers may be made in respect of the Conditions, the Trust Deed, the Agency Agreement and the Deed of Guarantee by the Trustee or less than all of the Bondholders.

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

The Conditions and Trust Deed also provide that the Trustee may, without the consent of Bondholders, agree to any modification of the Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee which is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law, or any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach, or proposed breach, of any of the Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee which is in the opinion of the Trustee not materially prejudicial to the interests of Bondholders.

The issue of additional Bonds in the future may adversely affect the market price of the Bonds.

The Issuer may, from time to time, and without the consent of the Bondholders, create and issue further Bonds (See “*Terms and Conditions of the Bonds – Further Issues*”) or other debt instruments which shall be consolidated and form a single series with any Bonds then outstanding. There can be no assurance that such future issuance will not adversely affect the market price of the Bonds.

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

Investment in the Bonds, which carry a fixed rate of interest, involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. The Bondholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the prices of the Bonds, resulting in a capital loss for the Bondholders. However, the Bondholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the prices of the Bonds may rise. The Bondholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Gains on the transfer of the Bonds may be subject to income tax under PRC tax laws.

Under the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the “**EIT Law**”), which became effective on 1 January 2008 and amended on 24 February 2017 and 29 December 2018, respectively and its implementing rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a “**non-resident enterprise**” means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained incomes derived from sources within the PRC. In addition, there is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate (**provided that** the non-resident enterprise does not have offices or premises in the PRC, or has offices or premises in the PRC but that such gains are not effectively connected therewith) and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement between Mainland of China and the Hong Kong Special Administrative Region for Avoidance of Double Taxation and Prevention of Fiscal Evasion (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) with respect to Taxes on Income, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, are exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds.

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

The Issuer will follow the applicable corporate disclosure standards for issuers of debt securities listed on the SGX-ST, which standards may be different from those applicable to companies in certain other countries.

The Issuer will be subject to reporting obligations in respect of the Bonds to be listed on the SGX-ST. The disclosure standards imposed by the SGX-ST may be different than those imposed by securities exchanges in other countries or regions such as the United States. As a result, the level of information that is available may not correspond to what investors in the Bonds are accustomed to.

The rating on the Bonds may be changed at any time and may adversely affect the market price of the Bonds.

The Bonds are expected to be rated Baa1 by Moody's and BBB+ by Fitch. The rating addresses the full and timely payment of interest and the timely repayment of principal on or before the maturity date in accordance with the Conditions. The rating of the Bonds may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Bonds. A rating is not a recommendation to purchase, hold or sell the Bonds. No assurance can be given that a rating will remain in effect for any given period of time or that a rating will not be lowered or withdrawn entirely by an assigning rating agency. Any decline in the financial position of the Issuer, the Guarantor or any of its subsidiaries may impair the ability of the Issuer to make payments to the Bondholders under the Bonds and/or result in the rating of the Bonds being lowered, suspended or withdrawn entirely. If the rating initially assigned to the Bonds is subsequently lowered or withdrawn for any reason, no person or entity will be obliged to provide any additional credit enhancement with respect to the Bonds. Any reduction or withdrawal of a rating may have an adverse effect on the liquidity and market price of the Bonds.

Any downgrading of the Guarantor's corporate ratings, or those of its subsidiaries, by rating agencies could adversely affect the Group's business and liquidity.

Any adverse revision to the Guarantor's corporate ratings, or those of its subsidiaries, for domestic and international debt by rating agencies such as Moody's Investors Service, Inc., Fitch Ratings Ltd. and S&P Global Ratings, a division of S&P Global, Inc., may adversely affect the Group's business, its financial performance and the trading price of the Bonds. Further, the Group's ability to obtain financing or to gain access to capital markets may also be limited, thereby lowering its liquidity.

The Guarantor will be heavily reliant on dividends paid by its respective subsidiaries or associates to satisfy its payment obligations under the Guarantee, if called, and the Guarantor may not have complete control over the dividend policy of some of these subsidiaries or associates.

The Guarantor will be heavily reliant on its respective subsidiaries, both wholly owned and non-wholly owned, associates, and/or jointly controlled entities (together, "**Portfolio Companies**") to pay dividends, distributions or interest to it for its performance of payment obligations under the Guarantee, if called. The Guarantor may not exercise complete control over the dividend or other policies of some of its Portfolio Companies, in which it might only have a minority interest. The shareholders or the board of directors of some of these Portfolio Companies may determine not to pay dividends but retain the earnings for their own operations or expansion. The ability of the Guarantor's Portfolio Companies to pay dividends and other amounts to the Guarantor may also be subject to their profitability and to applicable laws. In some cases, the financing agreements entered into by some of such Portfolio Companies may restrict them from paying dividends without satisfying certain conditions. The Issuer, the Guarantor and their respective subsidiaries may incur significant additional secured or unsecured indebtedness in the future, and there can be no assurance that the Issuer or the Guarantor will have sufficient cash flows from their own operations and distributions by their respective subsidiaries and affiliates to satisfy their obligations in respect of the Bonds or the Guarantee, as the case may be. Although each of the Issuer and the Guarantor believes that it will be able to meet its obligations in respect of the Bonds or the Guarantee, as the case may be, any shortfall would have to be made up from other sources of cash, such as a sale of investments or any financing available to the Issuer or the Guarantor.

In addition, the obligations of the Guarantor under the Guarantee are structurally subordinated to all existing and future liabilities and obligations of the subsidiaries of the Guarantor within the Guarantor's Portfolio Companies. Claims of creditors of the respective subsidiary of the Guarantor will have priority as to the assets of such subsidiary. The Guarantor may not be able to use its subsidiaries' assets to satisfy the claims of the Guarantor's creditors, including the holders of the Bonds.

There is no assurance that the Guarantor will be able to receive sufficient cash flow from its Portfolio Companies in order to satisfy its obligations under the Guarantee.

The Guarantee given by the Guarantor may need to be registered with and/or approved by certain PRC regulatory authorities before it can be considered enforceable under PRC law.

The Guarantor, as a PRC-incorporated company, is required to obtain approvals and/or registrations in order to guarantee any indebtedness incurred by a foreign entity under any bond issuance, including its foreign incorporated subsidiary. As at the date of this Offering Circular, the approvals and/or registrations will be issued or completed pursuant to the Provisions on Foreign Exchange Administration of Cross-Border Guarantee (跨境擔保外匯管理規定) promulgated by the SAFE on 12 May 2014 which came into effect on 1 June 2014 (the “**Foreign Exchange Cross-border Guarantee Rules**”), the Operational Guidelines on Foreign Exchange Administration of Cross-border Guarantee (跨境擔保外匯管理操作指引) promulgated by SAFE on 12 May 2014 (the “**SAFE Guidelines**”), and other relevant regulations. On 18 January 2017, SAFE issued the Circular on Further Promoting the Reform of Foreign Exchange Administration and Improving the Genuineness and Compliance Review and Verification Process (關於進一步推進外匯管理改革完善真實合規性審核的通知) (the “**SAFE Circular 3**”).

Under the current regime: (i) if the Guarantor is not a banking or financial entity, such Guarantee shall be registered with the local SAFE authority within 15 PRC business days after the execution of the relevant agreements and: (a) the net proceeds from the issuance of such Bonds shall be used for outbound investment projects in which the Guarantor has equity interest directly or indirectly; and (b) the relevant offshore subsidiaries or the projects shall be approved, registered, filled and/or verified by the relevant departments in charge of overseas investment; and (ii) if the net proceeds from the issuance of such Bonds can be repatriated into the PRC for use through loans or equity investment directly or indirectly, any necessary requisite registrations and/or approvals from SAFE and/or other relevant governmental or regulatory authorities (as the case may be) pursuant to PRC laws shall be obtained prior to the creation and issuance of such Bonds or such guarantee or within the prescribed period as required (as the case may be). Before the requisite approvals of the Guarantee given by the Guarantor are completed, it is uncertain whether the Guarantee given by the Guarantor is enforceable as a matter of PRC law.

Although the non-registration does not render the Guarantee ineffective or invalid under PRC law, SAFE may impose penalties on the Guarantor if the Guarantor fails to complete the SAFE registration. Further, there may be hurdles at the time of remittance of funds (if any cross-border payment is to be made by the Guarantor under the Guarantee) as domestic banks may require evidence of SAFE registration in connection with the Guarantee in order to effect such remittance. The Guarantor intends to complete the registration of the Deed of Guarantee as soon as practicable and, in any event, before the Registration Deadline (being 120 PRC Business Days after the Issue Date) and, in the opinion of the Guarantor’s PRC legal advisers, subject to any contrary interpretation by local branches of SAFE, there is no legal impediment to completion of such registration. If the registration is not completed on or before the Registration Deadline, each Bondholder will have the right to request the Issuer to redeem all of that Bondholder’s Bonds and will need to rely on the Issuer to source sufficient U.S. dollar to fully discharge its obligations under the Bonds and the Trust Deed. Prior to the performance or discharge of its obligations under the Guarantee, the Guarantor is also required to complete a verification process with banks for each remittance under the Guarantee.

The administration, interpretation and implementation of the Foreign Exchange Cross-border Guarantee Rules may involve significant uncertainty, which may adversely affect the enforceability of the Guarantee given by the Guarantor in the PRC. In addition, the administration of the Foreign Exchange Cross-border Guarantee Rules and SAFE Guidelines may be subject to a certain degree of executive and policy discretion by the SAFE. There is no assurance that the Guarantor can obtain the requisite approvals in a timely manner or at all. Even if such approvals can be obtained by the Guarantor, there is no assurance that the registrations and/or approvals of the Guarantee can be completed within the required timeframe, or at all, or that the registrations and/or approvals, if obtained by the Guarantor, will not be revoked or amended in the future, or that future changes in PRC laws and regulations will not have a negative impact on the validity and enforceability of the Guarantee in the PRC.

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

On 14 September 2015, the NDRC promulgated the NDRC Circular, which came into effect on the same day. According to the NDRC Circular, if a PRC enterprise or an offshore enterprise controlled by a PRC enterprise wishes to issue bonds outside of the PRC with a maturity of more than one year, such enterprise must, in advance of issuing such bonds, file certain prescribed documents with the NDRC and procure a registration certificate from the NDRC in respect of such issuance (the “**Pre-Issuance Registration Certificate**”). In addition, the enterprise must also report certain details of the bonds to the NDRC within 10 PRC working days of the completion of the bond issue (the “**NDRC Post-Issuance Filing**”). The Guarantor obtained the Pre-Issuance Registration Certificate in respect of the offering of the Bonds from the NDRC on 12 January 2021, and it intends to submit the NDRC Post-Issuance Filing within 10 PRC Business Days after the Issue Date.

The administration, interpretation and implementation of the NDRC Circular may be subject to a certain degree of uncertainty, as well as executive and policy discretion by the NDRC. As a result, there can be no assurance that the NDRC Post-Issuance Filing may be completed by the Guarantor within the prescribed time frame or at all. Accordingly, there is a risk that any failure by the Guarantor to complete the NDRC Post-Issuance Filing in accordance with the prescribed time frame (including as a result of reasons outside of the Guarantor’s control) may have an adverse impact on the Guarantor and/or the Bonds.,

The Bonds and the Guarantee are unsecured obligations.

As the Bonds and the Guarantee are unsecured obligations, the repayment of the Bonds and payment under the Guarantee may be compromised if:

- the Issuer or the Guarantor enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the future secured indebtedness or other unsecured indebtedness of the Issuer or the Guarantor; or
- there is an acceleration of any of the indebtedness of the Issuer or the Guarantor.

If any of these events were to occur, the assets of the Issuer or the Guarantor may not be sufficient to make payments to pay amounts due on the Bonds.

The Issuer or the Guarantor may not be able to redeem the Bonds upon a Relevant Event.

At any time following the occurrence of a Relevant Event (as defined in the Conditions), the holder of any Bond will have the right, at such holder’s option, to require the Issuer to redeem all but not some only of that Bondholder’s Bonds at a redemption price equal to the amount prescribed in the Conditions, together with accrued interest. See “*Terms and Conditions of the Bonds – Redemption for Relevant Events*” for additional details. The source of funds for any such redemption would be available cash of the Group or third-party financing. However, the Issuer or the Guarantor may not have enough available funds at the time of the occurrence of any Relevant Event to redeem outstanding Bonds. If an event constituting a Relevant Event occurs at a time when the Issuer is prohibited from redeeming the Bonds by the terms of its other debt instruments, the Issuer may seek the consent of the investors of such debt instruments under such indebtedness to redeem the Bonds or may attempt to refinance the debt instruments that contain such prohibition. If such a consent to repay such debt instruments is not obtained, the Issuer may be unable to redeem the Bonds. The Issuer’s failure to redeem the outstanding Bonds would constitute an event of default under the Bonds. The event of default may, in turn, constitute an event of default under other debt instruments, any of which could cause the related debt to be accelerated after any applicable notice or grace periods. If the Issuer’s other debt instruments were to be accelerated, it may not have sufficient funds to redeem the Bonds and repay those debt instruments.

Certain events constituting a Relevant Event under the Bonds may also constitute an event of default under certain of the Issuer, the Guarantor or their respective subsidiaries' debt instruments, requiring repurchase or repayment of such debt instruments. In addition, future debt of the Issuer or the Guarantor may also: (1) prohibit the Issuer from redeeming Bonds in the event of a Relevant Event; (2) provide that a Relevant Event is a default; or (3) require repurchase or repayment of such debt upon a Relevant Event. Moreover, the exercise by the Bondholders of their right to require the Issuer to redeem the Bonds could cause a default (even if the Relevant Event itself does not) under the Issuer, the Guarantor or their respective subsidiaries' other indebtedness, due to the financial effect of the redemption on all of them.

If the Issuer or the Guarantor is unable to comply with the terms of the Trust Deed or their respective current or future debt obligations and other agreements, there could be a default under those obligations or agreements, which could cause repayment of the debt of the Issuer or the Guarantor to be accelerated.

If the Issuer or the Guarantor is unable to comply with the terms in the Trust Deed or its current or future debt obligations and other agreements, there could be a default under those obligations or agreements. If that occurs, the holders of the debt could terminate their commitments to lend to the Issuer or, as the case may be, the Guarantor, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. Furthermore, the Trust Deed and certain financing agreements of the Group contain, and the Issuer's or the Guarantor's future debt agreements are likely to contain, cross-acceleration or cross-default provisions. As a result, the Issuer's or the Guarantor's default under one debt agreement may cause the acceleration of repayment of not only such debt but also other obligations, including the Bonds, or result in a default under their other debt agreements, including the Trust Deed. If any of these events occur, the Issuer's or the Guarantor's assets and cash flow might not be sufficient to repay in full all of its respective indebtedness and the Issuer or, as the case may be, the Guarantor might not be able to find alternative financing. Even if the Issuer or the Guarantor could obtain alternative financing, it might not be on terms that are favourable or acceptable to it.

The Bonds will initially be represented by a Global Certificate, and therefore Bondholders must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Bonds will initially be represented by the Global Certificate and held through Euroclear and Clearstream. Interests in the Global Certificate representing the Bonds will trade in book-entry form only, and Bonds in definitive registered form will be issued in exchange for book-entry interests only in very limited circumstances. A nominee of the common depositary for Euroclear and Clearstream will be the sole registered holder of the Global Certificate. Accordingly, Bondholders must rely on the procedures of Euroclear or Clearstream, and if a Bondholder is not a participant in Euroclear or Clearstream, on the procedures of the participant through which the Bondholder owns its interest, to exercise any rights and obligations of a holder of the Bonds under the Trust Deed. Upon the occurrence of an event of default under the Trust Deed, unless and until definitive registered Bonds are issued in respect of all book-entry interests, if a Bondholder owns a book-entry interest, such Bondholder will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Bonds. See also "*Summary of Provisions Relating to the Bonds in Global Form*" for detailed information.

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

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

The Issuer may be treated as a PRC resident enterprise for PRC tax purposes, which may subject the Issuer to PRC income taxes on its worldwide income, and interest payable by the Issuer to foreign investors and gain on the sale of the Bonds may be subject to withholding taxes under PRC tax law.

Under the EIT Law and the implementation rules which both took effect on 1 January 2008, enterprises established outside the PRC whose "de facto management bodies" are located in China are considered "resident enterprises" for PRC tax purposes.

The implementation rules define the term “**de facto management body**” as a management body that exercises full and substantial control and management over the business, personnel, accounts and properties of an enterprise.

A circular issued by the SAT on 22 April 2009 (“**Circular 82**”) provides that a foreign enterprise controlled by a PRC company or a PRC company group will be treated as a “resident enterprise” with a “de facto management body” located within China if all of the following requirements are satisfied at the same time: (i) the senior management and core management departments in charge of daily operations are located mainly within China; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in China; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders’ meetings are located or kept within China; and (iv) at least half of the enterprise’s directors with voting rights or senior management habitually reside within China. On 27 July 2011, the SAT issued Provisional Administrative Regulations of Enterprise Income Taxation of a Foreign Enterprise Controlled by a PRC Enterprise or a PRC Enterprise Group (“**Circular 45**”), to further prescribe the rules concerning the recognition, administration and taxation of a foreign enterprise “controlled by a PRC enterprise or PRC enterprise group.” Circular 45 provides two ways for a foreign enterprise “controlled by a PRC enterprise or a PRC enterprise group” to be treated as a resident enterprise. First, the foreign enterprise may decide on its own whether its de facto management body is located in China based on the criteria set forth in Circular 82, and, if it makes such determination, it shall apply to the competent tax bureau to be treated as a resident enterprise. Second, the tax authority may determine that the foreign enterprise is a resident enterprise after its active investigation. On 29 January 2014, the SAT issued the Announcement of the SAT on Issues Concerning the Accreditation of Resident Enterprises Based on the Place of Effective Management Criteria (“**Circular 9**”), to further specify the accreditation procedure of a foreign enterprise “controlled by a PRC enterprise or a PRC enterprise group” as a resident enterprise. Under Circular 9 any foreign enterprise, which meets the criteria of resident enterprise under Circular 82, shall file an accreditation application with domestic taxation authorities where its major domestic shareholder is situated.

To date, the Issuer has not been notified by the competent tax bureau that it is a PRC resident enterprise. If the Issuer is deemed to be a PRC resident enterprise for enterprise income tax (“**EIT**”) purposes, the Issuer would be subject to the PRC enterprise income tax at the rate of 25 per cent. on its worldwide taxable income. Furthermore, the Issuer may be obligated to withhold PRC income tax of up to 7 per cent. on payments of interest and certain other amounts on the Bonds to investors that are Hong Kong resident enterprises, or 10 per cent. on payments of interest and other amounts on the Bonds (**provided that** the investors do not have offices or premises in the PRC, or if they have offices or premises in the PRC, as long as such gains are not effectively connected therewith) to investors that are neither Hong Kong resident enterprises nor PRC resident enterprises, **provided that** there are no tax treaties between China and those countries which exempt or reduce such withholding tax, because the interest and other amounts may be regarded as being derived from sources within the PRC. In addition, if the Issuer fails to do so, it may be subject to fines and other penalties. Similarly, any gain realised by such non-resident enterprise investors from the transfer of the Bonds may be regarded as being derived from sources within the PRC, and may accordingly be subject to a 10 per cent. PRC withholding tax **provided that** there are no tax treaties between China and those countries which exempt or reduce such withholding tax and the investors do not have offices or premises in the PRC, or if they have offices or premises in the PRC as long as such gains are not effectively connected therewith.

If the Issuer is required under the EIT Law to withhold PRC income tax from interest payments made to foreign investors who are “non-resident enterprises”, the Issuer will be required to pay such additional amounts as will result in receipt by a holder of the Bonds of such amounts as would have been received by the holder had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Bonds, and could have a material adverse effect on its ability to pay interest on, and repay the principal amount of, the Bonds, as well as its profitability and cash flow. In addition, if Bondholders are required to pay PRC income tax on the transfer of the Bonds, the value of investments in the Bonds may be materially and adversely affected. It is unclear whether, if the Issuer is considered a PRC “resident enterprise”, holders of the Bonds might be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas.

The Issuer may not be able to pay additional amounts if it is treated as a PRC “resident enterprise”.

Under the EIT Law and the implementation regulations thereunder, PRC enterprise income tax at a rate of 10 per cent. is normally applicable to PRC-sourced income of non-resident enterprises without establishment within the PRC or whose income has no actual connection to its establishment within the PRC, subject to adjustment by applicable treaty. The EIT Law’s implementation regulations further set forth that interest income is viewed as PRC-sourced income if the enterprise that pays interest is located in the PRC. If the Issuer is deemed a PRC resident enterprise for tax purposes, interest paid to overseas creditors may be regarded as PRC-sourced and, therefore, to be subject to PRC enterprise income tax at the rate of up to 10 per cent. In such case, the Issuer will, subject to certain exceptions, be required to pay such additional amounts as would result in receipt by a holder of a Bond of such amounts as would have been received by the holder had no such withholding been required. The source of funds for any such additional amounts would be available cash of the Group or third-party financing. However, the Issuer or the Guarantor may not have sufficient funds at the time such additional amounts are required to be paid. Failure to pay interest with required additional amounts by the Issuer, or failure of the Guarantor to make payments under the Guarantee, may constitute an event of default under the Bonds, which may also constitute a default under the terms of the Issuer’s or the Guarantor’s other indebtedness.

Due to uncertainties in the interpretation of certain provisions of the new VAT regime, the issuance of the Bonds may be treated as a provision of loans in the PRC that is subject to VAT, and the Issuer may be required to withhold VAT and local levies from the payment of interest income to Bondholders who are located outside the PRC.

On 23 March 2016, the MOF and the SAT jointly issued the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (Cai Shui [2016] No. 36) (關於全面推開營業稅改徵增值稅試點的通知) (“Circular 36”) which confirms that business tax will be completely replaced by value added tax (“VAT”) from 1 May 2016. With effect from 1 May 2016, the income derived from the provision of financial services which previously attracted business tax is instead to be subject to VAT. Services are treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC. Based on the definition of “loans” under Circular 36, the issuance of Bonds could be treated as the holders of the Bonds providing loans to the Issuer, which thus shall be regarded as financial services subject to VAT. It is unclear from the interpretation of Circular 36 whether the provision of loans to the Issuer could be considered as services provided within the PRC, which could be regarded as the provision of financial services subject to VAT. The Issuer will be obliged to withhold VAT of six per cent. and certain surcharges on payments of interest and certain other amounts on the Bonds paid by the Issuer to the Bondholders that are non-resident enterprises or individuals. VAT is unlikely to be applicable to any transfer of the Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of the Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of the Bonds is located inside the PRC.

There is uncertainty as to the application of Circular 36 in the context of the issuance of the Bonds, payments thereunder, and their sale and transfer. If VAT is applicable on the transfer of the Bonds, the value of investments in the Bonds may be materially and adversely affected.

The Trust Deed and the Conditions contain limited restrictive operating covenants and no financial covenants.

Pursuant to the Conditions, (i) so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders, the Issuer will, and the Guarantor will procure the Issuer to, maintain a rating on the Bonds by any of the Rating Agencies (as defined in the Conditions) and (ii) the Issuer shall not, and the Guarantor will procure that the Issuer will not, carry on any business activity whatsoever other than in connection with the issue of the Bonds or other debt instruments and any other activities reasonably incidental thereto. Except for the above, the Trust Deed and the Conditions do not contain any other restrictive financial or operating covenants or restrictions, including covenants or restrictions on the payments of dividends, the incurrence of indebtedness or the issuance or repurchase or repayment of securities by the Issuer or the Guarantor. The Trust Deed and the Conditions do not contain any covenants or provisions that require the Issuer or the Guarantor to achieve or maintain any minimum financial results relating to its financial position or results of operations. The ability of the Issuer and/or the Guarantor to recapitalise, incur additional debt and take other actions that are not limited by the terms of the Trust Deed or the Conditions could have the effect of diminishing the ability of the Issuer to make payments on the Bonds when due.

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

The Conditions and the transaction documents are governed by English law, and contain submissions to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters, Hong Kong courts may require certain additional procedures to be taken.

Under the “Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned” (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) and the applicable provisions of the Civil Procedure Law of the PRC, final judgments of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of Hong Kong courts. However, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to basic principles of the PRC Laws, or in violation of state sovereignty, security or the social and public interest of the PRC. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts governed by English law, there can be no assurance that the PRC courts will do so for all such judgments. As compared to other similar debt securities issuances in the international capital market, where the relevant security holders would not typically be required to submit to an exclusive jurisdiction, the Bondholders will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the Bondholders’ ability to initiate a claim outside Hong Kong will be limited.

The insolvency laws of the British Virgin Islands and the PRC and other local insolvency laws may differ from those of another jurisdiction with which the Bondholders are familiar.

As the Issuer and the Guarantor are incorporated under the laws of the British Virgin Islands (the Issuer) and the PRC (the Guarantor), respectively, any insolvency proceedings relating to the Issuer or the Guarantor, even if brought in other jurisdictions, would likely involve British Virgin Islands or PRC insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the Bondholders are familiar.

A change in English law which governs the Bonds may adversely affect holders of the Bonds.

The Conditions and the Trust Deed are governed by English law. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the Bonds.

International financial markets and world economic conditions may adversely affect the market price of the Bonds.

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

Restrictive covenants contained in debt agreements of the Group may limit the Group's ability to incur additional indebtedness and restrict its future operations, and failure to comply with these restrictive covenants may result in defaults under the terms of these agreements, or the Bonds, and may also adversely affect the Group's liquidity, financial condition and results of operations.

Certain debt agreements entered into by members of the Group may contain operational and financial restrictions that prohibit any member of the Group from incurring additional indebtedness, restrict such member of the Group from creating security or granting guarantees or prohibit such member of the Group from changing its business and corporate structure, or amending its articles of association unless they obtain the lender's prior consent. If any member of the Group is unable to comply with its current or future obligations under the agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the lenders could terminate their commitments to lend, accelerate repayment of the debts, declare all amounts borrowed due and payable, or terminate the agreements, as the case may be. Furthermore, some of the debt agreements entered into by members of the Group, including the Bonds, contain (or may in the future contain) cross-acceleration or cross-default provisions. The default by the relevant member of the Group under one debt agreement may cause the acceleration of repayment of debt or result in a default under its other debt agreements, including the Bonds. As a result, these restrictions in the debt agreements may potentially negatively affect the ability of the relevant member of the Group to respond to changes in market conditions, pursue the business opportunities the Group believes to be desirable, obtain future financing, fund capital expenditures, or withstand a continuing or future downturn in its business. There can also be no assurance that, in the event of occurrence of any acceleration of repayment or default, the relevant member of the Group will have sufficient assets and cash flows to repay in full all of its indebtedness, or that such member would be able to find alternative financing. Even if alternative financing could be obtained, there can be no assurance that it would be on terms that are favourable or acceptable to the Group. Any of these factors could materially and adversely affect the Group's ability to satisfy its obligations under outstanding financial obligations, including the Bonds.

Decisions that may be made on behalf of all holders of the Bonds may be adverse to the interests of individual holders of the Bonds.

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

EXCHANGE RATES

China's current exchange rate system has existed since 21 July 2005, when the PRC government introduced a managed floating exchange rate system to allow the value of Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On 11 August 2015, the PBOC refined the system when it began authorising market-makers to provide central parity quotations to the China Foreign Exchange Trading Centre daily before the opening of the interbank foreign exchange market with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates. Since the PBOC announcement on 11 August 2015, Renminbi has alternately depreciated and appreciated significantly against the U.S. dollar. In the second half of 2020, the Renminbi has mainly appreciated against the U.S. dollar. The PRC government may adopt further reforms of its exchange rate system in the future, including possibly making Renminbi freely convertible.

The following table sets forth information concerning exchange rates between Renminbi and U.S. dollar for the periods presented:

Period	Period End	Noon Buying Rate⁽¹⁾		
		Average⁽²⁾	High	Low
(RMB per U.S.\$1.00)				
2015	6.4778	6.2827	6.4896	6.1870
2016	6.9430	6.6400	6.9580	6.4480
2017	6.5063	6.7350	6.9575	6.4773
2018	6.8755	6.6090	6.9737	6.2649
2019	6.9618	6.9014	7.1786	6.6822
2020	6.5250	6.8878	7.1348	6.5250
September	6.7896	6.8106	6.8474	6.7529
October	6.6919	6.7254	6.7898	6.6503
November	6.5750	6.6044	6.6899	6.5566
December	6.5250	6.5393	6.5705	6.5208
2021				
January	6.4282	6.4672	6.4822	6.4282
February	6.4730	6.4601	6.4869	6.4541
March	6.5518	6.5109	6.5716	6.4648
April (through 9 April)	6.5522	6.5536	6.5649	6.5370

Notes:

- (1) Exchange rates between Renminbi and U.S. dollar represent the noon buying rates as set forth in the H.10 statistical release of the Federal Reserve Board.
- (2) Annual averages have been calculated from month-end rates. Monthly averages have been calculated using the average of the daily rates during the relevant period.

TERMS AND CONDITIONS OF THE BONDS

The following are the Terms and Conditions of the Bonds substantially in the form in which they (other than the text in italics) will be endorsed on the definitive Certificate and referred to in the Global Certificate evidencing the Bonds.

The issue of the U.S.\$200,000,000 in aggregate principal amount of 4.3 per cent. guaranteed bonds due 2024 (the “**Bonds**”, which expression includes, unless the context requires otherwise, any further securities issued pursuant to Condition 16 and consolidated and forming a single series therewith) was authorised by written resolutions of the sole director of Chang Development International Limited 長發國際有限公司 (the “**Issuer**”) dated 23 March 2021 and the guarantee of the Bonds was authorised by resolutions of the board of directors of Changchun Urban Development & Investment Holdings (Group) Co., Ltd. (長春市城市發展投資控股(集團)有限公司) (the “**Guarantor**”) dated 14 September 2020. The Bonds are constituted by a trust deed (the “**Trust Deed**”) dated 27 April 2021 (the “**Issue Date**”) between the Issuer, the Guarantor and Citicorp International Limited (花旗國際有限公司) (the “**Trustee**”, which expression shall include all persons for the time being trustee or trustees under the Trust Deed) as trustee for itself and the holders of the Bonds. The Bonds are the subject of an agency agreement (the “**Agency Agreement**”) dated the Issue Date relating to the Bonds between the Issuer, the Guarantor, the Trustee, Citibank, N.A., London Branch as registrar (in that capacity, the “**Registrar**”, which expression includes any successor), as transfer agent (in that capacity, the “**Transfer Agent**”, which expression includes any successor or additional transfer agents) and as initial principal paying agent (in that capacity, the “**Principal Paying Agent**”, which expression includes any successor) and other agents named therein. References herein to “**Paying Agents**” are to the Principal Paying Agent and any additional or successor paying agents appointment from time to time pursuant to the Agency Agreement with respect to the Bonds, and “**Agents**” means the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time pursuant to the Agency Agreement with respect to the Bonds (including any Paying Agents) and shall include their respective successors or assigns. The Bonds have the benefit of a deed of guarantee (the “**Deed of Guarantee**”) dated the Issue Date executed by the Guarantor and the Trustee relating to the Bonds. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Deed of Guarantee and of those provisions of the Agency Agreement applicable to them. Copies of the Trust Deed, the Deed of Guarantee and the Agency Agreement are available for inspection and/or collection by Bondholders upon prior written request during usual business hours (being 9.00 a.m. to 3.00 p.m. Monday to Friday, public holidays excepted) at the specified office for the time being of the Trustee (which as at the Issue Date is located at 20/F, Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Hong Kong). These terms and conditions (these “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed (which includes the form of the Certificates (as defined below)) and the Deed of Guarantee.

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

1. FORM, DENOMINATION AND TITLE

The Bonds are issued in the specified denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (each, an “**Authorised Denomination**”).

The Bonds are evidenced by registered certificates (“**Certificates**”) which shall be numbered serially with an identifying number which shall be recorded on the relevant Certificate and in the Register (as defined below) and, save as provided in Condition 2(a), each Certificate shall represent the entire holding of Bonds by the same holder.

Title to the Bonds shall pass by registration in the register of Bondholders that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Bond shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate evidencing it (other than the endorsed form of transfer, duly completed) or the alleged destruction, theft or loss of such Certificate, and no person shall be liable for so treating the holder.

In these Conditions, “**Bondholder**” and “**holder**” (in relation to a Bond) means the person in whose name a Bond is registered in the Register (or in the case of a joint holding, the first named thereof).

*Upon issue, the Bonds will initially be evidenced by a global certificate (the “**Global Certificate**”) registered in the name of a nominee of, and deposited with, a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). These conditions are modified by certain provisions contained in the Global Certificate. See “Summary of Provisions relating to the Bonds in Global Form” in this Offering Circular.*

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

2. TRANSFERS OF BONDS AND ISSUE OF CERTIFICATES

(a) Transfer

A Bond may, subject to the Agency Agreement and Condition 2(d), be transferred in whole or in part (but only in an Authorised Denomination) upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) evidencing such Bonds to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or such Transfer Agent may require. In the case of a transfer of part only of a holding of Bonds evidenced by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred (which shall also be an Authorised Denomination) shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate evidencing the enlarged holding shall only be issued against surrender of the Certificate evidencing the existing holding. All transfers of Bonds and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Bonds (the “**Regulations**”), the initial form of which is scheduled to the Agency Agreement. No transfer of title to a Bond will be valid unless and until entered on the Register. The Regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar with the prior written approval of the Trustee. A copy of the current Regulations will be made available by the Registrar to any Bondholder upon request (free of charge to the Bondholder and at the Issuer’s expense).

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

(b) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within five business days of receipt by the Registrar or, as the case may be, any Transfer Agent, of a duly completed and signed form of transfer and surrender of the existing Certificate(s). The form of transfer is available at the specified office of the Registrar and each Transfer Agent. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(b), “**business day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) Transfer Free of Charge

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

(d) Closed Periods

No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Bond (which for the removal of doubt shall include the due date for redemption pursuant to a Tax Redemption Notice (as defined in Condition 7(b)); (ii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 8(a)(ii)); and (iii) after a Relevant Event Put Exercise Notice (as defined in Condition 7(c)) has been deposited by the relevant holder pursuant to Condition 7(c).

3. STATUS OF THE BONDS

The Bonds constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 5(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable law, at all times rank at least equally with all the Issuer's other present and future unsecured and unsubordinated obligations.

4. GUARANTEE

(a) Guarantee

The payment of the principal, premium (if any) and interest in respect of the Bonds and all other moneys payable by the Issuer under or pursuant to the Bonds and the Trust Deed has been unconditionally and irrevocably guaranteed by the Guarantor (the "**Guarantee**") in the Deed of Guarantee.

(b) Status of the Guarantee

The payment obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 5(a)) unsecured obligations of the Guarantor and shall, save for such exceptions as may be provided by applicable law, at all times rank at least equally with all the Guarantor's other present and future unsecured and unsubordinated obligations.

5. NEGATIVE PLEDGE AND OTHER COVENANTS

(a) Negative Pledge

So long as any of the Bonds remains outstanding:

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

- (A) all amounts payable by it under the Bonds and the Trust Deed are secured by the Security Interest equally and rateably with such Relevant Indebtedness; or

- (B) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (i) as the Trustee in its absolute discretion deems not materially less beneficial to the interests of the Bondholders or (ii) as is approved by an Extraordinary Resolution;
- (ii) the Guarantor will not, and the Guarantor will ensure that none of its Principal Subsidiaries (as defined in Condition 10) will, create or have outstanding any Security Interest (other than a Permitted Security Interest) upon, or with respect to, any of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness issued outside the PRC, or any guarantee or indemnity in respect of any Relevant Indebtedness issued outside the PRC, unless the Guarantor, before or at the same time, takes any and all action necessary to ensure that:
 - (A) all amounts payable by it under the Bonds, the Trust Deed and the Deed of Guarantee are secured by the Security Interest equally and rateably with such Relevant Indebtedness; or
 - (B) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (i) as the Trustee in its absolute discretion deems not materially less beneficial to the interests of the Bondholders or (ii) as is approved by an Extraordinary Resolution.

(b) Ratings

Each of the Issuer and the Guarantor undertakes, *inter alia*, that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution, the Issuer will, and the Guarantor will procure the Issuer to, maintain a rating on the Bonds by any of the Rating Agencies.

(c) Provision of Information by the Guarantor and the Issuer

So long as any Bond remains outstanding, the Guarantor and the Issuer shall file with the Trustee:

- (i) in the case of the Guarantor only, as soon as they are available, but in any event within 180 calendar days after the end of each Relevant Period, copies of the relevant Audited Financial Reports and if such statements shall be in the Chinese language, together with an English translation of the same translated by (A) the Guarantor's auditor, (B) a nationally recognised firm of independent accountants which is in the candidate list of qualified firms of accountants published/designated by Changchun SASAC from time to time (the "**Changchun SASAC Qualified Auditor**") or (C) a professional translation service provider, together in any such case with a certificate signed by an Authorised Signatory of the Guarantor (as previously notified to the Trustee in writing in accordance with the Agency Agreement) certifying in the English language that such translation is complete and accurate;
- (ii) a Compliance Certificate of the Guarantor and a Compliance Certificate of the Issuer (in each case, on which the Trustee may conclusively rely as to such compliance) at the same time as the Audited Financial Reports are furnished to the Trustee and, at any other time, within 14 days of a written request of the Trustee; and
- (iii) in the case of the Guarantor only, as soon as they are available, but in any event within 120 calendar days after the end of each Relevant Period, copies of the relevant Semi-Annual Unaudited and Unreviewed Consolidated Management Accounts and if such consolidated management accounts shall be in the Chinese language, together with an English translation of the same and translated by (A) the Guarantor's auditor, (B) a Changchun SASAC Qualified Auditor or (C) a professional translation service provider, together in any such case with a certificate signed by an Authorised Signatory of the Guarantor (as previously notified to the Trustee in writing in accordance with the Agency Agreement) certifying in the English language that such translation is complete and accurate.

(d) NDRC Post-issue Filing

The Guarantor undertakes to file or cause to be filed a notification with the National Development and Reform Commission of the PRC (the “**NDRC**”) within 10 PRC Business Days after the Issue Date (the “**NDRC Post-issue Filing Deadline**”) in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知發改外資[2015]2044號) issued by the NDRC and which came into effect on 14 September 2015, and any implementation rules as issued by NDRC from time to time (the “**NDRC Post-issue Filing**”).

The Guarantor shall submit the NDRC Post-issue Filing within the prescribed timeframe and shall comply with all applicable PRC laws and regulations in connection with the NDRC Post-issue Filing. The Guarantor shall:

- (i) within ten PRC Business Days after the submission of the NDRC Post-issue Filing provide the Trustee with (x) a certificate in the English language substantially in the form set out in the Trust Deed signed by an Authorised Signatory of the Guarantor (as previously notified to the Trustee in writing in accordance with the Agency Agreement) confirming the submission of the NDRC Post-issue Filing and (y) a copy of the documents comprising the NDRC Post-Issue Filing; and
- (ii) procure the Issuer to give notice to the Bondholders (in accordance with Condition 17) confirming the submission of the NDRC Post-issue Filing within ten PRC Business Days after the documents referred to in subparagraph (i) above are delivered to the Trustee.

The Trustee shall have no obligation or duty to assist with or to monitor or ensure the NDRC Post-issue Filing is submitted on or before the NDRC Post-issue Filing Deadline or to verify the accuracy, validity and/or genuineness of any documents comprising or prepared or submitted in relation to or in connection with the NDRC Post-issue Filing or to give notice to the Bondholders confirming the submission of the NDRC Post-issue Filing, and shall not be liable to the Bondholders, the Issuer, the Guarantor or any other person for not doing so.

(e) Undertaking relating to the Guarantee

The Guarantor undertakes to file or cause to be filed with the Jilin Branch of the State Administration of Foreign Exchange of the PRC (the “**SAFE**”), the Guarantee within 15 PRC Business Days after execution of the Deed of Guarantee in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the “**Cross-Border Security Registration**”). The Guarantor shall:

- (i) use its reasonable endeavours to complete the Cross-Border Security Registration and obtain a registration record from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the Registration Deadline;
- (ii) within ten PRC Business Days after receipt of the registration record from SAFE (or any other document evidencing the completion of registration issued by SAFE), provide the Trustee with (x) a certificate in the English language substantially in the form set out in the Trust Deed signed by an Authorised Signatory of the Guarantor (as previously notified to the Trustee in writing in accordance with the Agency Agreement) confirming (A) the completion of the Cross-Border Security Registration and (B) that no Change of Control (as defined in Condition 7(c)), Event of Default (as defined in Condition 10) or Potential Event of Default has occurred; and (y) copies of the relevant SAFE registration record, any other document evidencing the completion of registration issued by SAFE and the particulars of registration (the “**Registration Documents**”); and
- (iii) procure the Issuer to give notice to the Bondholders (in accordance with Condition 17) confirming the completion of the Cross-Border Security Registration within ten PRC Business Days after the documents comprising the Registration Documents are delivered to the Trustee.

The Trustee shall have no obligation or duty to assist with or to monitor or ensure the registration of the Guarantee with SAFE on or before the Registration Deadline or to verify the accuracy, validity and/or genuineness of any documents comprising or prepared or submitted in relation to or in connection with the Cross-Border Security Registration and/or the Registration Documents or to give notice to the Bondholders confirming the completion of the Cross-Border Security Registration, and shall not be liable to Bondholders, the Issuer, the Guarantor or any other person for not doing so.

(f) Issuer Activities

The Issuer shall not, and the Guarantor will procure that the Issuer will not, carry on any business activity whatsoever other than in connection with the issue of the Bonds or other debt instruments (including any hybrid debt instruments) and any other activities reasonably incidental thereto.

(g) Interpretation

In these Conditions:

- (i) **“Audited Financial Reports”** means annual consolidated financial statements of the Guarantor, prepared in accordance with accounting principles generally applicable to enterprises established in the PRC, which include a statement of income, balance sheet and cash flow statement, audited by a firm of independent accountants, together with the auditors’ report and notes to the financial statements;
- (ii) **“Changchun SASAC”** means the State-owned Assets Supervision and Administration of Changchun Municipal Government;
- (iii) **“Compliance Certificate of the Guarantor”** means a certificate of the Guarantor in the English language signed by any one of its Authorised Signatories (as previously notified to the Trustee in writing in accordance with the Agency Agreement) certifying that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Guarantor as at a date (the **“Guarantor Certification Date”**) not more than seven days before the date of the certificate:
 - (A) no Event of Default or Potential Event of Default had occurred since the Guarantor Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and
 - (B) the Guarantor has complied with all its obligations under the Trust Deed, the Agency Agreement, the Deed of Guarantee and the Bonds or, if non-compliance had occurred, giving details of it;
- (iv) **“Compliance Certificate of the Issuer”** means a certificate of the Issuer in the English language signed by any one of its Authorised Signatories (as previously notified to the Trustee in writing in accordance with the Agency Agreement) certifying that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer as at a date (the **“Issuer Certification Date”**) not more than seven days before the date of the certificate:
 - (A) no Event of Default or Potential Event of Default had occurred since the Issuer Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and
 - (B) the Issuer has complied with all its obligations under the Trust Deed, the Agency Agreement and the Bonds or, if non-compliance had occurred, giving details of it;

- (v) **“Permitted Security Interest”** means
- (A) any Security Interest on any property or asset existing at the time of acquisition of such property or assets or to secure the payment of all or any part of the purchase price or construction cost thereof or to secure any indebtedness incurred prior to, or at the time of, such acquisition or the completion of construction of such property or asset for the purpose of financing all or any part of the purchase price or construction cost thereof or any substitute security created on such property or asset in connection with the refinancing of indebtedness secured by the relevant property or asset; or
 - (B) any lien arising by operation of law; or
 - (C) any Security Interest on any property or asset securing Relevant Indebtedness if (i) by the terms of such indebtedness it is expressly provided that recourse by the holders of such indebtedness is limited to the properties or assets of the issuer or the borrower and the revenues to be generated by the operation of, or loss of or damage to, such properties or assets, for repayment of the moneys advanced and payment of interest thereon and (ii) such indebtedness is not guaranteed by the Issuer or the Guarantor or any Principal Subsidiary;
- (vi) **“Potential Event of Default”** means an event or circumstance which could, with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 10 become an Event of Default;
- (vii) **“PRC”** means the People’s Republic of China excluding the Special Administrative Regions of Hong Kong and Macau and the region of Taiwan;
- (viii) **“PRC Business Day”** means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are generally open for business in Beijing;
- (ix) **“Rating Agencies”** means Moody’s Investors Service, Inc., Fitch Ratings Ltd., S&P Global Ratings, a division of S&P Global, Inc., or any nationally recognised rating agency in the PRC generally known to rate offshore debt securities, or their respective successors;
- (x) **“Registration Deadline”** means the day falling 120 PRC Business Days after the Issue Date;
- (xi) **“Relevant Indebtedness”** means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any bonds, notes, debentures, debenture stock, loan stock certificates or other securities with an original maturity in excess of 365 days which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter market or other securities market;
- (xii) **“Relevant Period”** means, in relation to the Audited Financial Reports, each period of twelve months ending on the last day of the Guarantor’s financial year (being 31 December of that financial year) and in relation to the Semi-Annual Unaudited and Unreviewed Consolidated Management Accounts, each period of six months ending on the last day of the first half financial year of the Guarantor (being 30 June of that financial year); and
- (xiii) **“Semi-Annual Unaudited and Unreviewed Consolidated Management Accounts”** means semi-annual unaudited and unreviewed consolidated management accounts of the Guarantor, which include a statement of income, balance sheet and cash flow statement prepared on a basis consistent with the Audited Financial Reports.

6. INTEREST

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 4.3 per cent. per annum, payable semi-annually in arrear on 27 April and 27 October in each year (each an “**Interest Payment Date**”) in equal instalments of U.S.\$21.50 per Calculation Amount (as defined below) commencing on 27 October 2021. Each Bond will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate evidencing such Bond, payment of principal is improperly withheld or refused. In such event interest shall continue to accrue at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “**Interest Period**”.

If interest is required to be calculated for a period of less than a complete Interest Period, the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

Interest in respect of any Bond shall be calculated per U.S.\$1,000 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

7. REDEMPTION AND PURCHASE

(a) Final Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 27 April 2024. The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 7.

(b) Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”) to the Bondholders, in accordance with Condition 17 (which notice shall be irrevocable) and in writing to the Trustee and the Agents, at their principal amount, together with interest accrued up to but excluding the date fixed for redemption but unpaid, if, immediately prior to giving such notice, the Issuer and/or the Guarantor (as the case may be) satisfies the Trustee that:

- (i) the Issuer (or, if a demand was made under the Guarantee, the Guarantor) has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 21 April 2021; and
- (ii) such obligation cannot be avoided by the Issuer or the Guarantor, as the case may be, taking reasonable measures available to it,

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

Prior to the publication of any Tax Redemption Notice, the Issuer shall deliver to the Trustee:

- (1) a certificate signed by any Authorised Signatory (as previously notified to the Trustee in writing in accordance with the Agency Agreement) of the Issuer or, as the case may be, the Guarantor stating that the obligation referred to in subparagraph (b)(i) or (b)(ii) of this Condition 7, as the case may be, cannot be avoided by the Issuer or the Guarantor, as the case may be, taking reasonable measures available to it; and
- (2) an opinion of independent legal or tax advisers of recognised national standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment.

The Trustee shall be entitled to, and without liability to any person for doing so, accept such certificate and opinion as conclusive evidence of the satisfaction of the conditions precedent set out in subparagraphs (b)(i) or (b)(ii) of this Condition 7, as the case may be, in which event it shall be conclusive and binding on the Bondholders.

(c) Redemption for Relevant Events

At any time following the occurrence of a Relevant Event, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all but not some only of that holder's Bonds on the Put Settlement Date at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together with accrued interest up to but excluding such Put Settlement Date. To exercise such right, the holder of the relevant Bond must deposit at the specified office of the Principal Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of the Principal Paying Agent (a "**Relevant Event Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to the Bondholders by the Issuer in accordance with Condition 17.

The "**Put Settlement Date**" shall be the fourteenth day (in the case of a redemption for a Change of Control) or the fifth day (in the case of a redemption for a No Registration Event) or, if such day is not a business day, the next following business day, after the expiry of such period of 30 days as referred to above. A Relevant Event Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds the subject of the Relevant Event Put Exercise Notices delivered as aforesaid on the Put Settlement Date.

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

The Trustee and the Agents shall not be required to take any steps to ascertain whether a Relevant Event has occurred and shall not be responsible or liable to the Bondholders, the Issuer, the Guarantor or any other person for any loss arising from any failure to do so.

In these Conditions:

a "**business day**" means a day other than a Saturday, Sunday or public holiday on which banks and foreign exchange markets are open for business in New York City and London;

a "**Change of Control**" occurs when: (i) Changchun SASAC and any other Person or entity directly or indirectly controlled by the central government of the PRC (such Person or entity and Changchun SASAC, each a "**PRC Government Person**"), together, ceases to, directly or indirectly, own or control 100 per cent. in aggregate of the Voting Rights of the issued share capital of the Guarantor; (ii) the Guarantor consolidates with or merges into or sells or transfers

all or substantially all of its assets to any other Person or Persons, acting together, except where such Person(s) is/are Controlled, directly or indirectly, by a PRC Government Person; or (iii) the Guarantor at any time and for any reason ceases to, directly or indirectly, own or control 100 per cent. of the Voting Rights of the issued share capital of the Issuer;

“**Control**” means (where applicable): (i) the ownership or control of more than 50 per cent. of the Voting Rights of the issued share capital of a Person or (ii) the possession, directly or indirectly, of the power to nominate or designate no less than 50 per cent. of the members then in office of a Person’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise or (iii) the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a Person. For the avoidance of doubt, a Person is deemed to Control another Person so long as it fulfils one of the three foregoing requirements and the term “**Controlled**” has a meaning correlative to the foregoing;

a “**No Registration Event**” occurs when the Registration Conditions are not satisfied by 5.00 p.m. (Hong Kong time) on the Registration Deadline;

a “**Person**” includes any company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state, agency of a state (in each case whether or not being a separate legal entity) but does not include:

- (a) the Guarantor’s board of directors or any other governing board; and
- (b) the Guarantor’s wholly-owned direct or indirect Subsidiaries;

“**Registration Conditions**” means the receipt by the Trustee of the Registration Documents;

a “**Relevant Event**” means a Change of Control or a No Registration Event;

“**Subsidiary**” of any Person means (a) any company or other business entity of which that Person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that Person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such Person from time to time, should have its accounts consolidated with those of that Person; and

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

(d) Notices of redemption

If there is more than one notice of redemption given in respect of any Bond (which shall include a Tax Redemption Notice and any Relevant Event Put Exercise Notice), the notice given first in time shall prevail.

(e) Notice of redemption

All Bonds in respect of which a Tax Redemption Notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 7.

(f) Purchase

The Issuer, the Guarantor and each of their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price.

(g) Cancellation

Any Certificates evidencing Bonds purchased by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries may, at the discretion of such persons, be held, resold or surrendered for cancellation to the Registrar and, if so surrendered for cancellation, all such Bonds shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

(h) Calculations

Neither the Trustee nor any Agent shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption and shall not be liable to the Bondholders or any other person for not doing so.

8. PAYMENTS

(a) Method of Payment

- (i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of any Paying Agent if no further payment falls to be made in respect of the Bonds evidenced by such Certificates) by transfer to the registered account of the holder shown on the Register.
- (ii) Interest on each Bond shall be paid to the holders at their registered accounts shown on the Register at the close of business on the fifth Business Day before the due date for payment thereof (the “**Record Date**”).

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

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

(b) Payments subject to Applicable Laws

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

(c) Payment Initiation

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

(d) Appointment of Agents

The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Principal Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Issuer and the Guarantor or, in certain circumstances specified in the Trust Deed, the Trustee and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer and the Guarantor reserve the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, the Registrar, any Transfer Agent or any of the other Agents and to appoint additional or other Agents, provided that the Issuer and the Guarantor shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar and (iii) a Transfer Agent, in each case, as approved in writing by the Trustee.

Notice of any such change or any change of any specified office of any Agent shall promptly be given by the Issuer to the Bondholders in accordance with Condition 17.

(e) Delay in Payment

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Business Day or a Payment Business Day, or if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so) or if a transfer made in accordance with Condition 8(a) reaches the registered account of the Bondholder after the due date for payment.

(f) Payment on Business Days

If any date for payment in respect of any Bond is not a Payment Business Day, the holder shall not be entitled to payment until the following Payment Business Day nor to any interest or other sum in respect of such postponed payment.

In these Conditions, “**Business Day**” means a day (other than a Saturday, Sunday or public holiday) on which foreign exchange transactions may be carried on in US dollars in New York City and London, and “**Payment Business Day**”, in relation to any Bond, means a day which is both a Business Day and a day on which the bank where the registered account in respect of that Bond is maintained is open for receipt of funds in U.S. dollars.

9. TAXATION

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

Where such withholding or deduction is made by the Issuer or the Guarantor as a result of the Issuer or the Guarantor being deemed to be a PRC tax resident at the rate of up to and including 10 per cent., the Issuer or, as the case may be, the Guarantor will increase the amounts (“**Additional Tax Amounts**”) paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

In the event that any such PRC deduction or withholding in excess of 10 per cent. or any British Virgin Islands deduction or withholding is required, the Issuer or, as the case may be, the Guarantor shall pay such Additional Tax Amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond:

- (i) **Other connection:** to a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the British Virgin Islands or the PRC other than the mere holding of the Bond; or
- (ii) **Presentation more than 30 days after the Relevant Date:** in respect of which the Certificate evidencing it is presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Tax Amounts on presenting the Certificate evidencing such Bond for payment on the last day of such period of 30 days.

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

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, assessment, charge, withholding or other payment referred to in this Condition 9 or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer, the Guarantor or any Bondholder to pay such tax, duty, assessment, charge, withholding or other payment.

10. EVENTS OF DEFAULT

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

An Event of Default occurs if:

- (a) **Non-Payment under the Bonds:** there is failure to pay the principal of or interest on any of the Bonds when due and in the case of interest such failure continues for a period of seven Business Days (as defined in Condition 8(f)); or
- (b) **Breach of Other Obligations:** the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations under the Bonds, the Trust Deed or the Deed of Guarantee which default is in the opinion of the Trustee incapable of remedy or, if capable of remedy in the opinion of the Trustee, is not remedied within 45 days after the Trustee has given written notice thereof to the Issuer or the Guarantor, as the case may be; or
- (c) **Cross-Default:** (A) any indebtedness of the Issuer, the Guarantor or any of their respective Subsidiaries for or in respect of moneys borrowed or raised is not paid when due, or, as the case may be, within any originally applicable grace period, or (B) any other such indebtedness for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (C) the Issuer, the Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any present or future security or guarantee for, or indemnity in respect of, any moneys borrowed or raised,

provided that the aggregate amount of the relevant indebtedness, securities, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(c) have occurred equals or exceeds (either individually or in aggregate) U.S.\$30,000,000 or its equivalent; or

- (d) **Enforcement Proceedings:** (A) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer, the Guarantor or any of the Principal Subsidiaries of the Guarantor over all or a substantial part of the assets of the Issuer, the Guarantor or any of the Principal Subsidiaries of the Guarantor becomes enforceable and (x) proceedings are initiated against the Issuer, the Guarantor or any of the Principal Subsidiaries of the Guarantor, or (y) the Issuer, the Guarantor or any of the Principal Subsidiaries of the Guarantor initiates or consents to any judicial proceedings relating to itself, under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a general moratorium in respect of all or a substantial part of its debts), or (B) an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed or a distress, attachment, execution, sequestration or other legal process is levied, enforced or sued out on or against all or a substantial part of the undertaking or assets of the Issuer, the Guarantor or any of the Principal Subsidiaries of the Guarantor, and in any such case in sub-paragraphs (A) or (B) above of this Condition 10(d) except where (other than the appointment of an administrator) such application or legal process is initiated by the relevant company and is discharged or stayed within 45 days; or
- (e) **Insolvency:** the Issuer, the Guarantor or any of the Principal Subsidiaries of the Guarantor (A) is (or is deemed by law or a competent court to be) insolvent or bankrupt or unable to pay its debts as and when such debts fall due, (B) stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, (C) proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of its debts (or of a material part of its debts at that time, and which it will or might otherwise be unable to pay when due), (D) proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or (E) a moratorium is agreed or declared in respect of or affecting all of the debts of the Issuer, the Guarantor or any of the Principal Subsidiaries of the Guarantor or a material part of such debts; or
- (f) **Winding-up:** an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer, the Guarantor or any of the Principal Subsidiaries of the Guarantor; or the Issuer, the Guarantor or any of the Principal Subsidiaries of the Guarantor ceases or, through an official action of the board of directors of the Issuer, the Guarantor or the relevant Principal Subsidiary of the Guarantor, threatens to cease to carry on all or substantially all of its business or operations, except for (A) the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (x) on terms approved by an Extraordinary Resolution; or (y) in the case of a Principal Subsidiary of the Guarantor where all or a substantial part of the undertaking and assets of the Principal Subsidiary of the Guarantor are transferred to or otherwise continued to be vested in the Issuer, the Guarantor and/or other Subsidiaries of the Issuer or the Guarantor, in any combination or (B) a disposal of a Principal Subsidiary of the Guarantor on an arm's length basis where the assets (whether in cash or otherwise) resulting from such disposal continues to be vested in the Issuer, the Guarantor and/or other Subsidiaries of the Issuer or the Guarantor, in any combination; or
- (g) **Government Intervention:** all or a substantial part of the assets or undertaking of the Issuer, the Guarantor or any of the Principal Subsidiaries of the Guarantor is condemned, seized, expropriated or otherwise appropriated by any person acting under the authority of any national, regional or local government; or

- (h) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (A) to enable each of the Issuer and the Guarantor lawfully to enter into, exercise its rights and perform and comply with their respective obligations under the Bonds, the Trust Deed and the Deed of Guarantee, (B) to ensure that those obligations are legally binding and enforceable and (C) to make the Bonds, the Trust Deed and the Deed of Guarantee admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or
- (i) **Illegality:** it is or will become unlawful for the Issuer or the Guarantor (as applicable) to perform or comply with any one or more of its obligations under any of the Bonds, the Trust Deed or the Deed of Guarantee; or
- (j) **Unenforceability of the Guarantee:** if the enforceability of the Guarantee is contested by the Issuer or the Guarantor, or the Guarantor denies any one or more of its obligations under the Guarantee; or
- (k) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 10(d) to 10(f) (both inclusive).

In these Conditions:

“**Principal Subsidiary**” means at any time a Subsidiary:

- (i) whose revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated revenue, as shown by its latest audited income statement, is at least 5 per cent. of the consolidated revenue of the Guarantor as shown by the latest published audited consolidated income statement of the Guarantor; or
- (ii) whose operating profit or (in the case of a Subsidiary which itself has Subsidiaries) consolidated operating profit, as shown by its latest audited income statement, is at least 5 per cent. of the consolidated operating profit as shown by the latest published audited consolidated income statement of the Guarantor including, for the avoidance of doubt, the Guarantor’s share of profits of subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or
- (iii) whose total assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total assets, as shown by its latest audited balance sheet is at least 5 per cent. of the consolidated assets of the Guarantor as shown by the latest published audited consolidated balance sheet of the Guarantor including, for the avoidance of doubt, the investment of the Guarantor in each subsidiary whose accounts are not consolidated with its consolidated audited accounts and after adjustment for minority interests;
- (iv) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall cease to be a Principal Subsidiary at the date on which the first published audited accounts (consolidated, if appropriate) of the Guarantor prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (i), (ii) or (iii) above of this definition;
- (v) provided that, in relation to paragraphs (i), (ii) and (iii) above of this definition:
 - (A) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Guarantor relate, the reference to the then latest consolidated audited accounts of the Guarantor for the purposes of the calculation above shall, until such consolidated audited accounts of the Guarantor for the financial period in which the relevant corporation or other business

entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Guarantor adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;

- (B) if at any relevant time, in relation to the Guarantor or any Subsidiary which itself has Subsidiaries, no consolidated accounts are prepared and audited, revenue, operating profit or total assets of the Guarantor and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Guarantor;
- (C) if at any relevant time, in relation to any Subsidiary, no accounts are audited, its revenue, operating profit or total assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Guarantor; and
- (D) if the accounts of any subsidiary (not being a Subsidiary referred to in proviso (A) above) are not consolidated with those of the Guarantor, then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Guarantor.

A certificate prepared and signed by an Authorised Signatory of the Guarantor (as previously notified to the Trustee in writing in accordance with the Agency Agreement) that in its opinion, a Subsidiary is or is not, or was or was not, a Principal Subsidiary of the Guarantor shall, in the absence of manifest error, be conclusive and binding on the Bondholders and all parties. The certificate shall also set out the relevant particulars and calculations for the purpose of determining the Principal Subsidiaries of the Guarantor.

Neither the Trustee nor any Agent shall be required to take any steps to ascertain whether an Event of Default or Potential Event of Default has occurred and shall not be responsible or liable to the Bondholders, the Issuer, the Guarantor or any other person for any loss arising from any failure to do so.

11. PRESCRIPTION

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

12. REPLACEMENT OF CERTIFICATES

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

13. MEETINGS OF BONDHOLDERS, MODIFICATION AND WAIVER

(a) Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee if requested in writing to do so by Bondholders holding not less than 10 per cent. in principal amount of the Bonds for the time being outstanding (as defined in the Trust Deed), subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction. The quorum for any meeting convened to

consider an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Bonds for the time being outstanding (as defined in the Trust Deed), or at any adjourned meeting one or more persons present being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable in respect of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution or (v) to cancel or modify the Deed of Guarantee (subject to Condition 13(b)), in which case the necessary quorum will be one or more persons present holding or representing not less than $66\frac{2}{3}$ per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Bonds for the time being outstanding (as defined in the Trust Deed). Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present and whether or not they voted at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution passed (i) by way of electronic consents through the relevant clearing system from or on behalf of Bondholders holding not less than 90 per cent. in principal amount of the Bonds for the time being outstanding (as defined in the Trust Deed) in accordance with the Trust Deed; or (ii) in writing signed by or on behalf of the Bondholders holding not less than 90 per cent. in principal amount of the Bonds for the time being outstanding (as defined in the Trust Deed) shall, in each case, for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(b) Modification and Waiver

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law, or (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee agrees otherwise, such modification, authorisation or waiver shall be notified by the Issuer, failing whom the Guarantor, to the Bondholders in accordance with Condition 17 as soon as practicable.

(c) Entitlement of the Trustee

In connection with the exercise of its trusts, functions, rights, powers, authorities and/or discretions (including but not limited to those referred to in this Condition 13), the Trustee shall have regard to the interests of the Bondholders as a class but shall not have regard to any interests arising from circumstances particular to individual Bondholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof, and the Trustee shall not be entitled to require on behalf of any Bondholder, nor shall any Bondholder be entitled to claim, from the Issuer, the Guarantor or the Trustee, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders except to the extent already provided for in Condition 9 and/or any undertaking given in addition to, or in substitution for, Condition 9 pursuant to the Trust Deed.

(d) Certificates and Reports

The Trustee may rely without liability to Bondholders, the Issuer, the Guarantor or to any other person on any information, report, confirmation, certificate, translation, advice or opinion obtained from a rating agency or from any lawyers, valuers, accountants (including the auditors), surveyors, financial advisers or financial institutions, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such information, report, confirmation, certificate, translation, advice or opinion and, in such event, such information, report, confirmation, certificate, translation, advice or opinion shall be binding on the Issuer, the Guarantor and the Bondholders.

(e) Trustee not Responsible

The Trust Deed states that the Trustee shall not be responsible for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of the Trust Deed, the Bonds, the Deed of Guarantee, the Agency Agreement, any Certificate or any other document relating thereto, any licence, consent or other authority for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of the Trust Deed, the Deed of Guarantee, the Agency Agreement, the Register or any other document relating thereto. In addition, the Trust Deed states that the Trustee shall not be responsible for the effect of the exercise of any of its powers, rights, duties, functions, authorities and discretions under the Trust Deed, the Deed of Guarantee, the Agency Agreement, these Conditions or any other document relating hereto or thereto, save to the extent resulting directly from its own gross negligence, wilful default or fraud.

(f) Responsibility for Statements

The Trust Deed states that the Trustee shall not be responsible for, or for investigating any matter which is the subject of, any recital, statement, representation, warranty or covenant of any person contained in the Trust Deed, the Deed of Guarantee, any offering document in relation to the Bonds or any other agreement or document relating to the transactions contemplated in the Trust Deed or under such other agreement or document and shall be entitled to assume the accuracy and correctness thereof or for the execution, legality, effectiveness, adequacy, genuineness, validity or enforceability or admissibility in evidence of any such agreement or other document or any security constituted thereby or pursuant thereto.

14. ENFORCEMENT

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer or the Guarantor (as applicable) as it may think fit to enforce the terms of the Trust Deed, the Bonds or the Deed of Guarantee, but it need not take any such proceedings unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in principal amount of the Bonds outstanding (as defined in the Trust Deed), and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

15. INDEMNIFICATION OF THE TRUSTEE

(a) Indemnification and protection of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability towards the Issuer, the Guarantor and the Bondholders, including (i) provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Bondholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

(b) Trustee Contracting with the Issuer and the Guarantor

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (i) to enter into business transactions with the Issuer and/or the Guarantor and to act as trustee, depositary and/or agent for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or the Guarantor, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Bondholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

16. FURTHER ISSUES

The Issuer may from time to time without the consent of the Bondholders create and issue further securities having the same terms and conditions as the Bonds in all material respects (or in all material respects except for the issue date, the first payment of interest on them, the registration deadline for completion of the Cross-Border Security Registration and the deadline for submission of the NDRC Post-issue Filing and the deadlines for the corresponding notifications) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds). References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition 16 and forming a single series with the Bonds. However, such further securities may only be issued if (i) the Rating Agency maintaining the rating referred to in Condition 5(b) has been informed by the Issuer or the Guarantor of such issue; and (ii) such issue will not result in any adverse change in the then credit rating of the Bonds. Any further securities forming a single series with the outstanding securities of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall be constituted by a deed supplemental to the Trust Deed.

17. NOTICES

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

So long as the Bonds are evidenced by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream or the Alternative Clearing System (as defined in the Global Certificate), notices to Bondholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions.

18. CURRENCY INDEMNITY

U.S. dollars are the sole currency of account and payment for all sums payable by the Issuer and the Guarantor (as applicable) under or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or the Deed of Guarantee, including damages. Any amount received or recovered in a currency other than U.S. dollars (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, the Guarantor or otherwise) by any Bondholder or the Trustee in respect of any sum expressed to be due to it from the Issuer or the Guarantor will only constitute a discharge to the Issuer or the Guarantor to the extent of the U.S. dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that U.S. dollar amount is less than the U.S. dollar amount expressed to be due to the recipient under any Bond, the Deed of Guarantee, the Trust Deed and/or the Agency Agreement, the Issuer and the Guarantor will indemnify such recipient and the Trustee against any loss sustained by it as a result. In any event, the Issuer and the Guarantor will indemnify the recipient and the Trustee against the cost of making any such purchase. For the purposes of this Condition 18, it will be sufficient for the Bondholder or the Trustee, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantor's other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by any Bondholder and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Bond, the Trust Deed, the Agency Agreement, the Deed of Guarantee or any other judgment or order.

19. GOVERNING LAW AND JURISDICTION

(a) Governing Law

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

(b) Jurisdiction

The courts of Hong Kong are to have exclusive jurisdiction to settle any dispute, claim, difference or controversy that may arise out of, in relation to or in connection with the Trust Deed, the Agency Agreement, the Bonds or the Deed of Guarantee, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with them (a "**Dispute**") and each of the Issuer, the Guarantor and the Trustee has in the Trust Deed irrevocably submitted to the exclusive jurisdiction of the courts of Hong Kong. Each of the Issuer, the Guarantor and the Trustee has in the Trust Deed waived any objection to the Hong Kong courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(c) Agent for Service of Process

Each of the Issuer and the Guarantor has, in the Trust Deed and the Agency Agreement, irrevocably appointed Chang Development (Hong Kong) Company Limited as its agent for service of process in Hong Kong. If for any reason Chang Development (Hong Kong) Company Limited shall cease to be such agent for service of process, each of the Issuer and the Guarantor shall promptly appoint a new agent for service of process in Hong Kong and shall deliver to the Trustee a copy of the new agent's acceptance of that appointment within 30 days of Chang Development (Hong Kong) Company Limited ceasing to be such agent for service of process. Each of the Issuer and the Guarantor agrees that failure by a process agent to notify it of any process will not invalidate the relevant proceedings. Nothing in these Conditions shall affect the right to serve process in any other manner permitted by law.

(d) Waiver of Immunity

To the fullest extent permitted by law, each of the Issuer and the Guarantor has, in the Trust Deed and the Agency Agreement, irrevocably and unconditionally:

- (i) submitted to the jurisdiction of the Hong Kong courts in relation to any Dispute and has waived and agreed not to claim any sovereign or other immunity from the jurisdiction of the Hong Kong courts in relation to any Dispute (including to the extent that such immunity may be attributed to it), and agreed to ensure that no such claim is made on its behalf;
- (ii) submitted to the jurisdiction of the Hong Kong courts and the courts of any other jurisdiction in relation to the recognition of any judgment or order of the Hong Kong courts in relation to any Dispute and has waived and agreed not to claim any sovereign or other immunity from the jurisdiction of the Hong Kong courts or the courts of any other jurisdiction in relation to the recognition of any such judgment or court order and agreed to ensure that no claim is made on its behalf;
- (iii) consented to the enforcement of any order or judgment made or given in connection with any Dispute and the giving of any relief in the Hong Kong courts and the courts of any other jurisdiction whether before or after final judgment including, without limitation:
 - (A) relief by way of interim or final injunction or order for specific performance or recovery of any property;
 - (B) attachment of its assets; and
 - (C) enforcement or execution against any property, revenues or other assets whatsoever (irrespective of their use or intended use), and
- (iv) has waived and agreed not to claim any sovereign or other immunity from the jurisdiction of the Hong Kong courts or the courts of any other jurisdiction in relation to such enforcement and the giving of such relief (including to the extent that such immunity may be attributed to it), and agreed to ensure that no such claim is made on its behalf.

20. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

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

Terms defined in the Conditions set out in this Offering Circular have the meaning in the paragraphs below.

ACCOUNTHOLDERS

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

CANCELLATION

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

PAYMENTS

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

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

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

NOTICES

So long as all the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of a clearing system, notices to Bondholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled Accountholders.

REGISTRATION OF TITLE

Registration of title to Bonds in a name other than that of the Relevant Nominee will not be permitted unless Euroclear or Clearstream, as appropriate, notifies the Issuer and the Guarantor that it is unwilling or unable to continue as a clearing system in connection with the Global Certificate, and in each case a successor clearing system is not appointed by the Issuer and the Guarantor within 90 days after receiving such notice from Euroclear or Clearstream, as relevant, and notified in writing to the Trustee. In these circumstances title to a Bond may be transferred into the names of holders notified by the Relevant Nominee in accordance with the Conditions, except that Certificates in respect of Bonds so transferred may not be available until 21 days after the request for transfer is duly made.

TRANSFERS

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

BONDHOLDERS' PUT OPTION

For so long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream, the Bondholder's redemption option in Condition 7(c) (*Redemption for Relevant Events*) of the Conditions may be exercised by any holder of Bonds giving notice to the Principal Paying Agent in accordance with the standard procedures of Euroclear or Clearstream (which may include notice being given on his instructions by Euroclear or Clearstream or any common depository for them to the Principal Paying Agent by electronic means) of the principal amount of Bonds in respect of which the option is exercised and presenting or procuring the presentation of the Global Certificate to such Agent for endorsement within the time limits specified in the Conditions.

USE OF PROCEEDS

The Issuer estimates that the net proceeds from the offering of the Bonds, after deducting commissions to be charged by the Joint Lead Managers and other estimated expenses payable in connection with the offering of the Bonds, will be approximately U.S.\$197.6 million. The net proceeds are intended to be used for general corporate and refinancing purposes in accordance with applicable laws, regulations and implementation rules.

CAPITALISATION AND INDEBTEDNESS

The following table sets out the Guarantor's consolidated capitalisation and indebtedness as derived from its unaudited but reviewed consolidated financial information as at 30 September 2020 and as adjusted to give effect to the issue of the Bonds before deduction of any fees, commissions, offering discounts and expenses.

The as adjusted information below is illustrative only. Potential investors should read this table in conjunction with the unaudited but reviewed consolidated financial information of the Guarantor as at and for the nine months ended 30 September 2020 including the notes thereto, included elsewhere in this Offering Circular.

	As at 30 September 2020			
	(RMB'000)	(U.S.\$'000) ⁽¹⁾	(RMB'000)	(U.S.\$'000) ⁽¹⁾
	(Actual)		(As adjusted)	
Borrowings				
Short-term borrowings	8,937,987.03	1,316,423.21	8,937,987.03	1,316,423.21
Long-term borrowings	34,294,190.26	5,050,988.32	34,294,190.26	5,050,988.32
Bonds payable ⁽²⁾	25,495,905.71	3,755,141.06	25,495,905.71	3,755,141.06
Non-current liabilities due				
within one year	11,513,494.62	1,695,754.48	11,513,494.62	1,695,754.48
Long-term payable	4,025,930.95	592,955.54	4,025,930.95	592,955.54
Bonds to be issued	–	–	1,357,920.00	200,000.00
Total borrowings	<u>84,267,508.57</u>	<u>12,411,262.61</u>	<u>85,625,428.57</u>	<u>12,611,262.61</u>
Equity				
Share capital	5,022,000.00	739,660.66	5,022,000.00	739,660.66
Capital reserve	93,600,092.70	13,785,803.68	93,600,092.70	13,785,803.68
Other comprehensive income . .	3,314,397.36	488,157.97	3,314,397.36	488,157.97
Surplus reserve	1,883,313.96	277,382.17	1,883,313.96	277,382.17
General risk reserve	1,940.36	285.78	1,940.36	285.79
Undistributed profits	25,702,635.56	3,785,589.07	25,702,635.56	3,785,589.07
Total owners' equity				
attributable to parent				
company	<u>129,524,379.94</u>	<u>19,076,879.33</u>	<u>129,524,379.94</u>	<u>19,076,879.34</u>
Minority interests	3,369,612.44	496,290.27	3,369,612.44	496,290.27
Total equity ⁽³⁾	<u>132,893,992.38</u>	<u>19,573,169.61</u>	<u>132,893,992.38</u>	<u>19,573,169.61</u>
Total Capitalisation ⁽⁴⁾	<u><u>217,161,500.92</u></u>	<u><u>31,984,432.22</u></u>	<u><u>218,519,420.95</u></u>	<u><u>32,184,432.22</u></u>

(1) Amounts in Renminbi have been translated into amounts in U.S. dollar at the rate of RMB6.7896 to U.S.\$1.00, being the noon buying rate in New York City on 30 September 2020 as set forth in the weekly H.10 statistical release of the Federal Reserve Board of the Federal Reserve Bank of New York.

(2) Since the publication of the Reviewed Financial Statements, there has been a change in bonds payable as the Guarantor issued RMB0.5 billion five-year onshore medium-term notes in September 2020 and RMB1.3 billion three-year onshore medium-term notes in October 2020.

(3) Total equity includes share capital and reserves attributable to owners of the Guarantor.

(4) Total capitalisation equals to the sum of total borrowings and total equity.

Except as otherwise disclosed above, there has been no material change in the capitalisation and indebtedness of the Guarantor since 30 September 2020.

DESCRIPTION OF THE ISSUER

FORMATION

The Issuer, which is a wholly-owned subsidiary of the Guarantor, was incorporated on 29 July 2015 as a business company with limited liability in the British Virgin Islands under the BVI Business Companies Act. The Issuer's registration number is 1884613. Its registered office is located at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, the British Virgin Islands.

CORPORATE ACTIVITIES

As at the date of this Offering Circular, the Issuer has not engaged, since its incorporation, in any material activities other than the issue of U.S.\$400,000,000 4.00 per cent. guaranteed notes due 2021 on 22 March 2016, U.S.\$300,000,000 3.625 per cent. guaranteed notes due 2020 on 20 January 2017, U.S.\$400,000,000 5.70 per cent. guaranteed notes due 2021 on 1 November 2018 and U.S.\$250,000,000 3.90 per cent. guaranteed notes due 2022 on 5 September 2019, all of which are or were, as the case may be, guaranteed by the Guarantor, by entering into arrangements for the proposed issuance of the Bonds. The Issuer will remain as the Guarantor's wholly-owned subsidiary for as long as the Bonds are outstanding. The Issuer does not have any employees and has no subsidiaries.

DIRECTOR

The sole director of the Issuer is Mr. Wang Chen. Mr. Wang Chen, born in August 1979, graduated from Jilin University with a degree in Quantitative Economics and is a PhD candidate. Mr. Wang is currently the Chief Economist of the Guarantor, the Vice President of Changfa Finance Holdings (Changchun) Co., Ltd (長發金融控股(長春)有限公司) ("**Changfa Finance**"), and the Executive Director of Chang Holdings (Hong Kong) Company Limited. He previously served as a director of the Credit Information Centre of Changchun Finance Office (長春市金融辦信用資訊中心). Mr. Wang joined the Guarantor in May 2015.

SHARE CAPITAL

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

FINANCIAL INFORMATION OF THE ISSUER

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

DESCRIPTION OF THE GUARANTOR AND THE GROUP

OVERVIEW

The Guarantor is the only comprehensive investment and financing platform in Changchun City established by the Changchun Government and wholly owned by the Changchun SASAC, and was established with the aim of (i) directing and consolidating different sources of funds to Changchun City for the development of strategic sectors and major infrastructure and (ii) preserving and enhancing the value of state-owned assets. It invests in and controls a number of specialised companies in various industries, including urban drainage pipeline network business, engineering construction, water treatment, trading as well as financial services. As at 30 September 2020, the Guarantor operated its business through 15 wholly-owned subsidiaries and holding companies as well as 15 joint venture companies. The Guarantor was incorporated in September 2013 as an integrated platform for the purpose of diversified ownership structure reform and operational transition for state-owned companies in Changchun City, and is the largest local state-owned enterprise in Jilin Province in terms of total assets, total revenue and gross profit within Jilin Province.

Jilin Province is located in northeast China and is one of China's most important agricultural bases. Jilin Province has a developed industrial economy represented by established automobile manufacturing and petrochemical industries, and emerging pharmaceutical and electronic information industries. Jilin Province's economy has grown rapidly due to PRC government policies for the revitalisation of old industrial bases in northeast China. Changchun City is the capital and largest city of Jilin Province, and is located in the northeast China. As one of the central cities in the northeast of China, Changchun City is administered as a sub-provincial city.

The Group is mainly engaged in (i) urban drainage pipeline network business, which includes the rental of the underground drainage pipeline network of Changchun City; (ii) engineering construction, which includes urban infrastructure construction, old town redevelopment and welfare housing construction; (iii) water treatment, which includes water supply, water drainage and sewage treatment; (iv) trading, which mainly includes sales of ready-mixed concrete and building materials; and (v) financial services, which include the provision of financial services to agricultural and small- and medium-sized enterprises, providing guarantees, providing financial leasing and investing in securities. Besides the main business segments mentioned above, the Group is also engaged in some other businesses which include industrial investment (such as fuel gas and other energy construction projects), construction project contracting services, provision of loans and leasing services and provision of credit guarantees. Leveraging the fast development of Changchun City, the Group has expanded its business rapidly across its five principal business segments.

As at 31 December 2018 and 2019 and 30 September 2020, the Group's total assets was RMB225.88 billion, RMB233.59 billion and RMB244.95 billion, respectively, and the Group's net assets was RMB122.22 billion, RMB133.47 billion and RMB132.89 billion, respectively. For the years ended 31 December 2018 and 2019 and for the nine months ended 30 September 2019 and 2020, the Group achieved a total operating income of RMB3.76 billion, RMB4.29 billion, RMB2.58 billion and RMB2.67 billion, respectively. The Group recorded a net profit of RMB1.91 billion and RMB1.89 billion for the years ended 31 December 2018 and 2019, and a net loss of RMB1.09 billion and RMB0.67 billion for the nine months ended 30 September 2019 and 2020, respectively. The decrease in net loss for the nine months ended 30 September 2020 as compared to 30 September 2019 was due to the increase in the amount of subsidies received by the Group from the Changchun Government. The subsidies received from the Changchun Government for the years ended 31 December 2018 and 2019 amounted to RMB4.37 billion and RMB4.75 billion, respectively. The subsidies received from the Changchun Government for the nine months ended 30 September 2020 amounted to RMB1.54 billion, which showed a slight increase as compared with the same period in 2019.

HISTORY AND DEVELOPMENT

The Guarantor is a state-owned company wholly owned by Changchun SASAC. It was incorporated in September 2013 with an initial registered capital of RMB5 billion. On 22 December 2017, Changchun SASAC agreed to further invest RMB20 million into the Guarantor and as a result the Guarantor's registered capital increased to RMB5.02 billion. On 4 March 2019, Changchun SASAC agreed to further invest RMB2 million into the Guarantor and as a result the Guarantor's registered capital increased to RMB5.022 billion. As at 30 September 2020, all registered capital of the Group had been paid up.

The Guarantor was established pursuant to Changfupifu [2013] No. 27 (長府批覆[2013]27號) of Changchun Government dated 15 August 2013 with the aims of (i) directing and consolidating multiple sources of funds to Changchun City for the development of strategic sectors and major infrastructure, and (ii) preserving and enhancing the value of state-owned assets. As the only entity assigned with various functions including investment, financing, construction and operations in Changchun City, the Guarantor was mandated by the Changchun Government to leverage its strengths to: raise capital from the capital markets, conduct construction of major infrastructure within Changchun City, develop the key regions within Jilin Province, engage in project financing, capital operation and urban resources management in accordance with the national economy and social development outline, as well as general urban planning and construction and development of Jilin Province. It is also required to manage and operate state-owned assets using modern management philosophy and operating models.

As at the date of this Offering Circular, the majority of the Guarantor's operating subsidiaries and assets have been injected into the Group by the Changchun Government by way of equity transfers (in the case of equity interests in the subsidiaries) and asset transfers (such as ownership in pipelines). The subsidiaries carry on a broad spectrum of businesses in various industries including urban drainage pipeline business, engineering construction, water treatment and trading, among others.

As at the date of this Offering Circular, the Guarantor has received an AAA corporate rating from China Chengxin International Credit Rating Co., Ltd., a long-term rating of Baal with a stable outlook from Moody's and a long-term rating of BBB+ with a stable outlook from Fitch in recognition of its good assets portfolio quality, sound corporate governance and strict risk management system. In 2017, the Guarantor successfully completed its debut offshore U.S. dollar bond offering.

The following are a number of key milestone events in the corporate development of the Group:

- November 1991 Changchun Construction Investment Company (長春市建設投資公司) was established by the Changchun Government as an investment and financial platform for the Changchun Government.
- September 1999 Changchun City Development (Group) Co., Ltd. (長春城市開發(集團)有限公司) was established by the Changchun Government as the first financing platform in Changchun City undertaking city development.
- October 2000 Changchun Water (Group) Co., Ltd. (長春水務(集團)有限責任公司) (“**Changchun Water**”) was established by the Changchun Government as the largest operator in the sewage treatment business in Changchun.
- May 2009 Changchun Rudder Investment Group Co., Ltd. (長春潤德投資集團有限公司) was established by the Changchun Government as a principal entity to undertake urban construction projects.
- December 2011. Changchun Construction Investment Co., Ltd. (長春城投建設投資(集團)有限公司) was established by the Changchun Government as the entity to undertake the development and construction of large public welfare projects.
- January 2013. Changchun Urban Pipeline Construction Investment (Group) Co., Ltd. (長春城市管線建設投資(集團)有限公司) was established by the Changchun Government as the entity to undertake the upgrade and maintenance of the underground pipeline network and the development of other green energy projects.

September 2013	The Guarantor received a capital injection of RMB1 billion in the form of cash from Changchun SASAC.
December 2013.	The Guarantor received a capital injection of RMB500 million in the form of cash from Changchun SASAC.
September 2015	The Guarantor received a capital injection of RMB600 million in the form of cash from Changchun SASAC.
October 2015	Changchun SASAC transferred 48.325 per cent. of its share interests in Changchun City Development (Group) Co., Ltd. (長春城市開發(集團)有限公司) to the Guarantor as its RMB2.9 billion capital injection.
May 2016	The Guarantor entered into a strategic cooperation agreement with Everbright Securities Co., Ltd.
October 2016	The Guarantor was appointed as the sixth Chairman Unit of the National Urban Investment Association. The Guarantor issued 4.00 per cent. bonds in the aggregate principal amount of U.S.\$400 million, which were fully repaid in March 2019.
December 2016.	The Guarantor entered into a strategic cooperation agreement with Evergrande Real Estate Group.
January 2017.	The Issuer issued 3.625 per cent. notes due 2020 in the aggregate principal amount of U.S.\$300 million. The notes were guaranteed by the Guarantor. The notes were assigned a rating of “Baa1” by Moody’s.
August 2017	The Guarantor was listed as one of the pilot companies of the state-owned capital investment restructuring scheme, and was positioned as the key enterprise of Changchun City to push for investment in and marketisation of urban infrastructure assets.
December 2017.	The Guarantor received a capital injection of RMB20 million in the form of cash from Changchun SASAC.
March 2018.	The Guarantor announced that it would no longer exercise its voting right in Changchun Construction Investment independently, but would act in concert with Changchun Urban and Rural Construction Committee due to a shareholding restructuring in Changchun Construction Investment, where the Changchun Urban and Rural Construction Committee acquired 49.02 per cent. equity interest in Changchun Construction Investment from its minority shareholders with the Guarantor holding the remaining 50.98 per cent. equity interest. Meanwhile, as Changchun Urban and Rural Construction Committee acquired control over the appointment of directors and senior management as well as financial and operational policies, the Guarantor no longer has control over Changchun Construction Investment whose financials are no longer consolidated into the Group’s financial statements.
June 2018	The Guarantor was designated as the sole operator of the “Intelligent City” project by the Changchun Government.
November 2018	The Issuer issued 5.70 per cent. bonds due 2021 in the aggregate principal amount of U.S.\$400 million. The bonds were guaranteed by the Guarantor. The bonds were assigned a rating of “Baa1” by Moody’s.
December 2018.	The Guarantor received a capital injection of RMB2 million in the form of cash from Changchun SASAC.

August 2019	The Group was designated by the Changchun Government as having key responsibilities in the management and development of the land in Changchun City.
September 2019	The Issuer issued 3.90 per cent. bonds due 2022 in the aggregate principal amount of U.S.\$250 million. The bonds were guaranteed by the Guarantor. The bonds were assigned a rating of “Baa1” by Moody’s.
December 2019.	The Guarantor acquired 18 per cent. equity interest in Changchun Railway Traffic Group Company Limited (長春市軌道交通集團有限公司).
May 2020	The Guarantor established Changchun Changfa New Energy Industry Investment Construction Co., Ltd. (長春市長發新能源產業投資建設有限公司).

RECENT DEVELOPMENTS

The COVID-19 Pandemic

See “*Risk Factors – Risks Associated with the Group’s Businesses – The outbreak of the COVID-19 pandemic is growing and its impact is uncertain and may affect the Group’s business*”.

The recent outbreak of COVID-19 has caused substantial disruptions in the PRC and international economies and markets as well as additional uncertainties in the Group’s operating environment. To contain the outbreak, the Group has implemented contingency plans and adopted precautionary measures to combat against the adverse effects.

At the outbreak of COVID-19 in early 2020, the Guarantor promptly formulated its emergency plan, established an epidemic prevention and control and emergency response committee, and formed a joint prevention and control system (“三防兩控四統一” 聯防聯控機制), as a result of which the Guarantor was able to attain a 99 per cent. resumption rate in terms of labour and its production. In February 2020, in the face of shortage of blood for clinical use in Changchun City, young employees from the Guarantor actively participated in voluntary blood donation. In addition, the Guarantor donated money and medicines, gloves, masks, protective hats and other epidemic prevention supplies to medical staff and epidemic prevention personnel.

As the designated sole purchaser and key supplier of epidemic prevention and control supplies in Changchun City, the Guarantor closely cooperated with Changchun SASAC and Changchun MOFCOM to promptly establish a team of specialised personnel, raised RMB50 million funds and maintained close communication with 112 domestic and foreign producers. Despite the initial national shortage of epidemic prevention and control supplies, the Guarantor had successfully procured 10.10 million surgical and general masks, 100,000 gloves, 1.60 tons of melt-blown fabrics, 5,500 sets of protective clothing, 5,300 forehead thermometers and other important epidemic prevention and control supplies within two months and contributed significantly to the epidemic prevention and control in Changchun City.

Changchun Government has also appointed the Group as the construction agent of Changchun City First Aid’s emergency healthcare assistance centre construction (長春市急救中心緊急醫療救援建設) and two other projects. As at the date of the Offering Circular, the Guarantor has invested an aggregate of RMB300 million in the planning and construction of the above projects, the main structures of which have mostly been completed and the investments have been made on schedule, and it is expected that all construction work will be completed and launched by the end of September 2021.

In addition, the Group has taken various measures to stabilise employment, financial operations, foreign trade, foreign investment, domestic investment and expectations (“六穩”) and maintained security in employment, basic living needs, business operations, food and energy security, industrial and supply chains and normal functioning of primary-level governments (“六保”), and is committed to assisting local enterprises during the difficult period.

- Changfa Finance granted a series of preferential policies to small and micro businesses, including the lowering of the interest rates, loan extension, renewal of loans in the aggregate of RMB420 million and reduction and exemption of insurance premiums in the aggregate of RMB4.67 million;

- Changfa Human Resources Industry Investment (Changchun) Co., Ltd. (長發人力產業投資(長春)有限公司資源公司) granted an aggregate of RMB4.3 million of rental reduction and exemption to the enterprises in China Changchun Human Resources Services Industrial Park (中國長春人力資源服務產業園); and
- Changchun Changfa Old Town Renovation Engineering Co., Ltd. (長春市長發舊城改造工程有限公司) actively promulgated an online service model, under which an aggregate amount of RMB12.44 billion of project funds have been appropriated.

Transfer of Heating Supply Assets

On 7 December 2020, the Guarantor announced that, to lower its costs and expenses, avoid the potential negative impact of the policy to eliminate subsidies for clean energy heating operations and the adjustment of gas price and improve its core competitiveness and risk control capability, its wholly-owned subsidiary, Changchun Tianyu Ruibang Energy Saving Technology Co., Ltd. (長春市天宇瑞邦節能科技有限公司) will transfer the franchise and affiliated heating supply assets of its 15 heating supply stations to Changchun Heat (Group) Co., Ltd. (長春市熱力(集團)有限公司) for zero consideration. The proposed transfer was approved by the Guarantor’s board of directors on 23 October 2020 and by Changchun SASAC in its Approval of the Changchun SASAC on Transfer of Heating Supply Assets by Changchun Tianyu Ruibang Energy Saving Technology Co., Ltd. for nil consideration (Changguozhi (2020) No. 183) (《長春市國資委關於長春市天宇瑞邦節能科技有限公司供熱資產無償劃轉的批覆》(長國資[2020]183號)). As at 30 September 2020, the net value of the heating supply assets subject to the transfer described above amounted to RMB8.76 million.

AWARDS

The Guarantor and its subsidiaries have received numerous awards and accolades from the relevant authorities throughout the years.

In 2017 and 2018, the Group was selected as “Outstanding Enterprise of Information” (信息工作先進單位) by the National Urban Investment Association.

In 2019, the Group was awarded various honours including Changchun Citizen’s Role Model Award (長春百姓學習之星) and Changchun Lifelong Learning Brand (長春終身學習活動品牌).

In the year 2020, the Guarantor won ten national, provincial and municipal honours, including Changchun Attractive Entity Award’s (長春市魅力單位評選) “Top Ten Famous Enterprises” (十大名企) and the Changchun Youth’s Role Model Group award.

COMPETITIVE STRENGTHS

The Guarantor believes that the Group possesses the following competitive strengths:

The Group is the largest functional state-owned enterprise in Changchun City and the main platform for the Changchun Government’s urban construction, development, investment and operation projects

Changchun City is located in the centre of the Songliao Plain in northeast China. It is the regional centre of northeast China and is one of the 15 sub-provincial cities in China. Changchun City is located in the centre of northeast China and is the second largest city in northeast China. Additionally, Changchun City is the capital city of Jilin Province and one of the four “National Garden Cities” in China. It is known as the “Northern Spring City”, is one of the leading green cities in Asia, and has won the title of “Happiest City in China” 10 times.

Changchun City has a rich modern background and is a famous traditional industrial base in China, and is China’s newest car manufacturing and movie production base. It is known as the “Detroit of the East” and “Hollywood of the East”, and is a nurturing area to develop sectors such as railway vehicles, photovoltaic technology, applied chemistry and biological products of modern China. It is the birthplace of organisations such as FAW China, the Changchun Movie Production plant, the Changchun Passenger Vehicle plant, the Changchun X Ray Centre of the Chinese Academy of Science and the Changchun Applied Chemistry Laboratory of the Chinese Academy of Science.

The Group has been designated and financially supported by the Changchun Government as the main platform in Jilin Province for (i) land and infrastructure development through consolidation of multiple sources of funds, (ii) public service provision, and (iii) investment and management of state-owned financial and industrial assets. The Group has been guided by national strategies to perform substantial and critical governmental functions in the areas of city construction and municipal development such as investing in and constructing major welfare projects including the underground pipeline network, primary land consolidation welfare housing and shanty town redevelopment. The Group will play a critical supporting role in Jilin Province's integration into the national strategy of "Belt and Road", facilitating Changchun and Jilin Province's cooperation with Far East Russia in sea-land joint transportation, accelerating access to Russia and implementing the national strategy of developing the Chang-Ji-Tu region. Benefiting from national policies such as Opinions of the State Council on Several Recent Major Policies and Moves for Supporting the Revitalisation of Northeast China (國務院關於近期支持東北振興若干重大政策舉措的意見), National New-type Urbanisation Plan (2014-2020) (國家新型城鎮化規劃 2014-2020) and The Opinion About Strengthening the Construction of Urban Infrastructure (國務院關於加強城市基礎設施建設的意見) promulgated in September 2013, the Group, as the largest local state-owned enterprise in Changchun City, will continue to act as a major investment and financing platform in Changchun and play an even bigger role in supporting certain government functions on an independent commercial basis.

As the Changchun Government's only comprehensive investment and financing platform for Changchun City, the Group is well-positioned to take advantage of strong demand for urban infrastructure in Changchun City. The construction of roads and bridges, welfare housing, urban water supply and drainage and other public projects within Changchun City constitute the Group's main critical public servicing function and are, and will continue to be, the most important parts of the Group's business operations. For example, in the construction of roads and bridges, the Group was involved in the construction of the "Two Horizontal Three Vertical" Expressway (兩橫三縱項目), the Tengfei Highway Interchange (騰飛互通立交橋) and the Airport Expressway (繞城高速) in Changchun City. The Group also led the construction of the Changchun West Rail Station Integrated Transportation Centre (長春西站綜合交通換乘中心項目), Changchun Urban Planning Exhibition Hall, Museum and Art Museum Project (長春規劃展覽館、博物館及美術館項目), Jiaxian Penghu District Transformation Project (夾餡棚戶區改造項目), old town redevelopment (舊城改造) and numerous other landmark projects.

The Group has been engaging in the development of the CCDG-Vanke Talent Apartment Project (長發•萬科人才公寓), which aims to provide "one-stop comprehensive human resources services" in Changchun, attracting and gathering talents. The project intends to meet the demands for high-quality living conditions for the long-term development of talents and promote smooth implementation of the Changchun "Zhao Cai Yin Zhi" (招才引智) project. It has also developed two museums under the Changchun Urban Planning Exhibition Hall, Museum and Art Museum Project. The two museums exhibit the grand blueprint of Changchun's historical development and future development, and highlight the achievements of material and spiritual civilisation in the new round of urban construction and development. It is the largest exhibition venue in China with the most abundant application of technological media.

The Group has also been designated by the Changchun Government as the implementation entity (through the establishment of SPVs) for the Changchun air show and its affiliate projects.

To comply with the national strategies of revitalising rural areas and promoting urban-rural integration, the Group participated in the Commencement Ceremony of the Green Circular Beef Cattle Industry Demonstration Park Project (綠色循環肉牛產業示範園區項目開工儀式) and signed a joint venture agreement with the National Hybrid Rice Engineering Technology Research Centre (國家雜交水稻工程技術研究中心) to promote the research, development and production of hybrid rice in Changchun city recently with an aim to becoming a leading and well-known contributor to the agriculture development of Jilin Province. Leveraging on the 1,300 hectares high quality land resources of Xingye Farm (興業農場), the Group will carry out land leasing, diversified planting, rural tourism and other agricultural businesses.

In 2018, the Guarantor was designated as the sole operator of the "Intelligent City"/"Digital Changchun" project by the Changchun Government. The Guarantor will provide comprehensive professional services for planning, investment, construction and operation of the Northeast Asia Big Data Industrial Park via Huaxia Zhicheng Co., Ltd., which integrates the financing, construction and operation of the "Digital Changchun" project. Maintaining focus on the Northeast Asia Big Data Trading Centre, Northeast Asia Data Assets Evaluation Centre, National Big Data Innovation and Entrepreneurship Base, and Northeast Asia Digital Economic Research Institute while aiming for the goal of building a high-end cloud computing data centre, the Guarantor will construct the core data centre for biomedicine, geospatial data, e-government and agriculture. The Guarantor will develop four major businesses (四商), including (i) supply businesses which include basic urban construction and public services, (ii) development and operation businesses for the development of industrial sector, (iii) service businesses including financial and innovation services and (iv) investment businesses focusing on key industries. With a strong talent support policy and industrial equity investment fund, the Guarantor believes it will attract more investment, introduce a group of leading enterprises, train a group of unicorn enterprises and incubate a group of gazelle enterprises so as to create a complete big data chain. To date, the Group has established

the digital Changchun platform and introduced citizen card enterprise, and will be leading the Northeast Asia Big Data Industrial Park project, promoting the construction of a digital Changchun. The Group has supported the FAW in its New Energy Automobile Development Project(紅旗新能源汽車項目建設) and cooperated with Management Commission of Changchun Automobile Economic Development Zone in implementing Changchun Automobile Economic Development Zone Prosperity Intelligent Manufacturing Industrial Park Project (長春汽開區繁榮智慧製造產業園項目), establishing a mechanical, intelligent, connected and modern factory for the production of vehicles.

The Group has helped the development of the Changchun Tourist Services Centre, which integrates the city's culture, rural areas, trade, ice and snow, ecology, health and other characteristics of high-quality tourism resources so as to provide tourists with one-stop tourist information, ticket reservation, hotel reservation and vehicle reservation services.

In 2021, the Group has also engaged in a replacement power station construction project which aims to put 120 units of power stations into operation in three years. Resources from China National Petroleum Corporation and State Power Investment Corporation Limited will be introduced to the project to strengthen collaboration and cooperation.

Strong and continuous favourable policies of the Changchun Government

The Guarantor was established pursuant to Changfupifu [2013] No. 27 (長府批覆[2013]27號) of Changchun Government dated 15 August 2013 with the aims of (i) directing and consolidating different sources of funds to Changchun City for the development of strategic sectors and major infrastructure, and (ii) preserving and enhancing the value of state-owned assets. When carrying out its performance of substantial and critical governmental functions in the area of city construction and municipal development, the Group closely cooperates with various bureaus and committees of the Changchun Government, such as Changchun Urban Construction Committee (which appoints the Group as the main legal entity in urban construction projects and city-level welfare housing projects), Changchun Finance Bureau (which grants subsidies and provides comprehensive project funding for certain projects), Changchun Housing Administration Bureau (which appoints the Group as the sole contractor for all shanty area redevelopment projects and the low-rent apartments construction projects in Changchun City), Changchun NDRC and Changchun Civil Affairs Bureau (which expedites approval processes for the Group's certain key projects), Changchun Urban Management Committee (which appoints the Group as the legal entity in investing in and operating major projects including old town development projects), Changchun Utility Bureau (which appoints the Group as the legal entity in investing in, constructing and operating the underground pipeline network) and Changchun Tourism Bureau (which provides guidance and support in relation to the Group's investment in the tourism sector).

The Changchun Government implements policies favourable to the development of the Group in various aspects, which include the following measures:

Financial support

The Changchun Government provided and continues to provide financial and policy support to the Group. The Guarantor was established by the Changchun Government on 27 September 2013. As at 30 September 2020, the Guarantor had a registered capital of RMB5.022 billion and all registered capital of the Group had been paid up. For the further development of the Guarantor, the Changchun Government has also adopted a series of measures relating to the provision of government grants to the Group. For the years ended 31 December 2018 and 2019, the subsidies received from the Changchun Government amounted to RMB4.37 billion and RMB4.75 billion, respectively. The subsidies received from the Changchun Government for the nine months ended 30 September 2020 amounted to RMB1.54 billion, which showed a slight increase as compared with the same period in 2019.

Policy support

The Changchun Government has promulgated a variety of favourable policies to ensure the sustainable development of Changchun City such as primary land consolidation. Changchun SASAC has continuously supported the Group through the injection of quality assets into the Group. For example, the Changchun Government has injected significant urban drainage pipeline network assets into the Group which had a book value of approximately RMB25.87 billion as at 30 September 2020. Going forward, the Changchun Government may further inject state-owned assets into the Group. In addition, any major public projects undertaken by the Group must ultimately be approved by Changchun SASAC which has implemented a systematic approval process for the onboarding of new projects taken on by the Group. As at 30 September 2020, the Group had been contracted to perform its obligations under the contracts with the Changchun Government with an approximate value of RMB79.33 billion.

Other benefits

As the largest local state-owned enterprise in Changchun City, the Group is able to leverage its scale and competitive advantage together with the favourable policies of the Changchun Government to invest in capital-intensive and large-scale projects, such as the construction of transportation infrastructure and sewage treatment infrastructure, and to acquire additional enterprises and assets in furtherance of its market consolidation objective.

Stable credit metrics and strong financing capabilities

The Group enjoys strong and stable cash flows from operating the water treatment plants, the sewage treatment plants and the drainage pipeline network of Changchun City. For the years ended 31 December 2018 and 2019 and for the nine months ended 30 September 2020, the Group's operating income from such operations amounted to RMB1.47 billion, RMB1.61 billion and RMB1.10 billion respectively, representing 39.14 per cent., 37.49 per cent. and 41.19 per cent. of the Group's operating income in the respective periods. The Group's operating income from such operations for the nine months ended 30 September 2020 remained stable as compared with the same period in 2019. In addition, for the years ended 31 December 2018 and 2019, subsidies in the amount of RMB3,922 million and RMB4,017 million were attributable to rental payment for the Group's urban drainage pipeline. For the nine months ended 30 September 2020, subsidies in the amount of RMB1,023 million were attributable to rental payment for the Group's urban drainage pipeline, which showed an increase as compared with the same period in 2019.

The Group has diversified funding channels including bank loans, debt financing from onshore and offshore capital markets as well as financing through trust and financial leasing. The Group has maintained long-term relationships with major commercial and policy banks in China, from which it is able to obtain banking facilities on preferential terms to fund its business expansion. As at 30 September 2020, the Group had 17 credit lines with major commercial and policy banks in the PRC such as China CITIC Bank Corporation Limited, China Bohai Bank Co., Ltd., Shengjing Bank Co, Ltd., Huaxia Bank Co., Ltd., Industrial Bank Co., Ltd., Shanghai Pudong Development Bank Co., Ltd., Industrial and Commercial Bank of China Ltd., China Construction Bank Corporation, Bank of China Limited, China Development Bank Corporation, The Export-Import Bank of China, Bank of Communications Limited, Postal Savings Bank of China Co., Ltd. and Bank of Jilin Co., Ltd. in the aggregate amount of approximately RMB224.22 billion, of which approximately RMB114.48 billion had not been utilised. The Group also actively optimises its capital structure and improves its liquidity by issuing medium term notes, private placement notes and short-term financing bills. In 2018, the Group was assigned an "AAA" corporate credit rating by China Chengxin International Credit Rating Co., Ltd. and was also rated Baa1 by Moody's and BBB+ by Fitch, both with stable outlook. In 2019, the Guarantor was rated BBB+ by Fitch with stable outlook. In 2020, the Guarantor was assigned an "AAA" corporate credit rating by China Chengxin International Credit Rating Co., Ltd. with stable outlook.

Well-diversified business portfolio with stable sources of income

The Group has a well-diversified business portfolio comprising urban drainage pipeline network business, engineering construction, water treatment, trading and other businesses. In relation to its urban drainage pipeline network business, the Group supplies 100 per cent. of the running water in Changchun City and is responsible for 90 per cent. of the water drainage and sewage treatment in Changchun City as at 30 September 2020. Since 2013, the pipeline network of Changchun City was injected into the Group and the Group entered into long-term lease agreements in respect of the pipelines with the Changchun Government, whereby the Changchun Government would pay RMB3 billion annually as leasing fees to the Group. From 2014, this was increased to RMB6 billion (of which RMB3 billion is recorded as government subsidies) and RMB9 billion from 2015 (of which RMB8 billion is recorded as government subsidies). In December 2017, the Changchun Government decided to reduce the annual lease fees to RMB5 billion as part of the initiative to support the Group's transformation into a more market-oriented enterprise.

In addition, the Group's engagement in multiple diverse business segments enables the Group to reduce the risks associated with reliance on limited types of business and also mitigate any adverse impact resulting from price volatilities relating to any single business segment. Furthermore, since most of the Group's construction projects are government procurement projects, the Changchun Government will bear the rising costs incurred during the construction period, which aids to the overall profitability of the Group.

Unparalleled market position

The Group is the largest local state-owned enterprise in Changchun City sponsored by Changchun SASAC, is the only comprehensive investment and financing platform in Changchun and has contributed significantly to the urban construction and development of Changchun City. The Group operates an effective monopoly on the urban infrastructure construction and operations sector and the water treatment and water drainage pipeline network system in Changchun City. As these are critical and irreplaceable to the citizens' livelihood and city image, the Changchun Government gives concessions and support to these projects as well as to other public welfare projects which the Group undertakes. The Group's land development projects such as welfare housing and old district reconstruction are not a monopoly, but are critical to the Changchun Government and have benefit from various favourable policies of the Changchun Government such as allocation of land and buy-back. The Group is further confirmed as the main entity of the Changchun Government's foreign investment, which enhances its competitiveness in the market-oriented industrial investment industry. In addition, the Group has also been confirmed by the Changchun Government as its main investment vehicle arm and major industrial investor for the development of the four major businesses in 2020. As at 30 September 2020, held approximately 77 per cent. of the total value of state-owned assets invested by Changchun SASAC.

Given the monopoly the Group holds in some of the abovementioned industries as well as its favourable market position in others, together with favourable policies of the Changchun Government, the Group is well-positioned to be a market leader with significant competitive advantage over its competitors in these industries within Changchun City. Since its incorporation in 2013, the Group has continuously grown its total assets. As at 30 September 2020, the Group had total assets of RMB233.6 billion and remained the largest local state-owned enterprise in Jilin Province. In recognition of its development, in October 2016, the Group was appointed as the Chairman Unit of the National Urban Investment Association, which consists of 153 large local state-owned enterprises entrusted by their respective local government to finance and invest in public infrastructure projects.

Strong corporate governance

The Group is an independent legal entity and has in place a strong governance framework which provides for clear and sound internal policies and measures regulating the procedures of deliberation by the board of directors, the board of supervisors, the party committee and management. The Group prescribes (i) definitive rules of procedures for the party Committee, the Board of Directors, the Board of Supervisors and the Management; (ii) systematic measures concerning the Group's investment, financing, projects and general management; (iii) stringent internal control through audit, supervision and risk control as well as (iv) comprehensive management of subsidiaries with respect to human resources and financial performance. Changchun SASAC is the sole shareholder of the Group and the board of directors reports to Changchun SASAC. At the operational level, the Guarantor has set up 10 departments (namely General Office and Affair Management; Party-Masses Work; Discipline Inspection and Supervision; Auditing; Human Resources; Finance & Capital Management; Investment and Enterprise Management; Debt Financing; Safety Management; and Project Management Centre) to oversee different aspects of the Group's daily operations. Any major public projects undertaken by the Group must ultimately be approved by Changchun SASAC.

The Group also has in place a strong framework for the making of decisions in relation to project investments, financing and external guarantees, risk control, audit management as well as construction project management:

- *decision-making process:*
 - *project investments:* the Group engages professional teams to conduct comprehensive studies on the feasibility, efficiency and risks of projects; a project, if considered feasible and approved by the board of directors, will then be submitted to the relevant regulatory authorities such as the Changchun Government and Changchun SASAC for approval;
 - *financing:* any financing plan to be submitted to the party committee and the board of directors for approval. Any issuance of bonds requires approval of Changchun SASAC;
 - *external guarantees:* any external guarantee needs to be approved by the board of directors and Changchun SASAC;

- *risk control*: each business segment sets up a specific risk control system, which will be collectively supervised by the Group’s risk control procedures;
- *audit management*: the independent internal audit department is engaged to perform its function in accordance with China’s internal audit standards and related regulations. The Group’s internal audit includes accountability audit, financial audit, audit of construction projects, internal control audit assessment and various special audits;
- *construction project management*: construction projects are managed according to the principle of “centralised leadership and multi-level administration” with management measures covering all project stages including pre-project management, operations, completion inspection, construction settlement and filing. Each project is assigned with a designated project management team for supervision and management;
- *working capital control and management*: all capital income from and capital expenditures for business operations, investment or financing activities, including cash, bank deposit, bills receivables, financial derivatives and other cash equivalents, are administered by the Group. The Finance & Capital Management department of the Group will be in charge of the planning and management of short-term capital movements; and
- *overall budget management*: the Group prepare its overall budget based on its business plan, implements it rigidly and conducts strict assessment so as to promote the realization of business objectives.

Experienced and efficient management team with a strong track record

The Group’s senior management team and key operating personnel have on average more than 34 years of experience in the businesses the Group conducts, with strong experience in the infrastructure development, construction and operations industries. Further, the Group’s senior management team is highly experienced in collaborating with various levels of the PRC government, particularly the Changchun Government, in various projects which are of strategic value to the Group. A number of directors, supervisors and senior management have previously served as senior officials within various state-owned enterprises and government departments of the PRC. Their understanding of the regulatory framework and government policies allows the Group to play a significant role in the development of its business. For further information, please see “*Directors and Senior Management of the Guarantor*”.

STRATEGIES

The Group’s strategies are directed and approved by the Changchun Government and Changchun SASAC. As the largest state-owned enterprise in Jilin Province, the Group strives to provide outstanding services to the government and the public while improving the work quality of its core businesses. The objective of the Group is to become a leading enterprise in infrastructure development, construction and operation industries within Changchun City.

Focusing on industrial investment and serving the real economy are the development missions of the Group. The Group has been actively integrating into the real economy, continues to stimulate its vitality and enhances its capital operation capability to form competitive advantages. In addition, the Group has drawn on the advanced practices of similar domestic enterprises, given full play to its resource advantages, planned the layout of the industrial chain, and drawn a brand new blueprint for development by implementing a strategy of focusing on key sectors and industries, leveraging the funds to accelerate development and using mixed ownership reform as an important tool.

The Group intends to pursue the following strategies to achieve such objectives:

Transform from government financing platform to industrial investment enterprise

Along with the successive introduction of policies relating to the reform of the investment and financing system and the increasing regulatory efforts of the PRC government, government financing platforms across the PRC, including the Group, are facing the challenge of reform and transformation. In pursuit of transformation and development opportunities, the Group has actively diversified its areas of business revolving around urban construction.

The CPC Changchun Municipal Committee and Changchun Government promulgated new requirements in 2020 in relation to the positioning of state-owned municipal platforms, namely to comprehensively enhance their ability to serve Changchun City, to actively collaborate with and participate in the major decisions and major projects of CPC Changchun Municipal Committee and Changchun Government, to promote reform and accelerate development, to actively contribute to Changchun's modernisation and to support the construction of the "four main areas of business". After an in-depth study of the overall development situation of Changchun City, CPC Changchun Municipal Committee, Changchun Government and Changchun SASAC have determined the development direction of the Group to be "focusing on industrial investment and serving the real economy" (聚焦產業投資、服務實體經濟), and have created favourable conditions for the Group's long-term service to Changchun City's urban construction, economic and social development.

In order to break through the dilemma of transformation and development and pursuant to the relevant deployment requirements of CPC Changchun Municipal Committee and Changchun Government, the Group planned its reform and transformation strategy based on the development layout of Changchun City and has been actively exploring a new mode of enterprise development. Based on the overarching development strategy of "one core, two wings, four main areas of business" (一核、兩翼、四板塊), led by industrial investment, aimed at promoting the development of real economy and revolving around its own advantages and development direction, the Group continues to support the development of the pillar industries and the "four main areas of businesses" in Changchun City, namely, being the "supplier" of urban infrastructure and public services, the "development operator" of industrial park, the "service provider" of financial innovation and the "investor" of key industries.

For instance, in conjunction with the Management Commission of Changchun Automobile Economic Development Zone (汽開區管委會) and China FAW Group Corporation (中國第一汽車集團) ("FAW"), the Group focused on strengthening its pillar industry chain (強主鏈), improving the weaknesses in the upstream and downstream of the production, supply and marketing industry chain (延短鏈) and developing its complementary industry chain (謀補鏈). Through promulgating the development strategy of the "hexagonal return" (namely enhancing the productivity, capacity, industrial support, settlement, talent and innovation of automobile industry), the Group is committed to promote the industrial agglomeration in Changchun City and create a world leading industrial environment with integrated development of innovation, research & development, advanced production, service trade, logistics and financial services. The Group believes that this is evidenced by the following projects:

Changchun Automobile Economic Development Zone Fanrong Smart Production Industrial Park Project (長春汽開區繁榮智能製造產業園項目)

By leveraging its AAA PRC domestic credit rating and its advantages in fund-raising and project management, the Guarantor raised approximately RMB8 billion for the joint development of Changchun Automobile Economic Development Zone Fanrong Smart Production Industrial Park Project with the Management Commission of Changchun Automobile Economic Development Zone (長春汽車經濟技術開發區), a development project with a floor area of 75.5 hectares. Since the commencement of construction works in April 2020, Changfa Group Red Flag New Energy Project Company (長發集團紅旗新能源項目建設公司) has completed the construction of the main structure of the plants and has installed heating supply and related equipment in all major plants. It is expected that the project will be completed and commence production in October 2021, with its designed production capacity reached by the end of 2021 that the annual output could reach 200,000 vehicles with an aggregate value of RMB60 billion. The Group believes that the factory, when completed, will contribute to the development of FAW, set the benchmark for energy-saving and environmental production and creation of smart factory in the automobile industry and promote the economic and social development of Jilin Province and Changchun City.

Changchun Industrial Fund (長春市產業基金)

As the cradle of New China's automobile industry, Changchun City has a strong industrial base and a bright prospect for the development of the automobile industry. In light of the guideline of the Jilin Municipal CPC Committee and Changchun Government on the establishment of Changchun International Automobile City and the planning of strategic development of "four segments" in Changchun, the Group is currently under negotiation with Shenzhen Shenshang Holding Group Co. Ltd (深商控股) and FAW on the establishment of Changchun Industry Fund, a fund management company with the total assets under management of RMB50 billion. The assets under management of its first fund will be RMB10 billion, which will be mainly invested in the automobile projects, merger and restructuring of listed companies in the industry chain and construction of a new industrial city.

Changchun 5G Digital Film and Television Base Project (長春5G數字影視基地項目)

Changchun 5G Digital Film and Television Base Project invested and constructed by the Group, which is designed to create the “cradle of China’s movie digitalisation”, is one of the six bases of Changchun Movie Capital. With a total floor area of 75 hectares (including a floor area of 46.5 hectares for its Phase I project) and a total investment of RMB14 billion (including a big data centre comprising of 30,000 server racks), the project will become the largest data centre and computing power centre in Northeast China. The project will satisfy the computing power demand for digital government, smart city, internet, cloud computing, artificial intelligence (“AI”), car networking big data, agricultural big data, industrial Internet and 5G data centres in the coming 5-10 years in Jilin Province and Northeast China. The Group is currently preparing to apply for the qualification of the project as the regional node of the “National Integrated Big Data Centre” in Northeast China. Upon completion, the project is expected to become a main part of the state coordinated regional data centre and a cloud computing hub, which is intended to be of great strategic significance to the development of the digital economy of Jilin Province.

Machine vision high-end manufacturing projects

Machine Vision Manufacturing Base, jointly developed by the Group and Changchun UP Optotech (Holding) Co., Ltd (奧普光電) (the “UP Optotech”), a listed company and a subsidiary of Changchun Institute of Optics, Fine Mechanics and Physics, Chinese Academy of Sciences (長春光機所), is expected to become a world-leading producer of the machine vision AI smart camera which integrated the functions of AI, light perception and image capture. With a total investment of approximately RMB80 million, the project, which is currently in the phase of plant renovation and equipment procurement, is scheduled to be launched into production trials by the end of 2021 and is intended to be the basis of the machine vision industrial chain of Changchun City.

The “New Digital District” and the “Intelligent City” Projects (數位新區、城市智慧體工程)

As the investment and financing platform for the construction of Digital Changchun, Northeast Digital Technologies Co. Ltd (東北亞數字科技有限公司) (the “Northeast Digital”), a subsidiary of the Guarantor, was designated as the project company of the “Digital New District” project of Changchun New District. Under the model of “Investment and Construction by Enterprises, Purchase of Services by Government and Back Feeding by Franchise Operation”, Northeast Digital made full utilisation of fiscal funds and created a model for sustainable development of the intelligent city.

Under the guidance of Changchun Municipal Administration for Government Service Data (長春市政務服務和數字化建設管理局), Northeast Digital, Huawei, iFLYTEK, Digital China and other leading companies in the digital industry cooperated in the “Intelligent City” project, which ensured efficient government services, intelligent urban governance, convenient living and integrated industrial development and made great contributions to “Intelligent Changchun, Peaceful Changchun and Happy Changchun”.

In the process of self-reinvention and self-breakthrough, the Group believes that it has pioneered a new path of transformation from a government financing platform to a major modern state-owned enterprise with solid and prominent main business.

Further develop the urban infrastructure construction and water treatment business segments

Capitalising on Changchun City’s growing urban infrastructure construction, the Group will continue to maintain and expand its leading market position in the urban infrastructure construction, water treatment and sewage treatment businesses in Changchun City.

In managing the urban infrastructure construction business segment, the Group intends to improve on its existing urban infrastructure business and prioritise major projects which have significant influence on the ongoing development of Changchun City. In addition, with the goal of improving the living standards of the residents in Changchun City, the Group plans to further develop civil projects to coordinate the development between social undertakings and the economy of Jilin Province.

Shape the “Changfa+” new model of urban development

Pursuant to the new positioning and new mission vested by CPC Changchun Municipal Committee and Changchun Government in 2020, the Group plans to continue with various industrial investment, construction and civil projects in relation to urban construction, finance, energy, exhibition and real estate.

Through leveraging social capital and the novel “Changfa+” (長發+) new model of urban development, the Group continues to undertake significant responsibility in the industrial development of Changchun City, the efforts of which have been highly recognised by the CPC Changchun Municipal Committee and Changchun Government. In addition, the Group has extensively collected information of relevant enterprises with competitive advantages, engaged in relationship-building, exchanges and negotiations with considerable domestic and foreign institutions on the investment, construction, and operation of projects, and has successfully entered into contracts and cooperative arrangements with major central enterprises, state-owned enterprises, well-known listed companies and private enterprises. For instance:

Changfa+ CNPC (中石油)

By leveraging their respective advantages and under the principle of diversified business operations, the Group and CNPC intend to, through their joint venture Jilin China Petroleum Changfa Energy Development Co., Ltd. (吉林中油長發能源發展有限公司) (the “**Joint Venture**”) expand their business cooperation in petrol stations, gas stations, hydrogen fuelling stations, charging piles and charging stations and promote the development of the energy industry in Changchun. In the last three years, the Joint Venture has completed the following major projects:

- In 2019, the Joint Venture developed four gas stations, generating an annual rental income of RMB4.32 million.
- Further, in 2019, the Joint Venture re-developed four operating petrol stations (Xixin Petrol Station, Yuanda Petrol Station, Jiutailu Petrol Station and Qianjin Dajie Petrol Station), with a total investment of RMB10.26 million. This project was completed in November 2020 and Qianjin Dajie Petrol Station became the pipeline terminal.
- In 2019, the Joint Venture invested RMB1.56 million in the construction of a hydrogen fuelling station.
- In 2020, the Joint Venture developed two gas stations, which will generate an annual rental income of RMB3.2 million when they come into operation. It also made an investment of RMB1.47 million in re-developing the two LNG gas stations located in South Kunming City and North Kunming City respectively.

Changfa+ China PPP Fund (中政企基金)

The Group and China PPP Fund through their jointly established Zhengfa Fund (政發基金) continued the urban redevelopment within the Third Ring Road of Changchun City by leveraging the demonstration effect of PPP projects. As at the date of this Offering Circular, the urban redevelopment of 166 square kilometres involving over 770 residential districts and a population of 2.02 million has been completed with investments of over RMB18 billion. In future, the Group and China PPP Fund will create the benchmark for urban redevelopment by PPP model in China and lay a sound foundation for the development of Changchun City into a regional centre in Northeast Asia and the upgrade of Changchun City.

Changfa+ China Resources Land Limited (“CR Land”) (華潤置地)

By taking the redevelopment of Xinmin Lane Historical and Cultural Blocks as the starting point, the Group and CR Land will, by combining multiple functions and refining the commercial activities, reproduce the historical urban appearance of Changchun City. This project is expected to be completed by December 2023, with a planned total investment of approximately RMB1.02 billion. In future, the Group and CR Land plans to consolidate their cooperation on commercial and real estate projects.

Changfa+ Vanke (萬科)

The “Changfa-Vanke Talent Apartment” jointly developed by the Group and Vanke has been very popular among young people, which is represented by an occupancy rate of over 90 per cent. In 2020, the Group and Vanke jointly developed “Changfa-Vanke Urban Youth Complex and Boyu-Satellite Plaza”, which made a great contribution to the attraction of talent in Changchun City. In addition, the Group and Vanke intend to also cooperate on No. 1 Thermal Power Plant Shanty Town Reconstruction Project to build a

high-end residential community and specialty shopping street. In addition, the commencement of the redevelopment project on the historical industrial site of Changchun Tractor Factory by the Group and Vanke is expected to contribute to the creation of a “national famous historical and cultural city”.

Changfa + Tianmao (天茂)

By leveraging the advantages of Tianmao Property (天茂地產) in environmental protection and regional development, the Group and Tianmao Property will cooperate in the redevelopment of the 3.06 square kilometres Sandao Town Shanty Area, by which, the Group and Tianmao Property will create an economic hot spot in east Changchun City and promote the city-industry integration.

Changfa+ China Railway Group Limited (中國中鐵) (“CREC”)

The Group and CREC, a central enterprise with financial strength and commercial operation capability, will cooperate on the construction of the Northeast Asia International Expo City, which, upon completion, will become the largest convention and exhibition centre in Northeast China with a total construction area of 4.13 million square metres.

Changfa+ North Asia Airlines (北亞航空)

In light of the policy of civil-military cooperation, the Group and North Asia Airlines, following their cooperation in the 2019 Changchun Air Show, jointly sponsored the October 2020 Changchun International Drone Industry Expo (長春國際無人機產業博覽會), which further promoted the development of the aviation and convention and exhibition industries in Changchun City.

Changfa+ Urban Public Transportation Development Group (城市公共交通發展集團)

To address the parking problems in Changchun City, the Group is progressing with the construction of “P+R” parking spaces, which, upon completion, will provide the residents with more convenient and diversified traffic services and improve the functions and quality of Changchun City.

Changfa+ Optical Machinery Institute (光機所)

The Group and Optical Machinery Institute actively participate in the high-end manufacturing industry, leveraging on Changchun’s regional, environmental and industrial advantages in the optical field. They also cooperate in the production and assembly of vision cameras and the regional distribution and sales of new products.

Develop ancillary businesses to diversify sources of revenue

The Group plans to continue to strengthen and develop its five main areas of business. In particular, the Group will continue to establish and invest in the development of subsidiaries within the Group. The Group believes that these subsidiaries will pave the way for Jilin Province’s economic development by (i) serving as micro-financing companies to aid small businesses, (ii) serving as entrepreneurs and trading platforms for various commodities, and (iii) accelerating Jilin Province’s economic development.

The Group’s proposed plans include:

- developing a leasing business through its wholly owned subsidiary in the Shanghai free-trade zone;
- developing a full-feature trading platform to encourage both local and foreign institutions to participate in the trading of Jilin Province’s agricultural products, precious metals, bills and carbon emissions;
- investing in and developing investment/financial services vehicles through which to fully take advantage of Jilin Province’s unique geographical advantages in Northeast Asia, accelerating the development of its financial market system, thereby enabling Jilin Province to be the hub of financial activity in Northeast Asia, and accelerating the growth of Jilin Province’s own economy and raising Jilin province’s standard of financial services;
- investing in local financial lending institutions to promote the regional finance market;
- investing in and managing a Hong Kong-listed entity; and

- investing in investment banking and financial advisory services businesses in Hong Kong to expand the financial services sector of the Group, enhance the influence and promote the transformation of the Group, and take advantage of the domestic and foreign financial market.

Reform operational modes to enhance profitability

Given its close relationship with the Changchun Government, the Group plans to adjust the development strategies of some of its businesses in response to market demands to realise higher profitability.

For instance, the Group continues to partner with the Changchun Government under the Public-Private Partnership (“PPP”) model for existing projects including the Changchun City Retirement Homes Integrate Projects and Changchun City Underground Comprehensive Utility Tunnel Project, or undertake projects under government purchase service agreements whereby it develops projects including old town redevelopment in the Changchun City and airport hub construction. With regard to the non-operational projects such as the construction of urban infrastructure, the Group will continue to enter into government procurement contracts which ensure that the Group can continue to receive payments from the government on a regular basis in accordance with the contractual terms.

In addition, the Group has been actively promoting mixed ownership reforms of its competitive subsidiaries in order to enhance their operational vitality and development momentum. As at the date of this Offering Circular, mixed ownership reform has become a key tool to the Group’s innovation and improvement in its institutional mechanism, operation quality and efficiency. For instance:

- The Group has successfully introduced Livon Group (力旺集團) to carry out mixed ownership reform of new-type companies, pursuant to which Livon Group acquired shares of Jilin Lixin Real Estate Co., Ltd. (吉林省力新房地產公司), unlocked the land resource inventory in Kuancheng Equipment Manufacturing Industrial Park (寬城區裝備製造產業園) and collected trade receivables of RMB355 million in the year ended 31 December 2020;
- The Group’s subsidiaries, Changfa Media Co., Ltd. (長發傳媒公司) and Changfa Hai’ang Co., Ltd. (長發海昂公司) have successfully introduced strategic partners to complete the mixed ownership reform;
- Other subsidiaries of the Group, including Changfa Construction Co., Ltd. (長發建設公司), have also accelerated their mixed ownership reform.

Improve profitability by further diversifying funding sources, further exploring financing channels and expanding the financing sources of the Group

To support Changchun City’s industrial upgrading and economic development, the Group continues to leverage its role as a government financing and investment platform, its AAA PRC domestic credit rating and the principle of “short-term to long-term, high interest rate to low interest rate” (短期變長期、高息變低息) to establish diversified, market-oriented and commercialised funding channels, innovate new financing modes, optimise its debt structure, lower its funding costs, extend the maturity of its liabilities, and build relationships with extensive domestic and foreign financial institutions that serve the Group’s business expansion and satisfy the Group’s working capital demands.

Some of the Group’s primary businesses, such as infrastructure development, investment and real estate development, follow a business model whereby high upfront capital requirements are gradually offset by earnings in the middle and latter period of the project. Therefore, a certain amount of working capital must come from external sources.

In order to satisfy its financing needs, the Group intends to plan ahead and take proactive measures in the conduct of its financing activities. In particular, the Group plans to raise funds through multi-channel financing and further develop innovative financing channels. In implementing this strategy, the Group aims to rely on a wide range of financing channels including equity and bond issuance, offshore capital markets, project loans from banks and innovative financing models (for example, the PPP model), which help to build a good financing structure for the Group. Furthermore, the Group plans to focus on lowering its financing cost. It seeks to control the cost of indirect financing below the benchmark interest rate as well as the cost of direct financing, and one way in which the Group intends to achieve this is by exploring alternative financing sources such as securitisation and other innovative financing instruments.

For the year ended 31 December 2020, the Group successfully raised RMB16.3 billion of funds which guaranteed the funding needs of its major construction projects and key social and livelihood projects in Changchun City; issued 4.18 per cent. corporate bonds and 3.80 per cent. medium-term notes, both of which set the lowest cost in history for their respective types in Northeast China; and issued the first RMB500 million medium-term notes with use of proceeds for mergers and acquisitions (併購中期票據) in the north-eastern provinces, which not only broadened the Group's diversified financing methods, but also established an innovative market image in the capital markets of Jilin Province.

In addition, the Group has studied the policy on the resolution of implicit debts (隱性債務) and actively cooperated with nearly 100 financial institutions within and outside Changchun city to progressively swap its implicit debts in order to extend the maturity profile of its liabilities to ten to eighteen years, thereby alleviating its financial expenditure pressure.

Meanwhile, in order to provide SMEs with efficient and convenient financing channels, the Group, with the support of CPC Changchun Municipal Committee and Changchun Government, took the lead in establishing Changchun Supply Chain Financial Services Co., Ltd. (長春供應鏈金融服務有限公司) to empower finance with technology and built a technological, informative and professional supply chain financial service platform, leveraging financial tools such as supply chain notes and accounts receivable vouchers. The platform will alleviate the difficulty and burden for SMEs in obtaining financing and provide substantial support in creating a virtuous cycle of real economic environment.

Continuous acquisition and development of talent, capital, technology and resources

The Group believes people are its most important asset, and its continued ability to compete effectively in existing businesses and expand into new business areas depends on its ability to attract, motivate and retain talent.

In order to improve the level of corporate governance and improve management efficiency, the Group made efforts to shorten its management chain and optimise its staff structure (縮短管理鏈條, 優化員工結構). For instance, the Group has consolidated its subsidiaries of the same segment and same sector, improved its corporate governance structure, strengthened the "three meetings and one level" (三會一層) decision-making mechanism and the listing mechanism of authorisation from shareholders to the board of directors and authorisation from the board of directors to the management, introduced industrial experts to its Board of Directors and the Board of Supervisors, improved the quality and efficiency of its decision-making process, continued to promote the reform of the three systems of state-owned enterprise including labour, personnel and distribution, further optimised its state-owned capital planning strategies, improved the procedures for selecting and appointing senior management, as well as training, empowerment and selection of talents. The Group plans to further enhance its comprehensive training programmes to improve the skills and knowledge base of its employees. The Group also seeks to motivate and retain high-quality talent through its performance-based compensation system, reinforce employees' commitment to the Group's culture and promote a cohesive work environment.

BUSINESS

Urban drainage pipeline network business

Overview

In order to improve the quality of operation and management of the urban drainage pipeline network of Changchun City and to further support the sustainable growth of the Group, the Changchun Urban and Rural Construction Committee transferred the underground drainage pipeline assets of Changchun City to the Group in 2013.

Operating income from the Group's urban drainage pipeline network business for the years ended 31 December 2018 and 2019 and for the nine months ended 30 September 2020 amounted to RMB93.50 million, RMB133.96 million and RMB67.79 million, respectively, which accounted for 2.49 per cent., 3.12 per cent. and 2.54 per cent. of the Group's total operating income during the same periods. The Group's operating income from urban drainage pipeline network business for the nine months ended 30 September 2020 reported a decrease as compared with the same period in 2019. In addition, for the years ended 31 December 2018 and 2019, subsidies in the amount of RMB3,922 million and RMB4,017 million were attributable to rental payment for the Group's urban drainage pipeline. For the nine months ended 30 September 2020, subsidies in the amount of RMB1,023 million were attributable to rental payment for the Group's urban drainage pipeline, which showed an increase as compared with the same period in 2019.

Pipeline assets

As at 30 September 2020, the Group's major underground urban drainage pipeline network assets had a total length of 10,300,363.81 metres, including sewage pipelines, rainwater pipelines and confluence drainage pipelines, with a book value of approximately RMB25.87 billion. The pipelines were mainly constructed from 1983 to 2013, were all constructed with reinforced concrete and are mainly distributed under the roads and green belts of the main urban areas in Changchun City, including Chaoyang district, Nanguan district, Kuancheng district, Erdao district, Jingyue Development district, Luyuan district, Jingkai district and Qikai district. The Group conducts annual regular inspection and maintenance to keep them in good working order.

The following table sets forth the details of the Group's major underground urban drainage pipeline network assets:

Owner	Length of the Pipeline	Entry Value	Date Allocated	Book Value as at 30 September 2020
	(m)	(RMB in billions)		(RMB in billions)
The Guarantor	6,470,560.80	19.73	15 October 2013	16.19
Changchun Rudder Investment (Group) Co., Ltd	3,688,474.01	8.00	24 December 2010	6.84
Changchun City Development Group Co., Ltd	141,329.00	3.30	22 March 2013	2.85
Total	10,300,363.81	31.03		25.87

Business contracts

The Guarantor and its subsidiaries entered into several underground drainage pipeline network leasing agreements with the Changchun Government, pursuant to which the Changchun Government agreed to rent the right to use the Group's underground drainage pipeline assets. The terms of the agreements provide for the terms of the lease, the lease fee and the party responsible for maintaining the assets. Rent has been paid by the government for the use of the underground water drainage pipes since 2013. A supplementary agreement was entered into in 2015.

The following table sets forth the details of the lease agreements between the Group and the Changchun Government.

Owner	Lessee	Annual Lease Fee	Date of Agreement	Term of Agreement	Maintenance and Repair Arrangement
		(RMB in millions/year)		(Year)	
The Guarantor	Changchun Government	Year 2014: 3,000	October 2013	Actual use life of asset	Changchun Government
		Year 2015 and 2016: 6,000 Since Year 2017: 3,000	December 2014		
Changchun Rudder Investment Group Co., Ltd	Changchun Government	1,000	March 2013	Actual use life of asset	Changchun Rudder
Changchun City Development (Group) Co., Ltd.	Changchun Government	1,000	March 2013	Actual use life of asset	Changchun Government

The total rental payment received by the Group was approximately RMB3.9 billion in 2018, RMB4.0 billion in 2019 and RMB1.8 billion for the nine months ended 30 September 2020.

Maintenance and repair

As the underground drainage pipelines are hidden projects and are deep under the ground, there is rarely any security incident. The Group inspects its pipeline assets regularly and where leakage, blockage or defects are detected, they are rectified in a timely manner. The cost of the current pipeline network is recorded as depreciation in the Group's financial statements, which is 1.90 per cent. per year.

Engineering Construction

Overview

The Group's engineering construction business includes urban infrastructure construction and welfare housing construction. The Group receives income for contracting and construction. For the years ended 31 December 2018 and 2019 and for the nine months ended 30 September 2020, operating income from the Group's engineering construction business amounted to RMB443.51 million, RMB479.32 million and RMB250.03 million, respectively, which accounted for 11.80 per cent., 11.16 per cent. and 9.37 per cent. of the Group's total operating income during the same periods. The Group's operating income from engineering construction business for the nine months ended 30 September 2020 amounted to RMB250.03 million, which showed an increase as compared with the same period in 2019.

Urban infrastructure construction

Infrastructure construction has been one of the Group's core businesses since its establishment. The Group is commissioned by the Changchun Government to act as the main entity in undertaking various infrastructure and land development projects in Changchun City on behalf of the Changchun Government involving the construction of municipal roads, transportation hubs, bridges and stadiums. Some of the urban infrastructure projects include the construction of downtown trunk route expressways, railway station transportation hubs and other landmark projects. It supervises the day-to-day management and implementation of projects. In return for the Group's efforts, the Changchun Government would provide the Guarantor with revenue which would cover its costs, such as investment cost, operational cost and maintenance cost and generate reasonable income.

Leveraging the favourable policies of the Changchun Government, the Group also carries out the function and business of the urbanisation of small towns and construction of smart cities in Changchun City. The Group has successfully developed two urbanisation models, namely "City + Enterprise" and "Development Zone + Enterprise". The "City + Enterprise" model was first used in the Shuangyang District and involved a collaboration between Changchun City and Shuangyang District to revitalise and consolidate existing assets, with the aim of supporting urban construction attracting private enterprise and capital to fund the diversified development of the Shuangyang District through the unique resources and competitive edge of the Group. The "Development Zone + Enterprise" model was first used in the Kuancheng District. This involved a RMB40 billion economic scale development, comprising a 28.43 square kilometre industrial park, a college town and a railway equipment industrial park.

Business models

The Group typically enters into agency agreements or general contract agreements with the Changchun Government to undertake the financing, design, construction, operation and maintenance of urban infrastructure construction projects. The Group engages independent third-party construction companies to construct its infrastructure projects through its standardised public tender process in accordance with applicable PRC laws and regulations. When selecting contractors, the Group considers a number of factors including the reputation of the contractors, their track records in similar projects, creditworthiness, technical capabilities, proposed construction blueprint and price. These construction companies carry out various types of work, including reconnaissance, design, construction, equipment installation, internal decoration and various types of engineering work. The quality and timeliness of the construction is usually covered under the terms of the relevant contract. The Group is responsible for quality supervision and control, and making relevant payments to the construction company according to construction progress.

The projects of the Group can generally be divided into two models, namely, the BT contracts model and the general contract model.

BT contracts model

For key infrastructure construction projects with large-scale investments and long construction periods, the Group typically carries out those projects under the BT contracts model and enters into BT contracts with the project sponsors on a case-by-case basis. In a BT project, the Group acts as the project investor and undertakes the financing and development of the project. The Group is required to use its own cash and other resources to finance the engineering, construction and other work before the Group receives payments from the project owner in amounts sufficient to cover its expenditures. Upon completion and inspection for acceptance of a BT project, the whole project is transferred to the project sponsor. The Group is paid for its construction expenditures, financing costs and services on the BT project in instalments pursuant to relevant agreement.

The Group currently has three BT projects under construction, namely Changchun West Rail Integrated Transportation Centre Project (長春西站綜合交通換乘中心), Changchun City Highway and Guigu Tengfei Interchange Bridge Project (長春高速與硅谷騰飛互通立交橋) and Changchun City Planning Exhibition Hall, Museum and Art Exhibition Hall Project (長春規劃展覽館、博物館及美術館項目). The estimated investment amount of the projects is approximately RMB5.84 billion. According to the BT contracts of the aforesaid three projects between the Group and the project sponsors, the repurchase price of the project would be the projects' investment amount, and the projects will be repurchased in instalments in five to eight years by Changchun City Urban and Rural Construction Committee (長春市城鄉建設委員會).

The Group has not completed any BT project in the last three years, so there has been no operating income from BT projects. The Group currently does not have plans to expand the BT contracts model business.

General contract model

For projects which are of relatively small scale and short construction periods, such as municipal road reconstruction, the Group usually enters into a general contract agreement with Changchun City Urban and Rural Construction Committee at the beginning of each year which determines the expected workload for the year, and acts as the contractor to undertake the financing and construction of the projects. Changchun City Urban and Rural Construction Committee will disburse the funds according to the construction progress, and pay a certain percentage of the workload of the projects as the management fee. Payment under the general contract model is typically settled between the Group and Changchun City Urban and Rural Construction Committee at the end of each year.

The following table sets forth certain details of newly signed project agreements under the general contract model since 2018:

Year	Project	Client Name	Final Accounts Amount	Amount Received
			(RMB in thousands)	(RMB in thousands)
2018.	Changchun Longjia International Airport Integrated Transport Hub Pipeline and Steel Bridge Project (長春龍嘉國際機場綜合交通樞紐管線排遷及鋼便橋工程)	China Construction Eighth Engineering Division Corp. Ltd (中國建築第八工程局有限公司)	0.0	23,840.0
	Equipment Manufacturing Industrial Project (12 Road) (裝備製造產業項目(乙十二路))	Changchun Light Industry Construction Engineering Co., Ltd. (長春輕工建築工程有限公司)	0.0	770.0
	Road Construction for the Tuanshan Street Public Leased Housing Project (團山街公共租賃住房項目小區道路工程)	Changchun Chengkai Lihao Real Estate Development Co., Ltd. (長春城開利豪房地產開發有限公司)	5,598.0	400.0
	South 4th Ring Road Linhe Street Tunnelling Project (南四環臨河街下穿工程)	Changchun Urban Construction and Maintenance Co., Ltd. (長春市城建維護股份有限公司)	0.0	15,000.0
	Chuanhu Sewage Treatment Plant Project (串湖污水處理廠項目道路排水工程)	Jilin Jihua Huaqiang Construction Co. Ltd (吉林吉化華強建設有限責任公司)	0.0	5,440.0

Year	Project	Client Name	Final	Amount
			Accounts	Received
			Amount	Amount
			(RMB in	(RMB in
			thousands)	thousands)
	General Contracting Project for the Furnishing, Renovation, Design and Construction of Apartments for Changchun's Talented Individuals (Lot 6) (長春市人才公寓裝飾及修繕工程設計施工總承包項目(六標段))	Changchun Rudder Investment Group Co., Ltd. Asset Operation Company (長春潤德投資集團有限公司資產經營分公司)	0.0	2,708.4
	Changchun Public Security Bureau Road Infrastructure Team Operational Room and Steel Products Warehouse Flooring Works (長春市公安局道路設施隊業務用房及倉庫異地安置項目鋼材材料庫地面工程)	Changchun Runde Real Estate Development Co., Ltd. (長春潤德房地產開發有限公司)	442.5	398.2
	Taibei Yangguang New District Fence and Street Greening Project (台北陽光新區商業圍擋、臨街綠化工程)	Changchun Runde Hengtai Real Estate Co., Ltd. (長春潤德恒泰置業有限公司)	438.8	33.2
	General Contracting Project for Infrastructure Renovation of Residential Districts under the Management of Asset Operation Company (資產經營分公司代管物業社區基礎設施修繕工程設計施工總承包項目)	Changchun Rudder Investment Group Co., Ltd. Asset Operation Company (長春潤德投資集團有限公司資產經營分公司)	0.0	1,940.7
	2018 General Contracting Project for Renovation of Residential Districts under the Management of Asset Operation Company (Lot 1): Waterproof Works Renovation Project (2018 年代管物業社區維修工程設計施工總承包項目一標段: 防水維修工程)	Changchun Rudder Investment Group Co., Ltd. Asset Operation Company (長春潤德投資集團有限公司資產經營分公司)	0.0	1,700.0
	Jilong Garden East Block Infrastructure Renovation Project (基隆家園東區基礎設施修繕工程)	Changchun Rudder Investment Group Co., Ltd. Asset Operation Company (長春潤德投資集團有限公司資產經營分公司)	481.4	457.4
	Jilong Garden West Block Entrance Renovation and East/West Block Road Renovation Project (長春市基隆西區入口改造及東西區商舖道路修繕工程)	Changchun Rudder Investment Group Co., Ltd. Asset Operation Company (長春潤德投資集團有限公司資產經營分公司)	0.0	3,828.0
	Runde Building Conference Hall Colour Plate Reconstruction Project (潤德大廈報告廳彩鋼板改造工程)	Changchun Rudder Investment Group Co., Ltd. Asset Operation Company (長春潤德投資集團有限公司資產經營分公司)	122.3	118.7
	Changchun West Railway Station Transfer Centre Facade Tiles Renovation Project (長春西站換乘中心扶梯兩側立面瓷磚維修工程)	Changchun Rudder Investment Group Co., Ltd. (長春潤德投資集團有限公司)	479.8	376.2

Year	Project	Client Name	Final	Amount
			Accounts	Received
			Amount	Amount
			(RMB in thousands)	(RMB in thousands)
	General Contracting Project for Infrastructure Renovation, Design and Construction of Nursery Stock Base (苗木基地建設項目基礎設施修繕工程設計施工總承包項目)	Changchun Rudder Investment Group Co., Ltd. Asset Operation Company (長春潤德投資集團有限公司資產經營分公司)	0.0	0.0
	General Contracting Project for Design and Construction of Totally Enclosed Type Gravel Pits and Quarry for Ready-mixed Concrete Production Project of Changchun Runde Ready-mixed Concrete Co., Ltd. (長春潤德商品混凝土有限公司商品混凝土生產建設項目全封閉式砂、石料場設計施工總承包工程)	Changchun Runde Ready-mixed Concrete Co., Ltd. (長春潤德商品混凝土有限公司)	5,385.8	3,000.0
	I-beam Fence Project (工字鋼圍擋工程)	Changchun Runde Industrial Co., Ltd. (長春潤德實業有限公司)	72.2	72.2
	Shuangfeng Commercial Residential Building Fence Project (雙豐商品房項目圍擋工程)	Changchun Runde Real Estate Development Co., Ltd. (長春潤德房地產開發有限公司)	325.8	0.0
	Runde-Jincheng Project Fence Project (潤德•錦城項目圍擋工程)	Changchun Runde Real Estate Development Co., Ltd. (長春潤德房地產開發有限公司)	141.7	0.0
	Changchun Public Security Bureau Traffic Police Sub-bureau Technical Information Division Relocation Project (長春市公安局交通警察支隊科技信息處遷移工程)	Changchun Runde Real Estate Development Co., Ltd. (長春潤德房地產開發有限公司)	940.0	0.0
	Lot 2: No.14 Bus Parking Space Relocation Project (二標段: 14 路公交停車場異地安置項目工程)	Jilin Jiqiang Construction Engineering Group Co., Ltd. (吉林省躋強建工集團有限責任公司)	0.0	1,343.3
	Expressway North Plot (Taibei Yangguang New District) Earth and Stone Works (快速路北地塊(台北陽光新區)項目土石方工程)	China Construction Science and Technology Co., Ltd. (中建科技有限公司)	0.0	5,000.0
	Talent Apartment Protective Fence Installation Project (人才公寓項目安裝防護欄工程)	Changchun Rudder Investment Group Co., Ltd. Asset Operation Company (長春潤德投資集團有限公司資產經營分公司)	35.0	35.0
	Kuancheng District No. 15C Road Emergency Response Project (寬城區丙十五路應急項目施工項目)	Changchun Runde Chuncheng Construction Project Management Co., Ltd. (長春潤德春城建設項目管理有限公司)	1,857.1	347.8
	Da'an City Dagangzi Town Land Increase/Decrease Linked Policy Supported Poverty Relief Relocation Project (大安市大崗子鎮土地增減掛鉤政策支援易地扶貧搬遷工程)	Da'an Bikang Real Estate Development Co., Ltd. (大安市碧康房地產開發有限公司)	1,392.3	0.0

Year	Project	Client Name	Final	Amount
			Accounts	Received
			Amount	Amount
			(RMB in thousands)	(RMB in thousands)
	Changchun Government Service Centre External Works(長春市政務服務中心室外工程施工)	Changchun Municipal Affairs Bureau (長春市市直機關事務管理局)	0.0	2,586.6
	Changchun Secondary School No. 28 Playground Transformation Project (長春市第二十八中學操場改造工程)	Changchun Luyuan District School Rear-service Administrative Centre (長春市綠園區學校後勤管理中心)	3,405.8	690.0
	Linhe Street Underground Utility Tunnel (Phase I: Jingyi No 1 Road – Jingyue Expressway) Land Requisition, Relocation, Pipeline Layout and Technical Design Project (臨河街地下綜合管廊(一期工程: 淨乙一路 – 淨月快速路)徵地拆遷、管線排遷、技術方案)	Zhongqing Construction Co., Ltd. (中慶建設有限責任公司)	0.0	0.0
	Machinery Construction Consultation (機械施工諮詢)	Jilin Hongzhan Road Machinery Lease Co., Ltd. (吉林省宏展公路機械租賃有限公司)	0.0	2,350.0
	Tianbo Road (Tianguang Road – Anshan Road) (天波路(天光路 – 鞍山路))	Changchun City Development (Group) Co., Ltd. (長春城市開發(集團)有限公司)	0.0	164.5
	Chaoyang Park Xiaonan River Desludging Reconstruction Emergency Project (朝陽公園小南湖清淤改造應急工程)	Changchun Urban Investment Construction and Investment (Group) Co. Ltd. (長春城投建設投資(集團)有限公司)	8,260.9	3,169.1
	Runde Group Canteen Roof Insulation Project (潤德集團食堂屋面保溫工程)	Changchun Rudder Investment Group Co., Ltd. Asset Operation Company (長春潤德投資集團有限公司資產經營分公司)	72.3	1.4
	Runde Building Business Complex Heating Facility Renovation Project (潤德大廈商務綜合樓暖氣改造施工合同)	Changchun Rudder Investment Group Co., Ltd. Asset Operation Company (長春潤德投資集團有限公司資產經營分公司)	113.3	5.7
	Runde Building Gas Room Construction Project (潤德大廈新建煤氣間工程)	Changchun Rudder Investment Group Co., Ltd. Asset Operation Company (長春潤德投資集團有限公司資產經營分公司)	28.6	3.6
	Lot 1: Changchun Public Security Bureau Road Infrastructure Team Operational Room and Warehouse Project (一標段: 長春市公安局道路設施隊業務用房及倉庫異地安置工程)	Changchun Runde Real Estate Development Co., Ltd. (長春潤德房地產開發有限公司)	0.0	2,080.1
2019	Expressway North Plot (Taibei Yangguang New District) Earth and Stone Works (快速路北地塊(台北陽光新區)項目土石方工程)	China Construction Science and Technology Co., Ltd. (中建科技有限公司)	0.0	1,490.0
	Shuangfeng Commercial Residential Building Fence Project (雙豐商品房項目圍擋工程)	Changchun Runde Real Estate Development Co., Ltd. (長春潤德房地產開發有限公司)	325.8	325.8
	Fence Project for Runde-Jincheng Project (潤德•錦城項目圍擋工程)	Changchun Runde Real Estate Development Co., Ltd. (長春潤德房地產開發有限公司)	141.7	141.7

Year	Project	Client Name	Final	Amount
			Accounts Amount	Received
			(RMB in thousands)	(RMB in thousands)
	South New City No. 47C Road Project (南部新城丙四十七路道路工程)	Changchun Urban Construction and Maintenance Co., Ltd. (長春市城建維護股份有限公司)	0.0	3,580.8
	General Contracting Project for Infrastructure Renovation, Design and Construction of Nursery Stock Base (苗木基地建設項目基礎設施修繕工程設計施工總承包項目)	Changchun Rudder Investment Group Co., Ltd. Asset Operation Company (長春潤德投資集團有限公司資產經營分公司)	0.0	1,589.0
	Poverty Relief Relocation Project Supported by Da'an City Dagangzi Town Land Increase/Decrease Linked Policy Supported (大安市大崗子鎮土地增減掛鉤政策支援易地扶貧搬遷工程)	Da'an Bikang Real Estate Development Co., Ltd. (大安市碧康房地產開發有限公司)	1,392.3	622.3
	Changchun West Railway Station Transfer Centre Facade Tiles Renovation Project (長春西站換乘中心扶梯兩側立面瓷磚維修工程)	Changchun Rudder Investment Group Co., Ltd. (長春潤德投資集團有限公司)	479.8	89.2
	Changchun Government Service Centre External Works(長春市政務服務中心室外工程施工)	Changchun Municipal Affairs Bureau (長春市市直機關事務管理局)	0.0	2,863.4
	General Contracting Project for Design and Construction of Totally Enclosed Type Gravel Pits and Quarry for Ready-mixed Concrete Production Project of Changchun Runde Ready-mixed Concrete Co., Ltd. (長春潤德商品混凝土有限公司商品混凝土生產建設項目全封閉式砂、石料場設計施工總承包工程)	Changchun Runde Ready-mixed Concrete Co., Ltd. (長春潤德商品混凝土有限公司)	5,385.8	1,300.0
	General Contracting Project for the Furnishing, Renovation, Design and Construction of Apartments for Changchun's Talented Individuals (Lot 6) (長春市人才公寓裝飾及修繕工程設計施工總承包項目(六標段))	Changchun Rudder Investment Group Co., Ltd. Asset Operation Company (長春潤德投資集團有限公司資產經營分公司)	0.0	0.0
	General Contracting Project for Infrastructure Renovation of Residential Districts under the Management of Asset Operation Company(資產經營分公司代管物業社區基礎設施修繕工程設計施工總承包項目)	Changchun Rudder Investment Group Co., Ltd. Asset Operation Company (長春潤德投資集團有限公司資產經營分公司)	3,891.9	1,290.1
	2018 General Contracting Project for Renovation of Residential Districts under the Management of Asset Operation Company (Lot 1): Waterproof Works Renovation Project (2018 年代管物業社區維修工程設計施工總承包項目一標段: 防水維修工程)	Changchun Rudder Investment Group Co., Ltd. Asset Operation Company (長春潤德投資集團有限公司資產經營分公司)	3,548.6	0.0

Year	Project	Client Name	Final	Amount
			Accounts	Received
			Amount	Amount
			(RMB in thousands)	(RMB in thousands)
	Taibei Yangguang New District Model Project (台北陽光新區樣板工程)	Changchun Runde Real Estate Development Co., Ltd. (長春潤德房地產開發有限公司)	0.0	0.0
	Changchun Public Security Bureau Traffic Police Sub-bureau Technical Information Division Relocation Project (長春市公安局交通警察支隊科技信息處遷移工程)	Changchun Runde Real Estate Development Co., Ltd. (長春潤德房地產開發有限公司)	1,034.0	1,034.0
	Machinery Construction Consultation (機械施工諮詢)	Changchun Mingqi Construction Engineering Co. Ltd (長春市銘岐建築工程有限公司)	2,246.0	2,246.0
	Group Archives Renovation Project (集團檔案室改造項目)	Changchun Rudder Investment Group Co., Ltd. (長春潤德投資集團有限公司)	57.8	56.0
	Automobile Economic Development Zone Logistics Industrial Park Abandoned Earthwork Transportation Project (汽開區物流產業園廢棄土方倒運服務項目)	Changchun Rudder Investment Group Co., Ltd. (長春潤德投資集團有限公司)	5,389.6	5,389.6
	Runde-Jincheng Commercial Fence Project (潤德•錦城項目商業圍擋工程)	Changchun Runde Real Estate Development Co., Ltd. (長春潤德房地產開發有限公司)	0.0	195.2
	Changchun West Railway Station Transfer Centre Facade Tiles Renovation Project (Fireproof Door, Passway) (長春西站換乘中心瓷磚維修工程(防火門、通道))	Changchun Rudder Investment Group Co., Ltd. (長春潤德投資集團有限公司)	0.0	355.5
	Linha Street Underground Utility Tunnel (Phase I: Jingyi No 1 Road – Jingyue Expressway) Land Requisition, Relocation, Pipeline Layout and Technical Design Project (臨河街地下綜合管廊(一期工程: 淨乙一路 – 淨月快速路)徵地拆遷、管線排遷、技術方案)	Zhongqing Construction Co., Ltd. (中慶建設有限責任公司)	0.0	1,718.8
	Changchun Talent Apartment Development and Management Co. Ltd Pearl Lake Garden Check Value Installation and Renovation Project (長春市人才公寓開發管理有限公司珍珠湖家園安裝逆止閥改造工程)	Changchun Rudder Investment Group Co., Ltd. Asset Operation Company (長春潤德投資集團有限公司資產經營分公司)	0.0	44.9
	South 4th Ring Road Linhe Street Tunnelling Project (南四環臨河街下穿工程)	Changchun Urban Construction and Maintenance Co., Ltd. (長春市城建維護股份有限公司)	10,000.0	12,000.0
	Changchun Longjia International Airport Integrated Transport Hub Pipeline and Steel Bridge Project (長春龍嘉國際機場綜合交通樞紐管線排遷及鋼便橋工程)	China Construction Eighth Engineering Division Corp. Ltd (中國建築第八工程局有限公司)	10,170.0	3,330.0

Year	Project	Client Name	Final	Amount
			Accounts	Received
			(RMB in	(RMB in
			thousands)	thousands)
	Equipment Manufacturing Industrial Project (裝備製造產業項目)	Changchun Light Industry Construction Engineering Co., Ltd. (長春輕工建築工程有限公司)	786.0	818.0
	North Station Facility Renovation Project (北站設施改造)	Changchun Urban Development Group Comprehensive Transportation Operation Management Co., Ltd. (長春城市開發集團綜合交通運營管理有限公司)	5,310.0	5,160.0
	Road Construction for the Tuanshan Street Public Leased Housing Project (團山街公共租賃住房項目小區道路工程)	Changchun Chengkai Lihao Real Estate Development Co., Ltd. (長春城開利豪房地產開發有限公司)	0.0	262.6
	South 4th Ring Road Linhe Street Tunnelling Project (南四環臨河街下穿工程)	Changchun Urban Construction and Maintenance Co., Ltd. (長春市城建維護股份有限公司)	24,790.0	12,000.0
2020	Shoushan Road Phase II Earthwork Transport and Fence Project (首山路二期土方外運及圍擋)	Changchun City Development (Group) Co., Ltd. (長春城市開發(集團)有限公司)	9,545.3	3,000.0
	South 4th Ring Road Linhe Street Tunnelling Project (南四環臨河街下穿工程)	Changchun City Development (Group) Co., Ltd. (長春城市開發(集團)有限公司)	0.0	9,700.0
	Changchun Longjia International Airport Integrated Transport Hub Pipeline and Steel Bridge Project (長春龍嘉國際機場綜合交通樞紐管線排遷及鋼便橋工程)	Changchun City Development (Group) Co., Ltd. (長春城市開發(集團)有限公司)	0.0	6,500.0
	Longyang Shanty Area Redevelopment Project (龍陽棚戶區改造工程)	Changchun City Development (Group) Co., Ltd. (長春城市開發(集團)有限公司)	0.0	18,000.0
	Shoushan Road Project (首山路項目)	Changchun City Development (Group) Co., Ltd. (長春城市開發(集團)有限公司)	850.5	0.0
	Shanghai Road Precipitation Project (上海路降水)	Changchun City Development (Group) Co., Ltd. (長春城市開發(集團)有限公司)	3,439.4	0.0
	Farm Renovation Project (農場改造)	Changchun City Development (Group) Co., Ltd. (長春城市開發(集團)有限公司)	2,572.8	7,928.6
	Shanghai Road Fence Project (上海路外圍擋)	Changchun City Development (Group) Co., Ltd. (長春城市開發(集團)有限公司)	138.0	0.0
	Chuanhu Sewage Treatment Renovation Project (串湖污水處理修繕)	Changchun City Development (Group) Co., Ltd. (長春城市開發(集團)有限公司)	5,436.8	5,000.0
	Liaoyuan Sewage Treatment Project (遼源污水處理工程)	Changchun City Development (Group) Co., Ltd. (長春城市開發(集團)有限公司)	18,000.0	902.9
	South New City No. 47C Road Project (南部新城丙四十七路道路工程)	Changchun Urban Construction and Maintenance Co., Ltd. (長春市城建維護股份有限公司)	278.6	278.6

Year	Project	Client Name	Final	Amount
			Accounts	Received
			(RMB in	(RMB in
			thousands)	thousands)
	Changchun Government Service Centre External Works (長春市政務服務中心室外工程施工)	Changchun Municipal Affairs Bureau (長春市市直機關事務管理局) Changchun Government Investment Project Administration Centre (長春市政府投資建設項目管理中心)	0.0	1,106.0
	General Contracting Project for Infrastructure Renovation, Design and Construction of Nursery Stock Base (苗木基地建設項目基礎設施修繕工程設計施工總承包項目)	Changchun City Development (Group) Co., Ltd. (長春城市開發(集團)有限公司)	0.0	227.0
	General Contracting Project for Design and Construction of Totally Enclosed Type Gravel Pits and Quarry for Ready-mixed Concrete Production Project of Changchun Runde Ready-mixed Concrete Co., Ltd. (長春潤德商品混凝土有限公司商品混凝土生產建設項目全封閉式砂、石料場設計施工總承包工程)		0.0	300.0
	General Contracting Project for Infrastructure Renovation of Residential Districts under the Management of Asset Operation Company(資產經營分公司代管物業社區基礎設施修繕工程設計施工總承包項目)		0.0	466.5
	2018 General Contracting Project for Renovation of Residential Districts under the Management of Asset Operation Company (Lot 1): Waterproof Works Renovation Project (2018 年代管物業社區維修工程設計施工總承包項目一標段: 防水維修工程)		0.0	1,742.1
	Machinery Construction Consultation (機械施工諮詢)		1,430.5	1,430.5
	Kuancheng District C86 Road (Beikaixuan Road – C86 Road) (寬城區丙八十六路(北凱旋路 – 丙八十八路))	Changchun City Development (Group) Co., Ltd. (長春城市開發(集團)有限公司)	0.0	7,802.6
	Kuancheng District B13 Road (including bridges) Drainage Project (Beikaixuan Road – C86 Road) (寬城區乙十三路(含橋)道路排水工程(北凱旋路 – 丙八十六路))	Changchun City Development (Group) Co., Ltd. (長春城市開發(集團)有限公司)	0.0	2,069.4
	Tianbo Road (Tianguang Road – Anshan Road) (天波路(天光路 – 鞍山路))	Changchun City Development (Group) Co., Ltd. (長春城市開發(集團)有限公司)	0.0	1,047.2

Year	Project	Client Name	Final	Amount
			Accounts	Received
			Amount	
			(RMB in thousands)	(RMB in thousands)
	2017 Changchun Maintenance and Management Center Municipal Road Major and Intermediate Repair Project (Second Batch Lot 12) for the Old City Renovation and Upgrading Project (2017年全市舊城改造提升項目長春市維管中心市政道路大中修工程(第二批第12標段))	Changchun Changfa Old Town Renovation Engineering Co., Ltd. (長春市長發舊城改造工程有限公司)	0.0	2,435.9
	Expressway North Plot (Taibei Yangguang New District) Municipal Park and Road Subcontracting Project (快速路北地塊(台北陽光新區)項目 - 市政園區道路專業分包工程)	China Construction Science and Technology Co., Ltd. (中建科技有限公司)	0.0	2,090.0
	Group Archives Renovation Project (集團檔案室改造項目)		0.0	1.7
	Lot 1: Construction and Preparation Project for Changchun Public Security Bureau Road Infrastructure Team Operational Room and Warehouse Project (一標段: 長春市公安局道路設施隊業務用房及倉庫異地安置工程)		0.0	4,473.1
	Changchun Detention Centre Off-sit Road Project (長春市看守所項目場外道路工程)	Changchun Public Security Bureau	0.0	1,376.7
	Changchun Detention Centre Project (長春市看守所零星工程)	Changchun Construction Group Co., Ltd. (長春建設集團股份有限公司)	0.0	391.9

Project under construction

The following table sets forth the particulars of the Group's infrastructure projects that are currently under construction:

Project	Planned Investment	Investment Completed	Investment not Completed	Future Investment Plan	
				2021	2022
(RMB in millions)					
Changchun City South New Town road network Phase II (Qianjin Avenue, Silicon Valley Street) (長春市南部新城道路網二期工程(前進大街、硅谷大街))	660	603	57	–	–
Changchun City Feiyue Road project (Kaiyun Street – Dongfeng Street) (長春市飛躍路貫通工程(開運街–東風大街))	702	702	–	–	–
Changchun Railway Station Integrated Transportation Transfer Centre project (長春火車站綜合交通換乘中心項目)	2,873	2,712	161	–	–
Old Town Redevelopment (舊城改造)	25,200	19,500	5,700	500	–
Jiaxian Penghu District Transformation Project (夾餡棚戶區改造)	6,800	4,070	2,730	2,730	–
Faw Hongqi New Energy Vehicle Plant Project (一汽紅旗新能源汽車工廠項目)	7,955	3,000	4,955	3,855	1,100
Changchun Jingyue Intelligent City Industry Base Project (長春淨月智慧城市產業基地項目)	710	463	247	161	–
Total	44,900	31,050	13,850	7,246	1,100

On 20 September 2017 the Office of the City Management Committee of Changchun City released the announcement engaging the Guarantor as the project supplier of old city renewal PPP project (government and society capital cooperation). The project has a total investment amount of approximately RMB25.2 billion, and comprises the construction and improvement of (i) green maintenance, including the improvement and upgrading of greening projects and greening of key areas; (ii) municipal roads, including the repair of damaged municipal roads, replacement of drainage pipelines and construction of microcirculation roads including demolition of walls, pavements, and replacement of side stones; (iii) lighting, including the enhancement of the lighting system of roads, plots, landscapes and bridges, including street lighting, district lighting, building lighting and bridge lighting; (iv) transportation facilities, including the installation of various types of traffic barriers, the construction of harbour-style stop pavilions, the renovation of bus stops and bus stop signs as well as the refinement of parking berths and traffic markings; and (v) other public service facilities, including the renovation of secondary public water facilities, parking lots, old communities, public toilets and other public service facilities. The operational model is a combination of “transfer-operate-transfer (TOT)” and “build-operate-transfer (BOT)”. The project has a PPP cooperation period of 22 years, which comprises a three-year construction period and a 19-year operation period. The project has, since being entered into, brought stable cash flow to the Guarantor. The Guarantor received revenue of RMB0.7 billion in 2020. It is expected that the Guarantor will receive revenues of approximately RMB1.40 billion in 2021 and RMB1.45 billion in 2022, respectively.

Welfare housing construction

Welfare housing which includes low-rent apartments and other public housing is provided by the local government to low-income families. Typically, the local government imposes specific construction standards on welfare housing projects and controls the selling and rental prices.

The Group has been designated by the Changchun SASAC and Changchun Government as the sole contractor for all shanty area redevelopment projects in Changchun City. The Group redevelops its relocation housing properties and shanty areas, constructs various public welfare housing and cheap rental housing in Changchun through its wholly owned subsidiaries, Changchun Runde Investment Group Co., Ltd. (長春潤德投資集團有限公司) and Changchun City Development (Group) Co., Ltd. (長春城市開發(集團)有限公司). As at 30 September 2020, the Group was involved in the requisition of 292 land blocks, paid approximately RMB3.4 billion for land requisition compensation, which has improved the living condition of 6,619 households. In addition, the Group has also renovated a total of 66 blocks of green areas and parking spaces, further enhancing the living standards of local residents.

Land resources for public housing projects are allocated to the Group by the Changchun Government free of charge, whilst commercial services in shantytown refurbishment projects are allocated to the Group by the Changchun Government based on agreements. The Group also enters into construction agency agreements with the Changchun Government according to the annual welfare housing construction plan of the Changchun Government, which specifies rights and obligations of the parties including the scope, content, quality, funding sources, objectives, rewards and penalties of the projects. The Group is responsible for the construction of welfare housing and mainly funds the construction with funds allocated by the Changchun City Bureau of Finance and/or external funding, such as bank borrowings and bonds issuance.

The Group engages third-party construction companies to carry out the construction of its infrastructure and affordable housing construction projects through its standardised public tender process in accordance with applicable PRC laws and regulations. When selecting contractors, the Group considers a number of factors such as the reputation of the contractors, their track records in similar projects, creditworthiness, technical capabilities, proposed construction plan and price. The Group makes payment to the contractors according to the construction progress of the project.

Upon completion of construction and inspection, the Changchun City Audit Bureau will conduct an audit of the actual construction cost for the relevant period and the project will be repurchased by the Changchun Government. The repurchase price of the welfare housing is determined by way of cost (the audited total cost of the project) plus profit, and the initial agreed repurchase gross margin is 10 per cent. The Changchun Government provides for project capital (which is about 30 per cent. of the total investment) for three years during the project construction period. The remaining cost and income of the Group will be paid by the Changchun Government within 12 years after the completion of the project.

In terms of redeveloping shanty areas, as at 30 September 2020, the Group's main redevelopment projects include Changchun Heat and Power Hotel Shanty Area Redevelopment Project (長春熱電賓館棚戶區改造項目) under Changchun Runde Real Estate Development Co., Ltd., which is currently put to post-completion sales. The estimated total project investment amount is RMB0.36 billion, and the estimated completed investment amount is RMB0.36 billion. The other main projects are (1) the Shoushan Road Shanty Area Redevelopment of Relocation Housing Project (首山路棚戶區改造回遷房建設項目), which is currently under construction (with estimated total project investment amount is RMB1.20 billion, and the estimated completed investment amount is RMB0.76 billion), and (2) the Longyang Shanty Area Redevelopment of Relocation Housing Project (龍陽地塊棚戶區改造回遷房建設項目) under Changchun City Development (Group) Co., Ltd., which has been completed with an estimated total project investment amount of RMB0.23 billion and actual investment amount of RMB0.21 billion.

The Group currently has five projects, two of which are under Changchun Runde Real Estate Development Co., Ltd., namely the public housing projects on Changchun Yiliu Road and Shuangfeng Avenue amounting to a total investment amount of RMB3.27 billion. As at 30 September 2020, these two projects have been internally refurbished and completed the delivery process, and the Group's cumulative completed investment amount was RMB3.15 billion.

Future development

Construction of South extension line of Kaiyun Street (開運街南延長線工程)

Located in the Chaoyang Economic Development Zone, Kaiyun Street is a major road of 5,390 metres, in which, the Guarantor made a total investment of nearly RMB300 million as at 30 September 2020. The

project has received the 2019 Major Project Investment Award by the Chaoyang District Government. Upon completion, the project will link Chaoyang Economic Development Zone and Changchun Automobile Economic Development Zone and will effectively promote local economic development.

Promoting the redevelopment of historical and cultural community – Beijing Street West Block Historical and Cultural Community (北京大街西地塊歷史文化街區項目)

CPC Changchun Municipal Committee and Changchun Government attached great importance to the protection of historical and cultural heritage in Changchun. The Beijing Street West Block Historical and Cultural Community project, which is invested by the Guarantor and under construction, is expected to be completed by the end of 2021. As at 30 September 2020, the project occupied a total floor area of 4.5 hectares and received a total investment of RMB1.63 billion.

Water Treatment

Overview

The Group's water treatment business includes water supply and sewage treatment segments through its wholly owned subsidiary, Changchun Water. As at 30 September 2020, the Group was the only running water supplier and the main water drainage and sewage treatment company in Changchun, in charge of 100 per cent. of the running water supply, 90 per cent. of the water drainage and 90 per cent. of the sewage treatment service in Changchun. The Group receives stable annual income and does not receive subsidies for this business.

Operating income from the Group's water treatment business for the years ended 31 December 2018 and 2019 and for the nine months ended 30 September 2020 amounted to RMB1,378.10 million, RMB1,476.11 million and RMB1,031.10 million, respectively, which accounted for 36.66 per cent., 34.37 per cent. and 38.65 per cent. of the Group's total operating income during the same period. The Group's operating income from water treatment business for the nine months ended 30 September 2020 amounted to RMB1,031.10 million, which showed a decrease as compared with the same period in 2019.

The table below sets forth a breakdown of the Group's operating income for the Group's water treatment business:

	Year ended 31 December				Nine months ended 30 September	
	2018		2019		2020	
	Amount (RMB in millions)	% of Total	Amount (RMB in millions)	% of Total	Amount (RMB in millions)	% of Total
Water Treatment						
Water supply	967.31	70.19	1,013.77	68.67	714.63	69.31
Sewage treatment	410.80	29.81	462.50	31.33	254.00	24.63
Other	–	–	–	–	62.5	6.06
Total	1,378.11	100.0	1,476.27	100.0	1,031.10	100.0

Water supply

The main sources of the Group's running water are Xinlicheng Reservoir and Shitoukoumen Reservoir. As at 30 September 2020, the Group had five water purification plants, covering the water supply for 4.15 million people from 1.88 million families in an area of 422 square kilometres, of which 1.56 million households are charged. The Group had a running water coverage rate of 99.90 per cent. and a total supply capacity of 1.23 million cubic metres per day and an actual supplying volume of 980,000 cubic metres per day. In recent years, the number of water users in Changchun City has increased because of the development of the city. The Group expects that it will maintain a stable income from the water supply business in the coming years.

The table below sets out the details of the Group's water supply business as at and for the period indicated:

	As at and for the year ended 31 December		As at and for the nine months ended 30 September
	2018	2019	2020
Daily water supply volume (m ³)	996,000	998,000	965,876
Users of water supply (million households)	1.87	1.95	1.98
Water intake (million tonnes)	389.40	388.88	280.30
Cost of water resources (RMB/tonnes)	0.61	0.61	0.61
Number of water plants.	5	5	5
Water supply capacity (million tonnes/day)	1.23	1.23	1.23
Peak water production capacity (million tonnes/day)	1.09	1.10	1.05
Cost of water production (RMB/tonnes)	2.69	2.65	2.67

Pricing and Subsidies

Prices charged for water are determined through public hearings, taking full consideration of the overall cost and the economic capacity of the average citizen to afford their water. According to the *Notice of the People's Government of Changchun City on Cancelling the Composition of "Yinsong Fund" in the Water Price* (《長春市人民政府關於取消我市水價構成中“引松基金”的通知》), the Changchun Government cancelled the Yinsong Fund item in the composition of the water price from 1 July 2016, and cut the volume price for resident drinking water by RMB0.2 per cubic metre and cut the water price of non-residential usage and special industry use by RMB0.4 per cubic metre.

The table below set forth the water price of Changchun City as at 30 September 2020:

Category	Water volume	Price Standard (including sewage treatment fee)
		RMB/ton
Domestic water	The first level annual water consumption (no more than 150 cubic metre)	4.55
	The second level annual water consumption (151-225 cubic metre)	6.80
	The third level annual water consumption (more than 255 cubic metre)	9.10
Water for non-residential usage	–	6.80
Water for special industry use	–	Class A price (water for car washing, infrastructure construction usage) 15.20 Class B price (bath and beverage water) 22.20
Raw water	–	1.85

Sewage treatment

The Group is responsible for 90 per cent. of the water drainage and 90 per cent. of the sewage treatment service in Changchun. As at 30 September 2020, the Group has 13 sewage treatment plants, with a daily sewage processing capacity of 1.55 million tonnes, a daily reclaimed water processing capacity of 150,000 cubic metres and a daily mud processing capacity of 1,400 tonnes.

Presently, the sewage treatment fee is collected by the Changchun City Running Water Company (長春市自來水公司) and paid on a monthly basis to the Financial Bureau of Changchun City. The Financial Bureau of Changchun Government will then allocate the fund on a monthly basis to Changchun Water. According to *The Notice Regarding the Adjustment of Changchun Urban Area Sewage Treatment Fee Standard and Related Matters* (關於調整長春市城區污水處理收費標準等相關事宜的通知(長發改價格聯[2016]309號)), the treatment fee for household sewage, public sewage and special industry wastewater is RMB0.95, RMB1.40 and RMB2.60 per cubic metre, respectively.

The table below sets out the details of the Group's sewage treatment business as at and for the period indicated:

	As at and for the year ended 31 December		As at and for the nine months ended 30 September
	2018	2019	2020
Sewage treatment capacity (million tonnes/day) . . .	1.51	1.51	1.55
Sewage treatment volume (million tonnes)	395.30	484.80	388.76
Sewage treatment rate (%)	72	89	90
Length of sewage pipeline (km)	75	75	75

Trading

Overview

In its trading business, the Group mainly carries on (1) the sale of ready-mixed concrete through three key subsidiaries, namely Changchun Runde Ready-mixed Concrete Co., Ltd. (長春潤德商品混凝土有限公司), Changchun Runde Construction Materials Co., Ltd. (長春潤德建築材料有限公司) and Changchun City Industry Limited Liability Company (長春城開實業有限責任公司); and (2) the sale of building materials through Changchun City Industry Limited Liability Company.

Operating income from the Group's trading business for the years ended 31 December 2018 and 2019 and for the nine months ended 30 September 2020 amounted to RMB1,302.55 million, RMB1,603.06 million and RMB859.84 million, respectively, which accounted for 34.65 per cent., 37.33 per cent. and 32.23 per cent. of the Group's total operating income during the same periods. The Group's operating income from trading business for the nine months ended 30 September 2020 amounted to RMB1,031.10 million, which showed an increase as compared with the same period in 2019.

Ready-mixed concrete

Products and production process

Concrete is one of the most important civil engineering materials. It is an artificial stone composed of certain percentages of cement, aggregates and water. As at 30 September 2020, the Group had four mixing production lines, 60 mixing trucks and ten pump trucks, with an annual production capacity of 0.8 million cubic metres.

The main raw materials for the Group's ready-mixed concrete are cement, sand, gravel, fly ash and admixtures. The Group mainly procures these raw materials through public tender. Raw material suppliers will bid in accordance with the requirements set out by the Group. Bidders who match the requirements will be the finalists and the successful bidders will be determined according to the comprehensive score they get. The Group settles the purchase of cement through prepayment while the purchase of other raw materials is settled on a monthly basis based on the total amount of material supplied.

Sales

The Group's trading business mainly consists of supplying high-strength, high-performance concrete. The ready-mixed concrete is supplied mainly through the Group's own concrete mixer trucks. Given the limitation of the transport distance, customers of the Group are mainly concentrated in northeast China,

including Zhongqing Construction Co., Ltd. (中慶建設有限責任公司), China Construction Sixth Engineering Division Corp. Ltd. (中國建築第六工程局有限公司) and China Construction Tenth Engineering Division Corp. Ltd. (中國建築第十工程局有限公司). The transactions between the Group and downstream customers will be settled in accordance with the relevant contracts, mostly through fund transfer and partially through payment by cash. The transaction amounts are typically paid within three months after the transaction.

Environment and safety

For environment protection, the Group replaced its dust removal system on the production equipment in early 2014 in order to reduce dust pollution. The current production environment is in line with environmental standards. The Group did not receive any significant environmental penalties in the past three years.

For production safety, the Group, (i) strengthened the safety management responsibilities, refined and decomposed responsibility objectives of production safety; (ii) complied with “two strict”, that is, strict implementation of the first responsible person in charge of the production safety system and strict implementation of the leading cadres on duty system; (iii) improved the Group’s safety indicators and carried out the application of safety standardisation qualification work. The Group applied for Enterprise Security Standardisation Qualification Level Two from the Jilin Province Academy of Safety Science and Technology (吉林省安全科學技術研究院) and Changchun City Academy of Safety Science and Technology (長春市安全科學技術研究院) in July 2013. After six months of research and review, the Group successfully passed the Enterprise Security Standardisation Qualification Level Two examination in December 2013. There have been no major safety accidents in the past three years.

Building materials

The Group’s building materials business is run by Changchun City Industry Limited Liability Company (長春城開實業有限責任公司). Based on the demand for building materials of the Changchun Urban Construction Committee and other governmental departments, the Group acquires and supplies building materials to building construction parties. Previously, the Group has supplied building materials for almost 20 major projects in Changchun, including Yatai Dajie Bridge (亞泰大街高架橋) Project and “Two Horizontal Three Vertical” (兩橫三縱) Expressway Project.

Purchase of building materials

The Group mainly purchases steel, but would also purchase other building materials include asphalt, expansion joints, support frames, steel reinforcement, noise barriers, bricks and polyethylene (PE) pipes. The Group will order steel on a monthly basis and continuously communicate with the suppliers to ensure that the supplies are secured. Acquired building materials inventories are settled through bank deposits, whereas trading building materials inventories are settled by cash, bank deposits or bills of exchange. Regarding the price of the building materials, the Group considers market price levels before making a purchase. The Group maintains stable and long-term relationships with suppliers while also exploring a wider range of new supply networks, in order to prevent over-reliance on certain suppliers and increase the stability of this business.

Sales

The Group trades building materials across the country, but most of the Group’s clients are clustered in the northeastern area of Jilin Province due to the geographical position of the Group and the logistic features of transporting building materials. Generally, the building materials trade sector conducts monthly clearance and the length of account periods are within one year.

Since 2016, the Group slowly started shifting into supplying non-infrastructure building materials, in line with the changes to the Group’s operating model and the decreasing scale of Changchun City’s infrastructure projects. Leveraging the Group’s extensive experience in supplying building materials for Changchun City infrastructure projects, the Group has maintained healthy business relationships with various suppliers, which enables the Group to enjoy cost efficiencies.

Financial services

The Group's financial service business is mainly run through Changfa Finance Holdings (Changchun) Co., Ltd. (長發金融控股(長春)有限公司) (“**Changfa Finance**”), which was established in 2017, and its subsidiaries. It involves the provision of financial services to agricultural and small- and medium-sized enterprises, providing guarantees, providing financial leasing and securities. Mr. Li Dongpo (李東坡) is the chairman of Changfa Finance.

Financial services to agricultural and small- and medium-sized enterprises

Jilin Changfa Micro-credit Co., Ltd. (吉林長發小額貸款有限公司) (“**Jilin Changfa Micro-credit**”) was set up on 16 December 2014 by the Guarantor, after being approved by the Finance Office of Jilin Province. It has a registered capital of RMB500 million. Jilin Changfa Micro-credit ranks as the third-largest financial guarantee company in Jilin Province in terms of total assets. It is a micro-financing company which has undergone rigorous standardisation procedures and risk assessments in order to minimise its credit risk. It is committed to helping realise the dreams of small business owners, entrepreneurs and farmers, and to promote agriculture and rural areas. As at 30 September 2020, Jilin Changfa Micro-credit had a total loan balance of RMB419.85 million. Since its incorporation, there has been no default on the debts guaranteed by Jilin Changfa Micro-credit. Jilin Changfa Micro-credit is mainly involved in capital credit loans, and the core values of its business model are risk management and balancing societal values and commercial profits. Its business model includes providing traditional loans, mainly to institutional clients, and business sector cooperation, which mainly involves cooperating with other banks, guarantee companies and micro-credit companies to build up its brand and increase sales. Jilin Changfa Micro-credit mainly receives its operating revenue from credit loan interest rates and corporate advisory work from its subsidiaries. Jilin Changfa Micro-credit mainly supports the business development of agricultural and small-and medium-sized enterprises.

Having the benefit of various favourable policies of the Changchun Government, the Group provides flexible and tangible financial assistance and support to SMEs in Jilin Province. The Group's strategy in this sector is to steadily diversify its investments, which will help with the development of the Group across all four main business sectors.

Guarantee company

The Group also provides guarantee services and relevant advisory services for the urban construction sector through Jilin Changfa Credit Guarantee Company Limited (吉林省長發信用擔保有限公司) (“**Changfa Guarantee**”). The Group established Changfa Guarantee with the aim of addressing the guarantee and credit enhancement issues that enterprises involved in various stages of urban construction are faced with, and to broaden the funding channels of urban construction players. Since its incorporation, Changfa Guarantee has cooperated with 12 financial institutions and has obtained multiple channels to satisfy its capital requirements. It was successfully shortlisted as the vice chairman of the Provincial Guarantee Association and the Governing Council of the City-level Guarantee Association, and is one of the three companies that has been shortlisted on the recommendation list produced by the Jilin Province Residence and Urban-Rural Construction Guarantee Association. Currently, Changfa Guarantee's main products include (1) guarantee finance, including loan guarantees for the rental of iron towers, secured guarantees through the account receivables of construction projects, etc. and (2) non-guarantee finance, mainly including guarantees for the performance of construction contracts, tenders, prepayments, agricultural wage security deposits, quality assurance funds, etc.

Financial leases

Licheng Financial Lease (Shanghai) Company Limited (利程融資租憑(上海)有限公司) (“**LFL**”) was established on 3 April 2015 and was registered in the Shanghai Free Trade Zone with a registered capital of U.S.\$271 million (approximately RMB1.80 billion). As at 30 September 2020, LFL had total assets of RMB4.2 billion. It is headquartered in Shanghai and has been rated AA by the New Century Rating Agency.

LFL serves as a domestic and overseas funding channel for the Group and provides financial leasing services to upstream and downstream businesses in the urban construction sector. LFL identifies high-potential clients through market analysis, sector segmentation and product innovation to provide services such as direct leases, leasebacks, joint leases and group leases to the utilities, health and car manufacturing chain industries. In addition, LFL seeks expansion in the education, urban water and public sectors in order to move towards a more inclusive financial approach. In the future, LFL seeks to fully assist the Group in becoming a market leader through innovation and helping the Group pursue a sustainable development model.

Securities business

Changchun Securities Limited (長春證券有限公司) (“CSC”) is mainly involved in developing two-way service platforms, which in one aspect can provide convenient, effective and professional financial services and overseas asset management services to mainland companies by methods such as issuing bonds, while in the other aspect provides convenient ways for mainland companies to access Hong Kong’s equity markets.

On 11 June 2018, CSC obtained Type 1, 4 and 9 licences from the Securities and Futures Commission (“SFC”), and started operating in Hong Kong under these licences on 28 June 2018, making it the first local state-owned enterprise in northeast China to establish a securities company in Hong Kong. As such, this highlights CSC’s important link for companies in Changchun and the traditional northern industrial base to directly access Hong Kong’s equity capital markets.

Commercial Factoring

Changfa (Shenzhen) Commercial Agent Company Limited focuses on the engineering construction industry and is a comprehensive financial service company with a main business of commercial factoring.

Private Equity Investment

Changfa PE mainly participates in the initiation and establishment of industrial investment funds, such as PPP industrial funds, infrastructure construction funds, real estate development funds and tourism funds.

Financial services licences

The Group holds a wide range of licences, permits and authorisations necessary to carry out its financial services business. The table below lists the licences, permits and authorisations held as at 30 September 2020:

Name of Company	Licence, permit or authorisation	Approval date	Approval authority
Jilin Changfa Micro-credit	Micro-credit company establishment authorisation (小貸公司開業批覆)	15 December 2014	Jilin Financial Office
Changfa Guarantee	Guarantee finance body operation permit (融資性擔保機構經營許可證)	11 April 2016	Jilin Industries and Information Office
Changfa PE	Registered Fund Manager of the Asset Management Association (No. P1063810)	21 July 2017	Asset Management Association of China
LFL.	Lease financing is included within its business scope	3 April 2015	N/A
Changfa (Shenzhen) Commercial Agent Company Limited (長發(深圳)商業保理有限公司).	Lease financing is included within its business scope	1 February 2016	N/A
CSC.	SFC type 1 licence (dealing in securities), type 4 licence (advising on securities) and type 9 licence (asset management)	11 June 2018	SFC

Risk management measures

The financial services business is a high-risk sector. The Group therefore established a comprehensive risk management system to minimise the risk by: (1) managing loans according to their different type of risk characteristics, such as pledge, mortgage, guarantee and credit loans, and combining the rights and responsibilities in managing loan risks; (2) reviewing risks of loans in terms of political risk, management risk and operational risk; (3) carrying out loan risk forecasting, which includes political risk forecasting, management risk forecasting and operational risk forecasting; (4) issuing loan risk warnings; (5) carrying out loan risk control; (6) choosing an effective loan; (7) strict implementation of the “three check” system; (8) implementation of risk control methods, including risk aversion, risk diversification, risk reduction, risk transfer and risk recovery; (9) provision of risk reserve; (10) carrying out loan risk detection; (11) implementation of the risk management responsibility system; and (12) implementation of the loan risk accountability system.

In particular, the Group has established a risk management committee which serves as the meeting body for the party committee, board of directors and the office of the chairman. Under the Risk Management Committee Meeting Procedures (《風險控制委員會議事規則》), the risk management committee carries out its duties through a committee and voting system to decide on matters collectively and fully assess the risks of investment projects. Additionally, the Group has a line of risk management procedures in place. Changfa Finance and its subsidiaries must separately establish risk management departments, and each subsidiary’s head of risk management is appointed and given powers and duties only with the approval of Changfa Finance. Furthermore, the Group implements an authorisation system based on factors of each subsidiary such as sector-specific regulatory policies, development conditions, operational reserve structures and team structures in order to customise its risk management.

In setting each subsidiary’s operational standards, the Group refers to the experiences of the industries it operates in and the advice of professional intermediaries, and dynamically adjusts them according to the operating conditions. The Group’s risk management policies are strict and cover the entire process of a project from project investigation, project review and approval and project pre-implementation review to post-project management and file management. The Group has also established an evaluation and investigation system, where each subsidiary’s risk management controls are submitted for a year-end review by both the subsidiary internally and Changfa Finance, each accounting for 50 per cent. of the review process. The results of the review are the basis for appraisals, allocation of duties, allocation of wages, bonuses and penalties.

The Group employs a system of transparent and timely disclosure of internal risk information. Daily, quarterly, weekly and monthly risk management reports are produced by Changfa Finance to management. Changfa Finance is additionally involved in publishing risk management policies and guidelines in order to learn about the newest policies within the financial services sector. The Group also established a risk identification system which allows Changfa Finance to notify the Group’s subsidiaries as to risk alerts and actively avoid operating risk. Last but not least, the Group has sufficient reserved funds in accordance with the applicable regulations of micro-credit, guarantee provision and related services.

OTHER BUSINESS

In addition to its major business segments, the Group also invests in various other businesses, such as industrial investment business.

The Group also invests in industrial companies and projects. The Group’s industry investment business carries out private equity investments primarily targeting companies and projects with growth potential. The Group seeks to bridge the target companies and projects with the capital market through provision of various value-added services relating to development strategy, financial management and operations and merger and acquisition. Measures such as public offering and private placement are employed to securities the Group’s state-owned assets and nurture its various emerging businesses. Leveraging of the financing advantages of its state-owned platforms and its significant social capital foundation in China, the Group aims to establish a RMB100 billion industrial fund group. The Group has expanded to a national presence and established several wholly owned subsidiaries in strategic centres of China, including Beijing, the Shanghai Free Trade Zone and Hong Kong. Leveraging on the Group’s large assets, excellent reputation and abundant resources, the Group aims to boost asset values, promote healthy development, facilitate the transformation and revitalisation of northeast China and consolidate the resources in the region through building specialised industries through merger and acquisition activities. The PPP model adopted by the Group for the operation and management of its industrial park projects also promotes the rapid development of the four main areas of business in Changchun.

The Group has established a healthy, systematic and sustainable business model and has adopted strict project management and risk management systems. The Group has adopted a top-down approach for the systematic selection of projects in key sectors. The senior management of the Group is in charge of the management of daily capital operations and equity investment, while the board of directors is the highest decision-making unit of the Group for all decisions concerning investment projects above a designated scale. The investment management departments of the Group's different business segments will manage, coordinate, support and plan for the operation of the business.

GOVERNMENT REGULATIONS

The operations of the Group are subject to various laws and regulations in the jurisdictions in which it operates. The Group's properties are subject to routine inspections by government officials with regard to various safety and environmental issues. The Group believes that it is in compliance in all material respects with government regulations currently in effect in the jurisdictions in which it operates. The Group is not aware of any significant problems experienced by any member of the Group with respect to compliance with government regulations in relation to its operations which could materially adversely affect its properties or operations, nor is it aware of any pending government legislation that might have a material adverse effect on its properties or operations.

INSURANCE

The Group maintains insurance policies in line with general practices in the PRC in the relevant industries.

EMPLOYEES

As at 30 September 2020, the Group had approximately 3,900 employees in total.

The Group provides staff benefits including salaries, provident fund, insurance and medical cover, housing and share option schemes. The Group believes that its employees are critical to its success, and is committed to investing in the development of its employees through continuing education and training, as well as the creation of opportunities for career growth. The Group has not experienced any strikes or disruptions due to labour disputes. The Group considers its relations with its employees to be good.

OCCUPATIONAL SAFETY AND ENVIRONMENTAL PROTECTION

The Group has adopted a comprehensive work safety system to ensure employee safety. The Group has established safety protocols and also implemented guidelines setting out the responsibilities of safety officers. The safety officer is involved in the planning and implementation of each project to ensure that safety objectives are met and plays a key role in monitoring the effectiveness of the safety measures, educating project members on the safety requirements, handling any infractions, ensuring safety records are properly kept and managing onsite safety and emergency incidents. The Group believes that it is in compliance in all material respects with applicable safety regulations.

The Group is subject to environmental laws and regulations governing air pollution, noise emissions, hazardous substances, water and waste discharge and other environmental matters issued by the governmental authorities in the PRC. The Group believes that it is in compliance in all material respects with applicable environmental laws and regulations. As at the date of this Offering Circular, the Group is not aware of any environmental proceedings or investigations to which it is or might become a party.

LEGAL PROCEEDINGS

As at the date of this Offering Circular, to the best of its knowledge, there are no current litigation or arbitration proceedings against the Group or any of its senior management team members that could have a material adverse effect on its business, financial condition and results of operations.

DIRECTORS AND SENIOR MANAGEMENT OF THE GUARANTOR

DIRECTORS

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

<u>Name</u>	<u>Position</u>
LI Dongpo (李東坡)	Chairman of the Board of Directors, Secretary of the Party Committee
DU Jian (杜劍)	Director, General Manager
ZHAO Wenjie (趙文傑)	Vice Chairman of the Board of Directors
XING Dongshun (邢東順)	Vice Chairman of the Board of Directors
ZHANG Qingfu (張清富)	Director, Vice Secretary of the Party Committee, Secretary of the Disciplinary Committee, Chairman of the Labour Union
ZHOU Peiyan (周培岩)	Director
FU Qiong (傅穹)	Director
ZHENG Dahai (鄭大海)	Employee Representative Director, Secretary of the Board of Directors

Mr. Li Dongpo, born in November 1965, graduated from Jilin University. Mr. Li is currently the chairman of the board of directors and the secretary of the party committee of the Guarantor. Mr. Li previously served as the deputy director of the Changchun Cadre Office (長春市地籍事務所副所長), the director of Changchun Municipal Bureau of Land and Resources (長春市國土資源局辦公室主任), the director of Changchun City Land and Resources Protection Department (長春市國土資源耕地保護處處長) and the deputy director of Changchun Municipal Bureau of Land and Resource (長春市國土資源局副局長). Mr. Li joined the Guarantor in December 2018.

Mr. Du Jian, born in April 1970, graduated from The Open University of Hong Kong's executive master of business administration programme. Mr. Du is currently the director and general manager of the Guarantor. Mr. Du previously served as an employee, department manager and the general manager at Jilin Business Friendship Centre (吉林省商務廳友誼商城), the general manager of Jinbin International (Malaysia, Singapore) Co., Ltd. (金賓國際公司(馬來西亞、新加坡)), the general manager of Jilin Economic and Trade Committee Storage Product Dosage Network Ltd. (吉林省經貿委全庫商品調劑網絡有限公司), the general manager of Jilin Electronic Business Exchange Centre of China Netcom Group Corporation (中國網通集團吉林省電子商務交易中心), the deputy district director of the Luyuan District Government in Changchun City (長春市綠園區政府), the deputy director of the Standing Committee of the Changchun City People's Congress (長春市人大常委會), the vice chairman of the Revolutionary Committee of Jilin Province (民革吉林省委) and the chairman of the Revolutionary Committee of Changchun City (民革長春市委). Mr. Du joined the Guarantor in January 2018.

Mr. Zhao Wenjie, born in April 1961, graduated from Jilin University with a master's degree. Mr. Zhao is currently the director and the vice chairman of the board of directors of the Guarantor. Mr. Zhao previously served as a staff member and the deputy director of the staff of the Finance Department of Changchun Justice Bureau (長春市司法局財務處), the deputy staff member, principal staff member and assistant researcher of the Department of Culture and Education of Changchun Finance Bureau (長春市財政局文教行政處), the deputy director of the Educational Scientific and Cultural Department of Changchun Finance Bureau (長春市財政局教科文處), the deputy director of Changchun Municipal Procurement Centre (長春市政府採購中心) and the director of the Urban Construction Department of Changchun Finance Bureau (長春市財政局城建處). Mr. Zhao joined the Guarantor in June 2010.

Mr. Xing Dongshun, born in January 1961, graduated from Jilin University in 2002 with a master's degree. Mr. Xing is currently the director and the vice chairman of the board of directors of the Guarantor. Mr. Xing previously served as the chairman of the board of directors, general manager and secretary of the Party Committee of Changchun Miaomiao Soymilk (Group) Co., Ltd. (長春苗苗豆乳(集團)有限公司), the secretary of the party committee of Changchun Rudder Investment Group Co., Ltd. and the general manager of Changchun City Development (Group) Co., Ltd. Mr. Xing joined the Guarantor in June 2010.

Mr. Zhang Qingfu, born in October 1963, graduated from Central Party School with a bachelor's degree. Mr. Zhang is currently the director, vice secretary of the party committee, secretary of the disciplinary committee and chairman of the labour union of the Guarantor. Mr. Zhang previously served as deputy secretary of the party committee, secretary of the disciplinary committee and chairman of the labour union of Changchun Rail Transit Co., Ltd. (長春市軌道交通有限責任公司). Mr. Zhang joined the Guarantor in March 2019.

Mr. Zhou Peiyan, born in April 1963, graduated from Jilin University with a doctorate's degree. Mr. Zhou is currently the external director of the Guarantor and a professor at Jilin University School of Management. Mr. Zhou previously served as the secretary of the Youth League Committee of Jilin University School of Management (吉林工業大學管理學院), the director and chief economist of Jilin Province Jifa Group (吉林省吉發集團公司), the deputy general manager of Huahai Group of Jilin Huahai Energy Group Company (吉林華海能源集團公司華海集團), the deputy general manager of Zhuozhan Department Store (卓展百貨), the director of Zhenlai Oil Company (鎮賚石油公司) and a professor and academic council member of the Jilin University School of Management (吉林大學管理學院). Mr. Zhou joined the Guarantor in January 2018.

Mr. Fu Qiong, born in December 1970, graduated from China University of Political Science and Law with a doctorate's degree. Mr. Fu is currently the director of the Guarantor, a professor and doctoral tutor of Jilin University Law School, director of the Corporate Finance and Governance Research Center (公司融資與治理研究中心), member of the Jilin Provincial Government's Economic Decision-making (Legislation) Advisory Committee (吉林省政府經濟決策(立法)諮詢顧委), executive director of the Commercial Law Society of the Chinese Law Society (中國法學會商法學會), executive director of the Securities Law Society of the Chinese Law Society (中國法學會證券法學會), member of the third expert advisory committee of the Jilin Provincial Procuratorate (吉林省檢察院第三屆專家諮詢委員), and vice president of the Changchun Law Society (長春市法學會). Mr. Fu previously served as the dean of the School of Law of Jilin University of Finance and Economics. Mr. Fu joined the Guarantor in October 2018.

Mr. Zheng Dahai, born in August 1983, graduated from Changchun University of Technology with a master's degree. Mr. Zheng is currently the employee representative director and the secretary of the board of directors of the Guarantor. Mr. Zheng previously served as the deputy director and secretary of the board of directors of Changchun City Development (Group) Co., Ltd. (長春城市開發(集團)公司). Mr. Zheng joined the Guarantor in March 2019.

SUPERVISORS

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

Name	Position
WU Wenju (吳文舉)	Supervisor
HE Lingling (何凌凌)	Supervisor
LEI Lin (雷琳)	Employee Representative Supervisor
YANG Liu (楊柳)	Employee Representative Supervisor, Vice Chairperson of the labour union

Mr. Wu Wenju, born in December 1963, graduated from Dalian Army College with a bachelor's degree in military command. Mr. Wu previously served as chief of staff of the 139th Regiment (139 團參謀長) and is currently the secretary of the Discipline Inspection Committee and chairman of the labour union of Changchun Natural Gas (Group) Co., Ltd. (長春天然氣(集團)有限公司). Mr. Wu joined the Guarantor in November 2019.

Ms. He Lingling, born in October 1975, graduated from Jilin University of Finance and Economics with a master's degree in business administration. Ms. He previously served as the secretary of General Party Branch and deputy general manager of Changchun Changfa Investment Co., Ltd. (長春市長發展投資有限公司) and currently the secretary of General Party Branch and executive director of Changfa Human Resources Industry Investment (Changchun) Co., Ltd. (長發人力資源產業投資(長春)有限公司). Ms. He joined the Guarantor in May 2014.

Ms. Lei Lin, born in December 1972, graduated from Changchun University with a bachelor's degree in industrial accounting and economics. Ms. Lei previously served as the accountant and deputy general manager of accounting and finance of Changchun Dacheng Industrial Group Co., Ltd. (長春大成實業集團有限公司) and is currently the director of the Fund Examination Committee (工會經費審查委員會) of the labour union and chief of the Auditing Department of the Guarantor. Ms. Lei joined the Guarantor in May 2017.

Ms. Yang Liu, born in March 1985, graduated from Northeast Electric Power University with a bachelor's degree in social work and laws. Ms. Yang previously served as the office director of Jilin Changfa New Urbanization Industry Co., Ltd. (吉林省長發新型城鎮化產業有限公司) and head of Party-Masses Work Department and deputy general manager of Changfa Human Resources Industry Investment (Changchun) Co., Ltd. (長發人力資源產業投資(長春)有限公司). Ms. Yang is currently the employee supervisor, vice chairman of the labour union, director of the Women's Working Committee and head of Party-Masses Work Department (黨群工作部) of the Guarantor. Ms. Yang joined the Guarantor in April 2014.

SENIOR MANAGEMENT

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

Name	Position
DU Jian (杜劍)	Director, General Manager
LI Dan (李丹)	Deputy General Manager
CHEN Kuizong (陳奎宗)	Deputy General Manager
DONG Hongtao (董紅濤)	Deputy General Manager
YUN Hang (雲航)	Assistant to General Manager

Mr. Du Jian – Please refer to “– Directors” for the biographical details of Mr. Du Jian.

Mr. Li Dan, born in July 1968, graduated from Jilin University of Technology with a bachelor's degree. Mr. Li is currently the deputy general manager of the Guarantor. Mr. Li previously served as the secretary of the General Party Branch Committee and head of the Changchun Water Group Inspection Team (長春水務集團稽查大隊) and the secretary of the General Party Branch Committee and head of the Changchun Water Group No. 1 Water Purification Plant (長春水務集團第一淨水廠). Mr. Li joined the Guarantor in June 2011.

Mr. Chen Kuizong, born in October 1966, graduated from the Party School of the CPC Jilin Provincial Committee with a bachelor's degree. Mr. Chen is currently the deputy general manager of the Guarantor. Mr. Chen previously served as the deputy general manager, deputy secretary of the party committee and secretary of commission for discipline inspection of Jilin Grain Group Tianyu Company (吉糧天裕公司), Jilin Grain Group Trading Company (吉糧貿易公司) and Jilin Grain Group Rice Industry Company (吉糧米業公司) and the deputy general manager and secretary of the Party Committee of Jilin Grain Group Purchase and Distribution Company (吉糧集團收儲經銷公司). Mr. Chen joined the Guarantor in October 2015.

Mr. Dong Hongtao, born in September 1974, graduated from Hainan University with a master's degree in business administration. Mr. Dong is currently the deputy general manager of the Guarantor. Mr. Dong previously served as the secretary of the General Party Branch (黨總支書記), chairman and general manager of Changchun Urban Pipeline Construction Investment (Group) Co., Ltd. (長春城市管線建設投資(集團)有限公司) and is currently the secretary of General Party Branch and chairman of Changchun Changfa Real Estate Co., Ltd. (長春市長發置業有限公司). Mr. Dong joined the Guarantor in 2008.

Mr. Yun Hang, born in July 1973, graduated in Jilin University with a degree in Quantitative Economics and is a PHD candidate. Mr. Yun is currently the assistant to general manager of the Guarantor and the vice president of Changfa Finance. He previously served as the vice department head of the Finance Department of Jilin Provincial Development and Reform Commission (吉林省發改委財政金融處). Mr. Yun joined the Guarantor in September 2017.

PRC REGULATIONS

This section is a high-level overview of the PRC legal system and a summary of the principal PRC laws and regulations relevant to the issue of the Bonds. As this is a summary, it does not contain a detailed analysis of PRC laws and regulations.

NDRC REGISTRATION IN RELATION TO FOREIGN DEBTS MANAGEMENT

On 14 September 2015, the NDRC issued the NDRC Circular, which became effective on the same day. In order to encourage the use of low-cost capital in the international capital markets in promoting investment and steady growth and to facilitate cross-border financing, the NDRC Circular abolished the case-by-case quota review and approval system for the issuance of foreign debts by PRC enterprises.

For the purposes of the NDRC Circular, “foreign debts” means RMB-denominated or foreign currency-denominated debt instruments with a maturity over one year which are issued offshore by PRC enterprises and their controlled offshore enterprises or branches and for which the principal and interest are repaid as agreed, including offshore bonds and long-term and medium-term international commercial loans. According to this definition, offshore bonds issued by both PRC enterprises and their controlled offshore enterprises or branches shall be regulated by the NDRC Circular.

Pursuant to the NDRC Circular, an enterprise shall: (i) apply to the NDRC for the filing and registration procedures prior to the issuance of the bonds; and (ii) shall report the information on the issuance of the bonds to NDRC within 10 working days after the completion of each issuance. The materials to be submitted by an enterprise shall include an application report and an issuance plan, setting out details such as the currency, size, interest rate, term, use of proceeds and the repatriation of funds. The NDRC shall decide whether to accept an application within five working days of receipt and shall issue an Enterprise Foreign Debt Pre-issuance Registration Certificate within seven working days of accepting the application.

To issue foreign debts, an enterprise shall meet the following basic conditions:

- have a good credit history with no default in its issued bonds or other debts;
- have sound corporate governance and risk prevention and control mechanisms for foreign debts; and
- have a good credit standing and relatively strong capability to repay its debts.

Pursuant to the NDRC Circular, the NDRC shall control the overall size of foreign debts that can be raised by PRC enterprises and their controlled overseas branches or enterprises. Based on trends in the international capital markets, the needs of the PRC economic and social development and the capacity to absorb foreign debts, the NDRC shall reasonably determine the overall size of foreign debts and guide the funds towards key industries, key sectors, and key projects encouraged by the PRC government, and effectively support the development of the real economy. According to the NDRC Circular, the proceeds raised may be used onshore or offshore according to the actual needs of the enterprises, but priority shall be given to supporting the investment in major construction projects and key sectors, such as the Belt and Road strategy, the coordinated development of Beijing, Tianjin, and Hebei province, the Yangtze River Economic Belt, international cooperation on production capacity, and the manufacturing of equipment. As the NDRC Circular is still relatively new, certain detailed aspects of its interpretation and application remain subject to further clarification. The Issuer undertakes that it will comply with the requirements of the NDRC Circular in respect of the Bonds.

SAFE REGISTRATION IN RELATION TO CROSS-BORDER SECURITY

Pursuant to the current applicable foreign exchange regulations, provision of cross-border security (including the provision of security interests by way of mortgage or pledge and the provision of guarantee) as defined in the relevant PRC regulations by PRC non-financial institutions, is subject to registration, reports and other regulatory requirements of SAFE.

On 12 May 2014, SAFE issued the Foreign Exchange Cross-border Guarantee Rules and the SAFE Guidelines (“SAFE Circular 29”), which became effective on 1 June 2014. According to the SAFE Circular 29: (i) cross-border security refers to the security provided by a security provider to a creditor under a written and legally binding agreement or instrument under which the security provider undertakes to fulfil relevant payment obligations in accordance with the security agreement, which may result in cross-border receipt and payment of funds or cross-border transfer of asset ownership and other transactions of international receipt and payment. Based on the places of registration of the parties to the cross-border security transactions, cross-border security shall be divided into three types, namely “Neibaowaidai” (內保外貸), “Waibaoneidai” (外保內貸) and “Other forms of cross-border security” (其他形式的跨境擔保). In particular, Neibaowaidai refers to the cross-border security transaction under which the security provider is registered in the PRC, while both the debtor and the creditor are registered outside the PRC; (ii) provision of guarantees by PRC non-financial institution for offshore bond issuance by offshore entities constitutes transaction of “Neibaowaidai”, and the PRC non-financial institution as the guarantor shall, register such cross-border security with the local bureau of SAFE within 15 PRC business days after the execution of the guarantee; (iii) the proceeds of loans or bonds under the “Neibaowaidai” structure shall be used for relevant expenses in the normal course of business of the foreign debtor, and shall not be used to support the foreign debtor to engage in transactions other than the normal course of business, to arbitrage any trade with fictitious transaction background, to carry out other forms of speculative transactions, or to directly or indirectly remit proceeds back to the PRC by way of loan, equity investment and security investment without the prior approval from SAFE; (iv) the proceeds of loans or bonds under the “Neibaowaidai” structure shall not be repatriated onshore and used in the PRC; (v) where “Neibaowaidai” is provided to secure the repayment obligations of an offshore entity under its offshore bond issuance, the offshore issuer shall be directly or indirectly owned by the PRC domestic institutions and the proceeds from the offshore bond issuance shall be applied to the overseas investment projects which are associated with the PRC domestic institutions in terms of equity interest and the relevant overseas institutions or projects shall have obtained or completed approvals, registrations, records or confirmations from or with the relevant PRC domestic authorities in charge of administration of overseas investment; and (vi) in case of performance of the “Neibaowaidai” which has been duly registered with SAFE, the PRC non-financial institution as the guarantor, may make the payment in relation to the performance of the “Neibaowaidai” under the registered “Neibaowaidai” at its own discretion, and shall de-register the “Neibaowaidai” and perform registration formalities in relation to its creditor rights against the offshore debtor arising out of the performance of the “Neibaowaidai”. SAFE Circular 3 eases certain restrictions on the use of proceeds raised under a “Neibaowaidai” structure and generally allows the proceeds raised under a “Neibaowaidai” structure to be repatriated onshore and used in the PRC by way of loans and equity investments. The second series of the Policy Q&As in relation to the SAFE Circular 3 (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知(匯發[2017]3號)政策問答(第二期)》, “Policy Q&As in relation to Circular 3”) published by SAFE on its official website on 27 April 2017 further clarified that, for offshore bond issuance by offshore entities which is secured by PRC onshore guarantees, the restrictions on the proceeds used by way of security investment and on the use of proceeds as mentioned in sub-paragraph (v) above still apply despite of SAFE Circular 3. However, in practice, application or exemption of such restrictions on the use of proceeds as mentioned in sub-paragraph (v) above to a large extent remains subject to SAFE’s discretion on a case by case basis.

The SAFE Circular 3 and Policy Q&As in relation to SAFE Circular 3 are relatively new and will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying SAFE Circular 3 and Policy Q&As in relation to Circular 3.

REGULATION OF FISCAL DEBTS OF LOCAL GOVERNMENTS

In accordance with Guidance on Further Strengthening Adjustment of Credit Structure to Promote Fast and Smooth Development of National Economy (中國人民銀行、中國銀行業監督管理委員會關於進一步加強信貸結構調整促進國民經濟平穩較快發展的指導意見) issued jointly by the PBOC and the CBIRC in March 2009, local governments are encouraged to establish financing platforms to issue financing instruments such as enterprise bonds and medium term notes. In order to strengthen the management of financing platforms and effectively prevent fiscal financial risks, Notice of the State Council on Strengthening Management of Financing Platform of Local Government (國務院關於加強地方政府融資平台公司管理有關問題的通知) (“Circular 19”) and Notice of NDRC on Further Regulating Issuance of Bonds by Financing Platform of Local Government (國家發展改革委辦公廳關於進一步規範地方政府投融資平台公司發行債券行為有關問題的通知) (“Circular 2881”) were separately promulgated in June 2010 and November 2010. In accordance with Circular 19, all levels of local governments shall clear up the existing debts of their respective financing platforms. In accordance with Circular 2881, indebtedness of local governments will impact their respective financing platform’s issuance of enterprise bonds.

On 29 December 2018, the SCNPC adopted the newly amended Budget Law of the PRC (the “**New Budget Law**”), which became effective on the same day. The New Budget Law grants local governments the right to issue government bonds. On 21 September 2014, the State Council of the PRC released the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (關於加強地方政府性債務管理的意見) (“**Circular 43**”). Circular 43 aims at regulating the financing system of local governments and three channels are presented. In accordance with Circular 43, financing platforms shall no longer function as financing vehicles of the local governments nor incur new government debts. Public interest projects may be funded by the government through issuing government bonds and public interest projects which generate income may be operated through the issuance of local government special treasury bonds or operated independently by social investors or jointly by the government and social investors through the establishment of special purpose companies. Social investors or such special purpose companies shall invest in accordance with market-oriented principles and may be funded by, among other market-oriented approaches, bank loans, enterprise bonds, project revenue bonds and asset-backed securitisation. Social investors or the special purpose companies shall bear the obligation to pay off such debts and the government shall not be liable for any of the social investors’ or special purpose companies’ debts. Circular 43 also sets forth the general principles of dealing with existing debts of financing platforms. Based on the auditing results of such debts run by the local governments, the existing debts that should be repaid by the local governments shall be identified, reported to the State Council for approval, and then included in the budget plan of local governments. On 23 October 2014, the MOF promulgated the Methods to Clear up and Clarify the Existing Fiscal Debt of Local Governments and Integrate it into Budgetary Management (地方政府存量債務納入預算管理清理甄別辦法) (“**Circular 351**”) based on Circular 43. Circular 351 further requires local governments to clear up the existing debts of their respective financing platforms and classify such existing fiscal debts of local governments into government debts and non-government debts. Pursuant to the Circular of the General Office of the State Council on Forwarding the Opinions of MOF, PBOC and the China Banking Regulatory Commission on Properly Solving the Problem of Follow-up Financing for Projects under Construction of Local Government Financing Platform Companies (國務院辦公廳轉發財政部、人民銀行、銀監會關於妥善解決地方政府融資平台公司在建項目後續融資問題意見的通知) (“**Circular 40**”) which was promulgated by the General Office of the State Council of the PRC and became effective on 11 May 2015, local governments at all levels and banking financial institutions shall properly deal with follow-up financing issues for projects under construction of financing platform companies. Projects under construction refer to projects that have started construction upon the completion of examination, approval or filing procedures in accordance with relevant regulations by competent investment authorities before the date when the Circular 43 was promulgated. The key tasks of local governments and banking financial institutions are as follows: (a) supporting stock financing needs for projects under construction; (b) regulating increment financing for projects under construction; (c) administering in an effective and proper manner follow-up financing for projects under construction; and (d) improving supporting measures.

On 28 March 2018, MOF issued the Notice of the Ministry of Finance on Issues Concerning Regulating the Investment and Financing Behaviours of Financial Enterprises for Local Governments and State-owned Enterprises (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知) (“**Circular 23**”). According to Circular 23, (i) state-owned financial enterprises are prohibited from increasing loans of local government financing platform companies in violation of regulations including the New Budget Law, Circular 43 and other requirements, except for purchase of local government debts; (ii) while providing financing for state-owned enterprises, financing platforms of local government or public-private partnership projects for local construction, state-owned financial enterprises shall, under the “penetration principle”, ensure that the source of financing entities’ funds is in compliance with applicable laws and regulations, and that the projects satisfy requirements related to the proportion of project funds which may be financed; (iii) state-owned financial enterprises are obliged to evaluate the financial capabilities of entities raising funds and sources of repayments when they provide agency services to local state-owned enterprises, such as financing platforms of local governments for domestic and overseas bonds issuance. Where the source of repayments made by the entities raising funds involve fiscal funds, state-owned financial enterprises shall conduct due diligence, and carefully verify whether the arrangement to offer fiscal funds is in compliance with applicable laws and regulations; and (iv) such documents including the offering circulars shall not disclose information that can implicitly or explicitly indicate the government’s endorsement, such as local financial revenues and expenditures and government debt information, or conduct misleading publicity that implies an association with the government’s credit.

On 11 May 2018, the NDRC and MOF jointly issued the Circular of the National Development and Reform Commission and the Ministry of Finance on Improving the Market Restraint Mechanism and Taking Strict Precautions against Foreign Debt Risks and Local Debt Risks (國家發展改革委、財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知) (“**Circular 706**”). According to Circular 706, any enterprise that intends to incur medium and long-term foreign debt is prohibited from including in its assets public schools, public hospitals, public cultural facilities, parks, public squares, office buildings of government departments and public institutions, municipal roads, non-toll roads, non-operating water conservancy facilities, pipe network facilities, other public assets and the land use rights of reserve land. Circular 706 also reaffirms that the offering circulars for bond issuances shall not disclose information that can implicitly or explicitly indicate the government’s endorsement of capital raising or conduct misleading publicity that implies an association with the government’s credit. In addition, the liability of the local government as the shareholder shall be limited to its agreed obligation to contribute to the registered capital of such enterprises, and the relevant foreign debts should be solely repaid by such enterprises as independent legal persons.

On 6 June 2019, the NDRC issued the Notice 666 which reaffirms that local state-owned enterprises shall take responsibility for foreign debt repayment as independent legal persons. Local governments or their departments shall not directly repay, or promise to repay, the foreign debts of local state-owned enterprises with government funds, nor shall they provide guarantees for the foreign debts issued by the local state-owned enterprises. Meanwhile, local state-owned enterprises shall strengthen information disclosure when issuing foreign debts and it is prohibited to include the misleading publicity information that may be implicated to government’s credit in the offering circular or other documents.

LAWS AND REGULATIONS RELATING TO PRIMARY LAND DEVELOPMENT AND INFRASTRUCTURE CONSTRUCTION

Bidding and Tendering Management

Bidding and tendering of various construction projects have been provided in (i) the Bidding and Tendering Law of the People’s Republic of China (中華人民共和國招標投標法) promulgated by SCNPC on 30 August 1999 which became effective on 1 January 2000 and was amended on 27 December 2017, (ii) the Regulation on the Implementation of the Bidding and Tendering Law of the People’s Republic of China (中華人民共和國招標投標法實施條例) promulgated by State Council on 20 December 2011 which became effective on 1 February 2012 and was amended on 1 March 2017 and on 19 March 2018 and on 2 March 2019, respectively, (iii) Measures for the Construction Bidding and Tendering of Construction Projects (工程建設項目施工招標投標辦法) jointly promulgated by NDRC, Ministry of Construction of the PRC (the “**MOC**”), Ministry of Railways, Ministry of Transport of the PRC (the “**MOT**”), Ministry of Information Industry of the People’s Republic of China, Ministry of Water Resources of the People’s Republic of China, and Civil Aviation Administration of China on 8 March 2003 which became effective on 1 May 2003 and was amended in 2013, (iv) Measures for the Administration of Bidding for the Design of Construction Projects (建設工程設計招標投標管理辦法) issued by the Ministry of Housing and Urban-Rural Development of the PRC on 24 January 2017 which became effective on 1 May 2017, (v) Provisions on Engineering Projects Which Must Be Subject to Bidding (必須招標的工程項目規定) promulgated by NDRC on 27 March 2018, which became effective on 1 June 2018, (vi) Administrative Measures for the Bidding and Tendering of Housing Construction and Municipal Infrastructure Work (房屋建築和市政基礎設施工程施工招標投標管理辦法) issued by MOC on 1 June 2001, which became effective on the same date and was amended on 28 September 2018 and on 13 March 2019, and (vii) the Administrative Measures for the Bidding and Tendering of Highway Engineering Construction Projects (公路工程建設項目招標投標管理辦法) promulgated by MOT on 8 December 2015 which became effective on 1 February 2016.

In accordance with the Bidding and Tendering Law of the People’s Republic of China, certain types of projects shall go through bidding processes during phases, including project survey, design, construction, supervision and procurement of the essential equipment and materials relating to the project construction. Such projects include the projects related to social public interests and public security, including large infrastructure and utilities; projects invested by using state-owned fund or financed by the government in whole or in part; and projects using loans or aid funds of international organisations or foreign government.

The process of bidding and tendering consists of five stages including bid invitation, tendering, bid opening, bid evaluation and bid award. The principle of openness, fairness and equal competition shall be followed in the bidding and tendering for construction project contracting, and the contractor shall be chosen after evaluation. After the contractor is determined, the tenderee shall issue the notification to the successful bidder. The notification is legally binding on both the tenderee and the bid winner.

In accordance with the Bidding and Tendering Law of the People's Republic of China and Measures for the Construction Bidding and Tendering of Construction Projects, if any project that shall undergo bidding as required by law fails to go through the bidding process, or the items subject to bidding are broken up into pieces or the bidding requirement is otherwise evaded, the relevant administrative supervision department shall order rectification within a specified period, and may impose a fine of 0.5 per cent. up to 1 per cent. of the contract amount of the project. For projects using the state-owned funds in whole or in part, the project approval authority may suspend the implementation of the project or suspend the fund appropriation, and impose punishment on the person direct in charge of the entity or other person directly liable. Further, in accordance with the provisions of the Interpretations of the Supreme People's Court on Issues of Law Application during the Trial of Construction Contracts for Construction Projects (I) (最高人民法院關於審理建設工程施工合同糾紛案件適用法律問題的解釋(一)) issued by the Supreme People's Court on 29 December 2020 and became effective on 1 January 2021, if any project that is required to undergo a bidding process fails to go through the bidding process or the bid award is invalid, the construction contract for building projects shall become invalid.

Quality Management

Laws and regulations on project quality mainly include Construction Law of the People's Republic of China, Regulation on Quality Management of Construction Projects (建設工程質量管理條例) issued by the State Council on 30 January 2000 and became effective on the same date and was amended on 7 October 2017 and on 23 April 2019, Administrative Measures for Quality Management of Construction Project Survey (建設工程勘察質量管理辦法) amended by MOC on 22 November 2007 and on 1 April 2021 Administrative Measures for Completion Acceptance Record of Building Construction and Municipal Infrastructure Projects (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) issued by Ministry of Housing and Urban-Rural Development of the PRC on 19 October 2009 and became effective on the same date, Measures for Quality Warranty of Building Construction Projects (房屋建築工程質量保修辦法) issued by MOC on 30 June 2000 and became effective on the same date, and Measures for Completion (Delivery) Acceptance of Highway Works (公路工程竣(交)工驗收辦法) promulgated by MOT on 31 March 2004 and became effective on 1 October 2004, and its Implement which is promulgated on 27 January 2010 and became effective 1 May 2010, and Management Regulations on Port Works Construction (港口工程建設管理規定) promulgated by MOT on 15 January 2018 and became effective on 1 March 2018 and was amended on 28 November 2018 and on 28 November 2019. According to the Regulation on Quality Management of Construction Projects, all the building, surveying, designing, construction and supervision units shall be responsible for the quality of the construction projects. The competent administrative department of construction at or above county level is the competent authority for quality supervision and management of construction projects.

Environmental Protection Management

Major laws and regulations on environmental protection during the project construction process include the Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法) amended by SCNPC on 24 April 2014 which became effective on 1 January 2015, Law on Environmental Impact Assessment of the People's Republic of China (中華人民共和國環境影響評價法), which was promulgated by SCNPC on 28 October 2002, became effective on 1 September 2003 and amended on 2 July 2016 and on 29 December 2018, Administrative Regulations on Environmental Protection of Construction Projects (建設項目環境保護管理條例) issued by State Council on 29 November 1998 and became effective on the same date and was amended in 2017. In accordance with the provisions of the Administrative Regulations on Environmental Protection of Construction Projects and Administrative Measures for Environmental Protection Acceptance of Construction Projects upon Completion, the PRC government implements the system of environmental impact assessment on construction projects. After the completion of a construction project, the competent administrative department of environmental protection will undergo environmental protection acceptance process and assess whether the construction project has met the requirements for environmental protection.

Environmental Protection

China has promulgated a series of laws and regulations which establish national and local legal frameworks for environmental protection. These laws and regulations include standards applicable to emission controls, discharges of wastes and pollutants to the environment, generation, handling, storage, transportation, treatment and disposal of waste materials by production facilities, land rehabilitation and reforestation.

The PRC Environmental Protection Law requires that enterprises, public institutions, and other business operators that discharge pollutants shall adopt measures to prevent and control pollution and damage to environment caused by waste gas, waste water, waste residue, medical wastes, dust, malodorous gases, radioactive substances, noise, vibration, optical radiation, electromagnetic radiation, and other substances generated in their production, construction, and other activities. Pollutant discharging entities under intensified supervision shall install and use monitoring equipment in accordance with the relevant provisions of the state and the monitoring norms, ensure the normal functioning of monitoring equipment, and preserve the original monitoring records. On 24 April 2014, the Standing Committee of National People's Congress passed the Amended Environmental Protection Law, pursuant to which, effective 1 January 2015, more responsibility has been imposed on local governments and unlimited fines will be imposed on polluters. In addition, projects without environmental evaluation in accordance with relevant laws are not allowed to commence construction.

On 10 September 2013, the State Council issued the Action Plan for Prevention and Control of Atmospheric Pollution (the "**Action Plan**"), pursuant to which the PRC government plans to devote more efforts to prevent and control atmospheric pollution. On 17 September 2013, the State Council further issued the Rules for the Implementation for the Action Plan for Prevention and Control of Atmospheric Pollution in Beijing-Tianjin-Hebei metropolitan region, pursuant to which the PRC government aims to reduce atmospheric pollution and improve air quality.

According to the Law on Prevention and Control of Water Pollution of the PRC, and the Administrative Regulations on the Levy and Use of Discharge Fees, any new construction projects which directly or indirectly discharge pollutants to water, such as coal mines and coking plants, must conduct an environmental impact assessment. Every new production facility must be equipped with wastewater processing facilities which must be put in use together with the production facilities. Construction projects that discharge pollutants into water shall pay a pollutant discharge fee in accordance with state regulations.

On 29 August 2015, the Law on Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法) (the "**Atmospheric Pollution Law**") was amended and promulgated by the Standing Committee of National People's Congress of the PRC, which was implemented on 1 January 2016 and was amended on 26 October 2018. The Atmospheric Pollution Law has, among other things, set standards, plan and timeline to reach the atmospheric pollution control targets, provide detailed regulations on major pollution sources and impose stringent requirements to control the pollution from coal-fire, automobile, vessel and volatile organic compounds.

The rehabilitation of mining sites is another priority of the PRC government. Under the Law of Land Administration of the PRC (中華人民共和國土地管理法) as amended on 28 August 2004 and on 26 August 2019, the Regulation on Land Reclamation (土地複墾條例) effected on 5 March 2011 and the Implementation Measures on the Regulation on Land Reclamation (土地複墾條例實施辦法) effected on 1 March 2013 and was amended on 24 July 2019, coal producers must undertake measures to restore a mining site to its original state within a prescribed time frame if their mining activities result in damage to arable land, grassland or forest. The rehabilitated land must meet rehabilitation standards, as required by law from time to time, and may only be subsequently used upon examination and approval by the land authorities.

In addition to the PRC environmental laws and regulations, China is a signatory to the 1992 United Nations Framework Convention on Climate Change and the 1998 Kyoto Protocol, which propose emission targets to reduce greenhouse gas emissions. The Kyoto Protocol came into force in 2005. At present, the Kyoto Protocol has not set any specific emission targets for certain countries, including China.

REGULATIONS ON EMPLOYMENT RELATIONSHIPS

Labour Laws

Pursuant to the PRC Labour Law (中華人民共和國勞動法) which was promulgated on 5 July 1994 and amended on 27 August 2009 and on 29 December 2018 and the Labour Contract Law (中華人民共和國勞動合同法) which was promulgated on 29 June 2007 and became effective on 1 January 2008 and which was further amended on 28 December 2012 which became effective on 1 July 2013, if an employment relationship is established between an entity and its employees, written labour contracts shall be signed. The relevant laws stipulate the maximum number of working hours per day and per week, respectively. Furthermore, the relevant laws also set forth the minimum wages. The entities shall establish and develop systems for occupational safety and sanitation, implement the rules and standards of the State on occupational safety and sanitation, educate employees on occupational safety and sanitation, prevent accidents at work and reduce occupational hazards.

Social Security Laws

Under applicable PRC laws, rules and regulations, including the Social Security Law of the PRC (中華人民共和國社會保險法) which became effective on 1 July 2011 and was amended on 29 December 2018, the Interim Measures Concerning the Maternity Insurance of Enterprises Employees (企業職工生育保險試行辦法) which became effective on 1 January 1995, the Interim Regulations on the Collection and Payment of Social Security Funds (社會保險費徵繳暫行條例) which was promulgated and became effective on 22 January 1999 and was amended on 24 March 2019, the Regulation on Work-Related Injury Insurance (工傷保險條例), which was promulgated on 27 April 2003 and which was further amended on 20 December 2010, and the Regulations on the Administration of Housing Accumulation Funds (住房公積金管理條例) which was promulgated on 3 April 1999 and further amended on 24 March 2002 and on 24 March 2019, employers are required to make contribution to the basic pension insurance fund, unemployment insurance, basic medical insurance fund, work-related injury insurance fund, maternity leave insurance fund and housing accumulation funds for their employees.

If the employer fails to make social security registration and refuses to rectify within the prescribed time limits, in addition to a standard penalty of anywhere between CNY500 to CNY3,000 imposed directly on the responsible persons which are directly in charge and involved, the employer will also be subject to a penalty which is calculated based on one to three times of the outstanding social security contributions.

TAXATION

The following summary of certain tax consequences of the purchase, ownership and disposition of the Bonds is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any Bondholder or any persons acquiring, selling or otherwise dealing in the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. Persons considering the purchase of the Bonds should consult their own tax advisors concerning the possible tax consequences of buying, holding or selling any Bonds under the laws of their country of citizenship, residence or domicile.

BRITISH VIRGIN ISLANDS

The Issuer is exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands. Payments of principal, premium or interest in respect of the Bonds to persons who are not resident in the British Virgin Islands are not subject to British Virgin Islands tax or withholding tax.

Capital gains realised with respect to the Bonds by persons who are not persons resident in the British Virgin Islands are also exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to the Bonds.

All instruments relating to transactions in respect of the Bonds are exempt from payment of stamp duty in the British Virgin Islands. This assumes that the Issuer does not hold an interest in real estate in the British Virgin Islands.

PRC

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

Enterprise Income Tax

Pursuant to the EIT Law and its implementation regulations, enterprises that are established under laws of foreign countries and regions (including Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan) but whose “de facto management body” is within the territory of the PRC are treated as PRC tax resident enterprises for the purpose of the EIT Law and must pay PRC enterprise income tax at the rate of 25 per cent. in respect of their taxable income. Although the rules are not entirely clear, dividends from a PRC tax resident enterprise should be excluded from the taxable income of a recipient that is also a PRC tax resident enterprise. If relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the “de facto management body” of the Issuer is within the territory of the PRC, the Issuer may be treated as a PRC tax resident enterprise for the purpose of the EIT Law, and the Issuer may be subject to PRC enterprise income tax at the rate of 25 per cent. on its taxable income.

As at the date of this Offering Circular, the Issuer has not been notified or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the EIT Law. However, there can be no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future. Pursuant to the EIT Law and its implementation regulations, any non-resident enterprise without an establishment within the PRC or whose income has no connection to its establishment inside the PRC must pay enterprise income tax on income sourced within the PRC, and such income tax must be withheld at source by the PRC payer. Accordingly, if the Issuer is treated as a PRC tax resident enterprise by the PRC tax authorities, the Issuer may be required to withhold income tax from the payments of interest in respect of the Bonds to any non-PRC Bondholder, and gain from the disposition of the Bonds may be subject to PRC tax, if the income or gain is treated as PRC-source. The tax rate is generally 10 per cent. for non-resident enterprises and 20 per cent. in the case of non-resident individuals, subject to the provisions of an applicable tax treaty. The Issuer has agreed to pay additional amounts to Bondholders, subject to certain exceptions, so that they would receive the full amount of the scheduled payment, as further set out in the Conditions.

In addition, as the Guarantor is currently regarded as a PRC tax resident enterprise, if the Issuer is not able to make payments under the Bonds and the Guarantor fulfils the payment obligations under the Guarantee, the Guarantor must withhold PRC income tax on payments with respect to the interest accrued on the Bonds to non-resident enterprise holders generally at the rate of 10 per cent. (and possibly at a rate of 20 per cent. in the case of payments to non-resident individual holders), subject to the provisions of any applicable tax treaty.

Value-added Tax

On 23 March 2016, the MOF and the SAT issued Circular 36 which confirms that business tax will be completely replaced by VAT from 1 May 2016. Since then, the income derived from the provision of financial services which attracted business tax will be entirely replaced by, and subject to, VAT.

According to Circular 36, entities and individuals providing the services within the PRC shall be subject to VAT. The services are treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the definition of “loans” under Circular 36, the issuance of Bonds is likely to be treated as the holders of the Bonds providing loans to the Issuer, which thus shall be regarded as financial services subject to VAT. Further, the payments of the interest and other interest like earnings may be subject to VAT at the rate of 6 per cent. and local levies at approximately 12 per cent. of the VAT, pursuant to applicable regulations (therefore the combined rate of VAT and local levies payable on interest due to Bondholders could be up to 6.72 per cent.) in the event that the Guarantor is required to discharge its obligations under the Guarantee.

Where a holder of the Bonds who is an entity or individual located outside the PRC resells the Bonds to an entity or individual located outside the PRC and derives any gain, since neither the service provider nor the service recipient is located in the PRC, theoretically Circular 36 does not apply and the Issuer does not have the obligation to withhold the VAT or the local levies. However, there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC.

Circular 36 has been issued quite recently, and the above statement may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of Circular 36.

Pursuant to the EIT Law and the VAT reform detailed above, if the Issuer is regarded as a PRC tax resident enterprise, it shall withhold EIT (should such tax apply) from the payments of interest in respect of the Bonds for any non-PRC Bondholder and the Issuer shall withhold VAT (should such tax apply) from the payments of interest in respect of the Bonds for any Bondholders located outside the PRC. However, in the event that the Issuer is required to make such a deduction or withholding (whether by way of EIT, VAT or otherwise), the Issuer has agreed to pay such additional amounts as will result in receipt by the Bondholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required. For more information, see “*Terms and Conditions of the Bonds – Taxation*”.

Stamp Duty

No PRC stamp duty will be imposed on non-PRC Bondholders either upon issuance of the Bonds or upon a subsequent transfer of Bonds to the extent that the register of holders of the Bonds is maintained outside the PRC and the issuance and the sale of the Bonds is made outside the PRC.

HONG KONG

Withholding Tax

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

Profits Tax

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

Under the Inland Revenue Ordinance (Chapter. 112 of the Laws of Hong Kong) (the “**Inland Revenue Ordinance**”) as it is currently applied by the Inland Revenue Department, interest on the Bonds may be deemed to be taxable income arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (a) interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong;
- (b) interest on the Bonds is derived from Hong Kong and is received by or accrues to a person (other than a corporation) carrying on a trade, profession or business in Hong Kong and is in respect of the funds of the trade, profession or business; or
- (c) interest on the Bonds is received by or accrues to a corporation (other than a financial institution) carrying on a trade, profession or business in Hong Kong and is in respect of the funds of the trade, profession or business.

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

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

Stamp Duty

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

Estate Duty

No Hong Kong estate duty is payable in respect of the Bonds.

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with the Joint Lead Managers dated 21 April 2021 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed to, severally but not jointly, subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds indicated in the following table:

Joint Lead Managers	Principal Amount of Bonds to be Subscribed
	(U.S.\$)
BOCOM International Securities Limited	28,000,000
CEB International Capital Corporation Limited	28,000,000
CMBC Securities Company Limited	28,000,000
CLSA Limited	28,000,000
CNCB (Hong Kong) Capital Limited	28,000,000
Bank of China Limited	7,500,000
ABCI Capital Limited	7,500,000
CMB International Capital Limited	7,500,000
Guotai Junan Securities (Hong Kong) Limited	7,500,000
Haitong International Securities Company Limited	7,500,000
Shenwan Hongyuan Securities (H.K.) Limited	7,500,000
China International Capital Corporation Hong Kong Securities Limited	7,500,000
Standard Chartered Bank	7,500,000
Total	200,000,000

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

The Joint Lead Managers and certain of their respective subsidiaries or affiliates have performed certain investment banking and advisory services for, and entered into certain commercial banking transactions with, the Issuer, the Guarantor and/or the Guarantor’s subsidiaries, from time to time, for which they have received customary fees and expenses. The Joint Lead Managers and their respective subsidiaries or affiliates may, from time to time, engage in transactions with and perform services for the Issuer, the Guarantor and/or the Guarantor’s subsidiaries in the ordinary course of business.

In connection with the offering of the Bonds, the Joint Lead Managers and/or their respective affiliate(s) may act as an investor for their own account and may take up Bonds in the offering and in that capacity may retain, purchase or sell for their own account such securities and any securities of the Issuer or the Guarantor and may offer or sell such securities or other investments otherwise than in connection with the offering. Accordingly, references herein to the Bonds being “offered” should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Joint Lead Managers or their respective affiliates may purchase the Bonds for their own account or for the accounts of their customers and enter into transactions, including credit derivative, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of their or their subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds).

In connection with the issue of the Bonds, the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager may, to the extent permitted by applicable laws and regulations, over-allot the Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail, but in so doing, the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager shall act as principal and not as agent of the Issuer. However, there is no assurance that the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Bonds and 60 days after the date of the allotment of the Bonds. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Stabilisation Manager.

GENERAL

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

No action has been or will be taken in any jurisdiction by the Issuer, the Guarantor or the Joint Lead Managers that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Bonds, or possession or distribution of this Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the Bonds or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Bonds may be distributed or published, by the Issuer, the Guarantor or the Joint Lead Managers, in or from any country or jurisdiction, except in circumstances which will result in compliance with all applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on the Issuer, the Guarantor or the Joint Lead Managers. If a jurisdiction requires that an offering of Bonds be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, such offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer and the Guarantor in such jurisdiction.

UNITED STATES

The Bonds and the Guarantee have not been and will not be registered under the Securities Act or any state securities law and may not be offered or sold within the United States except in accordance with Regulation S or, except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act. The Bonds and the Guarantee are being offered and sold outside of the United States in reliance on Regulation S under the Securities Act. Each of the Joint Lead Managers has represented that it has not offered or sold or delivered, and has agreed that it will not offer or sell or deliver, any Bonds and the Guarantee constituting part of its allotment within the United States, except in accordance with Rule 903 of Regulation S under the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

United Kingdom

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

- (a) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

HONG KONG

Each of the Joint Lead Managers has represented, warranted and undertaken that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to Professional Investors as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to Professional Investors as defined in the SFO and any rules made thereunder.

THE PEOPLE’S REPUBLIC OF CHINA

Each of the Joint Lead Managers has represented, warranted and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, by it or any of its affiliates in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

SINGAPORE

Each of the Joint Lead Managers has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Joint Lead Managers has represented, warranted and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;

- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

JAPAN

Each of the Joint Lead Managers has represented and agreed that the Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended) (the “**Financial Instruments and Exchange Act**”) and that it will not offer or sell any Bonds, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Law No. 228 of 1949, as amended)) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws, regulations and ministerial guidelines of Japan.

BRITISH VIRGIN ISLANDS

Each of the Joint Lead Managers has represented and agreed that no invitation has been made or will be made directly or indirectly to any person in the British Virgin Islands or to the public in the British Virgin Islands to subscribe for or purchase any of the Bonds and the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the British Virgin Islands except as otherwise permitted by the British Virgin Islands laws.

This Offering Circular does not constitute, and this will not be, an offering of the Bonds to any person in the British Virgin Islands.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

The financial statements of the Issuer and the consolidated financial statements of the Guarantor included in this Offering Circular were prepared and presented in accordance with PRC GAAP. PRC GAAP is substantially in line with IFRS, but with some variations. The following is a general summary of certain differences between PRC GAAP and IFRS on recognition and presentation as applicable to the Guarantor. Each of the Issuer and the Guarantor is responsible for preparing the summary below. Since the summary is not meant to be exhaustive, there is no assurance regarding the completeness of the financial information and related footnote disclosure between PRC GAAP and IFRS and no attempt has been made to quantify such differences. Had any such quantification or reconciliation been undertaken by the Guarantor, other potentially significant accounting and disclosure differences may have been revealed that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate PRC GAAP and IFRS have significant ongoing projects that could affect future comparisons or events that may occur in the future.

GOVERNMENT GRANT

Under PRC GAAP, the relocation compensation for public interests is required to be recognised as special payables. The income from compensation attributable to losses of fixed assets and intangible assets, related expenses, losses from production suspension incurred during the relocation and reconstruction period and purchases of assets after the relocation shall be transferred from special payables to deferred income and accounted for in accordance with the government grants standard. The surplus reached after deducting the amount transferred to deferred income shall be recognised in capital reserve.

Under IFRS, if an entity relocates for reasons of public interests, the compensation received shall be recognised in profit or loss.

REVERSAL OF AN IMPAIRMENT LOSS

Under PRC GAAP, once an impairment loss is recognised for a long-term asset (including investment property valued under the cost model, long-term equity investments, fixed assets, intangible assets and goodwill, etc.), it shall not be reversed in any subsequent period.

Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill could be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognised.

FIXED ASSETS AND INTANGIBLE ASSETS

Under PRC GAAP, only the cost model is allowed.

Under IFRS, an entity can choose either the cost model or the revaluation model as its accounting policy.

RELATED PARTY DISCLOSURES

Under PRC GAAP, only state-controlled companies without other related party relationship companies are not treated as related parties.

Under IFRS, state-controlled companies are not treated as related parties.

GENERAL INFORMATION

1. **Clearing Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 232585803 and ISIN XS2325858038, respectively.
 2. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue, execution, delivery and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorised by a resolution of the sole director of the Issuer dated 23 March 2021 and an approval of Changchun SASAC dated 27 November 2020. Except for the Cross-Border Security Registration, the Guarantor has obtained all necessary consents, approvals and authorisations in connection with the giving of the Guarantee and the execution, delivery and performance of its obligations under the Deed of Guarantee, the Trust Deed and the Agency Agreement. The giving of the Guarantee was authorised by a resolution of the board of directors of the Guarantor dated 14 September 2020 and 23 October 2020 and within the authorisation given by the sole shareholder of the Guarantor on 27 November 2020.
 3. **No Material and Adverse Change:** There has been no material adverse change, or any development or event likely to involve a prospective change, in the condition (financial or other), prospects, properties, results of operations, business or general affairs of the Issuer, the Guarantor or the Group since 30 September 2020.
 4. **Litigation:** None of the Issuer, the Guarantor or any other member of the Group is involved in any litigation or arbitration proceedings that the Issuer or the Guarantor believes are material in the context of the Bonds and the giving of the Guarantee, and so far as the Issuer and the Guarantor are aware, no such proceedings are pending or threatened.
 5. **Available Documents:** So long as any of the Bonds is outstanding, copies of the following documents will be available for inspection from the Issue Date during usual business hours (being 9:00 AM to 3:00 PM local time Monday to Friday, public holidays excepted) at the registered office of the Issuer and, in the case of last three documents mentioned below, at the specified office of the Trustee (currently at 20/F, Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Hong Kong):
 - the articles of association of each of the Issuer and the Guarantor;
 - the Audited Financial Statements and the Reviewed Financial Statements;
 - the Trust Deed;
 - the Deed of Guarantee; and
 - the Agency Agreement.
 6. **Financial Statements:** The Audited Financial Statements and the Reviewed Financial Statements, which are included elsewhere in this Offering Circular, have been audited or reviewed by Da Hua (as the case may be), the Guarantor's independent auditor, as stated in its reports appearing herein.
 7. **Listing of Bonds:** Approval in-principle has been received from the SGX-ST for the listing of and quotation for the Bonds on the SGX-ST. Approval in-principle from, and admission to the Official List of, the SGX-ST and quotation of the Bonds on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Group, any of their subsidiaries, associated companies or the Bonds.
- For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer will appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption, in the event that a Global Certificate is exchanged for definitive certificates. In addition, in the event that a Global Certificate is exchanged for definitive certificates, an announcement of such exchange will be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive bonds, including details of the paying agent in Singapore.
8. **The Legal Entity Identifier:** The Legal Entity Identifier (LEI) code of the Issuer is 2549002QJ5W02381E840.

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**Changchun Urban Development and Investment
Holding (Group) Co., Ltd**
Independent Accountant's Review Report
DHHZ[2020]No.008205

Da Hua Certified Public Accountants (Special General Partnership)

**Changchun Urban Development and Investment Holding
(Group) Co., Ltd**
As of 30/9/2020
Independent accountant's review report

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Independent accountant's review report

DHHZ[2020]No.008205

To the board of Changchun Urban Development and Investment Holding (Group) Co., Ltd:

We have reviewed the accompanying financial statements of Changchun Urban Development Investment Holding (Group) Co., Ltd (the "Company"), which comprise consolidated balance sheet as at September 30 2020, consolidated income statement, consolidated cash flow statement for the semi-year ended on September 2020, and the related notes to the financial statements. The company is responsible for preparation and fair presentation of these financial statements, and our duty is to issue a review report of these financial statements based on our review.

We conducted the review business in accordance with the "China Certified Public Accountant Review Criteria No.2101- Review of Financial Statements". The Code requires that we plan and implement a review to obtain a limited assurance that the financial statements are free from material misstatement. The review is primarily limited to the query of the relevant personnel of the company and the implementation of analytical procedures for financial data, providing less assurance than auditing. We did not perform the audit and therefore did not issue any audit opinion.

As a result of our review, we have not noticed that the financial statements have not been prepared in accordance with the Accounting Standards for Business Enterprises and fail to reflect fairly the financial position, operating results and cash flows of the units under review in all material respects.

Dahua Certified Public Accountants
(special general partnership)



CICPA:



CICPA:



October 28, 2020

合并资产负债表 Consolidated Balance Sheet

企财01表 (Financial report 01)

编制单位: 长春市城市发展投资控股(集团)有限公司

2020年9月30日

金额单位: 元

Company: Changchun urban development and investment holding (Group) Co., Ltd.

As of September 30, 2020

(Unit: Yuan)

项 目 Item	附注八 Notation VIII	期末余额 Ending Balance	期初余额 Beginning Balance	项 目 Item	附注八 Notation VIII	期末余额 Ending Balance	期初余额 Beginning Balance
流动资产 Current Assets		—	—	流动负债 Current liabilities		—	—
货币资金 Cash and bank	Note 1	19,591,696,964.76	16,064,626,761.31	短期借款 Short-term borrowings	Note 15	8,937,987,027.42	8,318,983,963.71
△结算备付金 Settlement reserves				△向中央银行借款 Borrowings from the central bank			
△拆出资金 Lending funds				△吸收存款及同业存放 Deposits and placements from other financial institutions			
以公允价值计量且其变动计入当期损益的金融资产 Financial assets at fair value through profit and loss		5,242,875.57	5,242,875.57	△拆入资金 Borrow funds			
应收票据 Notes receivable		10,407,829.60	5,770,000.00	以公允价值计量且其变动计入当期损益的金融负债 Financial liabilities at fair value through profit and loss			
应收账款 Accounts receivable	Note 2	735,035,536.78	1,676,802,487.05	应付票据 Notes payable		53,636,074.43	10,000,000.00
预付款项 Prepayments	Note 3	18,455,230,059.49	17,386,968,864.65	应付账款 Accounts payable	Note 11	1,003,328,457.57	1,015,600,333.16
△应收保费 Premium receivable				预收款项 Advances from customers		1,402,746,764.04	554,803,314.27
△应收分保账款 Reinsurance receivables				△卖出回购金融资产款 Securities sold under agreement to repurchase			
△应收分保准备金 Provision of cession receivable				△应付手续费及佣金 Fees and commissions payable			
其他应收款 Other receivables	Note 4	60,752,357,923.13	59,475,856,334.36	应付职工薪酬 Employee benefits payable		108,179,175.97	138,679,281.60
△买入返售金融资产 Purchase of resale financial asset				其中 Including: 应付工资 Salary payable		8,985,782.08	41,104,054.62
存货 Inventories	Note 5	10,976,192,409.58	8,331,131,155.10	应付福利费 Welfare benefits payable		25,878.00	60,018.00
其中 Including: 原材料 Raw materials		39,668,028.67	36,535,360.39	其中 Including: 职工奖励及福利基金 Employee bonus and welfare fund			
库存商品(产成品) Merchandise inventories (finished goods)		423,807,700.50	345,224,223.03	应交税费 Taxes and surcharges payable		-2,653,726.75	29,304,766.30
持有待售资产 Held-for-sale assets				其中 Including: 应交税金 Tax payable excluding surcharges		-1,454,512.21	30,426,221.13
一年内到期的非流动资产 Current portion of non-current assets				其他应付款 Other payables	Note 12	23,880,297,519.28	22,863,455,383.67
其他流动资产 Other current assets		2,075,018,155.92	1,714,175,349.98	△应付分保账款 Reinsurance amounts payable			
流动资产合计 Total Current Assets		112,601,181,774.83	104,660,773,828.02	△保险合同准备金 Insurance contract reserve			
非流动资产 Non-Current Assets		—	—	△代理买卖证券款 Securities brokering			
△发放贷款及垫款 Loans and advances issued		344,612,062.38	555,727,126.80	△代理承销证券款 Securities underwriting			
可供出售金融资产 Available-for-sale financial assets	Note 6	39,857,141,633.88	40,290,046,124.06	持有待售负债 Held-for-sale liabilities			
持有至到期投资 Held-to-maturity investments	Note 7	3,280,629,090.13	3,490,179,541.49	一年内到期的非流动负债 Current portion of non-current liabilities		11,513,494,622.20	20,679,094,424.85
长期应收款 Long-term receivables	Note 8	5,307,431,360.61	5,611,693,314.94	其他应付款 Other current liabilities		71,793,601.39	5,164,971.94
长期股权投资 Long-term investments		2,928,817,256.00	2,909,363,886.55	流动负债合计 Total current liabilities		46,968,809,515.55	53,615,086,439.50
投资性房地产 Investment property		7,453,405,810.31	7,450,490,421.01	非流动负债 Non-current liabilities		—	—
固定资产 Fixed assets	Note 9	40,974,481,022.75	41,599,356,563.56	长期借款 Long-term borrowings		34,294,190,264.92	20,634,746,983.06
在建工程 Construction in progress		16,884,175,576.81	14,093,311,738.24	应付债券 Bonds payable		25,495,905,714.17	21,427,905,978.01
生产性生物资产 Productive biological assets				长期应付款 Long-term payable	Note 13	4,025,930,954.42	3,010,742,556.63
油气资产 Oil and gas assets				长期应付职工薪酬 Long-term employee benefits payable			
无形资产 Intangible assets		13,771,045,928.01	11,380,032,740.56	预计负债 Provisions			1,129,359.00
开发支出 Development disbursements				递延收益 Deferred revenue		106,362,250.41	256,167,516.85
商誉 Goodwill		13,488,525.84	13,488,525.84	递延所得税负债 Deferred tax liabilities		1,169,068,856.58	1,168,021,856.58
长期待摊费用 Long-term deferred expenses		36,522,552.78	30,768,466.63	其他非流动负债 Other non-current liabilities			
递延所得税资产 Deferred tax assets		68,384,987.50	69,223,170.64	其中 Including: 特准储备基金 Authorized reserve fund			
其他非流动资产 Other non-current assets		1,432,940,377.03	1,433,402,833.32	非流动负债合计 Total non-current liabilities		65,091,456,040.50	46,498,714,250.13
其中 Including: 特准储备物资 Authorised reserve materials				负债合计 Total Liabilities		112,060,265,556.05	100,113,800,689.63
非流动资产合计 Total Non-current assets		132,353,076,164.03	128,927,084,253.54	所有者权益 (或股东权益) Shareholder's equity		—	—
				实收资本 (股本) Paid-in capital (share capital)		5,022,000,000.00	5,022,000,000.00
				国家资本 State-owned capital		5,022,000,000.00	5,022,000,000.00
				其中 Including: 国有法人资本 State-owned legal person capital			
				集体资本 Collectively owned capital			
				民营资本 Private capital			
				其中 Including: 个人资本 Personal capital			
				外商资本 Foreign capital			
				#减: Less: 已归还投资 Payback capital			
				实收资本 (或股本) 净额 Paid-in capital-net value		5,022,000,000.00	5,022,000,000.00
				其他权益工具 Other equity instruments			
				其中 Including: 优先股 Preferred stock			
				永续债 Perpetual debt			
				资本公积 Capital reserve	Note 14	93,600,092,697.16	93,600,083,657.71
				减: Less: 库存股 Treasury shares			
				其他综合收益 Other comprehensive income		3,314,397,364.78	3,283,983,853.93
				其中 Including: 外币报表折算差额 Currency translation reserve		-82,435,465.37	-128,827,027.32
				专项储备 Specialized reserve			
				盈余公积 Surplus reserve	Note 29	1,883,313,957.27	1,883,313,957.27
				其中 Including: 法定公积金 Statutory surplus reserve		1,883,313,957.27	1,883,313,957.27
				任意公积金 Other surplus reserve			
				#储备基金 Reserve fund			
				#企业发展基金 Corporate development fund			
				#利润归还投资 Return of investment			
				△一般风险准备 General risk reserve		1,940,361.46	1,940,361.46
				未分配利润 Retained earnings	Note 30	25,702,635,560.44	26,270,960,689.33
				归属于母公司所有者权益合计 Equity attributable to parent company		129,524,379,941.11	130,062,282,519.70
				*少数股东权益 Minority interests		3,369,612,441.70	3,411,774,872.23
				所有者权益合计 Total owner's equity		132,893,992,382.81	133,474,057,391.93
资产总计 Total assets		244,954,257,938.86	233,587,858,081.56	负债和所有者权益总计 Total liabilities and owner's equity		244,954,257,938.86	233,587,858,081.56

注: 表中“科目”为合并会计报表专用; 加△楷体项目为金融类企业专用; 带#为外商投资企业专用。

Note: Table with * subjects for the consolidated accounting statements; plus △ italics project for the financial business-specific; plus # for foreign-invested enterprises dedicated.

企业法定代表人 Enterprise legal representative:

主管会计工作负责人 Accounting Supervisor:

会计机构负责人 Head of accounting department:

合并利润表 Consolidated Income statement

2020年1月-9月
For the Year 2020 January to September

金额单位：元
(Unit: Yuan)

编制单位：长春城市发展投资控股（集团）有限公司
Company: Changchun urban development and investment holding (Group) Co., Ltd.

项 目 Item	附注八 Notation VIII	本期金额 Current Amount	上年同期金额 Amount of the same period last year	项 目 Item	附注八 Notation VIII	本期金额 Current Amount	上年同期金额 Amount of the same period last year
一、营业收入 Revenue		2,688,072,677.90	2,591,562,530.62	加：营业外收入 Non-operating income		1,551,177,732.54	1,047,873,578.33
其中：主营业务收入 Operating revenue	Note 19	2,614,955,143.93	2,551,759,172.61	其中：政府补助 Government grants		1,536,399,273.62	1,028,364,139.62
公允价值变动收益 Fair value change gain		53,817,533.97	29,923,338.01	减：营业外支出 Non-operating expenses		4,976,166.50	7,520,324.91
△已赚保费 Premium earned				四、利润总额（亏损总额）（“+”号填列） Profit before tax (“+” for profit/loss)		-685,854,445.03	-1,029,844,424.17
△手续费及佣金收入 Fee and commissions income				减：所得税费用 Less: income tax		82,394,911.61	64,673,460.60
二、营业总成本 Total cost		5,189,873,175.02	4,893,708,953.32	五、净利润（净亏损）（“+”号填列） Net profit (“+” for profit/loss)		-665,159,356.64	-1,094,517,904.77
其中：营业成本 Operating cost		1,928,838,142.58	1,871,350,163.11	（一）按所有权归属分类：By ownership			
△利息支出 Interest expense	Note 19	43,764.15	396.23	归属于母公司所有者的净利润 Net profit attributable to parent company		-672,371,637.10	-1,093,299,045.46
△手续费及佣金支出 Fees and commission expenses		5,357.40	10,655.20	*少数股东损益 Profit/loss attributable to minority shareholders		7,212,280.46	-1,218,858.31
△退保金 Cash surrender amount				（二）按经营持续性分类：By going concern basis			
△赔付支出净额 Net expenses of claim settlement				持续经营损益 Continuous operating profit and loss		-665,159,356.64	-1,094,517,904.77
△提取保险责任准备金 Provision for insurance reserves				终止经营损益 Termination of the business profit and loss			
△保单红利支出 Policy dividend expenses				六、其他综合收益的税后净额 Other comprehensive income after tax			
△分保费用 Reinsurance expenses				归属于母公司所有者的其他综合收益的税后净额 Other comprehensive income after tax attributable to parent company		30,413,510.85	73,770,369.78
税金及附加 Taxes and surcharges		36,923,709.50	36,621,881.56	（一）不能重分类进损益的其他综合收益 Comprehensive income not to be reclassified as profit or loss			
销售费用 Selling expenses		89,971,245.09	79,286,204.52	1. 重新计量设定受益计划变动额 Changes in remeasured defined benefit obligations			
管理费用 Administrative expenses		903,004,186.51	958,327,367.72	2. 权益法下不能转损益的其他综合收益 Share of other comprehensive income of an associate			
研发费用 Research and development expense				3. 其他 Others			
财务费用 Finance expenses	Note 18	2,229,886,772.79	1,948,112,284.98	（二）将重分类进损益的其他综合收益 Other comprehensive income to be reclassified as profit or loss		30,413,510.85	73,770,369.78
其中：利息费用 Includes interest expense		2,408,319,972.52	2,135,220,833.32	1. 权益法下可转损益的其他综合收益 Share of other comprehensive income of an associate			
利息收入 Interest income		218,248,342.51	220,145,972.61	2. 可供出售金融资产公允价值变动损益 Gain or loss from fair value changes of available-for-sale financial assets		-15,978,051.10	115,313,430.38
汇兑损益（净收益以“-”号填列） Net exchange loss (“-” for net proceeds)		-626,522.49	-678,760.40	3. 持有至到期投资重分类为可供出售金融资产损益 Gain or loss from reclassification of held-to-maturity investments as available-for-sale financial assets			
其他 Others cost and expenses				4. 现金流量套期储备（现金流量套期损益的有效部分） Reserve for cash flow hedging (Effective part for cash flow hedging profit and loss)			
加：其他收益 Other income		305,817,807.13	142,009,460.61	5. 外币财务报表折算差额 Currency translation reserve		46,391,361.95	-41,543,060.60
投资收益（损失以“-”号填列） Investment income (“-” for loss)		96,599,896.82	147,494,681.12	6. 其他 Others profit or loss to be reclassified			
其中：对联营企业和合营企业的投资收益 Investment income from associates and joint ventures		11,976,210.73		*归属于少数股东的其他综合收益的税后净额 Other comprehensive income after tax attributable to minority shareholders		-634,745,645.79	-1,020,747,534.99
△汇兑收益（损失以“-”号填列） Exchange gains (Loss with“-” list)				七、综合收益总额 Total comprehensive income		-641,958,262.25	-1,019,528,676.68
公允价值变动收益（损失以“-”号填列） Gain from fair value changes (“-” for loss)				归属于母公司所有者的综合收益总额 Total comprehensive income attributable to parent company			
资产减值损失（损失以“-”号填列） Impairment on assets (“-” for loss)		-11,168,054.97	49,553,285.26	*归属于少数股东的综合收益总额 Total comprehensive income attributable to minority shareholders		7,212,280.46	-1,218,858.31
资产处置收益（损失以“-”号填列） Proceeds from asset disposal (“-” for loss)		384,837.07	1,877,888.64	八、每股收益：Earnings per share			
三、营业利润（亏损）（“+”号填列） Operating profits (“+” for profit/loss)		-2,129,056,011.07	-2,070,197,677.59	基本每股收益 Basic earnings per share			
				稀释每股收益 Diluted earnings per share			

注：表中带*科目为合并会计报表专用；加△附体项目为金融类企业专用。
Note: Table with * subjects for the consolidated accounting statements; plus △ it/ates project for the financial business-specific; with # for foreign-invested enterprises dedicated.

企业法定代表人：Accounting Supervisor: 主管会计工作负责人 Accounting Supervisor: 会计机构负责人 Head of accounting department:

合并现金流量表 Consolidated cash flows statement

2020年1月-9月
For the Year 2020 January to September

编制单位：长春申康科技发展控股（集团）有限公司
Company: Changshun urban development and investment holding (Group) Co., Ltd.

金额单位：元
(Unit: Yuan)

项 目 Item	本期金额 Current Amount	上期同期金额 Amount of the same period last year	项目 Item	本期金额 Current Year	上期同期金额 Amount of the same period last year
一、经营活动产生的现金流量：Cash flows from operating activities					
销售商品、提供劳务收到的现金 Cash received from sale of goods or rendering of services	3,919,105,933.75	3,058,108,152.34	收回投资收到的现金 Cash returned from investment	1,311,272,232.42	2,504,585,138.82
△客户存款和同业存放款项净增加额 Net increase in deposits and due from banks			取得投资收益收到的现金 Cash received from investment returned	92,126,781.99	127,670,081.11
△向中央银行借款净增加额 Net increase in borrowings from central bank			处置固定资产、无形资产和其他长期资产收回的现金净额 Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,705,300.00	3,102,136.00
△向中央银行拆放净增加额 Net increase in placements from other financial institutions			处置子公司及其他营业单位收到的现金净额 Net cash received from disposal of subsidiaries and other business units		
△收到原保险合同赔款的现金 Cash received from the original insurance contract premium			收到其他与投资活动有关的现金 Other cash received relating to investing activities	172,543,341.77	1,614,700.00
△收到再保险业务现金净额 Receipt of reinsurance business cash			投资活动现金流入小计 Sub-total of cash inflows from investing activities	1,577,647,652.18	2,636,972,653.93
△保户储金及投资款净增加额 The net increase in the amount of capital and investment			购建固定资产、无形资产和其他长期资产支付的现金 Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	5,668,620,736.42	2,777,460,745.95
△处置以公允价值计量且其变动计入当期损益的金融资产净增加额 The net increase in financial assets at fair value through profit or loss			投资支付的现金 Cash paid for acquisition of investments	755,684,823.64	1,415,746,849.94
△收取利息、手续费及佣金的现金 Cash to change the interest and commissions	52,885,420.16	30,355,910.16	△质押贷款净增加额 Net increase in pledge loans		
△拆入资金净增加额 Net increase in borrowed funds			取得子公司及其他营业单位支付的现金净额 Net cash paid for acquisition of subsidiaries and other business units		3,000,000.00
△回购业务资金净增加额 Net increase in repurchase business funds			支付其他与投资活动有关的现金 Other cash paid relating to investing activities	75,655,194.13	359,833,437.36
△代理买卖证券收到的现金净额			投资活动现金流出小计 Sub-total of cash outflows from investing activities	6,499,940,734.19	4,556,041,133.25
收到的税费返还 Refund of tax and levies	17,130,047.49	37,919,161.81	三、筹资活动产生的现金流量：Cash flows from financing activities		
收到其他与经营活动有关的现金 Other cash received relating to operating activities	10,536,482,699.13	10,622,974,599.52	吸收投资收到的现金 Cash received from absorbing investment	83,450,000.00	875,147,000.00
经营活动现金流入小计 Cash inflow from operating activities	14,547,403,970.53	13,711,956,579.20	其中：子公司吸收少数股东投资收到的现金 Including subsidiary absorb the minority shareholders investment to receive the cash received	83,450,000.00	875,147,000.00
购买商品、接受劳务支付的现金 Cash paid to suppliers and employees	4,600,380,650.79	2,672,857,264.43	取得借款所收到的现金 Including Cash received from obtaining a loan	34,375,735,960.10	30,722,155,919.35
△客户贷款及垫款净增加额 Net increase in customer loans and advance payments	-200,873,387.17	868,438,424.00	△发行债券收到的现金 Cash received from borrowings		
△存放中央银行和同业款项净增加额 The net increase in central bank and interbank deposits			收到其他与筹资活动有关的现金 Other cash received relating to financing activities		
△支付原保险合同赔款的现金 Payment of the original insurance contract to pay the amount of cash			筹资活动现金流入小计 Sub-total of cash inflows from financing activities	34,459,185,960.10	31,597,302,919.35
△拆出资金净增加额 Net increase in loans to banks and other financial institutions			偿还债务所支付的现金 Cash repayments of amounts borrowed	24,122,728,202.60	25,189,256,514.91
△支付利息、手续费及佣金的现金 Interest bank charges and commissions paid	1,697.40	40,434.43	分配股利、利润或偿付利息所支付的现金 Cash paid for dividend and profit distribution or interest payment	3,185,501,402.29	2,925,727,862.91
△支付保单红利的现金 Cash paid the bonus of the dividend			其中：子公司支付给少数股东的股利、利润 Including Cash paid by subsidiary to the minority shareholders of the dividends, profits		
支付给职工以及为职工支付的现金 Cash paid to and on behalf of employees	506,116,743.93	575,601,307.47	支付其他与筹资活动有关的现金 Other cash paid relating to financing activities	102,436,349.42	287,094,723.45
支付的各项税费 Income taxes paid	291,061,028.04	240,314,623.60	筹资活动现金流出小计 Sub-total of cash outflows from financing activities	27,410,665,952.31	28,402,078,507.27
支付其他与经营活动有关的现金 Other operating cash payments	7,978,591,242.88	9,051,801,257.78	筹资活动产生的现金流量净额 Net Cash Flow from Financing Activities	7,048,520,007.79	3,195,024,018.08
经营活动产生的现金流量净额 Net cash flows from operating activities	13,175,279,665.67	13,311,853,117.11	期初现金及现金等价物余额 Add: Beginning balance of cash and cash equivalents	6,046,233.01	30,200,862.80
二、投资活动产生的现金流量：Cash flows from investing activities			五、现金及现金等价物净增加额 Net increase in cash and cash equivalents	3,504,401,479.46	1,706,899,188.05
收到其他与经营活动有关的现金 Other cash received relating to operating activities	1,372,125,304.06	369,942,266.49	期末现金及现金等价物余额 End: Ending balance of cash and cash equivalents	15,940,911,761.31	19,174,732,430.49
投资活动产生的现金流量净额 Cash flows from investing activities			六、期末现金及现金等价物余额 Ending balance of cash and cash equivalents	19,445,313,234.76	20,881,631,598.54

注：加△楷体项目为金融类企业专用。 Note: plus △ standard case for the financial business-specific.

主审会计工作负责人 Enterprise legal representative: 主审会计工作负责人 Enterprise legal representative: 会计机构负责人 Head of accounting department:

母公司资产负债表 Balance Sheet of Parent Company

金财01表 (Financial report 01)

编制单位: 长春市城市发展投资控股(集团)有限公司

2020年9月30日

金额单位: 元

Company: Changchun urban development and investment holding (Group) Co., Ltd.

As of September 30, 2020

(Unit: Yuan)

项 目 Item	附注 Notation	期末余额 Ending Balance	期初余额 Beginning Balance	项 目 Item	附注 Notation	期末余额 Ending Balance	期初余额 Beginning Balance
流动资产 Current Assets		—	—	流动负债 Current liabilities		—	—
货币资金 Cash and bank		6,031,629,062.43	5,136,985,660.40	短期借款 Short-term borrowings		4,822,460,000.00	5,700,000,000.00
△结算备付金 Settlement reserves				△向中央银行借款 Borrowings from the central bank			
△拆出资金 Lending funds				△吸收存款及同业存放 Deposits and placements from other financial institutions			
以公允价值计量且其变动计入当期损益的金融资产 Financial assets at fair value through profit and loss				△拆入资金 Borrow funds			
应收票据 Notes receivable				以公允价值计量且其变动计入当期损益的金融负债 Financial liabilities at fair value through profit and loss			
应收账款 Accounts receivable				应付票据 Notes payable			
预付款项 Prepayments		225,021,838.69	253,115,171.59	应付账款 Accounts payable			
△应收保费 Premium receivable				预收款项 Advances from customers			
△应收分保账款 Reinsurance receivables				△卖出回购金融资产款 Securities sold under agreement to repurchase			
△应收分保准备金 Provision of cession receivable				△应付手续费及佣金 Fees and commissions payable			
其他应收款 Other receivables		42,382,043,048.07	40,284,893,079.16	应付职工薪酬 Employee benefits payable		1,415,352.19	3,919,160.00
△买入返售金融资产 Purchase of resale financial asset				其中 Including: 应付工资 Salary payable		1,415,352.19	3,919,160.00
存货 Inventories				应付福利费 Welfare benefits payable			
其中 Including: 原材料 Raw materials				其中 Including: 职工奖励及福利基金 Employee bonus and welfare fund			
库存商品(产成品) Merchandise inventories (finished goods)				应交税费 Taxes and surcharges payable		2,323.51	156,305.36
持有待售资产 Held-for-sale assets				其中 Including: 应交税金 Tax payable excluding surcharges		2,323.51	156,305.36
一年内到期的非流动资产 Current portion of non-current assets				其他应付款 Other payables		461,782,711.28	409,301,133.50
其他流动资产 Other current assets		275,338,065.24	288,425,174.22	△应付分保账款 Reinsurance amounts payable			
流动资产合计 Total Current Assets		48,914,032,014.43	45,963,419,085.37	△保险合同准备金 Insurance contract reserve			
非流动资产 Non-Current Assets		—	—	△代理买卖证券款 Securities brokering			
△发放贷款及垫款 Loans and advances issued				△代理承销证券款 Securities underwriting			
可供出售金融资产 Available-for-sale financial assets		38,094,443,010.13	38,044,405,722.88	持有待售负债 Held-for-sale liabilities			
持有至到期投资 Held-to-maturity investments				一年内到期的非流动负债 Current portion of non-current liabilities		4,273,206,600.40	8,831,957,418.88
长期应收款 Long-term receivables				其他流动负债 Other current liabilities			
长期股权投资 Long-term investments		39,600,543,841.77	39,798,543,841.77	流动负债合计 Total current liabilities		9,558,866,987.38	14,945,334,017.74
投资性房地产 Investment property				非流动负债 Non-current liabilities		—	—
固定资产 Fixed assets		16,187,503,692.34	16,619,332,650.72	长期借款 Long-term borrowings		11,597,687,600.00	5,823,500,000.00
在建工程 Construction in progress		4,194,965,834.65	3,305,855,900.58	应付债券 Bonds payable		16,271,584,683.89	12,900,433,238.57
生产性生物资产 Productive biological assets				长期应付款 Long-term payable		2,412,697,802.87	2,255,595,468.47
油气资产 Oil and gas assets				长期应付职工薪酬 Long-term employee benefits payable			
无形资产 Intangible assets		488,637.57	558,723.81	预计负债 Provisions			
开发支出 Development disbursements				递延收益 Deferred revenue		-1,025,006,808.71	-859,222,900.59
商誉 Goodwill				递延所得税负债 Deferred tax liabilities			
长期待摊费用 Long-term deferred expenses			132,628.63	其他非流动负债 Other non-current liabilities			
递延所得税资产 Deferred tax assets		23,468,894.36	27,583,504.42	其中 Including: 特准储备基金 Authorized reserve fund			
其他非流动资产 Other non-current assets				非流动负债合计 Total non-current liabilities		29,256,943,278.05	20,120,305,806.45
其中 Including: 特准储备物资 Authorised reserve materials				负债合计 Total Liabilities		38,815,810,265.43	35,065,639,824.19
非流动资产合计 Total Non-current assets		98,101,413,910.82	97,796,412,972.81	所有者权益 (或股东权益) Shareholder's equity		—	—
				实收资本 (股本) Paid-in capital (share capital)		5,022,000,000.00	5,022,000,000.00
				国家资本 State-owned capital		5,022,000,000.00	5,022,000,000.00
				其中 Including: 国有法人资本 State-owned legal person capital			
				集体资本 Collectively owned capital			
				民营资本 Private capital			
				其中 Including: 个人资本 Personal capital			
				外商资本 Foreign capital			
				减: 已归还投资 Payback capital			
				实收资本 (或股本) 净额 Paid-in capital-net value		5,022,000,000.00	5,022,000,000.00
				其他权益工具 Other equity instruments			
				其中 Including: 优先股 Preferred stock			
				永续债 Perpetual debt			
				资本公积 Capital reserve		85,217,969,054.86	85,217,969,054.86
				减: 库存股 Treasury shares			
				其他综合收益 Other comprehensive income		-74,602,168.04	-86,945,998.23
				其中 Including: 外币报表折算差额 Currency translation reserve			
				专项储备 Specialized reserve			
				盈余公积 Surplus reserve		1,883,313,957.27	1,883,313,957.27
				其中 Including: 法定公积金 Statutory surplus reserve		1,883,313,957.27	1,883,313,957.27
				任意公积金 Other surplus reserve			
				#储备基金 Reserve fund			
				#企业发展基金 Corporate development fund			
				#利润归还投资 Return of investment			
				△一般风险准备 General risk reserve			
				未分配利润 Retained earnings		16,150,954,815.73	16,657,855,220.09
				所有者权益合计 Total owner's equity		108,199,635,659.82	108,694,192,233.99
资产总计 Total assets		147,015,445,925.25	143,759,832,058.18	负债和所有者权益总计 Total liabilities and owner's equity		147,015,445,925.25	143,759,832,058.18

注: 表中带*科目为合并会计报表专用; 加△楷体项目为金融类企业专用; 带#为外商投资企业专用。

Note: Table with * subjects for the consolidated accounting statements; plus △ italics project for the financial business-specific; with # for foreign-invested enterprises dedicated.

企业法定代表人 Enterprise legal representative:

主管会计工作负责人 Accounting Supervisor:

会计机构负责人 Head of accounting department:

母公司利润表 Income Statement of Parent Company

2020年1月-9月
For the Year 2020 January to September

编制单位：长春净城市发展投资控股（集团）有限公司
Company: Changchun urban development and investment holding (Group) Co., Ltd.

金额单位：元
(Unit: Yuan)

项 目 Item	本期金额 Current Amount	上年同期金额 Amount of the same period last year	备注 Notation	本期金额 Current Amount	上年同期金额 Amount of the same period last year
一、营业收入 Revenue	218,634,953.49	99,661,479.76		403,466,147.53	354,944,014.36
其中：包括：营业收入 Operating revenue	218,634,953.49	99,661,479.76		403,466,147.53	354,944,014.36
△利息收入 Interest revenue				117,446.93	199,512.97
△已赚保费 Premium earned					
△手续费及佣金收入 Fee and commissions income					
二、营业总成本 Total cost	1,352,033,598.43	1,202,164,321.32		-506,846,160.03	-614,792,164.81
其中：包括：营业成本 Operating cost					
△利息支出 Interest expense					
△手续费及佣金支出 Fees and commission expenses					
△退保金 Cash surrender amount					
△赔付支出净额 Net expenses of claim settlement					
△提取保险责任准备金 Provision for insurance reserves					
△保单红利支出 Policy dividend expenses					
△分保费用 Reinsurance expenses					
税金及附加 Taxes and surcharges	741,623.38	527,827.30		12,343,830.19	-27,979,348.42
销售费用 Selling expenses					
管理费用 Administrative expenses	276,893,863.28	276,991,931.20			
研发费用 Research and development expense					
财务费用 Finance expenses	1,074,298,101.77	924,644,562.82			
其中：利息费用 Includes: interest expense	1,221,776,397.02	1,071,129,286.37			
利息收入 Interest income	148,301,346.95	148,626,794.76			
汇兑净损失（净收益以“-”号填列） Net exchange loss (“-” for net proceeds)					
其他 Others cost and expenses					
加：其他收益 Other income	9,253.63				
投资收益（损失以“-”号填列） Investment income (“-” for loss)	223,204,520.68	132,952,594.88			
其中：包括：对联营企业和合营企业的投资收益 Investment income from associates and joint ventures	11,880,000.00				
△汇兑收益（损失以“-”号填列） Exchange gains (Loss with a“-” list)					
公允价值变动收益（损失以“-”号填列） Gain from fair-value changes (“-” for loss)					
资产减值损失（损失以“-”号填列） Impairment on assets (“-” for loss)					
资产处置收益（损失以“-”号填列） Proceeds from asset disposal (“-” for loss)	13,580.48				
三、营业利润（亏损以“-”号填列） Operating profits (“-” for loss)	-910,184,860.63	-665,536,866.20			
加：所得税费用 Less: income tax					
四、利润总额（亏损总额以“-”号填列） Profit before tax (“-” for loss)					
减：所得税费用 Less: income tax					
五、净利润（净亏损以“-”号填列） Net profit (“-” for loss)					
持续经营损益 Continuous operating profit and loss					
终止经营损益 Termination of the business profit and loss					
六、其他综合收益的税后净额 Other comprehensive income after tax					
（一）不能重分类进损益的其他综合收益 Comprehensive income not to be reclassified as profit or loss					
1. 重新计量设定受益计划变动额 Changes in remeasured defined benefit obligations					
2. 权益法下不能转损益的其他综合收益 Share of other comprehensive income of an associate					
3. 其他 Others					
（二）将重分类进损益的其他综合收益 Other comprehensive income to be reclassified as profit or loss					
1. 权益法下可转损益的其他综合收益 Share of other comprehensive income of an associate					
2. 可供出售金融资产公允价值变动损益 Gain or loss from fair value changes of available-for-sale financial assets					
3. 持有至到期投资重分类为可供出售金融资产损益 Gain or loss from reclassification of held-to-maturity investments as available-for-sale financial assets					
4. 现金流量套期储备（现金流量套期损益的有效部分） Reserve for cash flow hedging (Effective part for cash flow hedging profit and loss)					
5. 外币财务报表折算差额 Currency translation reserve					
6. 其他 Others profit or loss to be reclassified					
七、综合收益总额 Total comprehensive income					
归属于母公司所有者权益的金额 Amount of total comprehensive income attributable to shareholders of the parent company					
归属于少数股东权益的金额 Amount of total comprehensive income attributable to minority shareholders					
八、每股收益 Earnings per share					
基本每股收益 Basic earnings per share					
稀释每股收益 Diluted earnings per share					

注：表中带*科目为合并会计报表专用；加△科目为金融类企业专用。
Note: Table with * subjects for the consolidated accounting statements, plus △ takes project for the financial business-specific; with # for foreign-invested enterprises dedicated.
企业法定代表人：Enterprise legal representative; 主管会计工作负责人：Accounting Supervisor;

会计机构负责人/Head of accounting department:

母公司现金流量表 Statement of Cash Flow for Parent Company

财务报表(Financial report 03)
金额单位:元
(Unit: Yuan)

2020年1月-9月
For the Year 2020 January to September

编制单位:长春市城市发展投资控股(集团)有限公司
Company: Changshu urban development and investment holding (Group) Co., Ltd.

项目	附注	本期金额	上年同期金额	项目	附注	本期金额	上年同期金额
Item	Notation	Current Amount	Amount of the same period last year	Item	Notation	Current Year	Amount of the same period last year
一、经营活动产生的现金流量:				收回投资收到的现金		500,000.00	56,880,000.00
销售商品、提供劳务收到的现金		231,682,333.17	18,841,168.54	取得投资收益收到的现金		223,204,520.68	2,500,076,403.00
△客户存款和同业存放款项净增加额				处置固定资产、无形资产和其他长期资产所收回的现金净额			
△向中央银行借款净增加额				收到其他与投资活动有关的现金			
△向其他金融机构拆入资金净增加额				投资活动现金流入小计		723,204,520.68	2,556,956,403.00
△收到原保险合同赔款取得的现金				购建固定资产、无形资产和其他长期资产所支付的现金		639,571,099.67	1,600,594,500.25
△收到再保业务现金净额				购买和构造固定资产、无形资产和其他长期资产		335,578,847.00	2,886,770,000.00
△客户保证金及投资款净增加额				投资支付的现金			
△保户储金及投资款净增加额				△质押贷款净增加额			
△保户储金及投资款净增加额				取得子公司及其他营业单位支付的现金净额			
△处置以公允价值计量且其变动计入当期损益的金融资产净增加额				支付其他与投资活动有关的现金			
△收取利息、手续费及佣金的现金				投资活动现金流出小计		975,149,906.67	6,655,434,625.91
△拆入资金净增加额				收到其他与投资活动有关的现金			
△回购业务资金净增加额				投资活动产生的现金流量净额		-251,945,385.99	-4,098,478,225.91
△代理买卖证券收到的现金净额				三、筹资活动产生的现金流量:			
收到的税费返还				吸收投资收到的现金			
收到其他与经营活动有关的现金		2,555,868,514.22	2,271,897,397.43	其中:子公司吸收少数股东投资收到的现金			
经营活动现金流入小计		2,787,650,877.39	2,290,738,965.97	取得借款收到的现金		17,702,047,600.00	17,840,000,000.00
购买商品、接受劳务支付的现金				△发行债券收到的现金			
△客户贷款及垫款净增加额				收到其他与筹资活动有关的现金			
△存放中央银行和同业款项净增加额				筹资活动现金流入小计		17,702,047,600.00	17,840,000,000.00
△支付原保险合同赔付款项的现金				偿还债务支付的现金		13,814,478,504.92	11,754,500,000.00
△拆出资金净增加额				分配股利、利润或偿付利息所支付的现金		1,495,515,166.66	1,754,061,931.63
△支付利息、手续费及佣金的现金				其中:子公司支付给少数股东的股利、利润			
△支付保单红利的现金				支付其他与筹资活动有关的现金			
支付给职工以及为职工支付的现金		8,752,096.53	10,451,354.15	支付其他与筹资活动有关的现金		144,592,719.21	55,461,940.76
支付的各项税费		800,533.40	971,160.13	筹资活动现金流出小计		15,454,586,405.79	13,854,023,872.39
支付其他与经营活动有关的现金		3,977,970,649.65	3,498,624,814.41	取得借款收到的现金		2,246,461,901.21	4,275,976,127.61
经营活动现金流出小计		3,887,523,279.58	3,510,447,328.69	筹资活动产生的现金流量净额		2,246,461,901.21	4,275,976,127.61
经营活动产生的现金流量净额		-1,099,872,402.19	-1,219,698,362.72	四、汇率变动对现金及现金等价物的影响			
收到其他与经营活动有关的现金				五、现金及现金等价物净增加额		684,643,402.03	-1,942,408,861.02
二、投资活动产生的现金流量:				加:期初现金及现金等价物余额		5,136,965,665.40	9,422,636,416.82
收到其他与投资活动有关的现金				六、期末现金及现金等价物余额		6,031,629,062.43	8,380,427,557.80

注:加△群体项目为金融类企业专用。Note: plus △ standard case for the financial business-specific.

主管会计工作负责人:王景春

会计机构负责人:王景春

**Changchun Urban Development Investment Holding (Group) Co., Ltd
As of September 30, 2020**

Notes to the consolidated financial statements

I. Background

i. Registration, organization forms and headquarters address

Changchun Urban Development Investment Holding (Group) Co., Ltd (The Company) was founded on September 27, 2013, and register in Changchun City Industry and Commerce Administration Bureau, the general social credit number is No. 91220101073634274G with registered capital 5022 million RMB, legal representative: Li Dongpo, company address: No.61 Gongnong Dalu, Changchun city, Jilin.

Changchun urban development and investment is urban development and construction industry.

ii. The nature of the business and principal business

The company's business scope: investment and asset management, Real estate development, Indemnificatory housing development and construction, Urban infrastructure, Development and construction of water conservancy projects, communal facilities, Management and administration of urban infrastructures, treatment and regeneration, Architectural design, property management, lease of houses, By the Changchun Municipal People's Government Commissioned land storage and land consolidation and development, State-owned assets operation and management within the scope authorized by Changchun Municipal People's Government, Advertising industry(law、 Regulations and the State Council decided to prohibit, Shall not operate; License business projects with valid license or approval documents; General business projects can choose to operate independently).

iii. The approval report on Financial Statement

The financial statement is approved by board of directors on October 28, 2020.

II. The Basis for the Preparation of Financial Statements

For continuing operation, the company based on the actual transactions and events, in accordance with the "accounting standards for business-basic standard" issued by the treasury and specific accounting standards for business enterprise, corporation accounting standards guideline, accounting standards for business enterprises explanation and other related rules (Accounting Standards for Business Enterprises) to conduct assurance and calculation.

III. Statement on Compliance with Accounting Standards for Business Enterprises

The financial statements are truly and completely present the financial position of the company as of December 31, 2018, the financial performance and its cash flows for the year then ended in compliance with the Accounting Standards for Business Enterprises.

IV. Main Accounting Policies and Accounting Estimates

i. Accounting Period

The fiscal year of the company starts on January 1, and ended on December 31 of the year. The Reporting Period for the financial statement is from January 1, 2020 to September 30 2020.

ii. Recording Currency

The recording currency of the company is RMB.

iii.Accounting Basis and Valuation Principles

The company is based on accrual basis. The company when measuring accounting elements, generally adopt historical cost; to follow the standards specified by the replacement cost, net realizable value, present value and fair value measurement attribute and other circumstances, the company will give special instructions.

iv.Business combination

1. Step by step to implement the transactions in the merger process of the terms, conditions, and economic impact in accordance with one or more of the following conditions, deal the multiple transactions as a package deal:

The deals are established by considering the impact on each company simultaneously;

These transactions as a whole in order to achieve a complete business results;

The deal could occur depending on the occurrence of at least one transaction;

Without consider the other transactions, the deal by itself cannot be treat as economic;

2. Consolidation under same control

(1) Separate financial statements

The company to pay cash, transfer of non cash assets, assume the way of debt or to issue equity stock as a combination of the price of the equity securities, the initial investment cost of the long-term equity investment is the share of the book value of the owner's equity of the merged party in the consolidated financial statements of the ultimate controller at the combination date. Initial cost of the long-term equity investment and the difference between the price paid and the adjustment of capital reserve; capital reserve is insufficient to offset, the retained earnings adjustment. If there exists a contingent consideration and the need to confirm the estimated liabilities or assets, the expected amount of assets or liabilities and subsequent or balance on price settlement amount, adjust capital surplus (capital premium or share premium), the capital reserve is insufficient, the adjustment of retained earnings.

For the multiple transactions to realize enterprise merger, which belongs to a package deal, the transaction as a control transaction accounting treatment; does not belong to a package deal, obtaining control on the initial cost of the long-term equity investment, and reached before the merger of the book value of long-term equity investments and further merging the acquisition of shares of new payment on the price of the difference between the book value and the adjustment of capital reserve; capital reserve is insufficient to offset, the retained earnings adjustment. For the merger date previously held equity investment, other comprehensive income and confirmed by using the equity method of accounting or financial instruments accounting recognition and measurement standards, not accounting, until the disposal of the investment by accounting and investment units directly related to the disposal of assets or liabilities of the same basis; confirmed due to accounting method the equity is the equity investment unit outside the net assets in the net income and other comprehensive income and profit distribution and other changes, not accounting, until the disposal of the investment into the current profits and losses.

The merger is directly related to the cost, including consolidated activities payment of audit fees, assessment fees, legal fees and so on, should be included in the current profits and losses; when issue equity instruments as the merger consideration, the related transaction cost associated is directly reduction of capital surplus, while capital surplus is not enough to offset, offset the surplus

reserve and undistributed profit in order; and the issuance of debt instruments as the merger consideration is directly related to the transaction costs, as the initial confirmed amount to be recorded in the obligation instrument.

When the merged parth has consolidated financial statements, the initial investment cost of long-term equity investment is determined on the basis of the owner's equity attributable to the parent company in the consolidated financial statements.

(2) Consolidated financial statement

The assets and liabilities acquired by the merging party in the enterprise merger shall be measured according to the book value of the consolidated owner's equity in the consolidated financial statements of the controlling party on the consolidated day.

For a business combination realized by two or more transactions of exchange, it consider as one-basket transactions, it should be consider as the same transaction under the same control; for the transactions don't in the same basket, A long-term equity investment in the merged party to hold before the merger, in the day and the merging party and the merged party is on the same side with the ultimate control, or between day and night with Japan has confirmed the related changes in profit and loss, other comprehensive income and other rights and interests of the owners, respectively during the reduction of comparative statements at the beginning of the period of retained earnings or the current profit and loss.

If the accounting policies adopted by the merged parties are inconsistent with the company, the company shall make adjustments on the consolidated day according to the accounting policies of the company, and shall, on such basis, confirm in accordance with the provisions of the enterprise accounting standards.

3. Consolidated under different control

(1) Date of purchase determination

The company combined with the merger contract or agreement agreement and other relevant factors, in accordance with the principle of substance over form to determine the purchase date. At the same time to meet the following conditions, generally considered to achieve the transfer of control, the formation of the purchase date. Relevant conditions include:

1) Enterprise merger contract or agreement has been passed by the internal authority, such as the shareholders' meeting of the company.

2) In accordance with the provisions of the merger matters need to go through the relevant state departments for approval, has been approved by the relevant departments.

3) The company and the consolidated parties have handled the necessary property transfer procedures.

4) The company has paid most of the purchase price (generally more than 50%), and has the ability to plan to pay the remaining amount.

5) The company has actually control the acquiree's financial and operating policy, associate with the corresponding benefits and assume corresponding risks.

(2) Method for compiling consolidated accounting statements and consolidated financial statements

For a business combination under the same control, the combination costs the company at the date of purchase of fair value to obtain and pay for control of the acquiree's assets and liabilities incurred or assumed, issuing equity instruments or debt instruments. In the combined contract may be

affected by the combined cost of future matters agreed upon, the date of purchase if the estimated future events is likely to occur and the impact of the merger cost amount can be reliably measured, is also included in the consolidated cost.

The company for the consolidated enterprise audit, legal services, consulting and other assessment intermediary costs and other related management fees, in the event of profit or loss; the company as the transaction cost consideration for merger issued equity instruments or debt instruments, The associated cost as the initial confirmed amount is recorded in equity or obligation instrument.

The difference in the fair value of the identifiable net assets acquired by the company in the consolidated costs greater than that obtained in the merger is recognised as goodwill. The company merged with cost less than the acquiree obtained in the fair value of the identifiable net assets of the share, the difference by the review after the merger is still less than the combined cost of the acquiree obtained in the fair value of the identifiable net assets, included in the current profits and losses.

Realized by multiple exchange transactions of non-merger of enterprises under the same control, which belongs to a package deal, the transaction as a control transaction accounting treatment; does not belong to the package, to distinguish the individual financial statements and consolidated financial statements related to accounting:

1) In the separate financial statements, the merger date previously held equity investments accounted for using the equity method, the carrying value of the purchase date held prior to the acquiree's equity investment and the purchase of new investment cost, as the initial investment cost of the investment;

The consolidated date previously held equity investment by the recognition and measurement of financial instruments accounting standards, the fair value of equity investment in the merge, plus new investment cost, the initial cost of the consolidation date. The difference between the fair value and the book value of the original equity holdings and the changes in the accumulated fair value of the original comprehensive income shall be transferred to the investment income during the current period.

2) In the consolidated financial statements, for the purchase date held by buyer's equity, re measured at fair value of the equity in the date of purchase, the fair value of the difference between the book value and included in the current investment income; the purchase date held before the acquiree equity relates to the equity method of accounting under other comprehensive income the related and other comprehensive income to purchase on the current investment income.

(3) Determination of fair value of merger related day transactions

Monetary funds, according to the purchase date of the book balance determined by the buyer.

Active market stocks, bonds, funds and other financial instruments, in accordance with the active market price in the purchase date determined.

Receivables, of which short-term receivables are generally based on their fair value; long-term receivables, discounted at the appropriate interest rate to determine the fair value of the present value. In determining the fair value of receivables, consider the possibility of bad debts and related receivables.

Inventory, finished goods and goods according to the estimated price minus the estimated sales expenses, relevant taxes and buy sell similar finished goods or commodities may determine the profit estimation in finished products; products according to the estimated price minus to completion there will still be the estimated cost and relevant taxes and the same or similar products based estimation based on the profit of the sale could be determined; the raw material is determined by the current replacement cost.

The financial instruments with no active market, such as equity investments using valuation techniques to determine their fair value.

Buildings, machinery and equipment, intangible assets, there is an active market, to buy on the market price in order to determine the fair value basis; there is no active market for similar assets but there is an active market, referring to the same or similar asset market prices to determine the fair value of the same or similar assets; there is no active market sure, the fair value using a valuation technique.

Accounts payable, notes payable, employee compensation payable, bonds payable, long-term pay ables, short-term debt which is generally in accordance with the amount payable to determine its fair value; present value of long-term debt at an appropriate discount rate as the fair value.

The acquired or contingent liabilities of the acquirer, whose fair value can be measured reliably on the purchase date, shall be recognised as the estimated liabilities. This liability is assumed to be on behalf of the purchaser, and the amount paid by the purchaser on the obligations of the third party is its fair value.

The deferred income tax assets and deferred income tax liabilities, obtained the identifiable assets, liabilities and contingent liabilities fair value and tax basis in accordance with the provisions of the "*difference between the accounting standards for Enterprises No. eighteenth income tax*" of the deferred income tax assets and deferred income tax liabilities. The confirmation of deferred income tax assets and deferred tax liabilities shall not discount amount.

4. Related costs incurred for the merger

Intermediary expenses such as auditing, legal services, evaluation consulting and Others directly related costs incurred in the merger of enterprises are recorded as profits and losses in the current period at the time of occurrence, and the transaction costs of issuing equity securities for the merger of enterprises can be directly attributed to the deduction of equity transactions from the equity.

v. Joint Venture classification and Joint operation accounting treatment

1. Classification of Joint Venture

The company divides the joint venture arrangement into joint ventures and joint ventures according to such factors as the structure of the joint venture arrangement, the legal form and the terms agreed upon in the joint venture arrangement, other relevant facts and circumstances, etc.

(1) A joint venture arrangement which has not been concluded by a separate subject shall be divided into joint ventures; joint venture arrangements concluded through a separate subject shall normally be divided into joint ventures; However, there is conclusive evidence that joint venture arrangements that meet any of the following conditions and comply with the relevant laws and regulations are divided into joint ventures:

(2) The legal form of the joint venture arrangement indicates that the joint venture shall have rights and obligations to the relevant assets and liabilities in the arrangement, respectively.

(3) The contract terms of the joint venture arrangement stipulate that the joint venture shall have rights and obligations to the relevant assets and liabilities in the arrangement respectively.

(4) Other relevant facts and circumstances indicate that the joint venture has rights and obligations under the relevant assets and liabilities in the arrangement, if the joint venture has almost all the outputs related to the joint venture arrangement, and that the liquidation of the liabilities in the arrangement continues to depend on the support of the joint venture.

2. The treatment method of joint management accounting

(1) The company recognizes the following items related to the company in the share of interests in the joint venture and carries out accounting treatment in accordance with the provisions of the relevant Enterprise accounting standards:

(2) Recognition of assets held separately and recognition of jointly held assets in accordance with their share;

(3) Recognition of a separate liability and recognition of the shared liability in accordance with its share;

(4) Recognized the income generated by the sale of the share of common operating outputs to which they are entitled;

(5) Recognition, in accordance with their share, of the revenue generated by the co-operation resulting from the sale of the output;

(6) Recognize the costs incurred separately and confirm the costs incurred by the co-operation in accordance with its share.

The company shall invest or sell assets, etc. (other than the business of the asset), and only acknowledge the portion of the profits and losses arising from the transaction attributable to the co-operating other participants before the asset is sold to a third party by co-operation. If the assets invested or sold occur in accordance with the loss of impairment of assets, such as “Enterprise Accounting standard 8th-asset impairment”, the company recognize the loss in full.

The company shall, from the joint venture to purchase assets, etc. (except for the business of the assets), recognize only the portion of the profit and loss arising from the transaction attributable to the co-operating other participants before selling the asset, etc., to a third party. If the acquired assets are in conformity with the loss of impairment of assets in accordance with the provisions of “Enterprise Accounting standard 8th-asset impairment”, the company shall confirm that part of the loss in accordance with its share.

The company does not common control for joint ventures, if the company has the joint operation of the relevant assets and bear the related liabilities of the joint operation, still in accordance with the above principles for accounting treatment, otherwise, should be in accordance with the provisions of the relevant enterprise accounting standards for accounting treatment.

vi. Standard for Cash and Cash Equivalents

When preparing comprehensive statement of cash flows, the company recognizes the cash on hand and deposits readily usable as cash, and those investments meeting near maturity (usually within three months or less from the date of purchase), high liquidity, easily convertible to a certain amount cash and little risk of changing in value as cash equivalents.

vii.Foreign Currency Transactions and Translation of Foreign Currency Financial Statements

1.Reporting for Foreign Currency Transactions

A foreign currency transaction is recorded, on initial recognition in RMB, by applying to the foreign currency amount the spot exchange rate between the RMB and the foreign currency at the date of the transaction.

Balance sheet date, foreign currency monetary items is translated using the closing rate, exchange differences arising on the settlement of monetary items is recognized in profit or loss in current period, except for foreign currency borrowings for purchase and construction or production of qualified assets is capitalized. Non-monetary items that are measured on a historical cost basis are translated using the exchange rate at the date of the transaction that resulted in their recognition.

Non-monetary items that are measured at fair value in a foreign currency is translated using the exchange rates at the date when the fair value was determined, exchange differences arising on the settlement of non-monetary items shall be recognized in profit or loss in current period. If the non-monetary items belong to available-for-sale investments, the related exchange differences shall be recognized in other comprehensive income. In the case of non-monetary items available for sale in foreign currencies, the exchange differences arising are recognized in other comprehensive income. In case of partial disposal of overseas business, the difference in the translation of the foreign currency financial statements at the disposal portion shall be calculated and transferred into the current profits and losses of the current period.

2. Translation of Foreign Currency Financial Statements

Assets and liabilities for each statement of financial position presented (i.e. including comparatives) shall be translated at the closing rate at the date of that statement of financial position; income and expenses for each statement of comprehensive income or separate income statement presented (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and all resulting exchange differences shall be recognized in other comprehensive income.

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, shall be reclassified from equity to profit or loss.

viii.Financial Instruments

Financial instruments include financial assets, financial liabilities and equity instruments.

1. Categories of Financial instruments

According to the economic substance of contract terms and the holding purpose of financial instruments, the management classifies the financial assets and financial liabilities as different categories: the financial assets (financial liabilities) which are measured at their fair values and the variation of which is recognized in profit or loss in current period; held-to-maturity investments; account receivables; financial assets available-for-sale; other financial liabilities.

2. The recognition and measurement of financial instruments

- (1) The financial assets (financial liabilities) which are measured at their fair values and the variation of which is recognized in profit or loss in current period.

The financial assets (financial liabilities) which are measured at their fair values and the variation of which is recognized in profit or loss in current period, including the financial assets

(financial liabilities) held for trading or directly designated as measured at fair values and the variation of which is recognized in profit or loss in current period.

The financial assets (financial liabilities) can be recognized as held for trading when meeting one of the following conditions:

- 1) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- 2) On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- 3) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

A financial asset (financial liability) could be designated as at fair value and the variation of which is recognized through profit or loss when meeting one of the following conditions.

- 1) The designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise for the financial liabilities or financial assets;
- 2) A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally to the entity's key management personnel;
- 3) If a contract contains one or more embedded derivatives, unless the embedded derivative(s) does not significantly modify the cash flows or it is clear separation of the embedded derivative(s) is prohibited;
- 4) If it is required by the Standard to separate an embedded derivative from its host contract, but is unable to measure the embedded derivative separately either at acquisition or at the end of a subsequent financial reporting period, the company shall designate the entire hybrid (combined) contract as at fair value through profit or loss.

The company's financial assets or financial liabilities measured at fair value and its changes included in the current gains and losses, when a financial liability is recognized initially, the company shall measure it at its fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability. In the holding period, any interest or cash dividend received will be recognized as profit and variation of fair value at the end of reporting period will be recognized as profit or loss in current period. At disposal, any change in the fair value of the asset to be received during the period between the trade date and the settlement date is recognized as investment income, and the profit and losses on the changes in fair value is adjusted.

(2) Account receivable

The company recognizes the goods sold or services rendered for other entities under the agreement and claims of other entities that do not have a quoted price in an active market, including account receivable, other receivable, note receivable, prepaid expense and long-term account receivable, as initial amount; if the claim has a financing nature, the company will recognize present value as initial amount.

When collected or disposed, the difference between cash received and book value is recognized as profit or loss in current period.

(3) Entrusted loans

Pricing and revenue entrusted loan confirmation method: according to the actual financial institutions entrusted loan amount as the actual cost accounting, and according to the principle of accrual calculation of accrued interest, such as accrued interest due cannot be recovered, it shall stop the accrued interest, and the original of the accrued interest back.

At the end of the entrusted loan, the book value and the recoverable amount are measured:

1) Confirmation criteria for Entrusted loan impairment: the principal amount of entrusted loans is higher than the recoverable amount.

2) The provision method of the entrusted loan impairment provision: when the end of each half year or the end of the year, the difference between the recoverable amount of the entrusted loan and the difference of its book value.

(4) Held to maturity investment

Holding to maturity investment is defined as the fixed date, the amount of fixed or recoverable amount, and the company has a clear intention and ability to hold to maturity of non-derivative financial assets.

The sum of the company's investments held to maturity, as at the time of acquisition, at fair value (excluding interest on bonds that have been paid but not yet received) and related transaction costs. Held in accordance with the amortized costs and real interest rates (such as the difference between the real interest rate and the coupon rate hours, can be calculated at the coupon rate) interest income recognized, included in the investment income. Effective interest rates are determined at the time of acquisition and remain constant during the intended period of existence or for a shorter period of time. When the investment is held to maturity, the difference between the acquired price and the book value of the investment is included in the investment income.

If held to maturity investment disposal or re classified as other financial assets amount, relative to the company all held to maturity investment in large amount of the sale or re classification before, in the disposal or re classified immediately after the rest of the held to maturity investments classified as available for sale financial assets; re classification day between the book value and the fair value of the investment included in other comprehensive income, the available depreciation or termination confirmation from the sale of financial assets included in the current profits and losses. However, the following circumstances may be excluded:

1) The selling date or reclassification date is closer to the expiration date or redemption date of the investment (e.g. within three months prior to maturity), and changes in market interest rates have no significant impact on the fair value of the investment.

2) In accordance with the contractual terms of payment, the enterprise has recovered almost all initial principal.

3) The sale or reclassification is caused by an uncontrollable event that the enterprise cannot control, which is not expected to recur and is difficult to reasonably predict.

(4) Available-for-sale financial assets

This category includes financial assets that do not fall into any of the other categories, or those assets that the company has elected to classify into this category.

When an available-for-sale financial asset is initially recognized in the balance sheet, the asset is measured at fair value (deduct the cash dividend declared but not yet paid and interest due but not yet received) plus transaction costs. In the holding period, any interest or cash dividend received will be recognized as profit. The variation of fair value at the end of reporting period except the impairment loss and foreign exchange gain or loss, is directly recognized in other comprehensive income. At disposal, the difference between consideration received and carrying amount of financial assets is recognized as investment income; meanwhile, any change in the fair value of the asset which has been recognized in other comprehensive income during the period between the trade date and the settlement date is reclassified into investment income.

3. The recognition and measurement of a financial asset transfer

If the company determines that as a result of the transfer, it has transferred substantially all the risks and rewards of ownership of the transferred asset, it does not recognize the transferred asset again in a future period; if substantially all the risks and rewards of ownership have been retained, the company should not derecognize the financial assets.

Judgement on whether financial asset transfer satisfied the condition, which regarding termination of financial asset, adopt the substantial over form principle. On derecognition of a financial asset in its entirety, the difference between the following two amounts is recognized in profit or loss:

- (1) The carrying amount of the transferred financial assets;
- (2) the consideration received (including any new asset obtained less any new liability assumed).

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset shall be allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. The difference between the following two items is recognized in profit or loss:

- (1) The carrying amount (measured at the date of de-recognition) allocated to the part derecognized
- (2) The consideration received for the part derecognized (including any new asset obtained less any new liability assumed).

If a transfer does not result in de-recognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity shall continue to recognize the transferred asset in its entirety and shall recognize a financial liability for the consideration received.

4. The de-recognition of a financial liability

The company removes a financial liability (or a part of a financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

A substantial modification of the terms of an existing financial liability or a part of it is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss.

If an entity repurchases a part of a financial liability, the entity shall allocate the previous carrying amount of the financial liability between the part that continues to be recognized and the part that is derecognized based on the relative fair values of those parts on the date of the repurchase. The difference between (a) the carrying amount allocated to the part derecognized and (b) the consideration paid, including any non-cash assets transferred or liabilities assumed, for the part derecognized shall be recognized in profit or loss.

5. The fair value measurements of financial asset and liabilities

The company can use the quoted price in an active market for financial asset and liability measured at their fair value; the initial acquisition or origination price of a financial asset or incurrence of a financial liability is a market transaction that provides a foundation for estimating the fair value of the financial instrument. (using the recent reference and familiar with all parties including voluntary transactions in the market transaction price, referring to other financial instruments substantially identical to the current fair value, the discounted cash flow method and the option pricing model) determine its fair value; the initial acquisition or derivative of financial assets or financial liabilities assumed to market trading prices as the basis for determining its fair value.

6. Impairment of Financial Assets (Excluding Account Receivables)

The company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. If any such evidence exists, the company shall determine the amount of any impairment loss.

Objective evidence that a financial asset or group of assets is impaired includes but not limited to the following:

- Significant financial difficulty of the issuer or obligor;
- (1) A breach of contract, such as a default or delinquency in interest or principal payments;
 - (2) The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
 - (3) It becoming probable that the borrower will enter bankruptcy or other financial reorganization;
 - (4) The disappearance of an active market for that financial asset because of financial difficulties;
 - (5) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, adverse changes in the payment status of borrowers in the group, an increase in the unemployment rate in the geographical area of the borrowers, a decrease in property prices for mortgages in the relevant area or adverse changes in industry conditions that affect the borrowers in the group.
 - (6) There are significant adverse changes in technology, market, economy or regulation for the issuer of equity instrument, and it becoming probable that the equity instrument investor will not be refunded; or fair value of the equity instrument decreases seriously or non-temporarily.

The specific impairment methods are as follows:

- (1) The impairment of financial assets available for sale for:

The company at the balance sheet date of the financial assets available for sale by individual finds a way of assessing impairment loss, the objective evidence indicates that the fair value of available for sale equity investment impairment includes equity investment instruments of serious non temporary decline, specific quantitative criteria: if the fair value of the equity investment instruments from the date of the balance sheet is lower than its cost more than 20% (including 20%) is lower than the cost or duration of more than 12 months (including 12 months), it indicates that the instrument is impaired.

The company at the balance sheet date of the sellable equity instrument investment alone to check if the fair value of the equity investment instruments at the balance sheet date is less than the cost of more than 50% (including 50%) or below its cost lasts for more than a year (including one year), it is indicated that the impairment; if the fair value of the equity investment instruments at the balance sheet date is less than the cost of more than 20% (including 20%) but have not yet reached 50%, the company will consider other factors such as price volatility, the equity investment is impaired.

The upper part of the "cost" in accordance with the initial sellable equity instrument investment cost less impairment loss has been recovered and amortized amount, has been included in the profit and loss of "fair value"; according to the Stock Exchange closing price of the final determination, unless the available for sale equity investment restricted period. For the restricted period available for sale equity investment instruments, stock exchange in accordance with the final closing price deduction due to the risk of market participants can not bear within a certain period of time in the open market sale of the equity instruments and the amount of compensation for the determination of requirements.

Available for sale financial asset is impaired, even if the termination of financial assets not recognized, the company will be directly included in other comprehensive income due to the decrease of the fair value of the accumulated losses from other comprehensive income transfer, included in the current profits and losses. The accumulated loss of the transfer is equal to the balance of the initial acquisition cost of the available for sale financial assets, excluding the recovered principal and the amortized amount, the current fair value and the impairment loss which has been included in the profit or loss.

For recognized impairment losses on available for sale debt instruments, in the subsequent accounting period fair value has risen and matters objectively confirm the original occurrence and impairment losses on the previously recognised impairment losses shall be reversed in the current profits and losses; for impairment losses on available for sale equity instruments of the investment in the equity value. The rebound by equity return; but not quoted in an active market and whose fair value cannot be reliably measured and the equity investment, or equity instruments and shall be linked by derivative financial assets impairment related losses incurred to the settlement of the equity instruments shall not be reversed.

(2) The held to maturity investment impairment:

The held to maturity investment, there is evidence of its depreciation, according to its book value and the present value of expected future cash flow margin calculations confirm the impairment loss provision; if evidence has been restored to its value, the provision for impairment of the financial assets at amortized cost of the transfer date.

7. Offset of financial assets and financial liabilities

Financial assets and liability disclosed separately with no elimination; with among conditions, the amount can be net to disclose on balance sheet:

- (1) With the enforceable authority to eliminate the assured amount;
- (2) Measured at net amount, or cashing the identified financial asset to repayment of the financial liability.

ix. Hedging instrument

The company divides hedging into fair value hedges, cash flow hedges and net foreign investment hedges in accordance with hedging relationships.

1. The use of hedge accounting methods for processing

At the beginning of the hedging, the company has formally designated the hedging relationship (the relationship between the hedging instrument and the hedged item) and prepared formal written documents on hedging relationships, risk management objectives and hedging strategies;

The hedging is expected to be highly effective and meets the risk management strategy identified by the company initially for the hedging relationship;

For a cash flow hedging of forecast transaction, the forecast transaction shall be likely to occur and shall make the company faced to the risk of changes in cash flow, which will ultimately affect the profits and losses;

Hedging effectiveness can be measured reliably;

Continuously evaluate hedging effectiveness, and to ensure that the hedging is highly effective in the accounting period specified in the hedging relationship.

When a hedge satisfies the following conditions simultaneously, the company cognizance it's highly effective: (1) During the beginning and subsequent periods of the hedging, the hedging is expected to highly offset the changes in fair value or cash flow arising from the hedged risk during the hedging period; (2) The actual offset results of the hedging are within the range of 80% to 125%

2. Fair value hedging accounting

(1) Basic requirements

The hedging instrument is a derivative instrument, the gains or losses arising from changes in fair value shall be recorded in the current profit and loss; Hedging instruments are non-derivative instruments, gains or losses arising from changes in the carrying amount of the carrying amount are recognized in profit or loss for the current period.

The gain or loss due to the hedged risk is included in the current profit and loss, and the book value of the hedged item is adjusted at the same time. the hedged item is the subsequent measurement of the inventory at the lower of cost and net realizable value, the subsequent measurement of financial assets or available-for-sale financial assets at amortized cost, it shall be treated in accordance with this provision.

(2) Disposal of gains or losses on hedged items

For a fair value hedge of interest rate risk of a portion of a financial asset or financial liability combination, The company gains or losses from the hedged item may be treated in the following ways:

The hedged item is an asset during the re pricing period, it shall be reflected in the single item under the asset item in the balance sheet and shall be sold at the time of termination confirmation.

The hedged items are liabilities during the period of re pricing, in the balance sheet a single item in the balance sheet reflect, Resale is pending confirmation of termination.

1) The hedged item is measured at the amortized cost of financial instruments, the adjustments made to the book value of the hedged item, shall be amortized in accordance with the effective interest rate calculated on the adjustment date during the period of adjustment to maturity, included in the current profits and losses.

A fair value hedging of interest rate risk portfolio, the relevant items in the balance sheet separately, also in accordance with the actual interest rate adjustments on the recalculated in the re pricing period adjustment date to the end date of the relevant period of amortization. If the actual interest rate method is not practicable, the straight-line method can be used for amortization. The amount of adjustment on the maturity date is before amortization; for a fair value hedging interest rate risk portfolio, at the end of the relevant re pricing period before the date of amortization.

2) The hedged item is an unrecognized firm commitment, the recognition commitment is recognized as an asset or liability due to the accumulative amount of fair value change arising from the hedged risk, the hedged item is an unrecognized firm commitment.

3) In the fair value hedging of a fixed commitment to purchase assets or liabilities, the cumulative amount of changes in the fair value of the determined commitment due to the hedged risk (recognised as assets or liabilities), adjust the performance of the promise made to determine the initial asset or liability to confirm the amount.

(3) Conditions for terminating the use of fair value hedge accounting methods

1) Hedging the use of fair value hedge accounting when the following conditions are met:

2) The hedging instrument has expired, been sold, terminated or exercised

3) Hedging extension or a hedging instrument is replaced by another, the extension or replacement of the company is as specified in the formal written document of the hedging strategy part, not as expired or termination of contract processing.

4) The hedging no longer satisfies the conditions of applying the hedging accounting method.

The company has withdrawn the designation of the hedging relationship.

3. Cash flow hedge accounting

(1) Basic requirements

1) The portion of the effective hedging in the gain or loss of the hedging instrument is directly recognized as the owner's equity, and the single item reflects. The amount of the effective hedging portion shall be determined by the lower of the absolute amount of the following two items:

Cumulative gain or loss from hedging of hedging instruments;

Cumulative changes in the expected future cash flows of the hedged item at the beginning of the hedging.

2) Any portion of the hedging gain or loss that is part of an invalid hedge (ie, deducting any other gain or loss directly recognised as owner's equity) shall be included in the current profit and loss.

3) In the formal written document of risk management strategies, which influence when evaluate the hedging effectiveness of hedging instruments will exclude a certain portion of the profit or loss or cash flow, excluded the gains or losses for the "Enterprise Accounting Standards No. twenty-second - recognition and measurement of financial instruments".

(2) Subsequent disposal of gains or losses on hedging instruments

If the hedged item is the expected transaction, and the expected transaction allows the Company to subsequently recognize a financial asset or a financial liability, the relevant gain or loss directly recognized as the owner's equity in the financial asset or financial liability Profit or loss for the same period of the Company. However, if the net loss originally recognized in the owner's equity is not compensated in full or in part in the future accounting period, the part that can not be recovered shall be transferred out and recorded into the current profits and losses.

The hedged item is the expected transaction, and the expected transaction causes the Company to subsequently recognize a non-financial asset or a non-financial liability, the relevant gain or loss recognized directly in the owner's equity. In the non-financial asset or non-financial liabilities in the same period of profit or loss of the Company, and recorded in profit or loss for the current period. However, if the net loss recognized by the Company in the owner's equity is not compensated in full or in part in the future accounting period, the irrecoverable portion shall be transferred out and recorded into current profit and loss.

Profit or loss of hedging instruments not included in the above 1) or 2), which are directly included in the owner's equity, are transferred out and recorded in the profit or loss for the same period when the hedged expected transaction affects the profit and loss.

(3) Termination of the use of cash flow hedge accounting conditions

If the hedging instrument has expired, been sold, terminated or exercised, the gains or losses on the hedging instruments directly included in the owner's equity during the effective period of the hedging shall not be transferred until the expected transaction actually takes place, And then according to the relevant provisions.

When the hedging no longer satisfies the conditions of the hedging accounting method stipulated in the hedging rules, the gains or losses of the hedging instruments directly included in the owner's equity during the hedging period are not transferred until the expected transaction the actual occurrence, then the relevant provisions of treatment.

When the expected transaction is not expected to occur, the gains or losses of the hedging instruments directly included in the owner's equity during the effective period of the hedge are transferred out and recorded into the current profits and losses.

When the Company revokes the designation of the hedging relationship, the hedging instrument gains or losses directly recorded in the owner's equity during the hedging period are not transferred for the expected transaction hedge until the anticipated transaction actually takes place or is expected to occur Will not happen. If the transaction is expected to occur, it shall be dealt with according to the relevant provisions. If the expected transaction is not expected, the gains or losses of the hedging instruments originally recorded in the owner's equity shall be transferred to the current profits and losses.

4. Overseas operating net investment hedges

Hedging against net investment in foreign operations, the company shall deal with similar cash flow hedge accounting provisions:

The portion of the gains or losses formed in the hedging instruments is part of the effective hedging, which is directly recognized as the owner's equity and is a separate item. When disposing of an offshore business, the profits or losses of the hedging instruments reflected in a single item in the owner's equity shall be transferred into the current profit and loss.

Any gain or loss arising from the hedging instrument is part of an invalid hedge and shall be included in the current profit and loss.

x.Accounts receivable

1. Recognition of account receivable

The company's receivables (including accounts receivable and other receivables, etc.) are the initial recorded amount by contract or agreement price.

2. Recognition of provision for bad debts

Due to the bankruptcy of the debtor, it is still impossible to recover after liquidation in accordance with the legal liquidation procedure, or because of the death of a debtor, there is neither estate to be liquidated and there is no obligation to bear the person, it is indeed impossible to recover, or because the debtor is overdue in meeting its debt service obligations, the receivables are classified as bad debt losses.

3. Recognition and provision for single significant balance

Recognition criterion: One million (Including one million)

Provision method: A separate impairment test is made for bad debt preparation at a difference where the present value of projected future cash flows is lower than its book value, taking into account gains and losses in the current period. Separate tests of receivables for which no impairment has occurred, and place them in the appropriate group of total bad debt preparation.

4. Receivables not included in the preparation of bad debts

The company corresponds to the transaction between the relevant parties do not mention bad debt preparation.

5. Provision of account receivable by group

(1) Recognition of "Portfolio of items with the similar credit risks"

For receivables that are not significant in a single amount, a receivable that is significant for a single amount that has not been derogated from after a separate test is divided into the following two combinations according to the credit risk characteristics, based on the actual loss rate of the portfolio of receivables with similar credit risk characteristics in previous years, in the light of the current situation to determine the accrued bad debt preparation.

Determine the basis for the combination:

The Age analysis method combines the company to make the best estimate according to the proportion of receipts in the past historical experience, and to classify the credit risk portfolio by reference to the aging of receivables.

The risk-free combination, depending on the nature of the business, determines that there is no credit risk, including: On the balance sheet date, there is conclusive evidence that a receivable that does not have impairment is not intended to be prepared for bad debts, that the receivables of the relevant party receivable are not subject.

(2) The allowance method according to the combination of credit risk characteristics

Aging	Provision for account receivable (%)	Provision for other receivable (%)
within 1 year	0	0
1-2 years	5	5
2—3 years	10	10
3—4 years	20	20
4—5 years	30	30

Aging	Provision for account receivable (%)	Provision for other receivable (%)
Over 5 years	50	50

6. Receivables for which the individual amount is not significant but is prepared for individual bad debts

The reason for the preparation of bad debts individually is that there is objective evidence that the company will not be able to recover the funds in accordance with the original terms of the receivables.

The method of preparation for bad debts is based on the difference between the present value of the projected future cash flow of receivables, which is lower than its book value.

xi. Inventory

1. The classification of inventory

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services. The main categories are raw materials, turnover materials, and commissioned processing materials, in product, self-made semi-finished products, finished goods and goods shipped in transit.

2. The valuation of inventory

The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The company uses weighted average cost formula at the end of each month.

3. Inventory counting system

The company uses perpetual inventory system.

4. The amortization of low value consumables and packaging materials

Low value consumables are sold by one turn method.

The packaging adopts the method of once transfer.

Amortization of other turnover materials by one - time transfer method.

5. Net realizable value and write-down of inventories

At the end of each fiscal year, the company measures inventory at the lower of cost and net realizable value. The net realizable value of finished goods, commodity stocks and materials held for sale is the estimated selling price in the ordinary course of business less the estimated costs to make the sale; the net realizable value of work-in-process and materials or supplies to be consumed in the production process or in the rendering of services is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale; the net realizable value of the quantity of inventory held to satisfy firm sales or service contracts is based on the contract price. If the sales contracts are for less than the inventory quantities held, the net realizable value of the excess is based on general selling prices.

At the end of each fiscal year, the company should accrued impairment based on the single inventory project. But for the number of inventories at relatively low unit, provision for inventories according to stock related categories; and in the same area, production and sales of products with the same or similar end use or purpose, and it is difficult to separate the inventory and other items of measurement, the merge provision of goods.

When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of

changed economic circumstances, the amount of the write-down is reversed as gain in current period and limited to the amount of the original write-down.

xii. Long-term Investment

1. Determination of investment cost

(1) For long term investment on equity through business combination, please refer to the Note 4/4: Accounting treatment for the merger.

(2) Long-term investment on equity obtained through other methods

For long-term investment on equity obtained through cash payment, the actual payment is recognized as initial investment cost. The initial investment cost includes the related expenses, tax and other necessary expenditures.

For long-term investment on equity obtained through issuing equity security, the fair value of equity security is recognized as initial investment cost. The transaction cost (belongs to the equity security transaction) can be deducted.

Under the premise of the exchanged of non-monetary assets has commercial substance or the fair value of the assets can be reliably measured, initial long-term equity investment cost is based on assets exchanged out, unless there is conclusive evidence that the fair value of the assets exchanged in is more reliable; For the exchange of non-monetary assets that do not meet the premise above, the company recognize the book value of exchanged out assets and related tax expense as the initial investment cost.

For long-term investment on equity obtained through debt restructuring, the fair value of investment is recognized as initial investment cost.

2. Subsequent measurement and recognition of profit or loss

(1) Cost method

If the company has no joint control or significant influence over an investee, cost method will be used. The cost will be adjust by the in the initial cost, the additional investment, and the disinvestment.

The company should recognize the dividend in cash or the distributed profits as the current investment income, except the dividend or the profit is included in the cost dues to the acquirement.

(2) Equity method

The company use equity method for joint venture. For the equity investment holding by the risk investment institutions (mutual funds, trust companies or investment linked insurance funds), which can be defined as joint venture equity investment, the company use fair value accounting profit or loss.

If the initial cost of the equity investment is higher than the fair value of the identifiable assets, which are belonged to the company by calculating the shares owned, of the investee, the initial cost will not be adjusted. If the situation is opposite, the difference should be accounted as current profits and losses.

After the company acquired the investment, the company should confirm profit or lost according to the shares held by the company, and also adjust the book value of the investment. If the investee announced a cash dividends or profit, the book value of the investment should be decreased. For the changes of equity that is not related net profit or loss, other comprehensive income, or distribution of profits, the book value of the investment should be adjusted and the difference should be accounted into equity.

Other adjustments in equity section except net income or loss of the investee will be adjusted to the carrying value of long-term investment on equity proportionately, and increase or decrease capital reserve. In the holding period, if the investee can provide consolidated financial statements, the measurement will be based on the change of net profit and other investments in investee.

If the investee has a loss, the process should be approved as follow: 1. Decrease the book value of the investment; 2. if the book value of the investment is not enough to decrease, the other account that can be referred to the investment should be decreased (the long-term receivable, etc.). 3. After the 2 steps above, the company should confirm estimated liabilities and also account the current profit or loss according to the contract or agreement.

If the investee confirmed profit in the future, the company should deduct the loss that is confirmed above by using the above process contrarily.

3. Determine the basis of control, joint control and significant influence on the investee

If the company has the power to the investee and is entitled to a variable return by participating in the relevant activities of the Investor and has the ability to influence the amount of its return on the Investee's rights, the Company shall be deemed to have control over the Investee .

If the Company is in control of an arrangement with the other Participants in accordance with the relevant agreement and has significant influence on the return of the arrangement, it shall be deemed that the Company and other parties involved in the project have the right to participate in the project if they are agreed to by the participants sharing the control right. Party to an arrangement which is a joint venture arrangement.

Where the joint venture arrangement is achieved through a separate entity and the company is entitled to the net assets of the individual entity according to the relevant agreement, the separate entity shall be accounted for using the equity method as a joint venture. If it is judged that the company does not have the right to the net assets of the single entity, the separate entity shall as a joint operation and recognize the items related to the share of the common operating interests and accountants shall be accounted for in accordance with the relevant accounting standards.

Significant influence means that the investor has the right to participate in the decision-making of the financial and operating policies of the investee, but it can not control or jointly control the formulation of these policies with other parties. The Company has significant influence on the investee after one or more of the following circumstances, taking into account all facts and circumstances. (1) To be represented in the board of directors or similar authority of the investee; (2) To participate in the financial and operating policy making process of the investee; (3) To carry out significant transactions between the investor and the investee; (4) To send the management personnel to the investee; (5)The investee provides key technical information.

4. The transformation of long-term equity investment measures

(1) From the fair value measurement to the equity method

The company has no control, joint control or significant influence over investee, if additional investments are made to have significant influence or joint control (not to the degree of control), as per Accounting Standards for Enterprise No.22 Measurement and Recognition of Financial Instrument, fair value for existing long-term equity investment plus the newly added investment cost will be recognized as the initial investment cost under equity method.

If the original equity investment is classified as available-for-sale financial asset, the difference between fair value and book value and cumulative variation of fair value which were recognized in other comprehensive income are shifted into profit or loss in current period.

If the initial investment cost under equity method is lower than the updated proportion of ownership interest in net fair value of investee's identifiable assets and liabilities after additional investment, the company will adjust book value of long-term equity investment and the amount is recorded in non-operating income.

(2) From fair value measurement or the equity method to the cost method

If the company has no joint control or significant influence over the invested entity, the equity investment should be measured according to Accounting Standards for Enterprise No.22 Measurement and Recognition of Financial Instrument. If the company increase long-term equity investment to an associate or joint venture and is able to control the investee, the cost method shall be employed in the measurement, and investment cost is measured by employing the cost method in compiling separate financial statements.

Other comprehensive income recognized due to long-term equity investment under equity method before purchase date, the accounting treatment for disposal of the investment is same as disposal of related assets or liabilities.

Long-term equity investment held before purchase date is measured as <Accounting Standards for Enterprise No.22 Measurement and Recognition of Financial Instrument>, the cumulative variation of fair value which was recognized in other comprehensive income are shifted into profit or loss in current period when using cost method.

(3) From equity method to the fair value measurement

If the company loses the joint control or significant influence over the invested entity, the rest of the investment should be measured as Accounting Standards for Enterprise No.22 Measurement and Recognition of Financial Instrument. The difference that confirmed at the date of the transfer should be accounted into the current profit and loss.

The other comprehensive income that is confirmed under the equity method should account under the same basis as the direct disposal of the relevant assets or liabilities by the investment entity at the termination of the use of equity method.

(4) From cost method to equity method

The Company loses control over invested entity as a result of disposal of a partial equity investment. When the Company compiles its individual financial reporting, the residual equity investment has common control and significant influence over the invested entity, changing to equity method from cost method is required, in addition, the residual equity investment need to be adjusted to equity method from the acquisition date.

(5) From cost method changes to fair value measurement

The Company loses control over invested entity as a result of disposal of a partial equity investment, When the Company compiles its individual financial reporting, and the residual equity investment does not have common control and significant influence over the invested entity, the residual share investment shall treated in accordance with enterprise accounting policy No. 22 the recognition and measurement of financial instrument, at the date of losing common control or

significant influence, the variance between fair value and book value shall be recognized in profit and loss.

5. Disposal of long term investment

Disposal of long term investment, the variance between the book value and actual consideration received shall be recognized in profit and loss. For the long term investment using equity method, if disposal that investment, the Company shall account for all amounts recognized in other comprehensive income in relation to that invested entity on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

A parent might lose control of a subsidiary in two or more arrangements (transactions). However, sometimes circumstances indicate that the multiple arrangements should be accounted for as a single transaction. One or more of the following may indicate that the parent should account for the multiple arrangements as a single transaction:

- (1) They are entered into at the same time or in contemplation of each other.
- (2) They form a single transaction designed to achieve an overall commercial effect.
- (3) The occurrence of one arrangement is dependent on the occurrence of at least one other arrangement.
- (4) One arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements.

When the Company loses the control over the subsidiary as a result of disposal of share investment, and does not count as signal transaction, distinguish the accounting treatment in individual financial reporting and consolidation financial statement:

(1) If the Company loses common control or significant influence resulted from the disposal of share investments, the residual share investment shall treated in accordance with enterprise accounting policy standard 22- the recognition and measurement of financial instrument, at the date of losing common control or significant influence, the variance between fair value and book value shall be recognized in profit and loss.

(2) When consolidating the financial statements, a parent recognize the difference between the fair value and the carrying amount adjusted for the net assets of the subsidiary attributable to the parent since the purchasing date as the surplus, if not enough, as retain earnings. The fair value of any investment retained in the former subsidiary at the date when control is lost. The difference between the amount received from the disposal of shares and the fair value of the remaining shares minus the net assets attributable to the parent as the initial shares should be recognized as in the profit and loss in the period of the loss of control, at the same time offset the goodwill. The parent would reclassify the gain or loss previously recognized in other comprehensive income to profit or loss when it loss control of the subsidiary.

A parent might lose control of a subsidiary in two or more arrangements (transactions). However, sometimes circumstances indicate that the multiple arrangements should be accounted for as a single transaction, and should separately deal with the individual financial statements and the consolidated financial statements in accounting:

In the individual financial statements, a parent recognizes any resulting difference between the amount received from the transaction of loss control and the book value in the investment of the

subsidiaries as the other comprehensive income before loss control of them, and transfer the difference to the profit and loss when control is lost.

In consolidate financial statements, a parent recognizes any resulting difference between the amount received from the transaction in the loss of control and the net assets of the subsidiaries attributable to the parent as the other comprehensive income before loss control of them, and transfer the difference to the profit and loss when control is lost.

6. Impairment test method and provision for impairment provision

At the balance sheet date, if the carrying amount of the long-term equity investment is greater than the share of the carrying amount of the owner's equity of the invested enterprise, the long-term equity investment is reduced in accordance with the Accounting Standard for Business Enterprises No. 8 - Impairment of Assets. If the recoverable amount is lower than the book value of the long-term equity investment, provision for impairment shall be made. The recoverable amount of the long-term equity investment is determined based on the higher of the net value of the fair value of the individual long-term equity investment less the disposal expenses and the present value of the estimated future cash flow of the long-term equity investment. Where the recoverable amount of a long-term equity investment is lower than its carrying amount, the book value of the asset is reduced to its recoverable amount. The amount of the impairment loss is recognized as an asset impairment loss and charged to the current profits and losses.

At the same time, impairment losses on long-term equity investments are recognized and are not reversed.

xiii. Investment Real Estate

Measured using cost value model:

Investment real estates refer to real estate held for the purpose of earning rent or capital appreciation, or both, including the right to use the land that has been leased, the right to use the land that is held and prepared for value-added transfer, and the buildings that have been rented.

The investment real estate of the Company is recorded at its cost. The cost of the purchased investment real estate includes the purchase price, relevant taxes and other expenses directly attributable to the asset. The cost of self-constructed investment real estate shall be determined by the construction of the investment real estate. The necessary expenses incurred before the asset reaches its intended usable condition.

The company adopts the cost model for the follow-up measurement of the investment real estate, and depreciation or amortization of the building and land use right according to its estimated useful life and net residual value rate.

When the use of investment real estate is changed to self-use, the company converts the investment property into fixed assets or intangible assets from the date of change. When the use of real estate is changed to earn rent or capital appreciation, the company will convert the fixed assets or intangible assets into investment real estates from the date of change. In the event of a conversion, the carrying amount before conversion shall be taken as the recorded value after conversion.

At the balance sheet date, the Company assesses the recoverable amount of the investment real estate with the indication of impairment and the recoverable amount is lower than its book value, and recognizes the corresponding impairment loss. Impairment losses on investment real estates shall not be reversed once confirmed.

When the investment real estate is disposed of, or permanently withdrawn from use and is not expected to obtain economic benefits from its disposal, the termination of recognition of the investment real estate. The amount of disposal proceeds of disposal, transfer, retirement or damage of investment real estates after deducting their book value and relevant taxes and fees shall be recorded into the profits and losses of the current period.

xiv. Property, Plant and Equipment (PPE)

1. Criteria for recognition of Property, Plant and Equipment

Property, Plant and Equipment also known as "tangible assets" represents the company holds for production, render services, lease or business operation, and its useful life is over one fiscal year. The cost of an item of property, plant and equipment shall be recognized as an asset if, and only if:

(1) It is probable that future economic benefits associated with the item will flow into the entity;

(2) The cost of the item can be measured reliably

2. The initial measurement of PPE

The company measures the initial value of the property, plant and equipment by cost. The cost includes the buying price, related tax (Import tax), and the expenses that relate to make the asset to a predetermined state of usable should be classified as the other expenditure of the asset. The cost of the self-construct asset is consisted of the necessary expenditures that make the asset usable. The asset from the investee should use the value in the contract as the book value of the asset, but if the value is not a fair value, the book value of the asset should be the fair value. If the purchase price of the assets is more than the normal credit conditions, the nature of purchasing the asset should be financing, the cost of assets should be determined using the present value of the purchase price as basis. The difference between the purchase price and the present value should be accounted into current profits and losses after capitalizing the reasonable part.

3. Follow-up measurement and disposal of PPE

(1) Depreciation

Straight-line method is applied to various categories of PPE, except fully depreciated PPE which still in use and the valuation of land accounted for separately.

Depreciation rate is determined by the category of PPE, expected useful life and expected residual rate.

The Company determines the useful life and residual value in terms of the nature and usage of PPE. The residual value and the useful life of an asset shall be reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate.

Estimated useful life and annual depreciation rate for various categories of PPE:

Classification	Expected Net Salvage Value Rate (%)	Expected Useful Life (Years)	Annual Depreciation Rate (%)
House & Buildings	5%	30	3.17%
Pipe network assets	5%	50	1.9%
Electronic equipment	5%	3	31.67%
Machinery equipment	5%	4-11	24.25-8.67%
Office equipment	5%	5	19.00%
Transportation	5%	5-10	19.40-9.50%

Classification	Expected Net Salvage Value Rate (%)	Expected Useful Life (Years)	Annual Depreciation Rate (%)
equipment			
Other equipment	5%	3-8	31.67-11.88%

(2) Subsequent expenditure on PPE

If the expenditure is under the criteria for recognition of Property, Plant and Equipment, the expenditure shall enter the cost of the PPE, If it is not, the expenditure shall enter the current profits and losses.

(3) The Disposal of PPE

When the assets are disposed, or are expected no economic benefits can be generated by using or disposal, the asset shall be terminated. The income of disposal of fixed assets for sale, transfer, retirement or damage shall enter the current profit and loss after deducting the book value and related taxes and fees.

4. Impairment test and impairment provision of PPE

PPE will be reviewed at the year-end to determine whether there are signs of possible impairment.

If there are signs of possible impairment, recoverable amount of PPE is estimated. The recoverable amount is the higher one between fair value of PPE minus the disposal expenses and present value of estimated PPE cash flows in the future.

When the recoverable amount of PPE is lower than its book value, the book value is written down to its recoverable amount. That reduction is recognized as an impairment loss, and record impairment of fixed assets at the same time.

Depreciation of PPE should be adjusted in accordance to the impairment loss to make sure adjusted book value will systematically depreciated during the remaining useful life of PPE.

Once impairment loss is recognized, it is irreversible in subsequent period.

If there are signs of possible impairment, recoverable amount is estimated based on individual PPE. If it is impossible to estimate recoverable amount on individual base, estimates the recoverable amount of the asset group that includes the specific PPE.

5. Initial recognition, measurement and depreciation of finance leases

If any of five tests are met, the lease is considered a finance lease:

- (1) ownership of the asset is transferred to the lessee at the end of the lease term;
- (2) the lease contains a bargain purchase option to buy the equipment at less than fair market value;
- (3) the lease term is for the major part of the economic life of the asset even if title is not transferred;
- (4) at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset;
- (5) the leased assets are of a specialized nature such that only the lessee can use them without major modifications being made;

At the commencement of the lease term, lessees shall recognize finance leases as assets in their statements of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The minimum lease payments recognize as long-term liability, the variance shall be recognized as

unrecognized financing charges. Initial direct costs are often incurred in connection with specific leasing activities, such as negotiating and securing leasing arrangements. The costs identified as directly attributable to activities performed by the lessee for a finance lease are added to the amount recognized as an asset. Unrecognized financing charges are mortised using effective interest rate in each accounting period during the lease term.

The depreciation policy for depreciable leased assets of the Company is consistent with that for depreciable assets that are owned. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

xv. Construction in Progress (CIP)

1. Categories of Construction in Progress

The Company records the actual costs that related to the Construction Work-in-Progress, actual costs are any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including the cost of materials, cost of labor, relevant taxes, capitalized interests in connection with relevant bank loans and allocated overheads. The Company classifies its Construction in Progress in terms of different projects.

2. The criteria and time point of reclassifying CIP to assets

The reclassification amounts are all the costs occurred to complete the CIP project and be ready for use. When the CIP is ready for use but in absence of the final accounts of completed project, from the date of CIP is ready for use, it shall be reclassified to assets according to the project budgets, costs of construction or the actual costs of the projects, starting deprecation in accordance with the Company's depreciation policy, once the final accounts of completed project accomplished, any variances shall be adjusted to assets, for deprecation already been accrued remain unchanged.

3. Impairment test and impairment provision of CIP

CIP will be evaluated at the year-end to determine whether there are signs of possible impairment.

If there are signs of possible impairment, recoverable amount of CIP is estimated. The recoverable amount is the higher one between fair value of CIP minus the disposal expenses and present value of estimated CIP cash flows in the future.

When the recoverable amount of CIP is lower than its book value, the book value is written down to its recoverable amount. That reduction is recognized as an impairment loss, and record impairment of fixed assets at the same time.

Once impairment loss is recognized, it is irreversible in subsequent period.

If there are signs of possible impairment, recoverable amount is estimated based on individual CIP. If it is impossible to estimate recoverable amount on individual base, estimates the recoverable amount of the asset group that includes the specific CIP.

xvi. Borrowing Costs

1. Principles of Borrowing costs capitalization

The Company shall capitalize borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset as part of the cost of that asset. An entity shall recognize other borrowing costs as an expense in the period in which it incurs them.

Qualified asset is an asset, investment real estate or inventory that necessarily takes a substantial period of time to get ready for its intended use or sale.

The commencement date for capitalization is the date when the Company first meets all of the following conditions:

- (1) it incurs expenditures for the asset;
- (2) it incurs borrowing costs; and
- (3) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

2. Capitalization period of borrowing costs

Capitalization period represents the period from the time point of borrowing costs starts capitalized to the time point of stop, suspension of capitalization is not included.

The capitalization of borrowing costs shall be stopped once the qualified asset becomes ready for use or sale.

When the qualified assets can be treated separately, the capitalization of borrowing costs related to a specific part shall be stopped, if that specific part becomes ready or use.

When the qualified assets need to be completed separately, the qualified assets become ready to use or sale once all parts are completed, under this circumstance the capitalization of borrowing costs will stop as all parts have been completed.

3. Suspension of capitalization

The capitalization shall be suspended when abnormal interruption occurs and the suspension is over 3 consecutive months in the process of getting an asset ready for its intended use or sale. The capitalization will not stop if the suspension or interruption is a necessary step in the process of getting an asset ready for its intended use or sale. In the case of suspension of capitalization, the borrowing casts shall be expensed until the abnormal interruption disappears, then the capitalization continues.

4. The calculation of capitulation of borrowing costs

To the extent that the Company borrows funds specifically for the purpose of obtaining a qualified asset, the Company shall determine the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period minus any investment income on the temporary investment of those borrowings.

If expenditures to build an asset are more than specific borrowings acquired, weighted average general borrowings used in construction multiply the capitalization rate can be capitalized. The capitalization rate is the weighted average rate of general borrowings.

There are discount or premium in obtaining borrowings, the capitalized interests need to be adjusted according to the amortization of discount or premium, which calculated based on real interest rate.

xvii. Intangible Assets

Intangible asset as an identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes. For examples land use right, software and patents etc.

1. Initial measurement

The costs of acquiring intangible assets include the purchase payments, related tax fees and direct costs are attributable to bring the item to be ready to use. When the payment of an item of

intangible asset held by the Company exceeds the normal credit period, in this case it contains financing nature, the cost of the item recognizes using the present value of purchase payments.

Acquiring intangible assets from the debtor to offset the debt through debt restructuring, the booking value of the intangible assets shall be the fair value, the variance between the carrying value of debt and the fair value of the intangible asset obtained to offset that debt shall be recognized in profit or loss.

One or more intangible assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets. The cost of such an intangible asset is measured at fair value unless

(a) The exchange transaction lacks commercial substance or (b) the fair value of neither the asset received nor the asset is given up can be reliably measured. If the acquired asset is not measured at fair value, its cost is measured at the carrying amount of the asset given up.

The value of intangible assets acquired from business combination or merger under common control, shall use the book value of merged party. If not under common control the value of intangible assets shall be using fair value.

Intangible assets generated internally includes materials consumed related to the development of the intangible assets, labor costs, registration fees, the amortization of patents used in the development stage of intangible assets, capitalized interest, and other direct costs that bring intangible assets to be ready for use.

2. Subsequent measurement

The Company determines the useful life when acquired intangible assets, there are intangible assets with useful life and with indefinite useful lives.

(1) Intangible assets with finite useful life

For intangible assets with finite useful life, the company uses straight-line method to amortize within the period that the future economic benefits will be received.

The useful life of such an asset should be reviewed at the end of each reporting period

Upon audit, the useful life and amortization method in this period is same as before.

(2) Intangible assets with uncertain useful lives

For intangible assets with uncertain useful lives, it is not amortized during the holding period. The useful life of such assets should be reviewed at the end of each reporting period. If the useful life still reviewed as uncertain, conduct impairment test during each accounting period.

Upon audit, the useful life of such intangible asset is still uncertain.

3. Provision for impairment of intangible assets

For intangible assets with definite useful life, if there are signs of possible impairment, conduct the impairment test at the end of each reporting period.

For intangible assets with uncertain useful life, conduct the impairment test at the end of each reporting period.

Conduct an impairment test on an intangible asset and the recoverable amount is estimated. The recoverable amount is the higher of fair value of the intangible assets minus disposal expenses and the present value of the future cash flow of the intangible assets.

When the recoverable amount of an intangible asset is lower than its book value, the book value is written down to the recoverable amount, the difference is recognized as an impairment loss

of intangible assets, which is included in profit and loss. The same amount of Impairment of intangible assets is recorded.

After impairment loss incurred, depreciation or amortization expense of an intangible asset is adjusted accordingly in future periods to make sure that adjusted book value of an intangible asset will systematically depreciated during the remaining useful life. (expected net salvage value excluded).

Once impairment loss is recognized, it is irreversible in subsequent period.

If there are signs of possible impairment, recoverable amount is estimated based on individual intangible asset. If it is impossible to estimate recoverable amount on individual base, estimates the recoverable amount of the asset group that includes the specific intangible asset.

4. The criteria of research phase and development phase

Research phase: activities aimed at obtaining new knowledge, the search for, evaluation and final selection of, applications of research findings or other knowledge.

Development phase: the design, construction and testing of pre-production or pre-use prototypes and models.

Expenditure on the research phase of an internal project shall be recognized as an expense when it is incurred.

5. Capitalization criteria of expenditure on development phase

An intangible asset arising from development (or from the development phase of an internal project) shall be recognized if, and only if all of the following are met:

(1) The technical feasibility of completing the intangible asset so that it will be available for use or sale.

(2) Its intention to complete the intangible asset and use or sell it.

(3) How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.

(4) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

(5) Expenditure attributable to the intangible asset during its development can be measured reliably.

xviii. Long-term deferred expenses

Long-term deferred expenses refer to the expenses that the Company has incurred but which should be borne by the current and future periods for more than one year. Long-term deferred expenses are amortized over the benefit period by direct method.

xix. Accrued payroll

Accrued payroll refer to all kinds of payments and other relevant expenditures given by enterprises in exchange of the services offered by the employees or to compensate termination of labor contract. The employee benefit shall include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

1. Short-term employee benefits

Short-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) which fall due wholly within twelve months after the end of the period in

which the employees render the related service. During the accounting period, short-term salary should be recognized as a liability and allocated to relevant asset costs or expensed according to the service rendered.

2. Post-employment benefits

Post-employment benefits are employee benefits (other than short-term employee benefits and termination benefits) which are payable after the completion of employment. The post-employment can be classified as defined contribution plans and defined benefit plans.

Defined contribution plans mainly including employee joins the basic social pension insurance, unemployment insurance etc. organized by local Labor and social security institution. During the accounting period that employees provide services to the Company, the defined contribution plan need to be accrued as liability and recognized in profit or loss or related costs of assets.

The Company does not have any other contribution obligations after they make the standard and annuity plan In accordance with the provisions of the state

3. Termination benefits

Termination benefits are employee benefits payable as a result of either an entity's decision to terminate an employee's employment before the normal retirement date; or an employee's decision to accept voluntary redundancy in exchange for those benefits.

xx.Share-based payment

1. Types of share - based payments

The Company's share-based payment consists of equity-settled share-based payments and cash-settled share-based payments.

2. Method of Determining Fair Value of Equity Instrument

In the case of equity instruments such as options that have an active market, the fair value is determined based on the quotation in the active market. The option pricing model considers the following factors: (1) the exercise price of the option; (2) the term of validity of the option; (3) the option pricing model; (3) the option pricing model; (4) the expected volatility of the share price; (5) the expected dividends of the shares; and (6) the risk-free interest rate during the life of the option.

When determining the fair value of the equity instruments, the effect of market conditions and non-exercisable conditions in the vesting conditions stipulated in the share-based payment agreement shall be taken into account. If the employee or other party satisfies the non-market conditions (such as the term of service, etc.) in all the vesting conditions, it is recognized that the cost corresponding to the service has been paid.

3. The basis for determining the best estimate of the vesting equity instrument

At each balance sheet date in the waiting period, the number of equity instruments expected to be exercisable will be revised to make the best estimate based on the latest follow-up information such as the number of employees. On the date of exercisable, the number of the vested equity instruments is expected to be the same as the actual exercisable amount.

4. Implementation, modification, termination of the relevant accounting treatment of share-based payment plan

Equity-settled share-based payments are measured at the fair value of the equity instruments granted to employees. If the right can be exercised immediately after the grant, the relevant costs or expenses shall be recognized in the fair value of the equity instrument on the date of grant, and the capital reserve shall be increased accordingly. In the completion of the service within the waiting

period or to achieve the required performance conditions can be exercised in the waiting period of each balance sheet date, the number of vesting equity instruments based on the best estimate, in accordance with the fair value of equity instruments granted Value, the current services will be included in the relevant costs or expenses and capital reserves. No longer recognizes the relevant costs or expenses and the total amount of equity interest after the vesting date.

The cash-settled share-based payments are measured at the fair value of the liabilities assumed by the Company based on the calculation of shares or other equity instruments. If the right can be exercised immediately after the grant, the fair value of the liabilities assumed by the Company shall be recognized in the relevant costs or expenses at the date of grant and the corresponding liabilities shall be increased. Cash-settled share-based payments that are exercisable only after the completion of the service in the waiting period or after the fulfillment of the required performance conditions are made on each balance sheet date of the waiting period, on the basis of the best estimate of the exercise of the vesting rights, The Company shall bear the fair value of the liabilities and account for the services acquired in the current period as costs or expenses and corresponding liabilities. The fair value of the liability is recalculated at each balance sheet date and the balance sheet date prior to the settlement of the relevant liability, and the change is recorded in the current profits and losses.

5. In the event that there is a modification of the terms and conditions, the current revision and the related accounting treatment

If the equity instruments are canceled during the waiting period, the Company will cancel the equity instruments granted by the Company as an accelerated exercise, and the amount recognized in the remaining waiting periods shall be immediately recognized in the profits and losses of the current period and the capital reserve shall be recognized. If the employee or other party can choose to meet the non-exercisable conditions but is not satisfied within the waiting period, the Company will cancel the grant of the equity instrument.

xxi. Notes Payable

1. General corporate bonds

The fair value of the bonds payable at fair value through profit or loss is recognized as the initial recognition amount. The related transaction costs are directly recorded into the current profits and losses and subsequently measured at fair value.

For other types of bonds payable at fair value and related transaction costs and the sum of the initial recognition amount, and the use of amortized cost for subsequent measurement. A premium or discount is an adjustment to the interest expense over the life of a bond payable, amortized over the duration of the bond using the effective interest method.

2. Convertible corporate bonds

The convertible bonds issued by the Company shall be separated from the liabilities and equity components included in the convertible bonds at initial recognition, and the liability components shall be recognized as bonds payable and the equity components recognized as capital surplus. The initial recognition amount of the liability component shall be determined by discounting the future cash flow of the liability component and deducting the amount of the initial recognition amount of the liability component according to the total amount of the issue price. The transaction costs incurred in the issuance of convertible corporate bonds shall be apportioned between the liability component and the equity component at their respective relative fair values.

xxii. Accrued Liabilities

1. Recognition criteria of accrued liability

The Company recognizes as accrued liability when an obligation related to the contingent event meets the following conditions:

- (1) obligation is present obligation to the Company;
- (2) to perform that obligation will cause probable outflows of economic benefits;
- (3) the amount needed to perform that obligation can be measured with sufficient reliability;

2. Measurement of accrued liability

The amount recognized as a accrued liability shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

The risks and uncertainties that inevitably surround many events and circumstances shall be taken into account in reaching the best estimate of a provision. Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation.

Dealing with best estimate as follows:

The amounts of expenditure where there is a continuous range of possible outcomes, and each point in that range is as likely as any other, the mid-point of the range is used.

Where a single obligation is being measured, the individual most likely outcome may be the best estimate of the liability. However, even in such a case, the entity considers other possible outcomes. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

The expenditure that the Company needed to pay off accrued liability are entirely or partially compensated by third party, the compensation are treated as an asset individually when it considered to be received with near certainty, the amount of recognized compensation cannot exceed the book value of accrued liability.

xxiii. Revenue

1. Specific Criteria for Determining the Time of Confirmation of Sales Revenue

The company has transferred the major risks and rewards of the ownership of the goods to the purchaser. The company has neither retained the continuing right of management associated with the ownership nor effective control over the goods sold, the amount of the revenue can be measured reliably. The relevant economic benefits are likely to flow into the enterprise. The relevant occurred or to occur when the cost can be measured reliably, confirm the realization of sales revenue.

Where the contract or agreement price is collected in a deferred manner and in essence is of a financing nature, the amount of sales proceeds shall be determined at the fair value of the receivable contract or agreement price.

2. Basis and method of affirmation of labor income

If the results of the labor service transaction can be reliably estimated at the balance sheet date, the incomes from the provision of labor services shall be confirmed by the percentage of completion method. The progress of completion of the labor service transaction shall be determined according to the measurement of the finished work.

The results of a labor service transaction can be estimated reliably, meaning that the following conditions are met simultaneously:

- 1) The amount of income can be reliably measured;

- 2) The relevant economic benefits are likely to flow into the enterprise;
- 3) The progress of the completion of the transaction can be reliably determined;
- 4) The costs incurred and to be incurred in the transaction can be reliably measured.

In accordance with the received or receivable contract or agreement to determine the price of the total revenue of services rendered, but the received or receivable contract or agreement price is not fair except. At the balance sheet date, the amount of service income is recognized by the total amount of services received, and the amount of service income is deducted after deducting accumulated revenue from services provided in previous accounting periods. At the same time, according to estimated total cost of services rendered by the completion schedule, deducted from the previous accounting period. The amount of labor costs that have been recognized, the carrying-over of labor costs in the current period.

If the results of the labor service transaction can not be reliably estimated at the balance sheet date, the following situations shall be handled:

(1) If the cost of labor services incurred is expected to be compensated, the income from providing labor services shall be recognized according to the amount of labor costs incurred, and the labor costs shall be carried forward at the same amount.

(2) If the cost of labor services incurred is not expected to be compensated, the cost of labor services incurred shall be recognized in profit or loss for the current period.

If the contract or agreement between the Company and other enterprises includes the sale of goods and the provision of services, the portion of the goods sold and the part of the provision of labor services can be distinguished and can be measured separately, and the portion of the goods sold shall be treated as sales goods, labor services. Where the sales commodity part and the labor service part cannot be distinguished or can be distinguished but cannot be separately measured, the sales commodity part and the labor service part shall all be treated as sales commodities.

xxiv. Interest income and expense

Interest income and expense accrued based on financial asset and liability amortization cost use effective interest rate in accordance with accrual basis. Effective interest rate is the rate which use as discount financial asset and liability discount cash flow in the future. If difference is minor by comparing effective interest rate and rate on the contract, can calculated the interest income and expense by using contract interest rate.

xxv. Service charge and commission revenue

Service charge and commission revenue are accrued based on accrual method.

xxvi. Lease

If the lease term is that all the risks and rewards related to the ownership of the leased asset are transferred to the lessee, the lease is a finance lease, otherwise is the operating lease.

1. Accounting Treatments for Operating lease

(1) Lease payments under an operating lease shall be recognized as an expense on a straight-line basis over the lease term, including any free lease term. Any initial direct costs paid by the Company associated to the lease transaction are included in the current expenses.

If the lessor undertakes the costs associated with the lease, which should be paid by the Company, the costs are deducted from total rent, and the deducted leasing expenses are allocated during the lease term and included in the current expenses.

(2) Lease income received under the rental assets shall be recognized as an expense on a straight-line basis over the lease term, including any free lease term. Any initial direct costs paid by the Company associated to the lease transaction are included in the current expenses. If the amount is large, it should be capitalized and included in the current profits in accordance with the recognition of rental income over the lease term.

When the Company undertakes lease related costs, which should be paid by the lessee, the Company will be deducted the costs from the lump-sum rental income and allocate over the lease term.

2. Accounting Treatments for Finance lease

(1) Lessee: On the lease beginning date, a lessee shall record the lower one of the fair value of the leased asset and the present value of the minimum lease payments on the lease beginning date as the entering value in an account, recognize the amount of the minimum lease payments as the entering value in an account of long-term account payable, and treat the balance between the recorded amount of the leased asset and the long-term account payable as unrecognized financing charges.

The unrecognized financing charge shall be amortized to each period during the lease term. The lessee shall adopt the effective interest rate method to calculate and recognize the financing charge in the current period.

(2) Lessor: On the beginning date of the lease term, a lessor shall recognize the sum of the minimum lease receipts on the lease beginning date and the initial direct costs as the entering value in an account of the financing lease values receivable, and record the unguaranteed residual value at the same time. The balance between the sums of the minimum lease receipts, the initial direct costs and the unguaranteed residual value, and the sum of their present values shall be recognized as unrealized financing income. The unrealized financing income shall be allocated to each period during the lease term. The lessor shall calculate the financing income at the current period by adopting the effective interest rate method.

xxvii. Government Grants

1. Types

Government grants including monetary and non-monetary grants to the company, except the investment contributed by the government to the company as owner. Government grants can be classified as asset related and income related according to the government provision.

Grants related to assets represent the Company obtained, construct or other form of grants that will cause long-term assets. Grants related to income represent all the grants other than grants related to asset.

2. Recognition of government grants

If the government grants are monetary, the measurement is the amounts received or outstanding. If the government grants are non-monetary, the measurement shall be the fair value; if the fair value cannot be obtained reliably, the measurement shall be nominal amount (RMB1). Government grants measured through nominal amounts shall be recognized in profit and loss directly.

3. Accounting treatment

Grants related to assets, recognized as deferred income, which is recognized in profit or loss on a systematic basis over the useful life of the asset.

Grants related to income are used to compensate the costs or loss in the future shall be recognized as deferred income, and then other income shall be recognized within that particular accounting period; for compensation of costs or loss occurred in the past shall be recognized as other income.

Repayment of a grant related to income shall be applied first against any unamortized deferred credit recognized in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or when no deferred credit exists, the repayment shall be recognized immediately in profit or loss.

xxviii. Deferred Tax Assets and Deferred Tax Liabilities

Deferred income tax assets and deferred income tax liabilities are determined on the basis of the balance between the tax base of the assets and liabilities and their book value (temporary differences). On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured on the basis of the expected recovery of the asset or the applicable tax rate during the liquidation of the liability.

1. Recognition of Deferred Tax Assets

Deferred tax is generally recognized for all temporary differences. Deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognized.

For the deductible temporary differences related to the investment of the consortium, and the following conditions are met, the corresponding deferred income tax assets are confirmed: the temporary differences are likely to be reversed in the foreseeable future and are likely to be obtained in the future to offset the deductible temporary differences in taxable income.

2. Basis for recording deferred tax liability

Deferred tax liabilities are recognized for taxable temporary differences, not not include:

- (1) Temporary difference formed by the initial confirmation of goodwill
- (2) Transactions or matters formed by unincorporated mergers, and the transactions or events do not affect the accounting profits or the temporary differences arising from taxable income (or deductible losses);
- (3) Interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

3. The deferred tax assets and deferred income tax liabilities are shown as the offset net amount when the following conditions are met

- (1) The entity has the legal right and the intention to settle on a net basis;
- (2) The deferred tax amounts are levied by the same taxing authority on the same entity or different entities that intend to realize the asset and settle the liability at the same time.

V. Taxation

The company's main taxable items are listed below:

1. Turnover tax and surtax

Category	Tax base	Tax rate	Memo
VAT tax	Domestic sales; provision of processing and repair of repaired services; and import of goods; provision of tangible movable property leasing services	13%	Note 1
	Provide transportation, postal, basic telecommunications, construction, real estate leasing services, sales of real estate, transfer of land use rights	9%	Note 1
	Other Taxable sales service behavior	6%	
	Summary Tax method	5% or 3%	
Urban maintenance and construction tax	Tax on turnover tax	7%	
Educational surtax	Tax on turnover tax	3%	
Local educational surtax	Tax on turnover tax	2%	

Note 1: According to the "Announcement on Deepening the Relevant Policies of Value-added Tax Reform" (No. 39 of 2019) jointly issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs, the company has incurred VAT taxable from April 1, 2019 For sales or imported goods, where the 16% and 10% tax rates were originally applied, the tax rates will be adjusted to 13% and 9% respectively.

2. Corporate income tax

Company name	Tax rate	Memo
The company	25%	

VI. Business Combination and Consolidated Financial Statements

i. Subsidiaries

Order	Subsidiary name	Level	Type of subsidiary	Place of registration	Principal place of business	Business scope
1	Changchun Long development investment Co.,Ltd.	2	Limited Liability Company	Changchun, Jilin	Changchun, Jilin	Investment Consulting (in addition to finance, securities, futures), communications engineering, weak power engineering, network engineering design, construction, network, computer hardware and software technology development, technical advice, technology services, technology transfer, software R & d, sales, office automation equipment sales, computer installation, maintenance, system integration Services, Web design, computer graphic design, Production, advertising design, production, agents, nursing home management, own house leasing (according to the law must be approved for the

Order	Subsidiary name	Level	Type of subsidiary	Place of registration	Principal place of business	Business scope
						project, after the approval of the relevant departments can carry out business activities).
2	Jilin Long Development New Urbanization Industry Co.,Ltd.	2	Limited Liability Company	Changchun, Jilin	Changchun, Jilin	Urbanization project development, investment, management, land consolidation, development, urban infrastructure project construction, public facilities investment, construction, operation, management, construction industry design, building components and Components R & amp; d, production, installation, agricultural project investment, development and construction, management (laws, regulations and State Council decisions prohibited projects may not operate ; Projects subject to approval in accordance with the law may be carried out with the approval of the relevant departments before carrying out business activities).
3	Changchun Urban Pipeline Construction Investment (Group) Co.,Ltd	2	Limited Liability Company	Changchun, Jilin	Changchun, Jilin	Investment and asset management; urban public implementation, water Conservancy project construction; real estate, underground space development; building installation engineering construction; building decoration engineering construction; Landscaping project construction; architectural design; building materials distribution; property management services; car park construction and management; engineering Management Services. (Laws, regulations and projects prohibited by the State Council shall not be operated; Projects subject to approval in accordance with the law shall be carried out with the approval of the relevant departments before carrying out business activities).
4	Changfa Finance Holding (Changchun) co., Ltd.	2	Limited Liability Company	Changchun, Jilin	Changchun, Jilin	Investment in financial and financial services institutions, asset management, equity investment, securities, futures and fund investments; science and technology finance (intermediary services for technology and finance enterprises only); Leasing (financial leasing); Investment and financing planning and consulting services ; Investment and operation of other financial

Order	Subsidiary name	Level	Type of subsidiary	Place of registration	Principal place of business	Business scope
						products and their derivatives approved by the Government and relevant regulatory bodies (projects prohibited by laws and regulations shall not be operated; Projects subject to approval in accordance with the law may be carried out after approval by the relevant departments).
5	Jilin Changfa Tourism Investment Group Co., Ltd.	2	Limited Liability Company	Changchun, Jilin	Changchun, Jilin	Tourism project investment; website construction and maintenance; Tourism activities publicity organization marketing planning; marketing planning; Real estate development and sales; Tourism product development and sales; landscape design and construction, greening engineering construction, construction engineering, decoration and decoration project construction; Tourism information Consulting, Enterprise management consulting, investment consulting ; Prepackaged food, health food, hotel supplies, wholesale and retail hotel equipment; flower seedling planting and sales; Conference services, exhibition services, etiquette services, domestic and international tourism business, property services; car rental, machinery and equipment leasing; advertising business; Processing of agricultural products (legal, Regulations and projects prohibited by the State Council shall not be operated; Projects subject to approval in accordance with the law shall be carried out with the approval of the relevant departments before carrying out business activities).
6	Changchun Urban Development Investment Holding Group Construction Co., Ltd	2	Limited Liability Company	Changchun, Jilin	Changchun, Jilin	Municipal public Works, housing construction engineering, mechanical and electrical equipment installation engineering, water Conservancy and hydropower projects, Highway engineering, pipeline Engineering, steel structure engineering, bridge engineering, Tunnel Engineering, Foundation and Foundation engineering Construction, construction project management, construction project consulting, Project agent, bidding agent, project cost consulting, technical advice ; Preparation of project

Order	Subsidiary name	Level	Type of subsidiary	Place of registration	Principal place of business	Business scope
						proposals, preparation of project feasibility studies; human resources agents, human resources outsourcing (laws, regulations and State Council decisions prohibited, not to operate; licensed business projects operated on the basis of a valid license or approval document; general business items can be independently selected for operation).
7	Changchun City Development (Group) Co., Ltd.	2	Limited Liability Company	Changchun, Jilin	Changchun, Jilin	State-owned assets management; urban construction capital control; city infrastructure project development, investment, management; operation of new urban construction infrastructure; housing leasing; land storage (Level I management).
8	Changchun Runde Investment Group Co., Ltd.	2	Limited Liability Company	Changchun, Jilin	Changchun, Jilin	State-owned assets management, urban construction capital control, city infrastructure, Water Conservancy project development, construction, contracting (need to operate with effective qualification certificate), investment Management, land storage (first-class finishing) (commissioned by the Changchun People's government), land consolidation and development, material leasing, operation of urban construction infrastructure, housing leasing, architectural design, property management.
9	Changchun Chang Fa Real Estate Co., Ltd.	2	Limited Liability Company	Changchun, Jilin	Changchun, Jilin	Real estate development; real estate development; property management and property management comprehensive paid service; Construction equipment, building materials distribution; housing leasing; Road engineering, Earthwork Engineering, Landscaping engineering, Landscape engineering, Construction engineering, decoration project design, construction; house demolition; refrigeration equipment installation; Engineering Management Services ; Construction engineering information consulting; advertising design, agency, release; binding services; other print printing; enterprise management consulting; enterprise Management services; Business

Order	Subsidiary name	Level	Type of subsidiary	Place of registration	Principal place of business	Business scope
						Information Consulting; Conference and exhibition display services; marketing planning; mechanical equipment sales, leasing; real estate intermediary services; car park management; warehousing services. (Laws, regulations and projects prohibited by the State Council shall not be operated; Projects subject to approval in accordance with the law shall be carried out with the approval of the relevant departments before carrying out business activities).
10	Changchun Water affairs(Group) Co., Ltd.	2	Limited Liability Company	Changchun, Jilin	Changchun, Jilin	Responsible for the management of state-owned assets authorized by the state, source water transportation, water supply production, water supply, sewage, sludge waste treatment, drainage equipment, building materials, steel, timber distribution
11	Changchun Changfa Shuangyang Investment Holdings (Group) Co., Ltd.	2	Limited Liability Company	Changchun, Jilin	Changchun, Jilin	Investment and asset management, real estate development, secure housing development and construction, urban infrastructure, Water Conservancy project development and construction, public facilities, urban infrastructure management, sewage treatment and recycling, architectural design, property management, housing leasing, by the people's Government of Shuangyang District commissioned land storage and land consolidation and development, And the management of state-owned assets within the scope of the authorization of the People's Government of Shuangyang District, advertising industry, social and economic consultation (projects subject to approval according to law, with the approval of the relevant departments can carry out business activities).
12	Changfa Human Resource Industrial Investment (Changchun) Co.,Ltd.	2	Limited Liability Company	Changchun, Jilin	Changchun, Jilin	Invest in related projects with its own funds (do not engage in the absorption of deposits, loans, fiduciary loans, valet banking, financing guarantees and other financial services business, strictly prohibit illegal fund-raising), own site leasing, conference and exhibition display Services, human resources recruitment, career

Order	Subsidiary name	Level	Type of subsidiary	Place of registration	Principal place of business	Business scope
						Introduction, human resources agents, talent assessment, senior talent Search services , Human resources outsourcing, human resources management consulting, human Resources Information Network services, human resources information Consulting (according to the law required to approve the project, with the approval of the relevant departments can carry out business activities).
13	Northeast Asia Digital Technology Co., Ltd.	2	Limited Liability Company	Changchun, Jilin	Changchun, Jilin	Digital city Consulting and planning; investment in digital urban construction with free funds; financing services; digital infrastructure construction and operation; Integration and operation of digital applications; Big data applications and operations; investment, construction and operation of big Data industrial parks with its own funds (projects subject to approval in accordance with the law, After the approval of the relevant departments can carry out business activities, may not engage in the absorption of deposits, loans, fiduciary loans, valet financial management, financing guarantees and other financial services business, the prohibition of illegal fund-raising).
14	Changchun Changfa Old City Renovation Engineering Co., Ltd.	2	Limited Liability Company	Changchun, Jilin	Changchun, Jilin	Engineering, project management Services, the use of their own funds to invest in engineering projects (may not engage in the absorption of deposits, loans, fiduciary loans, valet financial management, financing guarantees and other financial services business, strictly prohibit illegal fund-raising) project planning, land consolidation and development, real estate development, secure housing development and construction, urban infrastructure, Water Conservancy project development and construction; public facilities, urban infrastructure management; sewage treatment and recycling; architectural design; property Management (operating with qualification certificate); housing leasing; advertising design, agency, release (according to the law required to

Order	Subsidiary name	Level	Type of subsidiary	Place of registration	Principal place of business	Business scope
						approve the project, with the approval of the relevant departments can carry out business activities)
15	Changchun Changfa New Energy Industry Investment and Construction Co., Ltd.	2	Limited Liability Company	Changchun, Jilin	Changchun, Jilin	Use self-owned funds to invest in projects (not to engage in financial services such as deposit absorption, loan issuance, wealth management, financing guarantees, etc., illegal fund-raising is strictly prohibited); property management services, house leasing, machinery and equipment leasing, engineering management services, construction Installation engineering construction, automobile-related project planning (projects that must be approved according to law can only be carried out after approval by relevant departments)

Continued:

Serial number	Company Name	Registered Capital (ten thousand)	Holding Percentage (%)	Voting Rights (%)	Investment Amount (ten thousand)	Found by
1	Changchun Long development investment Co., Ltd.	9,670.00	100	100	9,670.00	Investment Establishment
2	Jilin Long Development New Urbanization Industry Co., Ltd.	35,000.00	51.43	51.43	17,906.09	Equity transfer
3	Changchun Urban Pipeline Construction Investment (Group) Co., Ltd.	48,600.00	100.00	100.00	49,347.61	Equity transfer
4	Changfa Finance Holding (Changchun) co., Ltd.	134,514.70	100.00	100.00	136,226.61	Investment Establishment
5	Jilin Changfa Tourism Investment Group Co., Ltd.	7,000.00	100.00	100.00	7,000.00	Investment Establishment
6	Changchun Urban Development Investment Holding Group Construction Co., Ltd.	7,700.00	100.00	100.00	7,700.00	Investment Establishment
7	Changchun City Development (Group) Co., Ltd.	691,187.00	100.00	100.00	1,785,188.67	Equity transfer
8	Changchun Runde Investment Group Co., Ltd.	246,400.00	100.00	100.00	1,085,464.84	Equity transfer
9	Changchun Chang Fa Real Estate Co., Ltd.	6,800.00	100.00	100.00	6,800.00	Investment Establishment
10	Changchun Water affairs (Group) Co., Ltd.	302,000.00	100.00	100.00	325,525.90	Equity transfer
11	Changchun Changfa Shuangyang Investment Holdings (Group) Co.,	38,775.21	0.13	51.00	50.00	Investment Establishment

Serial number	Company Name	Registered Capital (ten thousand)	Holding Percentage (%)	Voting Rights (%)	Investment Amount (ten thousand)	Found by
	Ltd.					
12	Changfa Human Resource Industrial Investment (Changchun) Co., Ltd.	87,411.87	100.00	100.00	87,411.87	Investment Establishment
13	Northeast Asia Digital Technology Co., Ltd.	2,000.00	100.00	100.00	2,000.00	Investment Establishment
14	Changchun Changfa Old City Renovation Engineering Co., Ltd.	430,000.00	66.5	66.5	285,950.00	Investment Establishment
15	Changchun Changfa New Energy Industry Investment and Construction Co., Ltd.	30,200.00	70.00	70.00	30,200.00	Investment Establishment

ii. Subsidiaries

1. New entities included in the scope of consolidation and companies no longer included in the scope of consolidation in the current period

Name	Reason for inclusion
Changchun Changfa New Energy Industry Investment and Construction Co., Ltd.	New investment to establish a level 2 subsidiary
Changchun Runde Futeng Real Estate Development Co., Ltd.	New investment to establish a level 3 subsidiary
Changchun Jingyue Jirun Medical Investment Management Co., Ltd.	New investment to establish a level 3 subsidiary
Changchun Wanlong Runde Real Estate Development Co., Ltd.	New investment to establish a level 3 subsidiary

2. Companies no longer included in the scope of consolidation in the current period

Name	No longer included reason
Changchun Jianyuan House Demolition Co., Ltd.	Level 3 subsidiary has been cancelled
Changchun City Kaichengwei Construction Investment Development Co., Ltd.	Level 4 subsidiary has been transferred
Liaoyuan City Investment Sewage Construction Engineering Co., Ltd.	Level 5 subsidiary has been transferred

VII. Important Notes for the Consolidated Financial Statements

(The unit is RMB Yuan unless noted differently.)

Note 1. Cash and bank

Unit: ten thousand yuan

Project	September 30 2020	December 31, 2019
cash	1.97	9.34
Bank savings	1,940,361.87	1,583,921.29
Other monetary fund	18,805.86	22,552.05
Total	1,959,169.70	1,606,482.68

Note 2. Accounts receivable

1. Aging of accounts receivable

Unit: ten thousand yuan

Project	September 30 2020		December 31, 2019	
	Book balance	Provision for Bad Debts	Book balance	Provision for Bad Debts
Within 1 year	41,271.47	178.20	132,553.43	124.40
1-2 years	14,420.32	33.62	20,070.13	33.62
2-3 years	6,920.86	103.56	8,388.10	105.06
Over 3 years	21,134.90	9,928.62	16,860.28	9,928.61
Total	83,747.55	10,244.00	177,871.94	10,191.69

2.The Top Five Accounts Receivable by the End of September 2020

Unit: ten thousand yuan

Customer Name	Balance	Period (Year)	proportion of the total accounts receivable
Zhongqing Construction Co., Ltd.	10,321.49	4,636.46 within 1 year; 1,953.86 for 1-2 year; 2,015.90 for 2-3 year; 1,715.27 over 3 years;	12.32
Guolin Huitai (Shanghai) Enterprise Development Co., Ltd.	4,900.00	4,900.00 within 1 year;	5.85
China Railway Tenth Bureau Group Eighth Engineering Co., Ltd.	4,728.70	2,312.98 within 1 year; 2,245.93 for 1-2 year; 169.79 over 3 year;	5.65
Erdao Water Supply Service Company	4,635.88	716.24 within 1 year; 3.42 for 1-2 year; 247.00 for 2-3 year; 3,669.22 over 3 years;	5.54
Jilin Province Economic Development Investment Co., Ltd.	2,857.07	2,857.07 over 3 years;	3.41
Total	27,443.14	---	32.77

Note 3. Prepayments

1.Aging of Prepayments

Unit: ten thousand yuan

Agong	September 30 2020			December 31, 2019		
	Amount	Percentage (%)	Provision of bad debts	Amount	Percentage (%)	Provision of bad debts
Within 1 year	289,124.27	15.66	30.07	192,268.24	11.05	30.07
1-2 years	153,523.16	8.31	9.06	201,569.80	11.59	9.06

Agong	September 30 2020			December 31, 2019		
	Amount	Percentage (%)	Provision of bad debts	Amount	Percentage (%)	Provision of bad debts
2-3 years	194,676.06	10.54	10.72	290,442.39	16.69	10.72
Over 3 years	1,209,178.48	65.49	929.11	1,055,525.57	60.67	1,059.26
Total	1,846,501.97	100.00	978.96	1,739,806.00	100.00	1,109.11

2.The Top Five Prepaid to customers as of the End of September 2020

Unit: ten thousand yuan

Customer name	Amount	Period (years)	Proportion to prepaid expense
Changchun City Construction Management Center	585,467.28	11,751.58 within 1 year; 1-2 years 5,567.54; 2-3 years 224.57; 567,923.59 over 3 years;	31.71
Housing and Urban-Rural Development Bureau of Kuancheng District, Changchun City	207,085.08	5,055.35 within 1 year; 1-2 years 42,061.38; 50,129.00 for 2-3 years; 109,839.35 over 3 years;	11.21
Changchun Housing Acquisition Management Center	120,179.64	34,249.84 within 1 year; 8,600.00 for 2-3 year ; 77,329.80 over 3 years;	6.51
Housing Acquisition Management Office of Kuancheng District, Changchun City	95,468.04	95,012.07 within 1 year; 455.97 for 2-3 year;	5.17
China State Construction Engineering Corporation	91,328.65	91,328.65 over 3 years;	4.95
Total	1,099,528.69	—	59.55

Note 4.Other receivables

Unit: ten thousand yuan

Project	September 30 2020	December 31, 2019
Interest receivable	5,859.44	3,869.39
Dividend Receivable	293.21	293.21
Other receivable	6,069,083.14	5,943,423.03
Total	6,075,235.79	5,947,585.63

1.Aging of Other receivables

Unit: ten thousand yuan

Project	September 30 2020	December 31, 2019
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	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Within 1 year	384,338.50	165.55	465,347.25	130.93
1-2 years	347,266.83	233.93	132,554.19	342.87
2-3 years	103,256.41	371.15	550,877.27	856.80
Over 3 years	5,246,401.87	11,409.84	4,806,920.92	10,946.00
Total	6,081,263.61	12,180.47	5,955,699.63	12,276.60

2. The Top Five of Other Receivables Customer as of End of September 2020

Unit: ten thousand yuan

Customer Name	Amount	Period (Years)	Proportion to other receivables(%)
Changchun Urban and Rural Construction Committee	4,396,668.39	2,935.60 within 1 year; 43,895.26 for 1-2 year; 23,464.16 for 2-3 year; 4,326,373.37 over 3 years;	72.29
Changchun City Finance Bureau	361,860.53	2,837.87 within 1 year; 98.89 for 1-2 year; 2,000.00 for 2-3 year; 356,923.77 Over 3 year;	5.95
Changchun Urban Construction Investment (Group) Co., Ltd.	351,350.54	92,630.54 for 1-2 year; 258,720.00 Over 3 year;	5.78
Changchun City Lvyuan Housing Acquisition Management Center	132,598.56	21,690.50 within 1 year; 61,866.05 for 1-2 year; 49,042.01 over 3 years;	2.18
Housing and Urban-Rural Development Bureau of Lvyuan District, Changchun City	89,178.88	3,673.55 within 1 year; 6,048.91 for 1-2 year; 29,456.42 for 2-3 year; 50,000.00 over 3 years;	1.47
Total	5,331,656.90	—	87.67

Note 5. Inventories

Inventories subledger for the period covered

Unit: ten thousand yuan

Project	September 30 2020		December 31, 2019	
	Book balance	Percentage (%)	Book balance	Percentage (%)
Raw material	3,966.80	0.36	3,653.54	0.44
Semi-manufactured and WIP products	811,898.33	73.97	695,813.86	83.52
Including: completed but unsettled projects (to be filled out by enterprises that implement construction contract standards)	1,085.47			
Real estate development products under construction (listed by real	806,765.43		694,418.72	

Project	September 30 2020		December 31, 2019	
	Book balance	Percentage (%)	Book balance	Percentage (%)
estate development enterprises)				
Finished goods	42,380.77	3.86	34,522.42	4.14
Among them: completed real estate development products (listed by real estate development enterprises)	23,340.21		25,673.73	
Turnover materials (packaging, low-value consumables, etc.)	7.00	0.00	6.76	0.00
Consumable biological assets	330.44	0.03	385.78	0.05
Other	239,035.90	21.78	98,730.76	11.85
Of which: Undeveloped land reserves (listed by real estate development enterprises)				0.44
Total	1,097,619.24	100.00	833,113.12	100.00

Note 6. Available-for-sale financial assets

Unit: ten thousand yuan

Project	September 30 2020	December 31, 2019
Changchun Rail Transit Group Co., Ltd.	153,924.55	153,924.54
Changchun Intelligent Equipment Industry Fund	3,214.22	3,500.00
Jilin Province Happy City Development Fund Management Center (Limited Partnership)	500.00	500.00
CCB International Securities Limited (CCB International Securities Limited)		52,247.30
Guoyuan Securities Brokers (Hong Kong) Co., Ltd. (Yinhua International Capital Management Co., Ltd.)		19,404.01
Nomura Singapore Limited	37,095.27	57,493.36
CEB International Capital Corporation Limited (CEB International Capital Corporation Limited)	86,229.44	28,433.77
Changchun Municipal Development Investment Partnership (Limited Partnership)	5,014.88	1,757.00
Morgan Stanley Asia International Limited		13,654.67
Zhongjun Asset Management Co., Ltd.	200.00	200.00
Zhonghuan Real Estate Development Co., Ltd.	15.00	15.00
Datang Changchun Second Thermal Power Co., Ltd.	967.94	967.94
West Railway Station Station Building of Jilin Provincial Transportation Investment Development Company	45,800.00	45,800.00

Project	September 30 2020	December 31, 2019
Changchun Urban Development Infrastructure Construction Co., Ltd.	1,148.00	1,148.00
Changchun No. 2 Thermal Power Co., Ltd.	100.00	100.00
Changchun City Commercial Bank Co., Ltd.	500.00	500.00
Jilin Economic Cooperation Development Investment Company	500.00	500.00
Yatai Stock	36,647.46	35,001.62
Jilin Huancheng Rural Commercial Bank Co., Ltd.	19,800.00	19,800.00
Changchun Urban Investment Construction Investment Co., Ltd.	3,566,321.00	3,566,321.00
Jilin Northeast Asia Innovative Financial Assets Trading Center Co., Ltd.	400.00	400.00
Changchun Changgang Gas Co., Ltd.	27,336.40	27,336.40
Total	3,985,714.16	4,029,004.61

Note 7. Held-to-maturity investments

Unit: ten thousand yuan

Project	September 30 2020	December 31, 2019
Changchun City Government Construction Project	12,389.19	12,389.19
The Hongkong and Shanghai Banking Corporation Limited		18,841.35
Nomura Singapore Limited	79,666.04	108,065.68
CEB International Capital Corporation Limited	100,375.95	81,559.98
Hang Seng Bank Limited		210.16
Guoyuan Securities Brokers (Hong Kong) Co., Ltd. (Yinhua International Capital Management Co., Ltd.)		1,369.90
Urban road renovation project	53,682.21	53,682.21
Drainage Company (Western Suburb Sewage Treatment Project)	22,001.50	22,001.50
Changchun City Water Supply and Environmental Engineering	31,600.00	31,600.00
Changchun Zhonghuan Real Estate Development Co., Ltd.	211.45	211.45
China Merchants International Securities Co., Ltd.	8,250.04	
Changchun City Construction Committee Project	8,711.72	8,711.72
Guotai Junan ABS Project	1,000.00	
Changchun No. 1 Thermal Power Plant	1,000.00	1,000.00
Jilin Xinxiang Co., Ltd.	997.55	1,197.55
Changchun Real Estate Development Group	3,900.00	3,900.00
Mogugou Landfill	2,980.42	2,980.42
Changchun City Tiebei Cogeneration Heating Project Construction Office	1,296.84	1,296.84
Total	328,062.91	349,017.95

Note 8. Long-term receivables

Unit: ten thousand yuan

Project	September 30 2020	December 31, 2019
Finance lease	159,191.22	189,617.41
Receive service compensation in installment		
Others	371,551.92	371,551.92
Total	530,743.14	561,169.33

The Top Five of Long-term Receivables as of September 2020

Unit: ten thousand yuan

Customer Name	Amount	Nature of Receivable	Proportion to total long-term receivable
Changchun City Finance Bureau	371,443.92	Engineering section	69.99
Pingyang County Hengyang Municipal Garden Construction Co., Ltd.	9,211.09	Finance lease receivable	1.74
Shenyang Huisheng Heating Co., Ltd.	8,128.84	Finance lease receivable	1.53
Qianjiang City Water Supply Company	7,846.81	Finance lease receivable	1.48
Luoyang Dongshan Hotel Co., Ltd.	6,610.20	Finance lease receivable	1.25
Total	403,240.86	—	75.99

Note 9.Fixed Assets

Unit: ten thousand yuan

Project	September 30 2020	December 31, 2019
Fixed Assets	4,097,407.96	4,159,904.35
Disposal of fixed asset	40.14	31.31
Total	4,097,448.10	4,159,935.66

1.Details of fixed assets of the company in the 2019 & September 30 2020

Unit: ten thousand yuan

Project	September 30 2020				December 31, 2019			
	Book Value	Accumulated Depreciation	Provisions	Net Book Value	Book Value	Accumulated Depreciation	Provisions	Net Book Value
Building	406,142.70	238,356.32		167,786.38	404,154.47	230,856.23		173,298.24
Equipment	241,427.20	77,109.67	1,407.55	162,909.98	221,607.83	61,760.92	1,407.54	158,439.37
Transportation Equipment	10,071.21	6,939.60	51.44	3,080.17	11,820.11	8,561.16	51.44	3,207.51
Office Equipment	3,869.13	2,304.00	24.46	1,540.67	3,539.70	1,932.02	24.46	1,583.22

Project	September 30 2020				December 31, 2019			
	Book Value	Accumulated Depreciation	Provisions	Net Book Value	Book Value	Accumulated Depreciation	Provisions	Net Book Value
Electronic Equipment	3,006.75	1,352.91		1,653.84	3,007.11	1,366.23		1,640.88
Road & Bridge Asset	871,526.84			871,526.84	871,526.84			871,526.84
Pipe Network Assets	3,151,647.80	385,639.24		2,766,008.56	3,177,330.89	349,911.94		2,827,418.95
Others	126,262.98	3,361.46		122,901.52	125,962.29	3,172.95		122,789.34
Total	4,813,954.61	715,063.20	1,483.45	4,097,407.96	4,818,949.24	657,561.45	1,483.44	4,159,904.35

2.Summary for Pipe Network Assets

Unit: ten thousand yuan

Owener	Book Value	Timing	Compliance	Chart of account	Net Book Value at the end of September 2020
Company Headquarter (the company)	1,972,568.06	October 15, 2013	"Statement of approval for fixed asset"	Underground Pipe Network	1,618,709.92
Runde Group (subsidiary)	800,300.19	December 24, 2010	Changchun State-owned Assets Supervision and Administration Commission non-for-profit state-owned assets transferred list	Underground Pipe Network	683,723.13
Chengkai Group (subsidiary)	330,300.00	March 22, 2013	"Statement of approval for fixed asset"	Underground Pipe Network	284,881.51
Total	3,103,168.25				2,587,314.56

Note 10.Land

Subledger of Land as of September 2020

Unit: ten thousand yuan

Order	Name of Land	Land Certificate No.	Location	Dimensions (Square meters)	Acquire Method	Acquire Date	Book Value	Compliance	Categorized of Use Right	Nature of Land	Consideration Paid	Purpose
1	New Changji Tourist Service Center		East: Changji Highway South: Tumenling Sub-district Office Tumenling Village West: Tumenling Sub-district Office Tumenling Village North: Tumenling Sub-district Office Tumenling Village	9749	Listed for sale	2018-6	285.38	State-owned construction land use right assignment contract	Land transfer	Construction land	270.91	Commercial land, street and lane land
2	Ledong Boiler House Land	071000021	Ledong Residential Area, Economic Development Zone	2847	Free transfer	2015-7-25	81.24	Chang Guozi (2015) No. 93 Document	Transfer	Land for public facilities		Heating
3			North of Yumin Road, Development Zone, West of Changqing Road	12000	Agreement transfer	2014-6	80	Evaluation Report	Land for public facilities	Transfer		Office
4	Ruyi Creek Park	0590466	Southern Metropolitan Development	53848	Transfer	2019-4-26	0	Real Property Certificate	State-owned construction	Land for public facilities		Parks and green spaces

Order	Name of Land	Land Certificate No.	Location	Dimensions (Square meters)	Acquire Method	Acquire Date	Book Value	Compliance	Categorized of Use Right	Nature of Land	Consideration Paid	Purpose
5	Ruyi Creek Park	0588753	Southern Metropolitan Development Zone, Nanguan District	79214	Transfer	2019-4-26	0	Real Property Certificate	State-owned construction land use right	Land for public facilities		Parks and green spaces
6	Ruyi Creek Park	0588752	Southern Metropolitan Development Zone, Nanguan District	29222	Transfer	2019-4-26	0	Real Property Certificate	State-owned construction land use right	Land for public facilities		Parks and green spaces
7	Runde Building Materials		North of Jiasan Road, West of Bingsi Road	35009	protocol	2014-4	546.14			Office		
8		039105706	North Suburb of Kuancheng District, Changchun City	78249	Transfer		314.14			Dry land		
9		039105722	North Suburb of Kuancheng District, Changchun City	75337	Transfer		2646.29			Water area		
10		039105719	North Suburb of Kuancheng District, Changchun City	474565	Transfer		1905.18			Dry land		
11		039105718	North Suburb of Kuancheng District,	1643520	Transfer		6598.03			Dry land		

Order	Name of Land	Land Certificate No.	Location	Dimensions (Square meters)	Acquire Method	Acquire Date	Book Value	Compliance	Categorized of Use Right	Nature of Land	Consideration Paid	Purpose
			Changchun City									
12		039105709	North Suburb of Kuancheng District, Changchun City	229504	Transfer		921.36			Dry land		
13		039105710	North Suburb of Kuancheng District, Changchun City	117408	Transfer		471.34			Garden		
14		039105715	North Suburb of Kuancheng District, Changchun City	688365	Transfer		2763.49			Dry land		
15		039105703	North Suburb of Kuancheng District, Changchun City	1330237	Transfer		5340.33			Dry land		
16		039105704	North Suburb of Kuancheng District, Changchun City	905888	Transfer		3636.75			Dry land		
17		039105739	North Suburb of Kuancheng District, Changchun City	274374	Transfer		1101.49			Dry land		
18		039105738	North Suburb of Kuancheng District, Changchun City	1071939	Transfer		4303.38			Dry land		
19		039105732	North Suburb of Kuancheng District,	20436	Transfer		82.04			Garden		

Order	Name of Land	Land Certificate No.	Location	Dimensions (Square meters)	Acquire Method	Acquire Date	Book Value	Compliance	Categorized of Use Right	Nature of Land	Consideration Paid	Purpose
			Changchun City									
20		039105734	North Suburb of Kuancheng District, Changchun City	46719	Transfer		187.56			Garden		
21		039105735	North Suburb of Kuancheng District, Changchun City	246681	Transfer		990.32			Garden		
22		039105736	North Suburb of Kuancheng District, Changchun City	667435	Transfer		2679.47			Dry land		
23		039105727	North Suburb of Kuancheng District, Changchun City	34088	Transfer		136.85			Garden		
24		039105724	North Suburb of Kuancheng District, Changchun City	466938	Transfer		1874.56			Dry land		
25		039105708	North Suburb of Kuancheng District, Changchun City	295011	Transfer		1184.34			Garden		
26		039105731	North Suburb of Kuancheng District, Changchun City	17163	Transfer		68.9			Garden		
27			North Suburb of Kuancheng District,	27487.6	Transfer		151.73			Residential		

Order	Name of Land	Land Certificate No.	Location	Dimensions (Square meters)	Acquire Method	Acquire Date	Book Value	Compliance	Categorized of Use Right	Nature of Land	Consideration Paid	Purpose
			Changchun City									
28			North Suburb of Kuancheng District, Changchun City	16139.6	Transfer		89.09			Residential		
29			North Suburb of Kuancheng District, Changchun City	101827.6	Transfer		562.09			Residential		
30			North Suburb of Kuancheng District, Changchun City	50844.1	Transfer		280.66			Residential		
31			North Suburb of Kuancheng District, Changchun City	127718.7	Transfer		705.01			Residential		
32			North Suburb of Kuancheng District, Changchun City	14367.9	Transfer		79.31			Education		
33			North Suburb of Kuancheng District, Changchun City	243452.7	Transfer		1343.87			Residential		
34			North Suburb of Kuancheng District, Changchun City	101242.8	Transfer		558.86			Residential		
35			North Suburb of Kuancheng District, Changchun City	125682.4	Transfer		693.77			Residential		

Order	Name of Land	Land Certificate No.	Location	Dimensions (Square meters)	Acquire Method	Acquire Date	Book Value	Compliance	Categorized of Use Right	Nature of Land	Consideration Paid	Purpose
			Changchun City									
36			North Suburb of Kuancheng District, Changchun City	23083.7	Transfer		104.26			Industry		
37			North Suburb of Kuancheng District, Changchun City	276251.8	Transfer		1247.66			Industry		
38			North Suburb of Kuancheng District, Changchun City	181020.9	Transfer		817.56			Industry		
39			North Suburb of Kuancheng District, Changchun City	1250770.2	Transfer		5021.31			Dry land		
40			North Suburb of Kuancheng District, Changchun City	509798.6	Transfer		2046.62			Dry land		
41			North Suburb of Kuancheng District, Changchun City	166238.1	Transfer		917.64			Residential		
42			North Suburb of Kuancheng District, Changchun City		Transfer		639.15					
43			North Suburb of Kuancheng District,		Transfer		1251.42					

Order	Name of Land	Land Certificate No.	Location	Dimensions (Square meters)	Acquire Method	Acquire Date	Book Value	Compliance	Categorized of Use Right	Nature of Land	Consideration Paid	Purpose
44	Zhengyan Street	Certificate 6000578	Changchun City The third water purification plant	7862	Other ways to increase	2001-06-30	307.05					
45	Ping'an Village, Yongchun Township, Xinli City	Certificate 4000554	The third water purification plant	18455	Other ways to increase	2001-06-30	134.05					
46	Guangming Village, Xingfu Township, Sanshuicun	Certificate 4000544	The third water purification plant	110924	Other ways to increase	2001-06-30	1199.68					
47	Doujiagou	071011072	The fourth water purification plant	20386	Other ways to increase	2001-06-30	515.27					
48	Linhe Street		Agency	25062.35	Other ways to increase	2002-12-31	477.57					
49	Aluminum sulfate plant land		The fourth water purification plant		Other ways to increase	2004-01-31	24.03					
50	Fangniugou		Fangniugou	200212	Other ways to increase	2001-06-30	144.12					
51	Jilin Nanhu		Agency	1000	Other ways to increase	2001-06-30	62.91					

Order	Name of Land	Land Certificate No.	Location	Dimensions (Square meters)	Acquire Method	Acquire Date	Book Value	Compliance	Categorized of Use Right	Nature of Land	Consideration Paid	Purpose
	Old Residence				increase							
52	Chongzhi Road Dormitory	040001087	Chongzhi Road	2775	Other ways to increase	2001-06-30	230.6					
53	Tonghua Road Residential		Tonghua Road	1772	Other ways to increase	2001-06-30	79.23					
54	Yueyang Street Residential		Yueyang Street	500	Other ways to increase	2001-06-30	22.55					
55	Pingquan Road Dormitory		Pingquan Road	300	Other ways to increase	2001-06-30	14.01					
56	Nanling Residence		Nanling	1000	Other ways to increase	2001-06-30	22.08					
57	Nanling Residence (Youth Building)	Certificate 020101006	Nanling	7045	Other ways to increase	2001-06-30	167.3					
58	Nanling Residence		Nanling	9384	Other ways to increase	2001-06-30	194.99					
59	Nanling Residence		Nanling	9936	Other ways to increase	2001-06-30	202.78					

Order	Name of Land	Land Certificate No.	Location	Dimensions (Square meters)	Acquire Method	Acquire Date	Book Value	Compliance	Categorized of Use Right	Nature of Land	Consideration Paid	Purpose
60	Nanling Residence		Nanling	7038	Other ways to increase	2001-06-30	142.33					
61	Nanling Residence		Nanling	19225	Other ways to increase	2001-06-30	403.05					
62	Nanling Residence		Nanling	945	Other ways to increase	2001-06-30	18.94					
63	Nanling Residence		Nanling	25826	Other ways to increase	2001-06-30	618.1					
64	Nanling Residence		Nanling	834	Other ways to increase	2001-06-30	16.71					
65	Minkang Road Residential	Certificate 020101032	Minkang Road	31	Other ways to increase	2001-06-30	2.15					
66	Marble Street Hostel		Marlborough street	202	Other ways to increase	2001-06-30	8.95					
67	Shikoumen Residence		Stone door	1000	Other ways to increase	2001-06-30	8.19					
68	Nanling Team		Nanling	14834	Other ways to increase	2001-06-30	168.79					
69	Nanling Water Purification	For long country	Nanling	322826	Other ways to increase	2001-06-30	11362.33					

Notes to the consolidated financial statements

Order	Name of Land	Land Certificate No.	Location	Dimensions (Square meters)	Acquire Method	Acquire Date	Book Value	Compliance	Categorized of Use Right	Nature of Land	Consideration Paid	Purpose
	on Plant	(2005) 020006651										
70	Nanling Health Center	Certificate 020101076	Nanling	1444	Other ways to increase	2001-06-30	50.64					
71	Dajing Road Complex	Certificate 020120980	Dajinglu	1824	Other ways to increase	2001-06-30	132.27					
72	Chaoyang Second Water Supply Station		Green Garden	672.98	Other ways to increase	2001-06-30	23.16					
73	Western Pressure Station		West	393	Other ways to increase	2001-06-30	13.53					
74	Changshu i Water Supply Engineering Company	Certificate 020105167	Agency	2370	Other ways to increase	2001-06-30	114.61					
75	Kuancheng Water Supply Department	Certificate 030101204	Kuancheng	1380	Other ways to increase	2001-06-30	85.68					
76	Water Supply Facilities Management		Agency	1182	Other ways to increase	2001-06-30	17.16					

Order	Name of Land	Land Certificate No.	Location	Dimensions (Square meters)	Acquire Method	Acquire Date	Book Value	Compliance	Categorized of Use Right	Nature of Land	Consideration Paid	Purpose
	Office											
77	China-Japan Friendship Water Plant	Certificate 12-0442	Second factory	120682.7	Other ways to increase	2001-06-30	1015.99					
78	Yongchang Road Hospital		Yongchang Road	780	Other ways to increase	2001-06-30	38.66					
79	A water supply station in Chaoyang		Chaoyang	5060	Other ways to increase	2001-06-30	261					
80	Erdao Water Supply Station		Second way	3131	Other ways to increase	2001-06-30	48.09					
81	Shitoukoumen Pumping Station		Stone door	6000	Other ways to increase	2001-06-30	14.64					
82	Nanling Warehouse		Nanling	49000	Other ways to increase	2001-06-30	559.1					
83	Yangjiatun Pumping Station		Yangjiatun	22000	Other ways to increase	2001-06-30	154.05					
84	Yangjiatun Deep Well		Yangjiatun	2100	Other ways to increase	2001-06-30	14.7					

Order	Name of Land	Land Certificate No.	Location	Dimensions (Square meters)	Acquire Method	Acquire Date	Book Value	Compliance	Categorized of Use Right	Nature of Land	Consideration Paid	Purpose
85	Nanhujin g		South Lake	15	Other ways to increase	2001-06-30	0.53					
86	Zoo well		Zoo	49	Other ways to increase	2001-06-30	0.76					
87	Nanhujin g		South Lake	15	Other ways to increase	2001-06-30	0.22					
88	Children's Park Well	040006650	Children's park	36	Other ways to increase	2001-06-30	1.96					
89	People's Park Pump House		Agency	188	Other ways to increase	2001-06-30	10.3					
90	Youth Road Pump House		Youth Road	2387	Other ways to increase	2001-06-30	33.8					
91	Pingquan Road Pump House (2 locations)		Pingquan Road	44	Other ways to increase	2001-06-30	1.48					
92	Jiefang South Hutong Well		Agency	188	Other ways to increase	2001-06-30	9.02					
93	Linhe Jiejing		Linhe Street	22	Other ways to increase	2001-06-30	0.29					

Notes to the consolidated financial statements

Order	Name of Land	Land Certificate No.	Location	Dimensions (Square meters)	Acquire Method	Acquire Date	Book Value	Compliance	Categorized of Use Right	Nature of Land	Consideration Paid	Purpose
94	Xianyang Well Pump House		Agency	333	Other ways to increase	2001-06-30	15.7					
95	Nanling Nursery School		Nanling	521	Other ways to increase	2001-06-30	5.21					
96	The first plant of Nanhu Water Supply Engineering Company	Certificate 040101073	Agency	1045	Other ways to increase	2001-06-30	14.8					
97	Fangniugou Pumping Station		Fangniugou	2000	Other ways to increase	2001-06-30	14.26					
98	Nanhu Village Dormitory		South Lake	268	Other ways to increase	2001-06-30	5.52					
99	Residential Buildings Outside Xi'an Bridge		Agency	192	Other ways to increase	2001-06-30	8.58					
100	Hwasun Sanjio Residence		Agency	41.41	Other ways to increase	2001-06-30	1.11					

Order	Name of Land	Land Certificate No.	Location	Dimensions (Square meters)	Acquire Method	Acquire Date	Book Value	Compliance	Categorized of Use Right	Nature of Land	Consideration Paid	Purpose
101	Nanling River East	Certificate 50101030	Nanling	181174.1	Other ways to increase	2001-06-30	2766.31					
102	Nanling Water Purification Plant	Chang Guoyong (2005) 040006092 No. 2019.1.18.15 8# A water plant assets transfer assessment and accounting	West of Dongling South Street, Nanguan District	10351	Other ways to increase	2019-01-31	0	Evaluation Report	Transfer	Industrial land		
103	Majia Pumping Station		Majia Pumping Station	37,604		2000	1188.21	Assessment				Industrial land
104	Dasuihe Pumping Station		Dasuihe Pumping Station	46,053		2000	456	Assessment				Industrial land
105	Laoyeling Tunnel		Laoyeling Tunnel	81,116		2000	801	Assessment				Industrial land
106	Stilling pool land		Stilling pool land	13,386		2000	119	Assessment				Industrial land
107	Communication tower		Communication tower	800		2000	28	Assessment				Industrial land

Order	Name of Land	Land Certificate No.	Location	Dimensions (Square meters)	Acquire Method	Acquire Date	Book Value	Compliance	Categorized of Use Right	Nature of Land	Consideration Paid	Purpose
	tower											
108	63KV transmission line tower		63KV transmission line tower	14,827		2000	161	Assessment				Industrial land
109	Pipeline well		Pipeline well	13,179		2000	120	Evaluation and accounting				Industrial land

Note 11.Accounts Payable

1.Aging of Accounts Payable

Unit: ten thousand yuan

Aging	September 30, 2020	December 31, 2019
Within 1 year)	24,651.13	33,215.58
1-2 Years	7,891.92	25,303.56
2-3 Years	25,116.83	8,570.11
Over 3 years	42,672.97	34,470.78
Total	100,332.85	101,560.03

2.The Top Five of Accounts payable aging over 1 year as of December 2019

Unit: ten thousand yuan

Supplier Name	Balance	Period (Year)	Nature of Account payable	Proportion of total Accounts Payable(%)
Changchun Chuangji Investment Co., Ltd.	9,999.50	1-2 years 9,500; 2-3 years 499.50	Current accounts	9.85
Management Committee of Western New Town Development Zone	7,268.22	over 3 years	Engineering section	7.16
Changchun Municipal Asphalt Concrete Co., Ltd.	6,629.07	over 3 years	Engineering section	6.53
Sheling Development Zone Finance Bureau	3,368.15	2-3 years 866.81; over 3 years 2501.34	Current accounts	3.32
CCCC Tunnel Engineering Co., Ltd.	2,706.04	over 3 years	Engineering section	2.66
Total	29,970.98	—	—	29.51

3.The Top Five of Accounts payable aging over 1 year as of September 2020

Unit: ten thousand yuan

Supplier Name	Balance	Period (Year)	Nature of Account payable	Proportion of total Accounts Payable(%)
Changchun Chuangji Investment Co., Ltd.	9,999.50	9,500 for 2-3 year; 499.50 Over 3 years	Current accounts	9.97
Management Committee of Western New Town Development Zone	7,268.22	Over 3 years	Engineering section	7.24
Changchun Municipal Asphalt Concrete Co., Ltd.	6,629.07	Over 3 years	A supply money	6.61
CCCC Tunnel Engineering Co., Ltd.	2,713.14	Over 3 years	Engineering section	2.70

Supplier Name	Balance	Period (Year)	Nature of Account payable	Proportion of total Accounts Payable(%)
Sheling Development Zone Finance Bureau	2,649.92	Over 3 years	Current accounts	2.64
Total	29,259.85	—	—	29.16

Note 12. Other Payables

Unit: ten thousand yuan

project	September 30, 2020	December 31, 2019
Interest payable	48,982.31	47,881.48
Dividends payable		
Other payables	2,339,047.44	2,238,464.06
Total	2,388,029.75	2,286,345.54

1. Aging of Other Payable

Unit: ten thousand yuan

Aging	September 30, 2020	December 31, 2019
Within 1 year (include 1 year)	587,039.48	325,730.65
1-2 Years (include 2 years)	70,699.40	368,901.12
2-3 Years (include 3 years)	158,919.38	527,537.57
Over 3 years	1,522,389.18	1,016,294.72
Total	2,339,047.44	2,238,464.06

2. The Top Five of Other payables aging over 1 year as of December 2019

Unit: ten thousand yuan

Supplier Name	Balance	Period (Year)	Nature of Account payable(%)
Changchun Urban and Rural Construction Committee	844,920.63	Engineering City Maintenance	36.96
Changchun City Finance Bureau	551,545.91	Engineering City Maintenance	24.12
Changchun Runde Construction Project Management Co., Ltd.	61,737.12	Engineering section	2.70
Changchun High-tech Industrial Development Zone Construction Development Center	50,000.00	Current payment	2.19
Changchun New City Investment Development Co., Ltd.	10,150.01	Engineering section	0.44
Total	1,518,353.67	—	66.41

3. The Top Five of Other payables aging over 1 year as of September 2020

Unit: ten thousand yuan

Supplier Name	Balance	Period (Year)	Nature of Account payable(%)
Changchun Urban and Rural Construction Committee	848,914.97	Engineering City Maintenance	36.30
Changchun City Finance Bureau	381,477.38	Engineering section	16.31
Changchun Runde Construction Project Management Co., Ltd.	70,974.81	Current payment	3.03
Changchun High-tech Industrial Development Zone Construction Development Center	50,000.00	Current payment	2.14
Changchun New City Investment Development Co., Ltd.	9,920.02	Current payment	0.42
Total	1,361,287.18	—	58.20

Note 13.Long-term Payable

Unit: ten thousand yuan

project	September 30, 2020	December 31, 2019
Long-Term Payable	216,990.26	110,804.54
Special payable	185,602.84	190,269.72
Total	402,593.10	301,074.26

1.The Top Five of Long-term Payable as of December 31, 2019

Unit: ten thousand yuan

Company Name	Ending Balance	Nature of Long-term Payable
Far East Horizon Financial Leasing Co., Ltd.	37,906.63	finance lease
Ping An International Financial Leasing Tianjin Co., Ltd.	28,391.41	finance lease
SIIC Financial Leasing Co., Ltd.	13,880.09	finance lease
China Global Leasing Co., Ltd.	11,910.02	finance lease
COSCO Shipping Leasing Co., Ltd.	2,079.66	finance lease
Total	94,167.81	—

2.The Top Five of Long-term Payable as of September 30, 2020

Unit: ten thousand yuan

Company Name	Ending Balance	Nature of Long-term Payable
Finance Bureau of Changchun Auto Development Zone	67,811.84	Government special bonds

Company Name	Ending Balance	Nature of Long-term Payable
CCB Financial Leasing Co., Ltd.	38,598.60	finance lease
Far East Horizon (Tianjin) Financial Leasing Co., Ltd.	27,412.41	finance lease
Huarong Financial Leasing Co., Ltd.	29,610.00	finance lease
Ping An International Financial Leasing Tianjin Co., Ltd.	19,764.66	finance lease
Total	183,197.51	—

Note 14. Capital reserve

Subledger of Additional paid-in Capital

Unit: ten thousand yuan

Project	September 30, 2020	December 31, 2019
Capital Premium	8,455,068.56	8,455,068.56
Other Additional Paid-in Capital	904,940.71	904,939.81
Transferred from original additional paid-in capital		
Total	9,360,009.27	9,360,008.37

Note 15. Situation on Interest Bearing borrowings

1. Structure of Loan Period

Unit: ten thousand yuan

Project	September 30, 2020		December 31, 2019	
	Amount	Percentage(%)	Amount	Percentage(%)
Short-term borrowings	893,798.70	16.33	831,898.40	16.76
Long-term borrowings Matured within 1 year	1,151,349.46	21.03	2,067,909.44	41.66
Long-term borrowings	3,429,419.03	62.64	2,063,474.70	41.58
Total	5,474,567.19	100.00	4,963,282.54	100.00

2. Structure on Secured Loan

As of September 30, 2020

Unit: ten thousand yuan

Project	Short-term Debt	Long-term Debt	Non-current Liability Matured within 1 Year	Total Amount	Percentage (%)
Credit Debt	275,696.00	70,821.48	85,630.00	432,147.48	8.94
Pledged Debt	173,612.70	1,621,836.70	59,464.00	1,854,913.40	38.45

Project	Short-term Debt	Long-term Debt	Non-current Liability Matured within 1 Year	Total Amount	Percentage (%)
Loan for sure	339,500.00	1,654,336.85	247,078.16	2,240,915.01	46.45
Mortgage Debt	104,990.00	42,050.00	7,160.00	154,200.00	3.20
Other Debt		40,374.00	102,271.30	142,645.30	2.96
Total	893,798.70	3,429,419.03	501,603.46	4,824,821.19	100.00

3.Statement on Mainly Bank borrowings

As of September 30, 2020

Unit: ten thousand yuan

Borrowing Bank	Debt Balance	Matured within 1 Year	Interest Rate	Beginning Interest Date	Ending Interest Date	Debt Category
China Development Bank Jilin Branch	384,200.00	15,800.00	4.90	2019.8.15	2039.10.17	Pledged Debt
China Development Bank Jilin Branch	400,000.00	-	4.90	2019.8.15	2039.10.17	Pledged Debt
China Postal Savings Bank Co., Ltd. Jilin Branch	210,468.00	9,532.00	5.39	2018.8.29	2042.12.10	Pledged Debt
China Construction Bank Corporation Changchun Xi'an Dalu Sub-branch	199,419.54	10.00	5.39	2020.4.24	2036.4.23	Loan for sure / Credit Debt
Shanghai Puyin AXA Asset Management Co., Ltd.	158,000.00	5,000.00	8.30	2015.07.01	2025.12.10	Pledged Debt
China Development Bank Jilin Branch	150,000.00		4.90	2020.1.02	2039.10.17	Pledged Debt
Shengjing Bank Co., Ltd. Changchun Branch	118,000.00	2,000.00	5.23	2020.4.30	2022.4.28	Loan for sure
China Development Bank Jilin Branch	110,000.00		4.20	2020.6.29	2040.6.28	Loan for sure
Ping An's claims		100,000.00	5.85	2016.11	2020.11	Other Debt
Bank of Jilin	98,970.00	20.00	6.53	2019.4.19	2036.4.18	Loan for sure
Total	1,829,057.54	132,362.00	---	---	---	---

Note 16. Long-term borrowings

As of September 30, 2020

Unit: ten thousand yuan

Order	Debtor	Creditor	Debt Amount	Matured within 1 Year	Debt Period	Interest Rate
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Order	Debtor	Creditor	Debt Amount	Matured within 1 Year	Debt Period	Interest Rate
1	Changchun Urban Development Investment Holding (Group) Co., Ltd	China Construction Bank Corporation Changchun Xi'an Dalu Sub-branch	-	85,000.00	2018.4.20-2021.4.19	6.80
2	Changchun Urban Development Investment Holding (Group) Co., Ltd	China Construction Bank Corporation Changchun Xi'an Dalu Sub-branch	-	49,900.00	2018.8.31-2021.8.30	5.90
3	Changchun Urban Development Investment Holding (Group) Co., Ltd	China Construction Bank Corporation Changchun Xi'an Dalu Sub-branch	-	89,900.00	2018.8.31-2021.8.30	4.75
4	Changchun Urban Development Investment Holding (Group) Co., Ltd	China Construction Bank Corporation Changchun Xi'an Dalu Sub-branch	98,850.00	50.00	2018.12.24-2021.11.9	5.90
5	Changchun Urban Development Investment Holding (Group) Co., Ltd	China Postal Savings Bank Co., Ltd. Jilin Branch	210,468.00	9,532.00	2018.8.29-2021.12.10	5.39
6	Changchun Urban Development Investment Holding (Group) Co., Ltd	China Construction Bank Corporation Changchun Xi'an Dalu Sub-branch	24,850.00	50.00	2019.3.19-2022.3.18	5.90
7	Changchun Urban Development Investment Holding (Group) Co., Ltd	China Construction Bank Corporation Changchun Xi'an Dalu Sub-branch	25,850.00	50.00	2019.3.19-2022.3.18	5.90
8	Changchun Urban Development Investment Holding (Group) Co., Ltd	China Construction Bank Corporation Changchun Xi'an Dalu Sub-branch	47,900.00	50.00	2019.3.28-2022.3.27	4.75
9	Changchun Urban Development Investment Holding (Group) Co., Ltd	China Construction Bank Corporation Changchun Xi'an Dalu Sub-branch	82,645.79	10.00	2020.4.24-2036.4.23	5.39
10	Changchun Urban Development Investment Holding (Group) Co., Ltd	China Construction Bank Corporation Changchun Xi'an Dalu Sub-branch	199,419.54	10.00	2020.4.24-2036.4.23	5.39
11	Changchun Urban Development Investment Holding (Group) Co., Ltd	China Construction Bank Corporation Changchun Xi'an Dalu Sub-branch	49,990.00	10.00	2020.4.26-2036.4.25	5.39
12	Changchun Urban Development Investment Holding (Group) Co., Ltd	China Construction Bank Corporation Changchun Xi'an Dalu Sub-branch	43,704.40	10.00	2020.4.26-2036.4.25	5.39
13	Changchun Urban Development Investment Holding (Group) Co., Ltd	China Construction Bank Corporation Changchun Xi'an Dalu Sub-branch	35,476.77	10.00	2020.4.26-2036.4.25	5.39
14	Changchun Urban Development Investment Holding (Group) Co., Ltd	China Construction Bank Corporation Changchun Xi'an Dalu Sub-branch	9,907.77	10.00	2020.4.26-2036.4.25	5.39

Order	Debtor	Creditor	Debt Amount	Matured within 1 Year	Debt Period	Interest Rate
15	Changchun Urban Development Investment Holding (Group) Co., Ltd	China Construction Bank Corporation Changchun Xi'an Dalu Sub-branch	7,579.08	10.00	2020.4.26-2036.4.25	5.39
16	Changchun Urban Development Investment Holding (Group) Co., Ltd	China Construction Bank Corporation Changchun Xi'an Dalu Sub-branch	5,464.69	10.00	2020.4.26-2036.4.25	5.39
17	Changchun Urban Development Investment Holding (Group) Co., Ltd	China Construction Bank Corporation Changchun Xi'an Dalu Sub-branch	957.48	10.00	2020.4.26-2036.4.25	5.39
18	Changchun Urban Development Investment Holding (Group) Co., Ltd	China Construction Bank Corporation Changchun Xi'an Dalu Sub-branch	9,175.68	10.00	2020.4.26-2036.4.25	5.39
19	Changchun Urban Development Investment Holding (Group) Co., Ltd	China Construction Bank Corporation Changchun Xi'an Dalu Sub-branch	13,527.56	10.00	2020.4.26-2036.4.25	5.39
20	Changchun Urban Development Investment Holding (Group) Co., Ltd	Shengjing Bank Co., Ltd. Changchun Branch	118,000.00	2,000.00	2020.4.30-2022.4.28	5.225
21	Changchun Urban Development Investment Holding (Group) Co., Ltd	Shengjing Bank Co., Ltd. Changchun Branch	30,000.00	-	2020.5.6-2022.4.29	5.225
22	Changchun Urban Development Investment Holding (Group) Co., Ltd	Shengjing Bank Co., Ltd. Changchun Branch	58,000.00	2,000.00	2020.5.21-2022.5.20	5.225
23	Changchun Urban Development Investment Holding (Group) Co., Ltd	Shengjing Bank Co., Ltd. Changchun Branch	88,000.00	2,000.00	2020.8.5-2022.8.2	5.225
24	Changchun Changfa New Energy Industry Investment and Construction Co., Ltd.	China Development Bank Jilin Branch	110,000.00	-	2020.6.29-2040.6.28	4.20
25	Licheng Financial Leasing (Shanghai) Co., Ltd.	Shanghai Pudong Development Bank Changchun Branch	87,600.00	3,600.00	2016.06.21-2026.9.21	4.51
26	Licheng Financial Leasing (Shanghai) Co., Ltd.	Shanghai Pudong Development Bank Changchun Branch	21,000.00	2,000.00	2017.02.24-2026.9.21	4.51
27	Licheng Financial Leasing (Shanghai) Co., Ltd.	Shanghai Pudong Development Bank Changchun Branch	13,100.00	1,000.00	2017.03.02-2026.9.21	4.51
28	Licheng Financial Leasing (Shanghai) Co., Ltd.	China Everbright Bank Changchun Branch	-	1,000.00	2018.06.25-2021.06.25	5.70
29	Licheng Financial Leasing (Shanghai) Co., Ltd.	Bank of Communications Changchun Branch	22,179.20	-	2020.9.30-2023.8.20	5.463
30	Changchun Urban Development (Group) Co., Ltd.	Ping An's claims	-	100,000.00	2016.11-2020.11	5.85
31	Changchun Urban Development (Group) Co., Ltd.	China Development Bank Jilin Branch	13,000.00	1,871.30	2010.5-2022.5	4.90

Order	Debtor	Creditor	Debt Amount	Matured within 1 Year	Debt Period	Interest Rate
32	Changchun Urban Development (Group) Co., Ltd.	China Development Bank Jilin Branch	600.00	400.00	2006.10.9-2022.10.9	4.90
33	Changchun Urban Development (Group) Co., Ltd.	Changchun City Finance Bureau	10,610.12	-		
34	Changchun Urban Development (Group) Co., Ltd.	City Construction Bank	2,343.71	-		
35	Changchun Urban Development (Group) Co., Ltd.	Nong'an Urban Credit Cooperative	1,471.65	-		
36	Changchun Urban Development (Group) Co., Ltd.	China Development Bank	27,000.00	-	2014.5.21—2024.5.20	5.145
37	Changchun Urban Development (Group) Co., Ltd.	Everbright Bank Sun City Branch	37,934.97	8,432.00	2015.12.29-2025.12.7	6.888
38	Changchun Water (Group) Co., Ltd.	Changchun City Finance Bureau	116.00	-		3.53
39	Changchun Runde Investment Group Co., Ltd.	China Development Bank Pipe Gallery Project	3,040.00	320.00	2015.09.30-2030.09.29	1.20
40	Changchun Runde Investment Group Co., Ltd.	China Development Bank Pipe Gallery Project	3,250.00	300.00	2016.07.22-2031.07.21	1.20
41	Changchun Runde Investment Group Co., Ltd.	China Development Bank Longyang	2,640.00	300.00	2015.05.27-2030.05.27	4.745
42	Changchun Runde Investment Group Co., Ltd.	China Development Bank Beijing Street	22,576.00	2,468.00	2015.05.27-2030.05.27	4.745
43	Changchun Runde Investment Group Co., Ltd.	China Development Bank Nanjing Street	13,412.00	1,488.00	2015.11.27-2030.05.27	4.145
44	Changchun Runde Investment Group Co., Ltd.	China Development Bank Nanjing Street	4,186.00	464.00	2016.04.26-2030.05.27	4.145
45	Changchun Runde Investment Group Co., Ltd.	China Development Bank Nanjing Street	1,398.00	154.00	2016.04.26-2030.05.27	4.145
46	Changchun Runde Investment Group Co., Ltd.	China Development Bank's first mountain	5,591.00	886.00	2015.11.27-2030.05.27	4.145
47	Changchun Runde Investment Group Co., Ltd.	Bank of China Shoushan	2,325.00	6,050.00	2015.11.27-2030.05.27	4.145
48	Changchun Runde Investment Group Co., Ltd.	China Development Bank Kuancheng Class D	11,010.50	1,874.00	2016.09.30-2030.05.27	4.145
49	Changchun Runde Investment Group Co., Ltd.	China Development Bank Kuancheng Class D	3,672.00	624.00	2016.09.30-2030.05.27	4.655
50	Changchun Runde Investment Group Co., Ltd.	China Development Bank Luoyang Street	29.00	6,906.00	2016.11.22-2030.05.27	4.145
51	Changchun Runde Investment Group Co., Ltd.	Bank of China (China Development Bank Syndicated Loan)	567.00	318.00	2017.01.18-2030.05.27	4.655
52	Changchun Runde Investment Group Co., Ltd.	Bank of China (China Development Bank Syndicated Loan)	2,284.00	-	2017.09.18-2030.05.27	4.90

Order	Debtor	Creditor	Debt Amount	Matured within 1 Year	Debt Period	Interest Rate
53	Changchun Runde Investment Group Co., Ltd.	China Development Bank (Shoushan Syndicate)	17,400.00	-		5.39
54	Changchun Runde Investment Group Co., Ltd.	Aerospace Science and Industry Financial Leasing Co., Ltd.	13,439.89	5,962.53	2018.08.31-2023.08.31	11.38
55	Changchun Runde Investment Group Co., Ltd.	Global Leasing	15,000.00	5,000.00	2019.06.28-2024.06.28	12.95
56	Changchun Runde Real Estate Development Co., Ltd.	Bank of Communications Co., Ltd. Jilin Branch	5,900.00	1,500.00	2020.04.27-2023.04.27	6.65
57	Changchun Runde Investment Engineering Project Management Co., Ltd.	Far East Horizon (Tianjin) Financial Leasing Co., Ltd.	6,315.00	3,157.50	2018.07.24-2023.07.24	12.96
58	Changchun Runde Investment Engineering Project Management Co., Ltd.	Far East Horizon (Tianjin) Financial Leasing Co., Ltd.	6,315.00	3,157.50	2018.07.24-2023.07.24	12.96
59	Changchun Runde Investment Engineering Project Management Co., Ltd.	Far East Horizon (Tianjin) Financial Leasing Co., Ltd.	6,315.20	3,157.49	2018.08.07-2023.08.07	12.96
60	Changchun Runde Industrial Co., Ltd.	Shanghai Puyin AXA Asset Management Co., Ltd.	158,000.00	5,000.00	2015.07.01-2025.12.10	8.30
61	Changchun Runde Industrial Co., Ltd.	Shanghai Puyin AXA Asset Management Co., Ltd.	30,000.00	-	2015.09.17-2022.12.10	8.30
62	Changchun Runde Industrial Co., Ltd.	Bank of Jilin	77,985.00	10.00	2017.12.15-2036.7.14	5.88
63	Changchun Runde Industrial Co., Ltd.	Far East Horizon (Tianjin) Financial Leasing Co., Ltd.	5,526.14	3,157.53	2018.6.20-2023.6.20	12.94
64	Changchun Runde Industrial Co., Ltd.	Far East Horizon (Tianjin) Financial Leasing Co., Ltd.	6,309.30	3,490.93	2018.12.13-2023.12.13	12.94
65	Changchun Runde Industrial Co., Ltd.	Far East Horizon (Tianjin) Financial Leasing Co., Ltd.	3,376.31	1,693.44	2019.2.28-2024.2.28	12.94
66	Changchun Runde Industrial Co., Ltd.	Bank of Jilin	19,250.00	200.00	2019.5.24-2022.5.23	7.125
67	Changchun Runde Industrial Co., Ltd.	Changchun Rural Development Commercial Bank	46,000.00	1,000.00	2019.6.24-2022.6.23	7.363
68	Changchun Runde Industrial Co., Ltd.	Zhongrong International Trust Co., Ltd.	9,150.00	5,660.00	2019.9.25-2021.9.25	11.50
69	Changchun Runde Industrial Co., Ltd.	Huarong Financial Leasing Co., Ltd.	64,000.00	16,000.00	2020.9.25-2025.9.25	9.50
70	Changchun Runde Industrial Co., Ltd.	Kunlun Trust Co., Ltd.	29,000.00	1,000.00	2019.12.11-2022.12.10	10.536
71	Changchun Runde Industrial Co., Ltd.	Great Wall Guoxing Financial Leasing Co., Ltd.	34,596.78	8,972.65	2019.12.27-2024.12.10	8.96

Order	Debtor	Creditor	Debt Amount	Matured within 1 Year	Debt Period	Interest Rate
72	Changchun Runde Industrial Co., Ltd.	Great Wall Guoxing Financial Leasing Co., Ltd.	40,101.44	19,898.59	2020.9.24-2023.9.11	8.05
73	Changchun Runde Industrial Co., Ltd.	Bank of Jilin	98,970.00	20.00	2019.4.19-2036.4.18	6.525
74	Changchun Runde Industrial Co., Ltd.	Bank of Communications	29,400.00	600.00	2020.6.30-2035.6.29	6.50
75	Changchun Runde Industrial Co., Ltd.	Nanyang Bank	9,000.00	1,000.00	2020.9.18-2022.9.17	6.00
76	Changchun Mayor Shuangyang Investment Holdings (Group) Co., Ltd.	Construction Bank Changchun Shuangyang Branch	2,500.00	500.00	2015.8.5-2022.11.21	7.225
77	Changchun Mayor Shuangyang Investment Holdings (Group) Co., Ltd.	Construction Bank Changchun Shuangyang Branch	-	13,500.00	2016.12.29-2020.10.29	6.50
78	Changchun Mayor Shuangyang Investment Holdings (Group) Co., Ltd.	Construction Bank Changchun Shuangyang Branch	3,840.00	10.00	2020.08.10-2036.8.9	5.54
79	Changchun Mayor Shuangyang Investment Holdings (Group) Co., Ltd.	Construction Bank Changchun Shuangyang Branch	3,140.00	10.00	2020.08.10-2036.8.9	5.54
80	Changchun Mayor Shuangyang Investment Holdings (Group) Co., Ltd.	Construction Bank Changchun Shuangyang Branch	5,957.00	18.00	2020.8.18-2036.8.17	5.54
81	Changchun Mayor Shuangyang Investment Holdings (Group) Co., Ltd.	Construction Bank Changchun Shuangyang Branch	5,461.00	15.00	2020.8.18-2036.8.17	5.54
82	Changchun Mayor Shuangyang Investment Holdings (Group) Co., Ltd.	Construction Bank Changchun Shuangyang Branch	4,434.00	15.00	2020.8.18-2036.8.17	5.54
83	Changchun Mayor Shuangyang Investment Holdings (Group) Co., Ltd.	Bank of Jilin Changchun Shuangyang Branch	28,000.00	1,000.00	2020.9.23-2028.9.22	6.50
84	Changchun Jufeng Investment Development Co., Ltd.	Shuangying Township District Infrastructure Project 119.5 million yuan loan	5,053.06	-		
85	Changchun Jufeng Investment Development Co., Ltd.	Shuanglu sewage project special fund bond	5,000.00	-		
86	Changchun Jufeng Investment Development Co., Ltd.	Early approval of new general bond funds in 2020	5,000.00	-		
87	Changchun Jufeng Investment Development Co., Ltd.	New special bond funds approved in advance in 2020	23,000.00	-		
88	Changchun Mayor Shuangyang Investment Holdings (Group) Co., Ltd.	Agricultural Development Bank of China, Changchun City Shuangyang District Branch	8,199.00	-	2018.04.20-2043.04.17	4.54
89	Changchun Mayor Shuangyang Investment Holdings (Group) Co., Ltd.	Shuangyang District Finance Bureau (2015 first batch of swap bond on-lending)	774.00	-	2015.12.15-2025.12.14	6.00

Order	Debtor	Creditor	Debt Amount	Matured within 1 Year	Debt Period	Interest Rate
90	Changchun Mayor Shuangyang Investment Holdings (Group) Co., Ltd.	Shuangyang District Finance Bureau (replacement bond on-lending in 2016)	1,548.00	-	2016.4.11-2026.4.10	6.00
91	Changchun Mayor Shuangyang Investment Holdings (Group) Co., Ltd.	Shuangyang District Finance Bureau (replacement bond on-lending in 2017)	3,260.00	-	2017.5.27-2024.5.27	6.00
92	Changchun City Changfa Old City Reconstruction Engineering Co., Ltd.	China Development Bank Jilin Branch	384,200.00	15,800.00	2019.8.15-2039.10.17	4.90
93	Changchun City Changfa Old City Reconstruction Engineering Co., Ltd.	China Development Bank Jilin Branch	400,000.00	-	2019.8.15-2039.10.17	4.90
94	Changchun City Changfa Old City Reconstruction Engineering Co., Ltd.	China Development Bank Jilin Branch	150,000.00	-	2020.1.02-2039.10.17	4.90
95	Changchun City Changfa Old City Reconstruction Engineering Co., Ltd.	China Development Bank Jilin Branch	50,000.00	-	2020.5.28-2039.10.17	4.90
96	Changchun Water (Group) Co., Ltd.	China Development Bank Jilin Branch	26,000.00	-		4.41
	Total	—	3,429,419.03	501,603.46	—	—

Note 17. Other Interest-bearing Debt

Statement on Overseas Debt as of September 2020

As of Date: September 30, 2020

Unit: Ten thousand yuan

Debt Category	Company Name	Amount	Issue Date	Period	Annual Interest Rate	Secured	Status
High-level Debenture with no Collateral	Changfa International Co., Ltd	272,829.86	2018/11/8	3year	5.7	The Group guarantee	Continuous
		170,202.24	2019/9/12	3year	3.9		
Total	—	443,032.10	—	—	—	—	—

Note 18. Financial expenses

Unit: ten thousand yuan

Finance Cost	Period	
	For the Year 2020 January to September	For the Year 2019 January to September
Finance Cost	240,832.00	213,322.08
Finance Income	21,824.83	22,014.60
Bank Charges	4,044.16	3,435.87

Finance Cost	Period	
	For the Year 2020 January to September	For the Year 2019 January to September
Foreign Exchange	-62.65	67.88
Total	222,988.68	194,811.23

Note 19.Subledger of Revenue and Cost of Sales

1.Subledger of Revenue

Unit: ten thousand yuan

Business Module	2018		2019		January - September 2020	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Engineering and construction Services	44,351.19	11.80	47,931.68	11.16	25,003.19	9.37
Product Sales	130,254.82	34.65	160,306.66	37.33	85,983.50	32.23
Water Treatment	137,810.98	36.66	147,611.35	34.37	103,110.33	38.65
Finance Service	49,373.84	13.13	56,347.09	13.12	43,429.86	16.28
Leasing Income	9,350.27	2.49	13,395.55	3.12	6,778.93	2.54
Other Services	4,784.00	1.27	3,874.90	0.90	2,501.46	0.93
Total	375,925.10	100.00	429,467.23	100.00	266,807.27	100.00

2.Subledger for Cost of Sales

Unit: ten thousand yuan

Business Module	2018		2019		January - September 2020	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Engineering and construction Services	34,436.18	11.67	24,036.32	7.51	3,159.13	1.65
Product Sales	125,115.52	42.41	153,233.23	47.86	82,897.69	42.98
Water Treatment	108,484.11	36.77	114,798.18	35.86	92,075.01	47.73
Finance Service	13,595.95	4.61	12,584.16	3.93	9,229.24	4.78
Leasing Income	4,751.79	1.61	5,374.60	1.68	1,223.77	0.63
Other Services	8,645.20	2.93	10,137.01	3.16	4,303.89	2.23
Total	295,028.75	100.00	320,163.50	100.00	192,888.73	100.00

3.Project Income Included in Primary Business

Unit: ten thousand yuan

For the Year	Project Contract	Settlement Amount	Received Payment
January - September 2020	Shoushan Road Phase II Earthwork Outward Transportation and Enclosure	954.53	300.00
	South Fourth Ring Road underpassing Linhe Street		970.00
	Changchun Longjia International Airport Comprehensive Transportation Hub Pipeline Relocation and Steel Temporary Bridge Project		650.00
	Longyang Shanty Town Renovation Project		1,800.00
	Shoushan Road Project	85.05	
	Shanghai road precipitation	343.94	
	Farm renovation	257.28	792.86
	Shanghai Road Outer Block	13.80	-
	Sewage Treatment and Repair of Chuanhu Lake	543.68	500.00
	Liaoyuan Wastewater Treatment Project	1,800.00	90.29
	South New Town Bing 47 Road Road Project	27.86	27.86
	Outdoor construction of Changchun Municipal Service Center		110.60
	Seedling base construction project, infrastructure repair project design and construction general contracting project		22.70
	Changchun Runde Commercial Concrete Co., Ltd. Commercial concrete production and construction project fully enclosed sand and stone yard design and construction general contracting project		30.00
	The asset management branch manages the general contracting project of the design and construction of the infrastructure repair project of the property community		46.65
	The first bid section of the general contracting project of the maintenance engineering design and construction of the management property community in 2018: waterproof maintenance engineering		174.21
	Mechanical construction consulting project	143.05	143.05
	Bing 86 Road, Kuancheng District (Bei Kaixuan Road-Bing 88 Road)		780.26
	Road drainage project of Yishisan Road (including bridge) in Kuancheng District (Beikaixuan Road-Bing86 Road)		206.94
	Tianbo Road (Tianguang Road-Anshan Road)		104.72
In 2017, the city's old city renovation and upgrading project Changchun City Maintenance Management Center municipal road major and medium repair project (second batch of the 12th bid)		243.59	
Expressway North Plot (Taipei Sunshine New District) Project-Municipal Park Road Specialized Subcontracting Project		209.00	
Group archives renovation project		0.17	
Section I: Changchun Public Security Bureau Road Facilities Team Business House and Warehouse		447.31	

For the Year	Project Contract	Settlement Amount	Received Payment
	Offsite Resettlement Project		
	Off-site road engineering of Changchun Detention Center Project		137.67
	Sporadic project of Changchun Detention Center		39.19
Total		4,169.19	7,827.07

Note 20. Other Data for Subsidiaries as of September 2020 (Asset, Liability, Net Asset, Revenue, Net Profit)

Unit: ten thousand yuan

Order	Company Name	Asset	Liability	Net Asset	Revenue	Net Income
1	Changchun mayor Development Investment Co., Ltd	5,064,722.14	2,692,727.49	2,371,994.65	71,792.38	45,044.51
2	Jilin Changfa new urbanization Industry Co., Ltd	61,565.69	18,454.12	43,111.57	799.68	-1,282.89
3	Changchun urban pipeline construction investment (Group) Co., Ltd	5,202,129.71	2,677,903.15	2,524,226.56	38,323.04	-41,966.10
4	Changfa financial holding (Changchun) Co., Ltd	67,231.77	32,080.44	35,151.33	2,446.61	199.48
5	Jilin Changfa Tourism Investment Group Co., Ltd	1,055,037.81	949,884.43	105,153.38	50,585.30	11,321.29
6	Changchun City Development Investment Holding Group Construction Co., Ltd	6,865.16	3,141.17	3,723.99	486.40	-554.80
7	Changchun urban development (Group) Co., Ltd	28,649.14	9,751.39	18,897.75	1,173.97	7,697.39
8	Changchun Runde Investment Group Co., Ltd	28,043.14	24,917.12	3,126.02	772.61	-151.02
9	Changchun changchangfa Real Estate Co., Ltd	314,490.79	307,996.31	6,494.48	140.01	-449.90
10	Changchun Water (Group) Co., Ltd	741,815.47	220,874.30	520,941.17	103,315.24	-7,788.65
11	Changchun Changfa Shuangyang investment holding (Group) Co., Ltd	10,155.60	8,590.92	1,564.68	0.00	-131.26
12	Changfa human resources industry investment (Changchun) Co., Ltd	320,579.10	182,333.70	138,245.40	0.00	-146.82
13	Northeast Asia Digital Technology Co., Ltd	1,442,569.68	1,012,569.68	430,000.00	0.00	0.00
14	Changchun Changfa Old City Reconstruction Engineering Co., Ltd	88,213.21	333.47	87,879.74	409.73	-569.71

Order	Company Name	Asset	Liability	Net Asset	Revenue	Net Income
15	Changchun Changfa New Energy Industry Investment and Construction Co., Ltd.	208,011.84	177,811.84	30,200.00	0.00	0.00

Note 21.Sewage Treatment Module Appendix

1.Sewage treatment business as 2017-2019 & Jan.-Sep. 2020

Project Name	For the Year 2017	For the Year 2018	For the Year 2019	For the Year 2020 January to September
Ability of Sewage Treatment (Ten thousand Ton/Day)	135.00	150.50	150.50	150.50
Quantity for Sewage Treatment (Ten thousand Ton)	33,117.00	39,529.50	48,480.26	38,876.00
Productivity of Sewage Treatment	68.00	72.00	89.00	90.00
Length of Sewage Pipe (Kilometer)	75.00	75.00	75.00	75.00

2.Sewage treatment operation as 2017-2019 & Jan.- Sep. 2020

Unit: ten thousand yuan, yuan/ton

Project Name	For the Year 2016	For the Year 2017	For the Year 2019	For the Year 2020 January to September
Sewage Treatment Income	26,620.00	4,1080.00	46,250.00	25,400.00
Average Income Per ton	0.80	1.04	1.05	0.65
Sewage Treatment Cost	24,310.00	3,7132.00	45,953.00	30,140.00
Average Cost Per Ton	0.73	0.94	0.95	0.78

3.Summary of Water Supply As of September 2020

Unit: ten thousand Ton

Project Name	For the Year 2016	For the Year 2017	For the Year 2019	For the Year 2020 January to September
Ability of Water Supply Per Day	123.00	123.00	123.00	123.00
Water Supply Per Year	35,141.00	36,339.00	36,426	26,465.00
Total Water Sales	22,843.00	24,101.00	25,854	19,746.00
Includes: Residential Water	9,653.00	10,057.00	11,347	10,861.00
Non-residential Water	13,191.00	14,044.00	14,507	8,885.00
Rate of Water Leakage	35.00%	33.68%	29.02%	25.39%

4.Summary for Sales and Cost of Goods as of September 2020

Unit: ten thousand yuan

Project Name	For the Year 2016	For the Year 2017	For the Year 2019	For the Year 2020 January to September
Water Supply Revenue	92,286.00	98,932.00	101,377.00	71,463.00
Water Supply Cost	99,739.00	105,245.00	102,366.00	75,688.00

Note 22.Selling Module

1.Top Five Customer of Business Beton in 2019

Unit: ten thousand yuan

Order	Customer Name	Related or Not	Selling Amount
1	Zhongqing Construction Co., Ltd.	Not	4,120.96
2	China Railway Seventh Bureau Group Second Engineering Co., Ltd.	Not	3,091.81
3	China Railway Tenth Bureau Group Eighth Engineering Co., Ltd.	Not	2,859.33
4	China Construction Technology Co., Ltd.	Not	1,739.12
5	Changchun Construction Group Co., Ltd.	Not	948.90
Top Five Total Selling Amount		---	12,760.12

2.Top Five Customer of Business Beton in January to September 2020

Unit: ten thousand yuan

Order	Customer Name	Related or Not	Selling Amount
1	China Railway Tenth Bureau Group Eighth Engineering Co., Ltd.	Not	2,312.98
2	Zhongqing Construction Co., Ltd.	Not	1,926.75
3	Changchun Construction Group Co., Ltd.	Not	1,563.87
4	China Railway Construction Bridge Engineering Bureau Group Sixth Engineering Co., Ltd.	Not	1,455.55
5	Jilin Dongye Construction Co., Ltd.	Not	1,365.33
Top Five Total Selling Amount		---	8,624.48

3.Summary for Urban Development Beton Productivity and Manufacturer for period 2017 to 2019, January to September 2020

Project	For the Year 2017	For the Year 2018	For the Year 2019	For the Year 2020 January to September
Product Line (Strip)	2			
Annual Capacity (Million cubic meters)	30.00			
Annual Productivity (Million cubic meters)	6.00			

Project	For the Year 2017	For the Year 2018	For the Year 2019	For the Year 2020 January to September
Productivity Usage	0.20			
Cost (ten thousand yuan)	319.00			
Revenue (ten thousand yuan)	336.00			
Sales Volume (Million cubic meters)	1.44			

4.Summary for Runde Business Beton Productivity and Manufacturer for period 2017 to 2019, January to September 2020

Project	For the Year 2017	For the Year 2018	For the Year 2019	For the Year 2020 January to September
Product Line (Strip)	3	3	3	2
Annual Capacity (Million cubic meters)	60.00	60.00	60.00	40.00
Annual Productivity (Million cubic meters)	26.71	29.65	22.78	17.11
Productivity Usage	0.45	0.49	0.38	0.43
Cost (ten thousand yuan)	8,632.65	11,357.40	8,713.35	5,847.72
Revenue (ten thousand yuan)	9,371.79	12,381.02	9,505.95	6,386.39
Sales Volume (Million cubic meters)	26.71	29.65	22.78	17.11

5.Summary for Runde Construction Business Beton Productivity and Manufacturer for period 2017 to 2019, January to September 2020

Project	For the Year 2017	For the Year 2018	For the Year 2019	For the Year 2020 January to September
Product Line (Strip)	2	2	2	2
Annual Capacity (Million cubic meters)	40.00	40	40	40
Annual Productivity (Million cubic meters)	19.50	20.25	22.05	13.23
Productivity Usage	0.49	0.51	0.55	0.12
Cost (ten thousand yuan)	6,043.00	7,500.17	8,796.89	4,498.02
Revenue (ten thousand yuan)	6,701.00	8,216.42	10,063.37	4,838.93
Sales Volume (Million cubic meters)	19.50	20.25	22.05	13.23

Note 23. Presentation of Joint Venture and Associated Company

Unit: ten thousand yuan

Order	Joint Venture and Associated Company	Registered Capital	Investment Amount	Holding Percentage	Legal Representative	Scope of Operation
1	Jilin CNPC Changfa Energy Development Co., Ltd.	8,000.00	4,000.00	50.00	Wang Runtao	Investment, construction, organization, management and operation of gas (fuel) stations; wholesale and retail of gasoline, kerosene, diesel, and fuel oil; sales of petroleum and natural gas, food and cigarettes, medicines, medical supplies and equipment, automobile maintenance, communication payment services, lottery Consignment sales (the above items can only be operated by branches that have obtained licenses); production and sales of petrochemical and chemical products (with environmental guarantee, without hazardous chemicals); new clean energy (such as charging stations, charging piles) related projects Development and promotion; construction and operation of oil and natural gas pipelines (operating with qualification certificates); sales of auto parts and accessories; sales of refueling and storage equipment parts; distribution of agricultural materials (except pesticides); technology development, consulting, and services for petrochemicals and related projects; Import and export business (except products prohibited by national laws and regulations); distribution of materials and equipment, equipment and lubricants required for pipeline production and construction; daily necessities; leasing of houses and mechanical equipment. (Projects that are subject to approval in accordance with the law can be operated only after approval by relevant departments)
2	Changchun Jianren Construction Investment Co., Ltd.	40,000.00	12,000.00	30.00	Tang Hongxuan	Invest in related projects with own funds; state-owned assets management; urban construction fund management; urban infrastructure project development; urban construction infrastructure operation; service leasing; (no business such as financial management, illegal fund-raising, illegal deposits, loans, etc.); laws, regulations and Projects prohibited by the State Council's decision shall not be operated. Projects that require approval in accordance with the law can only be operated after approval by the relevant departments)
3	Changchun Jianhe Construction Investment Co., Ltd.	40,000.00	12,000.00	30.00	Tang Wenxia	Invest in relevant projects with own funds; state-owned assets management; urban construction fund management; urban infrastructure project development; urban construction infrastructure operation; house leasing; (no financial

Order	Joint Venture and Associated Company	Registered Capital	Investment Amount	Holding Percentage	Legal Representative	Scope of Operation
4	Changchun Construction Investment Co., Ltd. C&D	40,000.00	12,000.00	30.00	Han Song	management, illegal fund-raising, illegal deposits, loans, etc.) business; laws, regulations and Projects prohibited by the State Council's decision shall not be operated. Projects that require approval in accordance with the law can only be operated after approval by the relevant departments)** Invest in related projects with own funds; state-owned assets management; urban construction fund management; urban infrastructure project development; operation of urban construction infrastructure; house leasing; (no financial management, illegal fund-raising, illegal deposits, loans, etc.); laws, regulations Projects prohibited by the State Council's decision shall not be operated. Projects that require approval in accordance with the law can only be operated after approval by the relevant departments)**
5	Changchun Jiantong Construction Investment Co., Ltd.	40,000.00	12,000.00	30.00	Zhang Xiangdong	Invest in relevant projects with its own funds; state-owned assets management; urban construction fund management; urban infrastructure project development; urban construction infrastructure management; house leasing. (It is not allowed to engage in financial management, illegal fund-raising, illegal deposits, loans, etc.; projects prohibited by laws, regulations and decisions of the State Council are not allowed to operate, and projects that require approval in accordance with the law can only carry out business activities after approval by relevant departments)**
6	Changchun Wanda Urban Development and Construction Investment Co., Ltd.	58,000.00	18,000.00	31.03	Wu Guodai	State-owned assets management, urban construction fund management, urban infrastructure project development, investment management, and operation of newly-built urban infrastructure (the above scope of laws, administrative regulations, and decisions of the State Council shall be subject to permission, approved by the examination and approval authority and registered by the administrative department for industry and commerce Can be operated afterwards); house lease*
7	Changchun Xingcheng Urban Construction Investment Holdings Co., Ltd.	58,000.00	18,000.00	31.03	Zhu Jin	State-owned assets management, urban construction fund management, urban infrastructure project development, investment management, and operation of newly-built urban infrastructure (the above scope of laws, administrative regulations, and decisions of the State Council shall be subject to permission, approved by the examination and approval authority and registered by the administrative department for industry and commerce Can operate only afterwards); house lease*

Notes to the consolidated financial statements

Order	Joint Venture and Associated Company	Registered Capital	Investment Amount	Holding Percentage	Legal Representative	Scope of Operation
8	Changchun Huifa Urban Construction Investment Co., Ltd.	58,000.00	18,000.00	31.03	Wu Shuqin	Invest in related projects with its own funds; state-owned assets management; urban construction fund management; urban infrastructure project development; operation of urban construction urban infrastructure; mechanical equipment leasing. (It is not allowed to engage in financial management, illegal fund-raising, illegal deposits, loans, etc.; projects prohibited by laws, regulations and decisions of the State Council are not allowed to operate, and projects that require approval in accordance with the law can only be operated after approval by relevant departments)*
9	Changchun Haiying Chengkai Industrial Development Co., Ltd.	5,000.00	2,450.00	49.00	Liu Ping	Steel belt reinforced polyethylene spiral corrugated pipe manufacturing; steel frame plastic composite pipes, pipe fittings, polyethylene double-wall corrugated pipes, plastic pipes, pipeline installation and engineering construction, various pipes, pipe fittings, plastic raw materials, valves, instruments, meters, Wholesale and retail steel wire mesh weaving and sales of boilers, pressure vessels and building materials.
10	Changchun New City Investment Development Co., Ltd.	30,000.00	10,150.00	33.83	Zhao Changke	Business scope: investment, development and management of urban infrastructure construction; real estate project development and technical consultation; advertising business operation; conference and exhibition services; corporate management services; business services.
11	Jilin Province Angcheng Financing Guarantee Co., Ltd.	50,000.00	7,000.00	22.00	Wu Desen	Provide loan guarantees, bill acceptance guarantees, trade financing guarantees, project financing guarantees, letter of credit guarantees and other financing guarantee services for enterprises and natural persons within the jurisdiction of Jilin Province; litigation preservation guarantees, bid guarantees, advance payment guarantees, project performance guarantees, and final payments Performance guarantee services such as reimbursement guarantees as promised; intermediary services such as financing consultation and financial advisory related to guarantees, and external investments with own funds.
12	Jilin Financial Holding Group Co., Ltd.	286,800.00	50,000.00	17.27	Li Laihua	The investment and operation of banking, securities, insurance, trusts, funds, guarantees, bills, financial leasing, technology finance, financial assets, technology, property rights transaction finance and similar financial services approved by relevant departments; investment consulting, investment management (no financial management), illegal fund-raising, illegal deposits, loans, etc.); real estate development, sales, leasing, management, and financial support services focusing on the construction of regional financial centers.

Order	Joint Venture and Associated Company	Registered Capital	Investment Amount	Holding Percentage	Legal Representative	Scope of Operation
13	Changchun Runde Construction Project Management Co., Ltd.	155,977.49	18,735.50	12	Zhang Liping	Engineering project management, engineering budget and final accounts preparation and review, engineering feasibility study report, informatization business consulting, pipeline engineering construction.
14	China State Construction Technology Changchun Co., Ltd.	25,000.00	7,500.00	30.00	Ma Guorong	Prefabricated building planning, scientific research, design, production, assembly, construction, general engineering contracting, operation management and integrated management of the entire industry chain; design, construction and management of green buildings, smart buildings, low-carbon buildings and building energy efficiency and distributed energy ; R&D, production, sales and installation of new building materials; processing and sales of steel products; road cargo transportation and warehousing services.
15	Jilin Province Jinan Construction Group Co., Ltd.	7,644.72	7,644.72	48.98	Sun Wanyu	Feasibility study, survey, design, procurement, construction of architectural engineering and municipal engineering projects: industrial design of buildings: residential and industrialized PC prefabricated components, underground integrated pipe gallery prefabricated components, municipal C prefabricated components, double T beams, integrated pipe gallery, R&D, design, production, sales, installation and operation services of pipe culverts, segments and special-shaped prefabricated components.
16	Jilin Yatai Runde Construction Co., Ltd.	5,000.00	2,450.00	49.00	Wang Zhonghou	Municipal road engineering construction; municipal engineering survey and design; architectural engineering design; production and sales of ready-mixed concrete, cement precast components, precast bridge components and other building materials; municipal public engineering construction; highway engineering construction; pipeline engineering construction; bridge engineering construction ; Water conservancy and hydropower engineering construction; tunnel engineering construction; urban rail transit engineering construction; housing construction engineering construction; construction labor subcontracting; metal structure manufacturing and sales; steel and building materials sales; technical consultation, technology transfer, technical services (subject to legal approval For approved projects, business activities can only be carried out after approval by relevant departments)
17	Jilin Province Zhongrun Steel Structure Technology Co., Ltd.	15,900.00	5,883.00	37.00	Chen Xiaolin	Research and development, design, production, installation and sales of building steel structure, bridge steel structure, smart garage and supporting steel structure; construction engineering construction; building wall panel processing, installation and sales; construction machinery and equipment, house leasing;

Notes to the consolidated financial statements

Order	Joint Venture and Associated Company	Registered Capital	Investment Amount	Holding Percentage	Legal Representative	Scope of Operation
18	Changchun City Changfa Pension Comprehensive Project Management Co., Ltd.	15,246.80	1,500.00	20.00	Lu Gang	software and information technology services ; Engage in the import and export of goods and technology (projects that must be approved in accordance with the law can only be carried out after approval by relevant departments) Elderly service
19	Changchun City Changfa Pension Service Co., Ltd.	4,000.00	650.31	20.00	Liu Yangjian	Elderly service
20	Jilin Province Lixin Real Estate Development Co., Ltd.	3,000.00	1,170.00	49.00	Wang Rumping	Real estate development; commercial housing sales; house leasing
21	Jilin Province Chengda Economic and Trade Co., Ltd.	1,000.00	200.00	20.00	Wang Xiaoguang	Wholesale of building materials; distribution of rubber, steel, building materials, wood, electrical machinery and equipment, general machinery, automobiles (except cars), hardware, and electricity; design, production, release, and advertising agency; house leasing; garden planting; business information Consulting (excluding futures, securities, equity and other financial investment consulting); general cargo road transportation (excluding hazardous chemicals and precursor chemicals); warehousing services (excluding hazardous chemicals and precursor chemicals); trade import and export; site leasing; parking lot management service (projects subject to approval in accordance with the law can only be carried out after approval by relevant departments)
22	Changchun Wanrun Prefabricated Building Materials Co., Ltd.	9,200.00	200.00	2.17	Jiao Ruanchi	Research, development, manufacturing, and sales of prefabricated building materials; research, development, production and sales of new building materials; construction of architectural decoration projects (projects subject to approval in accordance with the law can only be carried out after approval by relevant departments).
23	Changchun Chengkaiqingquanhu Cultural Tourism Development Co.,	5,000.00	2250	45.00	Li Jingtian	Cultural tourism park management services; tourist hotels; tourism project development; conference and exhibition services; fitness services; freshwater fish breeding; house leasing; car leasing; leisure and sightseeing services; flower, seedling, fruit and vegetable planting and sales; wedding photography services;

Order	Joint Venture and Associated Company	Registered Capital	Investment Amount	Holding Percentage	Legal Representative	Scope of Operation
	Ltd.					venues Leasing; advertising design, production, agency, and release (projects subject to approval in accordance with the law can only be carried out after approval by relevant departments)
24	Jilin Changfa Culture Media Co., Ltd.	800.00	280	35.00	Li Chenglin	Radio and television program production; advertising business; cultural and artistic exchange activities organization and planning; stage design and stage art modeling planning, corporate image planning, marketing planning, corporate marketing planning; corporate management services; graphic design and production; conference and exhibition services, Etiquette services, photography and video services; animation design; website construction and maintenance; catering management; real estate information consulting, human resource management consulting, network integrated wiring, network technology development, technical services, corporate management consulting, performance brokerage, film production, distribution, Commercial performances, artistic creations, sports facilities management (excluding high-risk sports), rental of wedding dresses, dresses, flowers, photography and video equipment; economic information consultation (not engaged in information consultation services such as securities, futures, trust investment, finance, etc.) ; business information consultation; sales of clothing, shoes, hats, furniture, cultural and sports goods (excluding crossbows), daily necessities, plastic products, arts and crafts (excluding cultural relics), electronic products; education information consultation (excluding education and training and Projects subject to approval for study abroad agencies, consulting, etc.); investing in the education industry with self-owned funds (no financial management, illegal fund-raising, illegal storage, loans, etc.).

Situation of Management

Unit: ten thousand yuan

Order	Joint Venture and Associated Company	For the Year 2019 January to September				For the Year 2020 January to September								
		Total Asset	Total liabilities	Total owners' equity	Total operating income	Total Asset	Total liabilities	Total owners' equity	Total operating income	Net profit				

Changchun Urban Development Investment Holding (Group) Co., Ltd
As of September 30, 2020

Notes to the consolidated financial statements

Order	Joint Venture and Associated Company	For the Year 2019 January to September					For the Year 2020 January to September				
		Total Asset	Total liabilities	Total owners' equity	Total operating income	Net profit	Total Asset	Total liabilities	Total owners' equity	Total operating income	Net profit
1	Jilin CNPC Changfa Energy Development Co., Ltd.	11,302.06	3,570.08	7,731.98	3,889.28	41.89	11,880.35	4,389.37	7,490.98	3,923.15	-225.89
2	Changchun Jianren Construction Investment Co., Ltd.	42,101.82	2,001.25	40,100.57	-	-0.01	83,960.25	43,859.68	40,100.57	-	-0.01
3	Changchun Jianhe Construction Investment Co., Ltd.	94,483.64	54,462.77	40,020.87	-	-0.01	94,483.64	54,462.77	40,020.87	-	-0.01
4	Changchun C&D Construction Investment Co., Ltd.	76,005.16	35,898.96	40,106.20	-	-0.01	76,005.15	35,898.96	40,106.19	-	-0.01
5	Changchun Jiantong Construction Investment Co., Ltd.	85,730.66	45,704.56	40,026.10	-	0.00	85,730.67	45,704.56	40,026.11	-	0.00
6	Changchun Wanda Urban Development and Construction Investment Co., Ltd.	134,809.06	74,998.29	59,810.77	-	-0.01	134,809.06	74,998.29	59,810.77	-	-0.01

Changchun Urban Development Investment Holding (Group) Co., Ltd
As of September 30, 2020

Notes to the consolidated financial statements

Order	Joint Venture and Associated Company	For the Year 2019 January to September					For the Year 2020 January to September				
		Total Asset	Total liabilities	Total owners' equity	Total operating income	Net profit	Total Asset	Total liabilities	Total owners' equity	Total operating income	Net profit
7	Changchun Xingcheng Urban Construction Investment Holdings Co., Ltd.	134,027.59	74,999.14	59,028.45	-	-0.01	134,027.59	74,999.14	59,028.45	-	-0.01
8	Changchun Huifa Urban Construction Investment Co., Ltd.	499,830.57	150,725.25	349,105.32	-	-2,241.62	498,143.55	147,736.48	350,407.07	-	-939.84
9	Changchun Haiying Chengkai Industrial Development Co., Ltd.	12,087.91	8,608.80	3,479.11	2,365.85	-1,729.53	12,711.58	8,642.11	4,069.47	3,266.28	-1,635.47
10	Changchun New City Investment Development Co., Ltd.	35,871.93	6,782.40	29,089.53	-	-34.92	35,672.00	6,697.00	28,975.00	22.00	-192.00
11	Jilin Province Angcheng Financing Guarantee Co., Ltd.	71,520.43	25,412.37	46,108.06	355.52	81.47	65,275.00	26,272.00	39,003.00	228.00	-32.00
12	Jilin Financial Holding Group Co., Ltd.	1,026,496.53	330,627.41	695,868.22	17,536.34	1,198.07	1,041,893.66	340,653.60	701,240.06	62,433.03	1,295.82

Changchun Urban Development Investment Holding (Group) Co., Ltd
As of September 30, 2020

Notes to the consolidated financial statements

Order	Joint Venture and Associated Company	For the Year 2019 January to September					For the Year 2020 January to September				
		Total Asset	Total liabilities	Total owners' equity	Total operating income	Net profit	Total Asset	Total liabilities	Total owners' equity	Total operating income	Net profit
13	Changchun Runde Construction Project Management Co., Ltd.	338,621.10	241,156.68	97,464.42	-	-	343,189.10	249,252.60	93,936.50	-	-
14	China State Construction Technology Changchun Co., Ltd.	31,364.43	5,136.44	26,227.99	1,806.22	-589.77	32,278.96	6,328.69	25,950.27	3,823.05	-104.34
15	Jilin Province Jinan Construction Group Co., Ltd.	22,936.11	14,794.35	8,141.76	292.17	234.62	24,947.81	18,063.28	6,884.53	3,385.19	-746.71
16	Jilin Yantai Runde Construction Co., Ltd.	6,815.72	2,238.60	4,577.12	-	-269.13	6,793.19	2,317.66	4,475.53	7,904.07	-210.76
17	Jilin Province Zhongrun Steel Structure Technology Co., Ltd.	27,079.30	18,525.94	8,553.36	-	-1,158.59	58,158.28	43,838.97	14,319.31	-524.36	108.59
18	Changchun City Changfa Pension Comprehensive Project Management	7,362.44	4,323.43	3,039.01	-	-578.60	7,223.49	5,041.04	2,182.45	263.03	-955.37

Changchun Urban Development Investment Holding (Group) Co., Ltd
As of September 30, 2020

Notes to the consolidated financial statements

Order	Joint Venture and Associated Company	For the Year 2019 January to September					For the Year 2020 January to September					
		Total Asset	Total liabilities	Total owners' equity	Total operating income	Net profit	Total Asset	Total liabilities	Total owners' equity	Total operating income	Net profit	
	Co., Ltd.											
19	Changchun City Changfa Pension Service Co., Ltd.	2,560.96	122.94	2,438.02		-62.68	2,724.02	301.30	2,422.72	7.50	-7.31	
20	Jilin Province Lixin Real Estate Development Co., Ltd.	47,127.79	44,184.22	2,943.57	-	-56.42	184,277.71	183,230.51	1,047.20	-	-1,351.08	
21	Jilin Province Chengda Economic and Trade Co., Ltd.	997.25	-0.18	997.43	637.17	-2.57	1,005.43	58.95	946.48	869.93	-25.12	
22	Changchun Wanrun Prefabricated Building Materials Co., Ltd.						3,047.04	2851	196.04	0	-3.96	
23	Changchun Chengkaiqing qianhu Cultural Tourism Development Co., Ltd.						292.00	60.00	232.00	108.00	6.00	
24	Jilin Changfa Culture Media Co., Ltd.	551.88	4.29	547.59	2.20	-28.8	1,148.00	551.00	597.00	6.93	5.92	

Note 24.Related Party Transaction

None.

Note 25.Significant contingent event

External Security

Statement on External Security

Unit: ten thousand yuan

Order	Guarantor Company	Guarantee Company	Guarant Amont	Guarant Balance	Guarant Period (Year)	Types of Guarantee
1	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Chengkaiwanjia Real Estate Development Co., Ltd.	110,600.00	46,366.98	2015.12.8 -2022.12.7	Joint liability guarantee
2	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Chengkai Industrial Co., Ltd.	9,000.00	8,500.00	2019.12.31 -2020.12.30	Joint liability guarantee
3	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Chengkai Engineering Construction Co., Ltd.	4,000.00	4,000.00	2019.12.31 -2020.12.30	Joint liability guarantee
4	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Chengkai Industrial Co., Ltd.	44,600.00	24,534.47	2018.05.28 -2023.05.28	Joint liability guarantee
5	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Chengkai Water Co., Ltd.	9,800.00	5,390.98	2018.05.07 -2023.05.07	Joint liability guarantee
6	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Chengkai Water Co., Ltd.	9,800.00	5,390.98	2018.05.07- 2023.05.07	Joint liability guarantee
7	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Urban Development Investment Development Co., Ltd.	20,000.00	11,003.48	2018.06.14 -2023.06.14	Joint liability guarantee

Order	Guarantor Company	Guarantee Company	Guarant Amont	Guarant Balance	Guarant Period (Year)	Types of Garantie
8	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Chengkai Industrial Co., Ltd.	30,000.00	30,000.00	2020.04.10 -2021.03.30	Joint liability guarantee
9	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Chengkai Industrial Co., Ltd.	8,200.00	6,800.46	2020.04.08 -2023.04.08	Joint liability guarantee
10	Changchun Runde Investment Group Co., Ltd.	Changchun urban development and investment holding (Group) Co., Ltd.	300,000.00	299,000.00	2 year	Joint liability guarantee
11	Changchun Runde Investment Group Co., Ltd.	Changchun urban development and investment holding (Group) Co., Ltd.	100,000.00	100,000.00	2 year	Joint liability guarantee
12	Changchun Runde Investment Group Co., Ltd.	Changchun urban development and investment holding (Group) Co., Ltd.	100,000.00	100,000.00	2 year	Joint liability guarantee
13	Changchun Runde Investment Group Co., Ltd.	Changchun urban development and investment holding (Group) Co., Ltd.	100,000.00	100,000.00	2 year	Joint liability guarantee
14	Changchun Runde Investment Group Co., Ltd.	Changchun urban development and investment holding (Group) Co., Ltd.	80,000.00	80,000.00	2 year	Joint liability guarantee
15	Changchun Runde Investment Group Co., Ltd.	Changchun urban development and investment holding (Group) Co., Ltd.	30,000.00	30,000.00	1 year	Joint liability guarantee
16	Changchun Runde Investment Group Co., Ltd.	Changchun Urban Development (Group) Co., Ltd.	30,000.00	-		Joint liability guarantee

Order	Guarantor Company	Guarantee Company	Guarant Amont	Guarant Balance	Guarant Period (Year)	Types of Garantie
17	Changchun Runde Investment Group Co., Ltd.	Changchun Urban Development (Group) Co., Ltd.	29,000.00	-		Joint liability guarantee
18	Changchun Runde Investment Group Co., Ltd.	Changchun Urban Development (Group) Co., Ltd.	25,000.00	-		Joint liability guarantee
19	Changchun Runde Investment Group Co., Ltd.	Changchun Urban Development (Group) Co., Ltd.	25,000.00	-		Joint liability guarantee
20	Changchun Runde Investment Group Co., Ltd.	Changchun Runde Construction Project Management Co., Ltd.	122,100.00	122,100.00	25 year	Joint liability guarantee
21	Changchun Runde Investment Group Co., Ltd.	Changchun Runde Construction Project Management Co., Ltd.	42,500.00	42,500.00	25 year	Joint liability guarantee
22	Changchun Urban Development Investment Holdings (Group) Co., Ltd.	Changchun Urban Construction Investment (Group) Co., Ltd.	490,000.00	200,297.00	2014.3.12-2026.3.9	Joint liability guarantee
23	Changchun Urban Development Investment Holdings (Group) Co., Ltd.	Changchun Urban Construction Investment (Group) Co., Ltd.	450,000.00	28,602.24	2014.1.7-2026.1.6	Joint liability guarantee
24	Changchun Urban Development Investment Holdings (Group) Co., Ltd.	Changchun Urban Construction Investment (Group) Co., Ltd.	350,000.00	110,000.00	2014.11.28-2026.11.27	Joint liability guarantee
25	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Urban Construction Investment (Group) Co., Ltd.	240,000.00	75,000.00	2014.11.28-2026.11.27	Joint liability guarantee
26	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Urban Construction Investment (Group) Co., Ltd.	350,000.00	79,000.00	2016.12.9-2021.12.8	Joint liability guarantee
27	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Urban Construction Investment (Group) Co., Ltd.	58,877.30	31,802.67	2018.9.15-2023.9.15	Joint liability guarantee

Order	Guarantor Company	Guarantee Company	Guarant Amont	Guarant Balance	Guarant Period (Year)	Types of Garantie
28	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Urban Construction Investment (Group) Co., Ltd.	50,000.00	39,500.00	2018.12.6-2023.11.20	Joint liability guarantee
29	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Urban Construction Investment (Group) Co., Ltd.	49,000.00	45,080.00	2019.8.30-2024.8.29	Joint liability guarantee
30	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Urban Construction Investment (Group) Co., Ltd.	30,000.00	30,000.00	2020.4.10-2023.3.30	Joint liability guarantee
31	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Urban Construction Investment (Group) Co., Ltd.	50,000.00	45,000.00	2020.3.30-2028.3.20	Joint liability guarantee
32	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Runde Investment Group Co., Ltd.	36,693.15	19,402.42	2018.8.31-2025.8.31	Joint liability guarantee
33	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Runde Industrial Co., Ltd.	19,750.00	19,450.00	2019.5.23-2024.5.22	Joint liability guarantee
34	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Runde Industrial Co., Ltd.	29,000.00	28,200.00	2019.6.24-2025.6.24	Joint liability guarantee
35	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Runde Investment Group Co., Ltd.	30,000.00	30,000.00	2019.12.6-2024.12.6	Joint liability guarantee
36	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Runde Industrial Co., Ltd.	99,000.00	98,990.00	2019.4.30-2022.4.30	Joint liability guarantee
37	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Runde Investment Group Co., Ltd.	19,000.00	18,800.00	2019.6.26-2024.6.25	Joint liability guarantee
38	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Runde Industrial Co., Ltd.	61,571.63	43,569.44	2019.12.27-2026.12.10	Joint liability guarantee

Order	Guarantor Company	Guarantee Company	Guarant Amont	Guarant Balance	Guarant Period (Year)	Types of Guarantee
39	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Runde Investment Group Co., Ltd.	80,000.00	80,000.00	2019.9.27-2027.9.27	Joint liability guarantee
40	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Urban Development (Group) Co., Ltd.	47,000.00	42,300.00	2020.1.20-2027.1.20	Joint liability guarantee
41	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Urban Development (Group) Co., Ltd.	8,200.00	6,800.46	2020.4.8-2025.4.8	Joint liability guarantee
42	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Mayor Shuangyang Investment Holdings (Group) Co., Ltd.	8,000.00	3,000.00	2015.8.5-2022.8.4	Joint liability guarantee
43	Changchun urban development and investment holding (Group) Co., Ltd.	Licheng Financial Leasing (Shanghai) Co., Ltd.	6,000.00	1,000.00	2018.6.25-2023.1.13	Joint liability guarantee
44	Changchun urban development and investment holding (Group) Co., Ltd.	Tianyu Ruibang Energy Saving Technology Co., Ltd.	3,000.00	3,000.00	2020.5.12-2022.11.8	Joint liability guarantee
45	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun City Changfa Old City Reconstruction Engineering Co., Ltd.	1,180,000.00	650,000.00	2019.1.18-2041.10.17	Joint liability guarantee
46	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun City Changfa Old City Reconstruction Engineering Co., Ltd.	400,000.00	400,000.00	2017.12.14-2041.10.17	Joint liability guarantee
47	Changchun urban development and investment holding (Group) Co., Ltd.	Licheng Financial Leasing (Shanghai) Co., Ltd.	22,179.20	22,179.20	2020.9.30-2023.8.14	Joint liability guarantee
48	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Runde Investment Group Co., Ltd.	10,000.00	10,000.00	2020.9.18-2.22.9.16	Joint liability guarantee
49	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Runde Investment Group Co., Ltd.	67,533.35	60,000.00	2020.9.24-2023.9.11	Joint liability guarantee

Order	Guarantor Company	Guarantee Company	Guarant Amont	Guarant Balance	Guarant Period (Year)	Types of Guarantee
50	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Mayor Shuangyang Investment Holdings (Group) Co., Ltd.	29,000.00	29,000.00	2020.9.25-2028.9.22	Joint liability guarantee
51	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Mayor Shuangyang Investment Holdings (Group) Co., Ltd.	5,476.00	5,476.00	2020.8.31-2035.8.30	Joint liability guarantee
52	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Mayor Shuangyang Investment Holdings (Group) Co., Ltd.	5,975.00	5,975.00	2020.9.1-2035.8.31	Joint liability guarantee
53	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Mayor Shuangyang Investment Holdings (Group) Co., Ltd.	4,449.00	4,449.00	2020.9.1-2035.8.31	Joint liability guarantee
54	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Mayor Shuangyang Investment Holdings (Group) Co., Ltd.	3,850.00	3,850.00	2020.8.12-2035.8.11	Joint liability guarantee
55	Changchun urban development and investment holding (Group) Co., Ltd.	Changchun Mayor Shuangyang Investment Holdings (Group) Co., Ltd.	3,150.00	3,150.00	2020.8.12-2035.8.11	Joint liability guarantee

Note 26.Asset Collateral and Limited Use Arrangement and Other Offenses to Prevent Third Party Obtain the Priority of repayment

1.Asset Collateral

Statement for Pledged Asset As of September 2020

Unit: ten thousand yuan

Mortgagor	Debtor	Creditor	Secured Amount (Ten thousand)	Types	Matter/ Pawn
Changchun Runde Investment Group Co., Ltd.	Changchun Runde Industrial Co., Ltd.	Zhongrong International Trust Co., Ltd.	77,540.00	Mortgage guarantee	Changchun Railway Station North Square Commercial Complex

Mortgagor	Debtor	Creditor	Secured Amount (Ten thousand)	Types	Matter/Pawn
Changchun Runde Investment Group Co., Ltd.	Changchun Runde Commercial Concrete Co., Ltd.	Changchun Development Rural Commercial Bank Co., Ltd.	12,000.00	Mortgage guarantee	Some properties on both sides of Yatai Avenue of Runde Group
Changchun Runde Investment Group Co., Ltd.	Changchun Runde Building Materials Co., Ltd.	Changchun Development Rural Commercial Bank Co., Ltd.	8,000.00	Mortgage guarantee	Some properties on both sides of Yatai Avenue of Runde Group

2.Pledged Asset

Statement for Pledged Asset As of September 2020

Unit: ten thousand yuan

Pledgor	Debtor	Creditor	Secured Amount (Ten thousand)	Types	Pledge/Collateral
Changchun City Changfa Old City Reconstruction Engineering Co., Ltd.	Changchun City Changfa Old City Reconstruction Engineering Co., Ltd.	China Development Bank Jilin Branch	1,000,000.00	Pledge guarantee	All rights and interests and benefits under the supplementary agreement (3) of the old PPP project contract
Changchun Chengkaiwanjia Real Estate Development Co., Ltd.	Changchun Chengkaiwanjia Real Estate Development Co., Ltd.	Everbright Bank Sun City Branch	46,367.00	Pledge guarantee	Accounts receivable
Changchun Urban Development (Group) Co., Ltd.	Changchun Chengkai Industrial Co., Ltd.	Bank of Jilin Kangping Street Branch	30,000.00	Pledge guarantee	Group office building
Licheng Financial Leasing (Shanghai) Co., Ltd. Jilin Branch	Changchun urban development and investment holding (Group)	Shanghai Pudong Development Bank Co., Ltd.	91,200.00	Pledge guarantee	Accounts receivable

Pledgor	Debtor	Creditor	Secured Amount (Ten thousand)	Types	Pledge/Collateral
	Co., Ltd.	Changchun Branch			
Licheng Financial Leasing (Shanghai) Co., Ltd. Jilin Branch	Changchun urban development and investment holding (Group) Co., Ltd.	Shanghai Pudong Development Bank Co., Ltd. Changchun Branch	23,000.00	Pledge guarantee	Accounts receivable
Licheng Financial Leasing (Shanghai) Co., Ltd. Jilin Branch	Changchun urban development and investment holding (Group) Co., Ltd.	Shanghai Pudong Development Bank Co., Ltd. Changchun Branch	14,100.00	Pledge guarantee	Accounts receivable
Licheng Financial Leasing (Shanghai) Co., Ltd. Jilin Branch	Changchun Lianhuashan Ecological Development Co., Ltd.	China Everbright Bank Changchun Branch	1,000.00	Pledge guarantee	Accounts receivable
Changchun Chengkai Water Co., Ltd.	Licheng Financial Leasing (Shanghai) Co., Ltd.	Bank of Communications Changchun Satellite Square Sub-branch	22,179.20	Pledge guarantee	Accounts receivable
Changchun City Water Supply Company	Changchun City Water Supply Company	China Construction Bank Changchun People's Square Branch	9,800.00	Pledge guarantee	Water fee charging right
Changchun City Water Supply Company	Changchun City Water Supply Company	Industrial Bank	8,000.00	Pledge guarantee	Water fee charging right
Changchun City Water Supply Company	Changchun City Water Supply Company	Construction Bank Changchun People's Square Branch	8,000.00	Pledge guarantee	Water fee charging right
Changchun City Water Supply Company	Changchun City Water Supply Company	ICBC Dajinglu Sub-branch	9,540.09	Pledge guarantee	Water fee charging right

Pledgor	Debtor	Creditor	Secured Amount (Ten thousand)	Types	Pledge/Collateral
Changchun City Water Supply Company	Changchun City Water Supply Company	ICBC Dajinglu Sub-branch	5,459.91	Pledge guarantee	Water fee charging right
Changchun Runde Investment Group Co., Ltd.	Changchun Runde Investment Group Co., Ltd.	China Development Bank Corporation	108,622.50	Pledge guarantee	All rights and interests and benefits under the "Changchun City Shanty Town Reconstruction Phase I Construction Project Entrusted Construction Agreement" signed by Runde Investment Group and Changchun City Government
Changchun urban development and investment holding (Group) Co., Ltd.	Changchun urban development and investment holding (Group) Co., Ltd.	Postal Savings Bank	55,000.00	Pledge guarantee	Entitlement and income under the government purchase service agreement for the stuffing project
Changchun urban development and investment holding (Group) Co., Ltd.	Changchun urban development and investment holding (Group) Co., Ltd.	ICBC	5,000.00	Pledge guarantee	Entitlement and income under the government purchase service agreement for the stuffing project
Changchun urban development and investment holding (Group) Co., Ltd.	Changchun urban development and investment holding (Group) Co., Ltd.	ICBC	100,000.00	Pledge guarantee	Entitlement and income under the government purchase service agreement for the stuffing project
Changchun urban development and investment	Changchun urban development and investment	ICBC	60,000.00	Pledge guarantee	Entitlement and income under the government

Pledgor	Debtor	Creditor	Secured Amount (Ten thousand)	Types	Pledge/Collateral
holding (Group) Co., Ltd.	holding (Group) Co., Ltd.				purchase service agreement for the stuffing project

Note 27.Subsequent Events after the Date of Balance Sheet

From the balance sheet date to the date of reporting, the Company has no material non-adjustment events after the balance sheet date of financial position, operating results and cash flow during the reporting period.

Note 28.In accordance with the financial accounting and the system should be disclosed in other content

None.

Enterprise legal representative:

Accounting Supervisor:

Head of accounting department:

Changchun Urban Development and Investment Holding (Group) Co., Ltd

October 28, 2020

**Changchun Urban Development and
Investment Holding (Group) Co., Ltd**

Independent Auditor's Report

DHSZ[2020]No.001240

Da Hua Certified Public Accountants (Special General Partnership)

Changchun Urban Development and Investment Holding

(Group) Co., Ltd

(Form 1/1/2019 to 12/31/2019)

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Independent Auditor's Report

DHSZ[2020]No.001240

Changchun Urban Development and Investment Holding (Group) Co., Ltd:

I. Opinion

We have audited the accompanying consolidated financial statements of Changchun Urban Development and Investment Holding (Group) Co., Ltd. (the "Company"), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements of the Company have been prepared in accordance with the Chinese Certified Public Accountants Auditing Standards and present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and the results of its operations and its cash flows for the year then ended are fairly present.

II. Basis for our Opinion

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants in China. Our responsibilities under those standards are further described in section "*Certified public accountants' Responsibilities for the Audit of the Financial Statements*" which is the Certified public accountants' Responsibilities for the Audit of the Financial Statements. According to the Code of Ethics for Chinese CPA, we are independent of the company in accordance with the Code of Ethics for Chinese CPA and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's management is responsible for preparing the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises to achieve a fair presentation, and for designing, implementing and maintaining internal control that is necessary to ensure that the financial statements are free from material misstatements, whether due to frauds or errors.

In preparing the financial statements, management of the Company is responsible for assessing the Company's ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

IV. Certified public accountants' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As an audit in accordance with Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, omissions, misrepresentations, or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

(3) Evaluate the appropriateness of accounting policies used and the

reasonableness of accounting estimates and related disclosures made by management of the Company.

(4) Conclude on the appropriateness of using the going concern assumption by the management of the Company, and conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, we should modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) We obtain adequate and appropriate audit evidence of financial information on physical or operational activities in the company to express an opinion on the financial statements. We are responsible for directing, supervising and executing group audits. We bear full responsibility for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit matters, including any significant deficiencies in internal control that we identify during our audit.

Da Hua Certified Public Accountants (Special General



CICPA:



刘明泉

CICPA:



凌忠峰

Reporting Date: April 20, 2020

合并资产负债表 Consolidated Balance Sheet

企财01表 (Financial report 01)

编制单位: 长春市城市发展投资控股(集团)有限公司

2019年12月31日

金额单位: 元

Company: Changchun urban development and investment holding (Group) Co., Ltd.

As of December 31, 2019

(Unit: Yuan)

项 目 Item	附注八 Note 8	期末余额 Ending Balance	期初余额 Beginning Balance	项 目 Item	附注八 Note 8	期末余额 Ending Balance	期初余额 Beginning Balance
流动资产 Current Assets		—	—	流动负债 Current liabilities		—	—
货币资金 Monetary fund	Note1	16,064,826,761.31	19,302,940,552.03	短期借款 Short-term borrowings	Note22	8,318,983,963.71	7,029,589,758.94
△结算备付金 Settlement Reserves				△拆入资金 Borrow funds			
△拆出资金 Lending funds				△吸收存款及同业存放 Deposits from customers and interbank			
以公允价值计量且其变动计入当期损益的金融资产 Financial assets measured at fair value and whose changes are recorded in the profits and losses of the current period	Note2	5,242,875.57	5,391,873.81	以公允价值计量且其变动计入当期损益的金融负债 Be measured at fair value and of which the variation is included in the current profits and losses of financial liability			
衍生金融资产 Derivative financial assets				衍生金融负债 Derivative financial liabilities			
应收票据 Notes receivable	Note3	5,770,000.00	16,421,684.71	应付票据 Notes payable	Note23	10,000,000.00	
应收账款 Accounts receivable	Note4	1,676,802,487.05	674,611,207.30	应付账款 Accounts payable	Note24	1,015,600,333.16	1,642,192,739.55
预付款项 Payment in advance	Note5	17,386,968,864.65	16,368,292,901.43	预收款项 Advance receipts	Note25	554,803,314.27	586,216,850.32
△应收保费 Premium receivable				△卖出回购金融资产款 Financial assets sold for repurchase			
△应收分保账款 Code insurance receivable				△吸收存款及同业存放 Deposits from customers and interbank			
△应收分保准备金 Reserve for Code insurance receivable				△代理买卖证券款 Customer brokerage deposits			
其他应收款 Other receivable	Note6	59,475,856,334.36	55,601,311,153.71	△代理承销证券款 Securities underwriting brokerage deposits			
△买入返售金融资产 Purchase of resale financial asset				应付职工薪酬 Accrued payroll	Note26	138,679,281.60	144,250,799.65
存货 Inventories	Note7	8,331,131,155.10	7,460,381,040.51	其中: Including: 应付工资 Wage payable		41,104,054.62	42,847,731.23
其中: Including: 原材料 Raw materials		36,535,360.39	46,572,293.09	应付福利费 Welfare payable		60,018.00	55,818.00
库存商品(产成品) Stock item (finished product)		345,224,223.03	224,246,396.01	其中: Including: 职工奖励及福利基金 Bonus and allowance fund			
持有待售资产 Held-for-sale asset				应交税费 Taxes payable	Note27	29,304,766.30	16,202,713.01
一年内到期的非流动资产 Non-current assets due within one year				其中: Including: 应交税金 Tax payable		30,426,221.13	17,633,425.10
其他流动资产 Other current assets	Note8	1,714,175,349.98	1,270,047,401.31	其他应付款 Other payable	Note28	22,863,455,383.67	29,674,539,483.57
流动资产合计 Total Current Assets		104,660,773,828.02	100,699,397,814.81	△应付手续费及佣金 Handling charges and commissions payable			
非流动资产 Non-Current Assets		—	—	△应付分保账款 Code insurance payable			
△发放贷款及垫款 Total disbursement of loans and advances	Note9	555,727,126.80	301,417,100.00	持有待售负债 Held-for-sale liability			
可供出售金融资产 Available-for-sale financial assets	Note10	40,290,046,124.06	39,114,090,988.53	一年内到期的非流动负债 Non-current liabilities due within one year	Note29	20,679,094,424.85	19,697,347,127.76
持有至到期投资 Held-to-maturity investment	Note11	3,480,179,541.49	5,856,231,173.51	其他流动负债 Other current liabilities	Note30	5,164,971.94	5,469,846.99
长期应收款 Long-term receivables	Note12	5,611,693,314.94	9,927,720,913.12	流动负债合计 Total current liabilities		53,615,086,439.50	58,795,809,319.79
长期股权投资 Long-term investment	Note13	2,909,363,896.55	2,262,542,232.96	非流动负债 Non-current liabilities		—	—
投资性房地产 Investment property	Note14	7,450,490,421.01	887,502,259.07	△保险合同准备金 Insurance contract reserve			
固定资产原值 Fixed assets	Note15	41,599,356,563.56	44,099,190,585.16	长期借款 Long-term borrowings	Note31	20,634,746,983.06	19,854,378,087.78
在建工程 Construction in process	Note16	14,093,311,738.24	12,180,966,969.13	应付债券 Bonds payable	Note32	21,427,905,978.01	20,061,853,329.99
生产性生物资产 Productive biological assets				其中: Including: 优先股 Preferred stock			
油气资产 Oil and gas assets				永续债 Perpetual debts			
无形资产 Intangible assets	Note17	11,380,032,740.56	797,758,079.37	长期应付款 Long-term payable	Note33	3,010,742,556.63	4,785,242,919.39
开发支出 Development expenditures				长期应付职工薪酬 Long-term accrued wages			
商誉 Goodwill	Note18	13,488,525.84	13,488,525.84	预计负债 Accrued expense	Note34	1,129,359.00	
长期待摊费用 Long-term prepaid expenses	Note19	30,788,466.53	8,260,762,838.73	递延收益 Deferred revenue	Note35	256,167,516.85	160,473,807.42
递延所得税资产 Deferred income tax assets	Note20	69,223,170.64	47,269,961.81	递延所得税负债 Deferred income tax liability	Note20	1,168,021,856.58	
其他非流动资产 Other non-current assets	Note21	1,433,402,633.32	1,433,241,779.13	其他非流动负债 Other non-current liability	Note36		276,006.90
其中: Including: 特殊储备物资 Special reserves of materials				其中: Including: 特殊储备基金 Special Reserve Fund			
非流动资产合计 Total Non-current assets		128,927,084,253.54	125,182,183,406.36	非流动负债合计 Total non-current liabilities		46,498,714,250.13	44,862,224,151.48
				负债合计 Total Liabilities		100,113,800,689.63	103,658,033,471.27
				所有者权益 (或股东权益) Shareholder's equity:		—	—
				实收资本 (股本) Paid-in capital (share capital)	Note37	5,022,000,000.00	5,022,000,000.00
				国家资本 State-owned capital		5,022,000,000.00	5,022,000,000.00
				国有法人资本 State-owned legal person capital			
				集体资本 Collective capital			
				民营资本 Private capital			
				外商资本 Foreign Capital			
				#减: Less: 已归还投资 Returned investment			
				实收资本 (或股本) 净额 Registered capital-net book value		5,022,000,000.00	5,022,000,000.00
				其他权益工具 Other equity instruments			
				其中: Including: 优先股 Preferred stock			
				永续债 Perpetual debts			
				资本公积 Additional paid-in capital	Note38	93,600,083,657.71	89,264,855,794.82
				减: Less: 库存股 Treasury stock			
				其他综合收益 Other comprehensive income	Note39	3,283,983,853.93	-409,353,044.89
				其中: Including: 外币报表折算差额 Foreign currency translation differences		-128,827,027.32	-134,564,267.70
				专项储备 Appropriative reserve			
				盈余公积 Surplus reserve	Note40	1,883,313,957.27	1,812,179,081.84
				其中: Including: 法定公积金 Statutory accumulation reserve		1,883,313,957.27	1,812,179,081.84
				任意公积金 Discretionary accumulation fund			
				#储备基金 Reserved fund			
				#企业发展基金 Enterprise expansion fund			
				#利润归还投资 Profit return for investment			
				△一般风险准备 General risk capital provision	Note41	1,940,361.46	1,088,675.81
				未分配利润 Undistributed profits	Note42	26,270,960,889.33	24,469,343,996.04
				归属于母公司所有者权益合计 Total owners' equity attributable to parent company		130,062,282,519.70	120,160,114,493.62
				*少数股东权益 Minority interests		3,411,774,872.23	2,063,433,256.28
				所有者权益合计 Total equity		133,474,057,391.93	122,223,547,749.90
资产总计 Total assets		233,587,858,081.56	225,881,581,221.17	负债和所有者权益总计 Total liabilities and equity		233,587,858,081.56	225,881,581,221.17

注: 表中带*科目为合并报表专用; 加△楷体项目为金融类企业专用; 带#为外商投资企业专用。

Note: Table with * subjects for the consolidated accounting statements; plus △ italics project for the financial business-specific; with # for foreign-invested enterprises dedicated.

企业法定代表人: Enterprise legal representative;

主管会计工作负责人: Accounting Supervisor;

会计机构负责人: Head of accounting department;

合并利润表 Consolidated Income statement

2019年度
For the year 2019

项 目 Item	附注八 Notation 8	本期金额 Current Year	期初余额 Beginning Balance	项 目 Item	附注八 Notation 8	本期金额 Current Year	期初余额 Beginning Balance
一、营业总收入 Total operating income	Note 43	4,294,672,332.39	3,759,261,008.96	加：营业外收入 Non-operating income	Note 52	4,747,538,880.81	4,400,320,571.92
其中：营业收入 Operating income	Note 43	4,242,219,199.17	3,716,563,949.94	其中：政府补助 Government grants	Note 52	4,745,150,182.68	4,386,915,122.36
公允价值变动收益 Interest revenue	Note 43	52,453,133.22	43,747,108.02	减：营业外支出 Non-operating expense	Note 53	7,681,731.58	4,996,664.81
△已赚保费 Earned premium				四、利润总额 (亏损总额) Total profit (Loss with a "-")		1,982,230,726.80	1,930,455,137.48
△手续费及佣金收入 Fee and commission income				减：所得税费用 Income tax expense	Note 54	90,042,143.14	67,186,167.67
二、营业总成本 Total Operating expense		7,463,591,421.03	6,444,785,228.79	五、净利润 (净亏损) Net profit (Loss with a "-")		1,892,248,583.66	1,913,266,949.81
其中：营业成本 Operating expense	Note 43	3,201,543,125.29	2,945,673,502.97	(一) 按所有权归属分类：Classified by ownership			
△利息支出 Interest expense	Note 43	76,896.22	4,602,749.48	归属于母公司所有者的净利润 Net income belong to parent company		1,873,653,971.71	1,932,410,572.12
△手续费及佣金支出 Handling charges and commission expenses	Note 43	14,963.00	10,634.30	*少数股东损益 Minority interest income		18,594,616.95	-19,143,622.31
△退保金 Reinsured premiums				(二) 按经营持续性分类：Classified by business continuity			
△赔付支出净额 Net payments for insurance claims				持续经营损益 Profit and loss on continuing operations		1,892,248,583.66	1,913,266,949.81
△提取保险责任准备金 Provision for insurance contracts				终止经营损益 Profit and loss on discontinuing operations			
△保单红利支出 Expenditures dividend policy				六、其他综合收益的税后净额 Other comprehensive income net of tax		3,689,336,898.82	-488,008,002.41
△公允价值变动净损益 Fair value changes net of tax				归属于母公司所有者的其他综合收益的税后净额 Other tax net income attributable to other consolidated earnings of the parent company owner		3,689,336,898.82	-488,008,002.41
△分类别费用 Amortized reinstatement expenditures				(一) 不能重分类进损益的其他综合收益 Other consolidated income that cannot be reclassified into profit and loss			
税金及附加 Tax and additional expense		69,367,035.50	37,082,089.03	1. 重新计量设定受益计划变动额 Re-measurement of changes in the defined benefit plan			
销售费用 Selling expenses	Note 44	121,573,623.11	98,400,397.19	2. 权益法下不能转损益的其他综合收益 Other comprehensive benefits that cannot be transferred to profit and loss under the equity method			
管理费用 General and administrative expenses	Note 45	1,376,303,485.22	1,276,669,399.32	3. 其他 Others			
研发费用 Research and development				(二) 将重分类进损益的其他综合收益 Other consolidated gains that will be reclassified into profit and loss			
财务费用 Financial expenses	Note 46	2,699,702,276.69	2,082,335,254.50	1. 权益法下可转损益的其他综合收益 Other comprehensive income of convertible profit and loss under equity method			
其中：利息费用 Includes: Interest expense		2,946,738,169.38	2,498,073,637.82	2. 可供出售金融资产公允价值变动损益 Profit and loss on changes in fair value of financial assets available for sale		7,945,485.05	-380,012,866.81
利息收入 Interest income		310,385,902.15	431,182,524.88	3. 持有至到期投资重分类为可供出售金融资产损益 Investments held to maturity are reclassified as profit and loss on financial assets available for sale		191,479,573.78	-
汇兑净损失 (净收益)以“-”号填列) Loss on foreign exchange transactions (Gain with a "-")		3,574,730.65	-1,177,218.44	4. 现金流量套期准备 (现金流量套期损益的有效部分) Cash Flow Hedging Reserve (Valid portion of cash flow hedging gains and losses)			
其他 Others				5. 外币财务报表折算差额 Foreign translation differences		5,737,240.38	-130,959,480.60
加：其他收益 Other income	Note 50	346,474,822.61	186,512,014.99	6. 其他 Others		3,504,065,568.71	22,864,346.00
投资收益 (损失以“-”号填列) Investment income (Loss with a "-")	Note 49	146,851,169.07	163,588,705.24	*归属于少数股东的其他综合收益的税后净额 After-tax net income attributable to minority shareholders for other consolidated income			
其中：对联营企业和合营企业的投资收益 Investments in associated enterprises and joint enterprise benefit		-38,668,395.00	5,514,912.65	七、综合收益总额 Total comprehensive income		5,585,585,486.46	1,425,296,947.40
△汇兑收益 (损失以“-”号填列) Exchange gains (Loss with a "-")				归属于母公司所有者的综合收益总额 Total aggregate income attributable to the owner of the parent company		5,586,980,870.53	1,444,402,569.71
公允价值变动收益 (损失以“-”号填列) Changes of fair value of assets (Loss with a "-")	Note 48	3,351,586.14	-391,120.38	*归属于少数股东的综合收益总额 Total consolidated income attributable to minority shareholders		18,594,616.95	-19,143,622.31
资产减值损失 (损失以“-”号填列) Asset impairment loss (Loss with a "-")	Note 47	-84,258,253.56	-81,940,896.34	八、每股收益: EPS			
资产处置收益 (损失以“-”号填列) Gain on asset disposal (Loss with a "-")	Note 51	4,125,341.95	914,746.49	基本每股收益 Basic earnings per share			
三、营业利润 (亏损) Operating Income (Loss with a "-")		2,757,424,412.43	-2,414,870,769.83	稀释每股收益 Diluted Earnings Per Share			

注：表中带*科目为合并会计报表专用；加△附体项目为金融类企业专用。
 Note: Table with * subjects for the consolidated accounting statements; plus △ hailes project for the financial business-specific; with # for foreign-invested enterprises dedicated.
 主管会计工作负责人 Accounting Supervisor: 会计机构负责人 Head of accounting department:

合并现金流量表 Consolidated statement of cash flow

编制单位: 长春市城市发展投资控股(集团)有限公司 Company: Changchun urban development and investment holding (Group) Co., Ltd.		2019年度 For the year 2019		年初余额 Beginning Balance		期末余额 Ending Balance	
项 目 Item	本期金额 Current Year	上期金额 Current Year	项 目 Item	本期金额 Current Year	上期金额 Current Year	期初余额 Beginning Balance	期末余额 Ending Balance
一、经营活动产生的现金流量: Cash flows from operating activities							
销售商品、提供劳务收到的现金 Cash received from sale of goods or rendering of services	4,413,382,092.04	3,888,962,275.20	取得投资收益收到的现金 Cash received from investment returned	2,665,148,263.22	2,665,148,263.22	259,790,732.48	259,790,732.48
△客户存款和同业存放款项净增加额 Net increase in deposits and due from banks			处置固定资产、无形资产和其他长期资产收回的现金净额 Net cash received from disposal of fixed assets, intangible assets and other long-term assets	297,932,159.38	297,932,159.38	96,382,995.87	96,382,995.87
△向中央银行借款净增加额 Net increase in borrowings from central bank			处置子公司及其他营业单位收回的现金净额 Net cash received from disposal of subsidiaries and other business units	6,861,826.34	6,861,826.34	776,304.00	776,304.00
△向其他金融机构拆入资金净增加额 Net increase in placements from other financial institutions			收到其他与投资活动有关的现金 Other cash received relating to investing activities	665.34	665.34		
△收到原保险合同保费取得的现金 Cash received from the original insurance contract premium			投资活动现金流入小计 Sub-total of cash inflows from investing activities	39,864,413.24	39,864,413.24	1,191,647,865.76	1,191,647,865.76
△收到再保险业务现金净额 Receipt of reinsurance business cash			购建固定资产、无形资产和其他长期资产支付的现金 Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	2,920,827,627.52	2,920,827,627.52	1,548,597,298.11	1,548,597,298.11
△支付赔款支出净额 Net decrease in the amount of capital and investment			投资支付的现金 Cash paid for acquisition of investments	4,514,211,281.56	4,514,211,281.56	5,716,030,310.28	5,716,030,310.28
△支付以公允价值计量且其变动计入当期损益的金融资产净增加额 The net increase in financial assets at fair value through profit or loss			取得子公司及其他营业单位支付的现金净额 Net cash paid for acquisition of subsidiaries and other business units	543,802,277.41	543,802,277.41		
△支付利息、手续费及佣金的现金 Cash to charge the interest and commissions			支付其他与投资活动有关的现金 Other cash paid relating to investing activities	7,995,962,889.97	7,995,962,889.97	6,548,443,973.47	6,548,443,973.47
△支付资金净增加额 Net increase in borrowed funds			投资活动现金流出小计 Sub-total of cash outflows from investing activities	144,000,000.00	144,000,000.00	883,417,247.33	883,417,247.33
△回购业务资金净增加额 Net increase in repurchase business funds			三、筹资活动产生的现金流量: Cash flows from financing activities				
△代理买卖证券收到的现金净额			吸收投资收到的现金 Cash received from absorbing investment	1,449,747,000.00	1,449,747,000.00	185,130,000.00	185,130,000.00
收到的税费返还 Refund of tax and levies	17,353,307.71	15,346,865.55	其中: 子公司吸收少数股东投资收到的现金 including subsidiary absorb the minority shareholders investment to receive the cash received	1,449,747,000.00	1,449,747,000.00	183,130,000.00	183,130,000.00
收到其他与经营活动有关的现金 Other cash received relating to operating activities	15,471,891,114.18	18,378,461,116.39	取得借款所收到的现金 including Cash received from obtaining a loan	38,436,515,242.29	38,436,515,242.29	29,838,625,771.46	29,838,625,771.46
经营活动现金流入小计 Cash inflow from operating activities	19,956,070,715.95	22,124,183,062.28	△发行债券收到的现金 Cash received from borrowings				
购买商品、接受劳务支付的现金 Cash paid to suppliers and employees	4,212,383,531.46	3,300,792,102.16	收到其他与筹资活动有关的现金 Other cash received relating to financing activities	144,000,000.00	144,000,000.00		
△客户贷款及垫款净增加额 Net increase in customer loans and advance payments			筹资活动现金流入小计 Sub-total of cash inflows from financing activities	4,033,262,242.29	4,033,262,242.29	3,017,073,018.79	3,017,073,018.79
△存款中央银行和同业款项净增加额 The net increase in central bank and interbank deposits			偿还债务所支付的现金 Cash repayments of amounts borrowed	3,179,460,568.50	3,179,460,568.50	21,637,665,900.14	21,637,665,900.14
△支付原保险合同赔付款项的现金 Payment of the original insurance contract to pay the amount of cash			分配股利、利润或偿付利息支付的现金 Cash paid for dividend and profit distribution or interest payment	3,714,807,169.48	3,714,807,169.48	3,320,837,727.63	3,320,837,727.63
△支付利息、手续费及佣金的现金 Cash paid the bonus of the dividend			其中: 子公司支付给少数股东的股利、利润 including Cash paid by subsidiary to the minority shareholders of the dividends, profits			454,845.45	454,845.45
△支付保单红利的现金 Cash paid on behalf of employees			支付其他与筹资活动有关的现金 Other cash paid relating to financing activities	79,745,443.25	79,745,443.25	348,222,008.19	348,222,008.19
支付的各项税费 Income taxes paid	282,543,966.81	305,254,507.43	筹资活动现金流出小计 Sub-total of cash outflows from financing activities	39,192,013,181.23	39,192,013,181.23	25,506,625,635.96	25,506,625,635.96
支付其他与经营活动有关的现金 Other operating cash payments	13,379,681,613.78	11,386,092,084.62	筹资活动产生的现金流量净额 Net Cash Flow from Financing Activities	838,249,343.06	838,249,343.06	4,510,547,382.83	4,510,547,382.83
经营活动现金流出小计 Net cash flows from operating activities	18,896,317,335.63	15,423,330,865.96	四、汇率变动对现金及现金等价物的影响 Effect of foreign exchange rate changes on cash and cash equivalents	33,051,548.35	33,051,548.35	59,824,696.25	59,824,696.25
经营活动产生的现金流量净额 Net cash flows from operating activities	956,753,380.32	6,700,852,216.32	五、现金及现金等价物净增加额 Net increase in cash and cash equivalents	3,347,081,290.72	3,347,081,290.72	4,271,387,620.04	4,271,387,620.04
二、投资活动产生的现金流量: Cash flows from investing activities			加: 期初现金及现金等价物余额 Add: Beginning balance of cash and cash equivalents	19,187,963,652.03	19,187,963,652.03	14,916,605,431.99	14,916,605,431.99
收到其他与筹资活动有关的现金 Other cash received relating to financing activities			六、期末现金及现金等价物余额 Ending balance of cash and cash equivalents	55,940,911,761.31	55,940,911,761.31	19,187,963,652.03	19,187,963,652.03

注: 加△附体项目为金融企业专用。 Note: plus △ standard case for the financial business-specific.
 编制单位代表人 Enterprise legal representative: 注册会计师代表人 Enterprise legal representative: 会计机构的负责人 Head of accounting department

合并所有者权益变动表 Consolidated changes in owner's equity

合并财务报表附注 (Financial report 04)
金额单位: 元
(Unit: Yuan)

编制单位: 长春新城建设控股(集团)有限公司
Company: Changchun Urban Development and Investment Holding Group Co., Ltd.

2019年度
As of December 31, 2019

项目 Item	本期金额 Current Amount											
	实收资本 (或股本) Paid-in capital (or stock)	其他权益工具 Other equity instruments	资本公积 Capital reserve	库存股 Treasury stock	其他综合收益 Other comprehensive income	专项储备 Special reserves	盈余公积 Surplus reserve	一般风险准备 General risk reserves	未分配利润 Unallocated profit	小计 Subtotal	少数股东权益 Minority interest	所有者权益合计 Total owner's equity
一、上年年末余额 Ending balance for the previous year	5,022,000,000.00	-	89,284,855,784.82	-	-409,335,044.89	-	18,121,791,801.84	1,088,675.81	24,469,343,996.04	120,160,114,493.62	2,063,433,298.28	122,223,547,791.90
加: 会计政策变更 Adj. Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
前期差错更正 Error correction	-	-	-	-	-	-	-	-	-	-	-	-
其他 Others	-	-	-	-	-	-	-	-	-	-	-	-
二、本年初余额 Beginning balance of current year	5,022,000,000.00	-	89,284,855,784.82	-	-409,335,044.89	-	18,121,791,801.84	1,088,675.81	24,469,343,996.04	120,160,114,493.62	2,063,433,298.28	122,223,547,791.90
三、本年年末余额 Ending balance of current year	-	-	4,335,227,872.89	-	3,693,336,888.82	-	71,134,875.43	851,685.65	18,011,616,693.29	9,902,168,026.08	1,348,341,815.95	11,250,509,642.03
(一) 综合收益总额 Total comprehensive income	-	-	4,335,227,872.89	-	3,693,336,888.82	-	71,134,875.43	851,685.65	18,011,616,693.29	9,902,168,026.08	1,348,341,815.95	11,250,509,642.03
(二) 所有者投入和减少资本 The shareholder's capital input and reduction	-	-	4,335,227,872.89	-	-	-	-	-	18,732,053,371.71	5,566,990,870.53	18,594,615.95	6,585,568,464.48
1. 所有者投入的普通股 Common shares invested by shareholder	-	-	-	-	-	-	-	-	-	-	-	-
2. 其他权益工具持有者投入资本 Equity instrument of other holders	-	-	-	-	-	-	-	-	-	-	-	-
3. 股份支付计入所有者权益的金额 Share-based payment amounts recognized in owners	-	-	-	-	-	-	-	-	-	-	-	-
4. 其他 Others	-	-	4,335,227,872.89	-	-	-	-	-	18,732,053,371.71	5,566,990,870.53	18,594,615.95	6,585,568,464.48
(三) 专项储备提取和使用 Appropriative reserve	-	-	-	-	-	-	-	-	-	-	-	-
1. 提取专项储备 Current period reserve	-	-	-	-	-	-	-	-	-	-	-	-
2. 使用专项储备 Reserve used	-	-	-	-	-	-	-	-	-	-	-	-
(四) 利润分配 Distribution of the profits	-	-	-	-	-	-	-	-	-	-	-	-
1. 提取盈余公积 Surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
其中: 法定公积金 Including the statutory provision fund	-	-	-	-	-	-	-	-	-	-	-	-
任意公积金 Any provision fund	-	-	-	-	-	-	-	-	-	-	-	-
储备基金 Reserved funds	-	-	-	-	-	-	-	-	-	-	-	-
企业发展基金 Business development fund	-	-	-	-	-	-	-	-	-	-	-	-
利润分配给员工 Profit return for investment	-	-	-	-	-	-	-	-	-	-	-	-
2. 提取一般风险准备 Extract general risk preparation	-	-	-	-	-	-	-	-	-	-	-	-
3. 对所有者 (或股东) 的分配 The distribution of the owner (or shareholder)	-	-	-	-	-	-	-	-	-	-	-	-
4. 其他 Others	-	-	-	-	-	-	-	-	-	-	-	-
(五) 所有者权益内部结转 Internal transfer in the owner's equity	-	-	-	-	-	-	-	-	-	-	-	-
1. 资本公积转增资本 (或股本) Capitalized capital (or equity) reserves	-	-	-	-	-	-	-	-	-	-	-	-
2. 盈余公积转增资本 (或股本) Capitalized surplus (or equity) reserves	-	-	-	-	-	-	-	-	-	-	-	-
3. 盈余公积弥补亏损 Surplus deficit	-	-	-	-	-	-	-	-	-	-	-	-
4. 设定受益计划变动额结转留存收益 Defined benefit plan or changes in retained earnings	-	-	-	-	-	-	-	-	-	-	-	-
5. 其他 Others	-	-	-	-	-	-	-	-	-	-	-	-
四、本年年末余额 Ending balance of current year	5,022,000,000.00	-	93,620,083,657.71	-	3,283,983,883.33	-	1,883,313,687.27	1,940,361.46	26,270,960,689.33	130,062,282,519.70	3,411,774,872.23	133,474,057,391.93

注: 1. 所有者权益变动表项目, 加: 前期项目为追溯调整项目。Note with 1 for foreign reviewed enterprises, look at, plus: 1. inch of the project for the financial business-specific.
2. 所有者权益变动表项目, 加: 前期项目为追溯调整项目。Note with 2 for foreign reviewed enterprises, look at, plus: 2. inch of the project for the financial business-specific.
3. 所有者权益变动表项目, 加: 前期项目为追溯调整项目。Note with 3 for foreign reviewed enterprises, look at, plus: 3. inch of the project for the financial business-specific.
4. 所有者权益变动表项目, 加: 前期项目为追溯调整项目。Note with 4 for foreign reviewed enterprises, look at, plus: 4. inch of the project for the financial business-specific.
5. 所有者权益变动表项目, 加: 前期项目为追溯调整项目。Note with 5 for foreign reviewed enterprises, look at, plus: 5. inch of the project for the financial business-specific.

会计师事务所 (Accounting Supervisor):

合并所有者权益变动表 Consolidated changes in owner's equity

2019年度
As of December 31, 2019

编制单位：长春新城投资控股(集团)有限公司
Company: Changchun Urban development and investment holding Group Co., Ltd.

金额单位：元
(Unit: Yuan)

项 目 项 目 Item	上期金额 Prior Amount											
	1	2	3	4	5	6	7	8	9	10	11	12
项 目 项 目 Item	实收资本(或股本) Paid-in capital (or stock)	其他权益工具 Other equity instruments	资本公积 Additional paid-in capital	库存股 Treasury stock	其他综合收益 Other comprehensive income	专项储备 Special reserves	盈余公积 Surplus reserve	一般风险准备 General risk reserves	未分配利润 Undistributed profit	小计 Subtotal	少数股东权益 Minority interest	所有者权益合计 Total owner's equity
一、上年年末余额 Ending balance for the previous year	5,020,000,000.00	-	88,867,458,859.56	-	78,744,732.52	-	17,466,629,124.03	-	227,819,246,803.57	118,949,079,321.78	1,899,866,479.02	120,303,749,803.80
加：会计政策变更 A.c.c. Changes in accounting policies												
前期差错更正 Error correction												
其他 Others												
二、本年初余额 Beginning balance of current year	5,020,000,000.00	-	88,867,458,859.56	-	78,744,732.52	-	17,466,629,124.03	-	227,819,246,803.57	118,949,079,321.78	1,899,866,479.02	120,303,749,803.80
三、本年期初余额 Beginning balance of current year	5,020,000,000.00	-	88,867,458,859.56	-	78,744,732.52	-	17,466,629,124.03	-	227,819,246,803.57	118,949,079,321.78	1,899,866,479.02	120,303,749,803.80
(一) 综合收益总额 Total comprehensive income	2,000,000.00	-	397,597,125.16	-	-488,097,777.41	-	65,549,857.81	1,086,675.81	1,659,935,922.47	1,637,441,903.84	163,766,777.26	1,801,208,681.10
(二) 所有者投入和减少资本 The shareholder's capital input and reduction	2,000,000.00	-	397,597,125.16	-	-488,097,777.41	-	65,549,857.81	-	1,932,410,972.12	1,443,179,471.71	-19,143,922.31	1,424,035,549.40
1. 所有者投入的普通股 Common shares invested by shareholder	2,000,000.00	-	397,597,125.16	-	-488,097,777.41	-	65,549,857.81	-	1,932,410,972.12	1,443,179,471.71	-19,143,922.31	1,424,035,549.40
2. 其他权益工具持有者投入资本 Equity instrument of other holders	2,000,000.00	-	397,597,125.16	-	-488,097,777.41	-	65,549,857.81	-	1,932,410,972.12	1,443,179,471.71	-19,143,922.31	1,424,035,549.40
3. 股份支付计入所有者权益的金额 Share-based payment amounts recognized in owners												
4. 其他 Others												
(三) 专项储备提取和使用 Appropriative reserve												
1. 提取专项储备 Current period reserve												
2. 使用专项储备 Reserve used												
(四) 利润分配 Distribution of the profits												
1. 提取盈余公积 Surplus reserve												
其中：法定公积金 Including the statutory provident fund												
任意公积金 Any provident fund												
盈余公积 Reserved funds												
盈余公积补亏 Business development fund												
净利润比投资 Profit return for investment												
2. 提取一般风险准备 Extract general risk preparation												
3. 对所有者(或股东)的分配 The distribution of the owner (or shareholder)												
4. 其他 Others												
(五) 所有者权益内部结转 Internal transfer of owner's equity												
1. 资本公积转增资本(或股本) Capitalized capital (or equity) reserves												
2. 盈余公积转增资本(或股本) Capitalized surplus (or equity) reserves												
3. 盈余公积弥补亏损 Surplus deficit												
4. 设定受益计划变动额结转留存收益 Defined benefit plan or changes in retained earnings												
5. 其他 Others												
四、本年年末余额 Ending balance of current year	5,020,000,000.00	-	89,264,955,984.72	-	-403,933,044.89	-	1,817,179,981.84	1,086,675.81	244,643,459,604.04	120,601,114,493.62	2,053,433,569.26	122,233,477,493.90

注：期初为外币投资企业专用，加△科目为外币投资企业专用。Notes with a/c for foreign-invested enterprises, plus △, such as the project for the financial business-specific.

会计机构负责人(Accounting Supervisor):

主管会计工作负责人(Accouting Supervisor):

企业法定代表人(Local representative):

Changchun Urban Development and Investment Holding (Group) Co., Ltd

Notes to the financial statements

I. Background

i. Registration, organization forms and headquarters address

Changchun Urban Development Investment Holding (Group) Co., Ltd (The Company) was founded on September 27, 2013, and register in Changchun City Industry and Commerce Administration Bureau, the general social credit number is No. 91220101073634274G with registered capital 5022 million RMB, legal representative: Li Dongpo , company address: No.61 Gongnong Road, Changchun city, Jilin Province.

Changchun urban development and investment is urban development and construction industry.

ii. The nature of the business and principal business

The company's business scope: investment and asset management, Real estate development, Indemnificatory housing development and construction, Urban infrastructure, Development and construction of water conservancy projects, communal facilities, Management and administration of urban infrastructures, treatment and regeneration, Architectural design, property management, lease of houses, By the Changchun Municipal People's Government Commissioned land storage and land consolidation and development, State-owned assets operation and management within the scope authorized by Changchun Municipal People's Government, Advertising industry(law、Regulations and the State Council decided to prohibit, Shall not operate; License business projects with valid license or approval documents; General business projects can choose to operate independently).

iii. The approval report on Financial Statement

The financial statement is approved by board of directors on April 20, 2020.

II. The Basis for the Preparation of Financial Statements

For continuing operation, the company based on the actual transactions and events, in

accordance with the “*accounting standards for business-basic standard*” issued by the treasury and specific accounting standards for business enterprise, corporation accounting standards guideline, accounting standards for business enterprises explanation and other related rules (Accounting Standards for Business Enterprises) to conduct assurance and calculation.

III.Statement on Compliance with Accounting Standards for Business Enterprises

The financial statements are truly and completely present the financial position of the company as of December 31, 2018, the financial performance and its cash flows for the year then ended in compliance with the Accounting Standards for Business Enterprises.

IV.Main Accounting Policies and Accounting Estimates

i.Accounting Period

The fiscal year of the company starts on January 1, and ended on December 31 of the year. The Reporting Period for the financial statement is from January 1, 2018 to December 31, 2018.

ii.Recording Currency

The recording currency of the company is RMB.

iii.Accounting Basis and Valuation Principles

The company is based on accrual basis. The company when measuring accounting elements, generally adopt historical cost; to follow the standards specified by the replacement cost, net realizable value, present value and fair value measurement attribute and other circumstances, the company will give special instructions.

iv.Business combination

1. Step by step to implement the transactions in the merger process of the terms, conditions, and economic impact in accordance with one or more of the following conditions, deal the multiple transactions as a package deal:

- (1) The deals are established by considering the impact on each company simultaneously;
- (2) These transactions as a whole in order to achieve a complete business results;
- (3) The deal could occur depending on the occurrence of at least one transaction;

(4) Without consider the other transactions, the deal by itself cannot be treat as economic;

2. Consolidation under same control

(1) Separate financial statements

The company to pay cash, transfer of non-cash assets, assume the way of debt or to issue equity stock as a combination of the price of the equity securities, the initial investment cost of the long-term equity investment is the share of the book value of the owner's equity of the merged party in the consolidated financial statements of the ultimate controller at the combination date. Initial cost of the long-term equity investment and the difference between the price paid and the adjustment of capital reserve; capital reserve is insufficient to offset, the retained earnings adjustment. If there exists a contingent consideration and the need to confirm the estimated liabilities or assets, the expected amount of assets or liabilities and subsequent or balance on price settlement amount, adjust capital surplus (capital premium or share premium), the capital reserve is insufficient, the adjustment of retained earnings.

For the multiple transactions to realize enterprise merger, which belongs to a package deal, the transaction as a control transaction accounting treatment; does not belong to a package deal, obtaining control on the initial cost of the long-term equity investment, and reached before the merger of the book value of long-term equity investments and further merging the acquisition of shares of new payment on the price of the difference between the book value and the adjustment of capital reserve; capital reserve is insufficient to offset, the retained earnings adjustment. For the merger date previously held equity investment, other comprehensive income and confirmed by using the equity method of accounting or financial instruments accounting recognition and measurement standards, not accounting, until the disposal of the investment by accounting and investment units directly related to the disposal of assets or liabilities of the same basis; confirmed due to accounting method the equity is the equity investment unit outside the net assets in the net income and other comprehensive income and profit distribution and other changes, not accounting, until the disposal of the investment into the current profits and losses.

The merger is directly related to the cost, including consolidated activities payment of audit fees, assessment fees, legal fees and so on, should be included in the current profits and losses; when issue equity instruments as the merger consideration, the related transaction cost associated is directly reduction of capital surplus, while capital surplus is not enough to offset, offset the surplus reserve and undistributed profit in order; and the issuance of debt instruments as the merger consideration is directly related to the transaction costs, as the initial confirmed amount to be recorded in the obligation instrument.

When the merged parth has consolidated financial statements, the initial investment cost of long-term equity investment is determined on the basis of the owner's equity attributable to the parent company in the consolidated financial statements.

(2) Consolidated financial statement

The assets and liabilities acquired by the merging party in the enterprise merger shall be measured according to the book value of the consolidated owner's equity in the consolidated financial statements of the controlling party on the consolidated day.

For a business combination realized by two or more transactions of exchange, it consider as one-basket transactions, it should be consider as the same transaction under the same control; for the transactions don't in the same basket, A long-term equity investment in the merged party to hold before the merger, in the day and the merging party and the merged party is on the same side with the ultimate control, or between day and night with Japan has confirmed the related changes in profit and loss, other comprehensive income and other rights and interests of the owners, respectively during the reduction of comparative statements at the beginning of the period of retained earnings or the current profit and loss.

If the accounting policies adopted by the merged parties are inconsistent with the company, the company shall make adjustments on the consolidated day according to the accounting policies of the company, and shall, on such basis, confirm in accordance with the provisions of the enterprise accounting standards.

3. Consolidated under different control

(1) Date of purchase determination

The company combined with the merger contract or agreement agreement and other relevant factors, in accordance with the principle of substance over form to determine the purchase date. At the same time to meet the following conditions, generally considered to achieve the transfer of control, the formation of the purchase date. Relevant conditions include:

1) Enterprise merger contract or agreement has been passed by the internal authority, such as the shareholders' meeting of the company.

2) In accordance with the provisions of the merger matters need to go through the relevant state departments for approval, has been approved by the relevant departments.

3) The company and the consolidated parties have handled the necessary property transfer procedures.

4) The company has paid most of the purchase price (generally more than 50%), and has the ability to plan to pay the remaining amount.

5) The company has actually control the acquirer's financial and operating policy, associate with the corresponding benefits and assume corresponding risks.

(2) Method for compiling consolidated accounting statements and consolidated financial statements

For a business combination under the same control, the combination costs the company at the date of purchase of fair value to obtain and pay for control of the acquiree's assets and liabilities incurred or assumed, issuing equity instruments or debt instruments. In the combined contract may be affected by the combined cost of future matters agreed upon, the date of purchase if the estimated future events is likely to occur and the impact of the merger cost amount can be reliably measured, is also included in the consolidated cost.

The company for the consolidated enterprise audit, legal services, consulting and other assessment intermediary costs and other related management fees, in the event of profit or loss; the company as the transaction cost consideration for merger issued equity instruments or debt instruments, The associated cost as the initial confirmed amount is recorded in equity or obligation instrument.

The difference in the fair value of the identifiable net assets acquired by the company in the consolidated costs greater than that obtained in the merger is recognised as goodwill. The company merged with cost less than the acquiree obtained in the fair value of the identifiable net assets of the share, the difference by the review after the merger is still less than the combined cost of the acquiree obtained in the fair value of the identifiable net assets, included in the current profits and losses.

Realized by multiple exchange transactions of non-merger of enterprises under the same control, which belongs to a package deal, the transaction as a control transaction accounting treatment; does not belong to the package, to distinguish the individual financial statements and consolidated financial statements related to accounting:

1) In the separate financial statements, the merger date previously held equity investments accounted for using the equity method, the carrying value of the purchase date held prior to the acquiree's equity investment and the purchase of new investment cost, as the initial investment cost of the investment;

The consolidated date previously held equity investment by the recognition and measurement of financial instruments accounting standards, the fair value of equity investment in the merge, plus new investment cost, the initial cost of the consolidation date. The difference between the fair value and the book value of the original equity holdings and the changes in the accumulated fair value of the original comprehensive income shall be transferred to the investment income during the current period.

2) In the consolidated financial statements, for the purchase date held by buyer's equity, re measured at fair value of the equity in the date of purchase, the fair value of the difference between the book value and included in the current investment income; the purchase date held before the acquiree equity relates to the equity method of accounting under other comprehensive income the related and other comprehensive income to purchase on the current investment income.

(3) Determination of fair value of merger related day transactions

1) Monetary funds, according to the purchase date of the book balance determined by the buyer.

2) Active market stocks, bonds, funds and other financial instruments, in accordance with the active market price in the purchase date determined.

3) Receivables, of which short-term receivables are generally based on their fair value; long-term receivables, discounted at the appropriate interest rate to determine the fair value of the present value. In determining the fair value of receivables, consider the possibility of bad debts and related receivables.

4) Inventory, finished goods and goods according to the estimated price minus the estimated sales expenses, relevant taxes and buy sell similar finished goods or commodities may determine the profit estimation in finished products; products according to the estimated price minus to completion there will still be the estimated cost and relevant taxes and the same or similar products based estimation based on the profit of the sale could be determined; the raw material is determined by the current replacement cost.

5) The financial instruments with no active market, such as equity investments using valuation techniques to determine their fair value.

6) Buildings, machinery and equipment, intangible assets, there is an active market, to buy on the market price in order to determine the fair value basis; there is no active market for similar assets but there is an active market, referring to the same or similar asset market prices to determine the fair value of the same or similar assets; there is no active market sure, the fair value using a valuation technique.

7) Accounts payable, notes payable, employee compensation payable, bonds payable, long-term pay able, short-term debt which is generally in accordance with the amount payable to determine its fair value; present value of long-term debt at an appropriate discount rate as the fair value.

8) The acquired or contingent liabilities of the acquirer, whose fair value can be measured reliably on the purchase date, shall be recognized as the estimated liabilities. This liability is assumed to be on behalf of the purchaser, and the amount paid by the purchaser on the obligations of the third party is its fair value.

9) The deferred income tax assets and deferred income tax liabilities, obtained the identifiable

assets, liabilities and contingent liabilities fair value and tax basis in accordance with the provisions of the *"difference between the accounting standards for Enterprises No. eighteenth income tax"* of the deferred income tax assets and deferred income tax liabilities. The confirmation of deferred income tax assets and deferred tax liabilities shall not discount amount.

4. Related costs incurred for the merger

Intermediary expenses such as auditing, legal services, evaluation consulting and Others directly related costs incurred in the merger of enterprises are recorded as profits and losses in the current period at the time of occurrence, and the transaction costs of issuing equity securities for the merger of enterprises can be directly attributed to the deduction of equity transactions from the equity.

v.Business combination

2. Step by step to implement the transactions in the merger process of the terms, conditions, and economic impact in accordance with one or more of the following conditions, deal the multiple transactions as a package deal:

- (5) The deals are established by considering the impact on each company simultaneously;
- (6) These transactions as a whole in order to achieve a complete business results;
- (7) The deal could occur depending on the occurrence of at least one transaction;
- (8) Without consider the other transactions, the deal by itself cannot be treat as economic;

5. Consolidation under same control

- (3) Separate financial statements

The company to pay cash, transfer of non cash assets, assume the way of debt or to issue equity stock as a combination of the price of the equity securities, the initial investment cost of the long-term equity investment is the share of the book value of the owner's equity of the merged party in the consolidated financial statements of the ultimate controller at the combination date. Initial cost of the long-term equity investment and the difference between the price paid and the adjustment of capital reserve; capital reserve is insufficient to offset, the retained earnings adjustment. If there exists a contingent consideration and the need to confirm the estimated liabilities or assets, the expected amount of assets or liabilities and subsequent or balance on price settlement amount, adjust capital surplus (capital premium or share premium), the capital reserve is insufficient, the adjustment of retained earnings.

For the multiple transactions to realize enterprise merger, which belongs to a package deal, the transaction as a control transaction accounting treatment; does not belong to a package deal, obtaining control on the initial cost of the long-term equity investment, and reached before the

merger of the book value of long-term equity investments and further merging the acquisition of shares of new payment on the price of the difference between the book value and the adjustment of capital reserve; capital reserve is insufficient to offset, the retained earnings adjustment. For the merger date previously held equity investment, other comprehensive income and confirmed by using the equity method of accounting or financial instruments accounting recognition and measurement standards, not accounting, until the disposal of the investment by accounting and investment units directly related to the disposal of assets or liabilities of the same basis; confirmed due to accounting method the equity is the equity investment unit outside the net assets in the net income and other comprehensive income and profit distribution and other changes, not accounting, until the disposal of the investment into the current profits and losses.

The merger is directly related to the cost, including consolidated activities payment of audit fees, assessment fees, legal fees and so on, should be included in the current profits and losses; when issue equity instruments as the merger consideration, the related transaction cost associated is directly reduction of capital surplus, while capital surplus is not enough to offset, offset the surplus reserve and undistributed profit in order; and the issuance of debt instruments as the merger consideration is directly related to the transaction costs, as the initial confirmed amount to be recorded in the obligation instrument.

When the merged parth has consolidated financial statements, the initial investment cost of long-term equity investment is determined on the basis of the owner's equity attributable to the parent company in the consolidated financial statements.

(4) Consolidated financial statement

The assets and liabilities acquired by the merging party in the enterprise merger shall be measured according to the book value of the consolidated owner's equity in the consolidated financial statements of the controlling party on the consolidated day.

For a business combination realized by two or more transactions of exchange, it consider as one-basket transactions, it should be consider as the same transaction under the same control; for the transactions don't in the same basket, A long-term equity investment in the merged party to hold before the merger, in the day and the merging party and the merged party is on the same side with the ultimate control, or between day and night with Japan has confirmed the related changes in profit and loss, other comprehensive income and other rights and interests of the owners, respectively during the reduction of comparative statements at the beginning of the period of retained earnings or the current profit and loss.

If the accounting policies adopted by the merged parties are inconsistent with the company, the company shall make adjustments on the consolidated day according to the accounting policies of the company, and shall, on such basis, confirm in accordance with the provisions of the enterprise accounting standards.

6. Consolidated under different control

(4) Date of purchase determination

The company combined with the merger contract or agreement agreement and other relevant factors, in accordance with the principle of substance over form to determine the purchase date. At the same time to meet the following conditions, generally considered to achieve the transfer of control, the formation of the purchase date. Relevant conditions include:

6) Enterprise merger contract or agreement has been passed by the internal authority, such as the shareholders' meeting of the company.

7) In accordance with the provisions of the merger matters need to go through the relevant state departments for approval, has been approved by the relevant departments.

8) The company and the consolidated parties have handled the necessary property transfer procedures.

9) The company has paid most of the purchase price (generally more than 50%), and has the ability to plan to pay the remaining amount.

10) The company has actually control the acquiree's financial and operating policy, associate with the corresponding benefits and assume corresponding risks.

(5) Method for compiling consolidated accounting statements and consolidated financial statements

For a business combination under the same control, the combination costs the company at the date of purchase of fair value to obtain and pay for control of the acquiree's assets and liabilities incurred or assumed, issuing equity instruments or debt instruments. In the combined contract may be affected by the combined cost of future matters agreed upon, the date of purchase if the estimated future events is likely to occur and the impact of the merger cost amount can be reliably measured, is also included in the consolidated cost.

The company for the consolidated enterprise audit, legal services, consulting and other assessment intermediary costs and other related management fees, in the event of profit or loss; the company as the transaction cost consideration for merger issued equity instruments or debt instruments, the associated cost as the initial confirmed amount is recorded in equity or obligation instrument.

The difference in the fair value of the identifiable net assets acquired by the company in the consolidated costs greater than that obtained in the merger is recognised as goodwill. The company merged with cost less than the acquiree obtained in the fair value of the identifiable net assets of the share, the difference by the review after the merger is still less than the combined cost of the

acquiree obtained in the fair value of the identifiable net assets, included in the current profits and losses.

Realized by multiple exchange transactions of non-merger of enterprises under the same control, which belongs to a package deal, the transaction as a control transaction accounting treatment; does not belong to the package, to distinguish the individual financial statements and consolidated financial statements related to accounting:

1) In the separate financial statements, the merger date previously held equity investments accounted for using the equity method, the carrying value of the purchase date held prior to the acquiree's equity investment and the purchase of new investment cost, as the initial investment cost of the investment;

The consolidated date previously held equity investment by the recognition and measurement of financial instruments accounting standards, the fair value of equity investment in the merge, plus new investment cost, the initial cost of the consolidation date. The difference between the fair value and the book value of the original equity holdings and the changes in the accumulated fair value of the original comprehensive income shall be transferred to the investment income during the current period.

2) In the consolidated financial statements, for the purchase date held by buyer's equity, re measured at fair value of the equity in the date of purchase, the fair value of the difference between the book value and included in the current investment income; The purchase date held before the acquiree equity relates to the equity method of accounting under other comprehensive income the related and other comprehensive income to purchase on the current investment income.

(6) Determination of fair value of merger related day transactions

10) Monetary funds, according to the purchase date of the book balance determined by the buyer.

11) Active market stocks, bonds, funds and other financial instruments, in accordance with the active market price in the purchase date determined.

12) Receivables, of which short-term receivables are generally based on their fair value; long-term receivables, discounted at the appropriate interest rate to determine the fair value of the present value. In determining the fair value of receivables, consider the possibility of bad debts and related receivables.

13) Inventory, finished goods and goods according to the estimated price minus the estimated sales expenses, relevant taxes and buy sell similar finished goods or commodities may determine the profit estimation in finished products; products according to the estimated price minus to

completion there will still be the estimated cost and relevant taxes and the same or similar products based estimation based on the profit of the sale could be determined; the raw material is determined by the current replacement cost.

14) The financial instruments with no active market, such as equity investments using valuation techniques to determine their fair value.

15) Buildings, machinery and equipment, intangible assets, there is an active market, to buy on the market price in order to determine the fair value basis; there is no active market for similar assets but there is an active market, referring to the same or similar asset market prices to determine the fair value of the same or similar assets; there is no active market sure, the fair value using a valuation technique.

16) Accounts payable, notes payable, employee compensation payable, bonds payable, long-term pay able, short-term debt which is generally in accordance with the amount payable to determine its fair value; present value of long-term debt at an appropriate discount rate as the fair value.

17) The acquired or contingent liabilities of the acquirer, whose fair value can be measured reliably on the purchase date, shall be recognized as the estimated liabilities. This liability is assumed to be on behalf of the purchaser, and the amount paid by the purchaser on the obligations of the third party is its fair value.

18) The deferred income tax assets and deferred income tax liabilities, obtained the identifiable assets, liabilities and contingent liabilities fair value and tax basis in accordance with the provisions of the "*difference between the accounting standards for Enterprises No. eighteenth income tax*" of the deferred income tax assets and deferred income tax liabilities. The confirmation of deferred income tax assets and deferred tax liabilities shall not discount amount.

vi. Joint Venture classification and Joint operation accounting treatment

1. Classification of Joint Venture

The company divides the joint venture arrangement into joint ventures and joint ventures according to such factors as the structure of the joint venture arrangement, the legal form and the terms agreed upon in the joint venture arrangement, other relevant facts and circumstances, etc.

(1) A joint venture arrangement which has not been concluded by a separate subject shall be divided into joint ventures; joint venture arrangements concluded through a separate subject shall normally be divided into joint ventures; However, there is conclusive evidence that joint venture arrangements that meet any of the following conditions and comply with the relevant laws and regulations are divided into joint ventures:

(2) The legal form of the joint venture arrangement indicates that the joint venture shall have rights and obligations to the relevant assets and liabilities in the arrangement, respectively.

(3) The contract terms of the joint venture arrangement stipulate that the joint venture shall have rights and obligations to the relevant assets and liabilities in the arrangement respectively.

(4) Other relevant facts and circumstances indicate that the joint venture has rights and obligations under the relevant assets and liabilities in the arrangement, if the joint venture has almost all the outputs related to the joint venture arrangement, and that the liquidation of the liabilities in the arrangement continues to depend on the support of the joint venture.

2. The treatment method of joint management accounting

(1) The company recognizes the following items related to the company in the share of interests in the joint venture and carries out accounting treatment in accordance with the provisions of the relevant Enterprise accounting standards:

(2) Recognition of assets held separately and recognition of jointly held assets in accordance with their share;

(3) Recognition of a separate liability and recognition of the shared liability in accordance with its share;

(4) Recognized the income generated by the sale of the share of common operating outputs to which they are entitled;

(5) Recognition, in accordance with their share, of the revenue generated by the co-operation resulting from the sale of the output;

(6) Recognize the costs incurred separately and confirm the costs incurred by the co-operation in accordance with its share.

The company shall invest or sell assets, etc. (other than the business of the asset), and only acknowledge the portion of the profits and losses arising from the transaction attributable to the co-operating other participants before the asset is sold to a third party by co-operation. If the assets invested or sold occur in accordance with the loss of impairment of assets, such as “*Enterprise Accounting standard 8th-asset impairment*”, the company recognize the loss in full.

The company shall, from the joint venture to purchase assets, etc. (except for the business of the assets), recognize only the portion of the profit and loss arising from the transaction attributable to the co-operating other participants before selling the asset, etc., to a third party. If the acquired assets are in conformity with the loss of impairment of assets in accordance with the provisions of “*Enterprise Accounting standard 8th-asset impairment*”, the company shall confirm that part of the loss in accordance with its share.

The company does not common control for joint ventures, if the company has the joint operation of the relevant assets and bear the related liabilities of the joint operation, still in accordance with the above principles for accounting treatment, otherwise, should be in accordance with the provisions of the relevant enterprise accounting standards for accounting treatment.

vii. Standard for Cash and Cash Equivalents

When preparing comprehensive statement of cash flows, the company recognizes the cash on hand and deposits readily usable as cash, and those investments meeting near maturity (usually within three months or less from the date of purchase), high liquidity, easily convertible to a certain amount cash and little risk of changing in value as cash equivalents.

viii. Foreign Currency Transactions and Translation of Foreign Currency Financial Statements

Reporting for Foreign Currency Transactions

A foreign currency transaction is recorded, on initial recognition in RMB, by applying to the foreign currency amount the spot exchange rate between the RMB and the foreign currency at the date of the transaction.

Balance sheet date, foreign currency monetary items is translated using the closing rate, exchange differences arising on the settlement of monetary items is recognized in profit or loss in current period, except for foreign currency borrowings for purchase and construction or production of qualified assets is capitalized. Non-monetary items that are measured on a historical cost basis are translated using the exchange rate at the date of the transaction that resulted in their recognition.

Non-monetary items that are measured at fair value in a foreign currency is translated using the exchange rates at the date when the fair value was determined, exchange differences arising on the settlement of non-monetary items shall be recognized in profit or loss in current period. If the non-monetary items belong to available-for-sale investments, the related exchange differences shall be recognized in other comprehensive income. In the case of non-monetary items available for sale in foreign currencies, the exchange differences arising are recognized in other comprehensive income. In case of partial disposal of overseas business, the difference in the translation of the foreign currency financial statements at the disposal portion shall be calculated and transferred into the current profits and losses of the current period.

2. Translation of Foreign Currency Financial Statements

Assets and liabilities for each statement of financial position presented (i.e. including comparatives) shall be translated at the closing rate at the date of that statement of financial position;

income and expenses for each statement of comprehensive income or separate income statement presented (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and all resulting exchange differences shall be recognized in other comprehensive income.

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, shall be reclassified from equity to profit or loss.

ix. Financial Instruments

Financial instruments include financial assets, financial liabilities and equity instruments.

1. Categories of Financial instruments

According to the economic substance of contract terms and the holding purpose of financial instruments, the management classifies the financial assets and financial liabilities as different categories: the financial assets (financial liabilities) which are measured at their fair values and the variation of which is recognized in profit or loss in current period; held-to-maturity investments; account receivables; financial assets available-for-sale; other financial liabilities.

2. The recognition and measurement of financial instruments

- (1) The financial assets (financial liabilities) which are measured at their fair values and the variation of which is recognized in profit or loss in current period.

The financial assets (financial liabilities) which are measured at their fair values and the variation of which is recognized in profit or loss in current period, including the financial assets (financial liabilities) held for trading or directly designated as measured at fair values and the variation of which is recognized in profit or loss in current period.

The financial assets (financial liabilities) can be recognized as held for trading when meeting one of the following conditions:

- 1) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- 2) On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- 3) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

A financial asset (financial liability) could be designated as at fair value and the variation of which is recognized through profit or loss when meeting one of the following conditions.

1) The designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise for the financial liabilities or financial assets;

2) A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally to the entity's key management personnel;

3) If a contract contains one or more embedded derivatives, unless the embedded derivative(s) does not significantly modify the cash flows or it is clear separation of the embedded derivative(s) is prohibited;

4) If is required by the Standard to separate an embedded derivative from its host contract, but is unable to measure the embedded derivative separately either at acquisition or at the end of a subsequent financial reporting period, the company shall designate the entire hybrid (combined) contract as at fair value through profit or loss.

The company's financial assets or financial liabilities measured at fair value and its changes included in the current gains and losses, when a financial liability is recognized initially, the company shall measure it at its fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability. In the holding period, any interest or cash dividend received will be recognized as profit and variation of fair value at the end of reporting period will be recognized as profit or loss in current period. At disposal, any change in the fair value of the asset to be received during the period between the trade date and the settlement date is recognized as investment income, and the profit and losses on the changes in fair value is adjusted.

(2) Account receivable

The company recognizes the goods sold or services rendered for other entities under the agreement and claims of other entities that do not have a quoted price in an active market, including account receivable, other receivable, note receivable, prepaid expense and long-term account receivable, as initial amount; if the claim has a financing nature, the company will recognize present value as initial amount.

When collected or disposed, the difference between cash received and book value is recognized as profit or loss in current period.

(3) **Entrusted loans**

Pricing and revenue entrusted loan confirmation method: according to the actual financial institutions entrusted loan amount as the actual cost accounting, and according to the principle of accrual calculation of accrued interest, such as accrued interest due cannot be recovered, it shall stop the accrued interest, and the original of the accrued interest back.

At the end of the entrusted loan, the book value and the recoverable amount are measured:

- 1) Confirmation criteria for Entrusted loan impairment: the principal amount of entrusted loans is higher than the recoverable amount.
- 2) The provision method of the entrusted loan impairment provision: when the end of each half year or the end of the year, the difference between the recoverable amount of the entrusted loan and the difference of its book value.

(4)Held to maturity investment

Holding to maturity investment is defined as the fixed date, the amount of fixed or recoverable amount, and the company has a clear intention and ability to hold to maturity of non-derivative financial assets.

The sum of the company's investments held to maturity, as at the time of acquisition, at fair value (excluding interest on bonds that have been paid but not yet received) and related transaction costs. Held in accordance with the amortized costs and real interest rates (such as the difference between the real interest rate and the coupon rate hours, can be calculated at the coupon rate) interest income recognized, included in the investment income. Effective interest rates are determined at the time of acquisition and remain constant during the intended period of existence or for a shorter period of time. When the investment is held to maturity, the difference between the acquired price and the book value of the investment is included in the investment income.

If held to maturity investment disposal or re classified as other financial assets amount, relative to the company all held to maturity investment in large amount of the sale or re classification before, in the disposal or re classified immediately after the rest of the held to maturity investments classified as available for sale financial assets; re classification day between the book value and the fair value of the investment included in other comprehensive income, the available depreciation or termination confirmation from the sale of financial assets included in the current profits and losses. However, the following circumstances may be excluded:

- 1) The selling date or reclassification date is closer to the expiration date or redemption date of the investment (e.g. within three months prior to maturity), and changes in market interest rates have no significant impact on the fair value of the investment.
- 2) In accordance with the contractual terms of payment, the enterprise has recovered almost all initial principal.
- 3) The sale or reclassification is caused by an uncontrollable event that the enterprise cannot control, which is not expected to recur and is difficult to reasonably predict.

(5)Available-for-sale financial assets

This category includes financial assets that do not fall into any of the other categories, or those assets that the company has elected to classify into this category.

When an available-for-sale financial asset is initially recognized in the balance sheet, the asset is measured at fair value (deduct the cash dividend declared but not yet paid and interest due but not

yet received) plus transaction costs. In the holding period, any interest or cash dividend received will be recognized as profit. The variation of fair value at the end of reporting period except the impairment loss and foreign exchange gain or loss, is directly recognized in other comprehensive income. At disposal, the difference between consideration received and carrying amount of financial assets is recognized as investment income; meanwhile, any change in the fair value of the asset which has been recognized in other comprehensive income during the period between the trade date and the settlement date is reclassified into investment income.

3.The recognition and measurement of a financial asset transfer

If the company determines that as a result of the transfer, it has transferred substantially all the risks and rewards of ownership of the transferred asset, it does not recognize the transferred asset again in a future period; if substantially all the risks and rewards of ownership have been retained, the company should not derecognize the financial assets.

Judgement on whether financial asset transfer satisfied the condition, which regarding termination of financial asset, adopt the substantial over form principle. On derecognition of a financial asset in its entirety, the difference between the following two amounts is recognized in profit or loss:

- (1) The carrying amount of the transferred financial assets;
- (2) the consideration received (including any new asset obtained less any new liability assumed).

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset shall be allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. The difference between the following two items is recognized in profit or loss:

- (1) The carrying amount (measured at the date of de-recognition) allocated to the part derecognized
- (2) The consideration received for the part derecognized (including any new asset obtained less any new liability assumed).

If a transfer does not result in de-recognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity shall continue to recognize the transferred asset in its entirety and shall recognize a financial liability for the consideration received.

4.The de-recognition of a financial liability

The company removes a financial liability (or a part of a financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with

substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

A substantial modification of the terms of an existing financial liability or a part of it is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss.

If an entity repurchases a part of a financial liability, the entity shall allocate the previous carrying amount of the financial liability between the part that continues to be recognized and the part that is derecognized based on the relative fair values of those parts on the date of the repurchase. The difference between (a) the carrying amount allocated to the part derecognized and (b) the consideration paid, including any non-cash assets transferred or liabilities assumed, for the part derecognized shall be recognized in profit or loss.

5.The fair value measurements of financial asset and liabilities

The company can use the quoted price in an active market for financial asset and liability measured at their fair value; the initial acquisition or origination price of a financial asset or incurrence of a financial liability is a market transaction that provides a foundation for estimating the fair value of the financial instrument. (using the recent reference and familiar with all parties including voluntary transactions in the market transaction price, referring to other financial instruments substantially identical to the current fair value, the discounted cash flow method and the option pricing model) determine its fair value; the initial acquisition or derivative of financial assets or financial liabilities assumed to market trading prices as the basis for determining its fair value.

6.Impairment of Financial Assets (Excluding Account Receivables)

The company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. If any such evidence exists, the company shall determine the amount of any impairment loss.

Objective evidence that a financial asset or group of assets is impaired includes but not limited to the following:

- (1) Significant financial difficulty of the issuer or obligor;
- (2) A breach of contract, such as a default or delinquency in interest or principal payments;
- (3) The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- (4) It becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- (5) The disappearance of an active market for that financial asset because of financial

difficulties;

(6) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, adverse changes in the payment status of borrowers in the group, an increase in the unemployment rate in the geographical area of the borrowers, a decrease in property prices for mortgages in the relevant area or adverse changes in industry conditions that affect the borrowers in the group.

(7) There are significant adverse changes in technology, market, economy or regulation for the issuer of equity instrument, and it becoming probable that the equity instrument investor will not be refunded; or

(8) Fair value of the equity instrument decreases seriously or non-temporarily.

The specific impairment methods are as follows:

(1) The impairment of financial assets available for sale for:

The company at the balance sheet date of the financial assets available for sale by individual finds a way of assessing impairment loss, the objective evidence indicates that the fair value of available for sale equity investment impairment includes equity investment instruments of serious non temporary decline, specific quantitative criteria: if the fair value of the equity investment instruments from the date of the balance sheet is lower than its cost more than 20% (including 20%) is lower than the cost or duration of more than 12 months (including 12 months), it indicates that the instrument is impaired.

The company at the balance sheet date of the sellable equity instrument investment alone to check if the fair value of the equity investment instruments at the balance sheet date is less than the cost of more than 50% (including 50%) or below its cost lasts for more than a year (including one year), it is indicated that the impairment; if the fair value of the equity investment instruments at the balance sheet date is less than the cost of more than 20% (including 20%) but have not yet reached 50%, the company will consider other factors such as price volatility, the equity investment is impaired.

The upper part of the "cost" in accordance with the initial sellable equity instrument investment cost less impairment loss has been recovered and amortized amount, has been included in the profit and loss of "fair value"; according to the Stock Exchange closing price of the final determination, unless the available for sale equity investment restricted period. For the restricted period available for sale equity investment instruments, stock exchange in accordance with the final closing price deduction due to the risk of market participants can not bear within a certain period of time in the open market sale of the equity instruments and the amount of compensation for the determination of requirements.

Available for sale financial asset is impaired, even if the termination of financial assets not recognized, the company will be directly included in other comprehensive income due to the decrease of the fair value of the accumulated losses from other comprehensive income transfer, included in the current profits and losses. The accumulated loss of the transfer is equal to the balance of the initial acquisition cost of the available for sale financial assets, excluding the recovered principal and the amortized amount, the current fair value and the impairment loss which has been included in the profit or loss.

For recognized impairment losses on available for sale debt instruments, in the subsequent accounting period fair value has risen and matters objectively confirm the original occurrence and impairment losses on the previously recognised impairment losses shall be reversed in the current profits and losses; for impairment losses on available for sale equity instruments of the investment in the equity value. The rebound by equity return; but not quoted in an active market and whose fair value cannot be reliably measured and the equity investment, or equity instruments and shall be linked by derivative financial assets impairment related losses incurred to the settlement of the equity instruments shall not be reversed.

(2) The held to maturity investment impairment:

The held to maturity investment, there is evidence of its depreciation, according to its book value and the present value of expected future cash flow margin calculations confirm the impairment loss provision; if evidence has been restored to its value, the provision for impairment of the financial assets at amortized cost of the transfer date.

7. Offset of financial assets and financial liabilities

Financial assets and liability disclosed separately with no elimination; with among conditions, the amount can be net to disclose on balance sheet:

(1) With the enforceable authority to eliminate the assured amount;

(2) Measured at net amount, or cashing the identified financial asset to repayment of the financial liability.

x. Hedging instrument

The company divides hedging into fair value hedges, cash flow hedges and net foreign investment hedges in accordance with hedging relationships.

1. The use of hedge accounting methods for processing

(1) At the beginning of the hedging, the company has formally designated the hedging relationship (the relationship between the hedging instrument and the hedged item) and prepared formal written documents on hedging relationships, risk management objectives and hedging strategies;

(2) The hedging is expected to be highly effective and meets the risk management strategy identified by the company initially for the hedging relationship;

(3) For a cash flow hedging of forecast transaction, the forecast transaction shall be likely to occur and shall make the company faced to the risk of changes in cash flow, which will ultimately affect the profits and losses;

(4) Hedging effectiveness can be measured reliably;

(5) Continuously evaluate hedging effectiveness, and to ensure that the hedging is highly effective in the accounting period specified in the hedging relationship.

When a hedge satisfies the following conditions simultaneously, the company cognizance it's highly effective: (1) During the beginning and subsequent periods of the hedging, the hedging is expected to highly offset the changes in fair value or cash flow arising from the hedged risk during the hedging period; (2) The actual offset results of the hedging are within the range of 80% to 125%

2. Fair value hedging accounting

(1) Basic requirements

1) The hedging instrument is a derivative instrument, the gains or losses arising from changes in fair value shall be recorded in the current profit and loss; Hedging instruments are non-derivative instruments, gains or losses arising from changes in the carrying amount of the carrying amount are recognized in profit or loss for the current period.

2) The gain or loss due to the hedged risk is included in the current profit and loss, and the book value of the hedged item is adjusted at the same time. the hedged item is the subsequent measurement of the inventory at the lower of cost and net realizable value, the subsequent measurement of financial assets or available-for-sale financial assets at amortized cost, it shall be treated in accordance with this provision.

(2) Disposal of gains or losses on hedged items

1) For a fair value hedge of interest rate risk of a portion of a financial asset or financial liability combination, The company gains or losses from the hedged item may be treated in the following ways:

① The hedged item is an asset during the re pricing period, it shall be reflected in the single item under the asset item in the balance sheet and shall be sold at the time of termination confirmation.

② The hedged items are liabilities during the period of re pricing, in the balance sheet a single item in the balance sheet reflect, Resale is pending confirmation of termination.

2) The hedged item is measured at the amortized cost of financial instruments, the adjustments made to the book value of the hedged item, shall be amortized in accordance with the effective interest rate calculated on the adjustment date during the period of adjustment to maturity,

included in the current profits and losses.

A fair value hedging of interest rate risk portfolio, the relevant items in the balance sheet separately, also in accordance with the actual interest rate adjustments on the recalculated in the re pricing period adjustment date to the end date of the relevant period of amortization. If the actual interest rate method is not practicable, the straight-line method can be used for amortization. The amount of adjustment on the maturity date is before amortization; for a fair value hedging interest rate risk portfolio, at the end of the relevant re pricing period before the date of amortization.

3) The hedged item is an unrecognized firm commitment, the recognition commitment is recognized as an asset or liability due to the accumulative amount of fair value change arising from the hedged risk, the hedged item is an unrecognized firm commitment.

4) In the fair value hedging of a fixed commitment to purchase assets or liabilities, the cumulative amount of changes in the fair value of the determined commitment due to the hedged risk (recognized as assets or liabilities), adjust the performance of the promise made to determine the initial asset or liability to confirm the amount.

(3) Conditions for terminating the use of fair value hedge accounting methods

Hedging the use of fair value hedge accounting when the following conditions are met:

- 1) The hedging instrument has expired, been sold, terminated or exercised
- 2) Hedging extension or a hedging instrument is replaced by another, the extension or replacement of the company is as specified in the formal written document of the hedging strategy part, not as expired or termination of contract processing.
- 3) The hedging no longer satisfies the conditions of applying the hedging accounting method.
- 4) The company has withdrawn the designation of the hedging relationship.

3. Cash flow hedge accounting

(1) Basic requirements

1) The portion of the effective hedging in the gain or loss of the hedging instrument is directly recognized as the owner's equity, and the single item reflects. The amount of the effective hedging portion shall be determined by the lower of the absolute amount of the following two items:

- ① Cumulative gain or loss from hedging of hedging instruments;
 - ② Cumulative changes in the expected future cash flows of the hedged item at the beginning of the hedging.
- 2) Any portion of the hedging gain or loss that is part of an invalid hedge (ie, deducting any other gain or loss directly recognized as owner's equity) shall be included in the current profit and loss.

3) In the formal written document of risk management strategies, which influence when evaluate the hedging effectiveness of hedging instruments will exclude a certain portion of the

profit or loss or cash flow, excluded the gains or losses for the "*Enterprise Accounting Standards No. twenty-second - recognition and measurement of financial instruments*".

(2) Subsequent disposal of gains or losses on hedging instruments

1) If the hedged item is the expected transaction, and the expected transaction allows the Company to subsequently recognize a financial asset or a financial liability, the relevant gain or loss directly recognized as the owner's equity in the financial asset or financial liability Profit or loss for the same period of the Company. However, if the net loss originally recognized in the owner's equity is not compensated in full or in part in the future accounting period, the part that cannot be recovered shall be transferred out and recorded into the current profits and losses.

2) The hedged item is the expected transaction, and the expected transaction causes the Company to subsequently recognize a non-financial asset or a non-financial liability, the relevant gain or loss recognized directly in the owner's equity. In the non-financial asset or non-financial liabilities in the same period of profit or loss of the Company, and recorded in profit or loss for the current period. However, if the net loss recognized by the Company in the owner's equity is not compensated in full or in part in the future accounting period, the irrecoverable portion shall be transferred out and recorded into current profit and loss.

3) Profit or loss of hedging instruments not included in the above 1) or 2), which are directly included in the owner's equity, are transferred out and recorded in the profit or loss for the same period when the hedged expected transaction affects the profit and loss.

(3) Termination of the use of cash flow hedge accounting conditions

1) If the hedging instrument has expired, been sold, terminated or exercised, the gains or losses on the hedging instruments directly included in the owner's equity during the effective period of the hedging shall not be transferred until the expected transaction actually takes place, And then according to the relevant provisions.

2) When the hedging no longer satisfies the conditions of the hedging accounting method stipulated in the hedging rules, the gains or losses of the hedging instruments directly included in the owner's equity during the hedging period are not transferred until the expected transaction the actual occurrence, then the relevant provisions of treatment.

3) When the expected transaction is not expected to occur, the gains or losses of the hedging instruments directly included in the owner's equity during the effective period of the hedge are transferred out and recorded into the current profits and losses.

4) When the Company revokes the designation of the hedging relationship, the hedging instrument gains or losses directly recorded in the owner's equity during the hedging period are not transferred for the expected transaction hedge until the anticipated transaction actually takes place or is expected to occur Will not happen. If the transaction is expected to occur, it shall be dealt with according to the relevant provisions. If the expected transaction is not expected, the gains or losses

of the hedging instruments originally recorded in the owner's equity shall be transferred to the current profits and losses.

4. Overseas operating net investment hedges

Hedging against net investment in foreign operations, the company shall deal with similar cash flow hedge accounting provisions:

(1) The portion of the gains or losses formed in the hedging instruments is part of the effective hedging, which is directly recognized as the owner's equity and is a separate item. When disposing of an offshore business, the profits or losses of the hedging instruments reflected in a single item in the owner's equity shall be transferred into the current profit and loss.

(2) Any gain or loss arising from the hedging instrument is part of an invalid hedge and shall be included in the current profit and loss.

xi.Accounts receivable

1. Recognition of account receivable

The company's receivables (including accounts receivable and other receivables, etc.) are the initial recorded amount by contract or agreement price.

2. Recognition of provision for bad debts

Due to the bankruptcy of the debtor, it is still impossible to recover after liquidation in accordance with the legal liquidation procedure, or because of the death of a debtor, there is neither estate to be liquidated and there is no obligation to bear the person, it is indeed impossible to recover, or because the debtor is overdue in meeting its debt service obligations, the receivables are classified as bad debt losses.

3. Recognition and provision for single significant balance

Recognition criterion: One million (Including one million)

Provision method: A separate impairment test is made for bad debt preparation at a difference where the present value of projected future cash flows is lower than its book value, taking into account gains and losses in the current period. Separate tests of receivables for which no impairment has occurred, and place them in the appropriate group of total bad debt preparation.

4. Receivables not included in the preparation of bad debts

The company corresponds to the transaction between the relevant parties do not mention bad debt preparation.

5. Provision of account receivable by group

(1) Recognition of "Portfolio of items with the similar credit risks"

For receivables that are not significant in a single amount, a receivable that is significant for a single amount that has not been derogated from after a separate test is divided into the following

two combinations according to the credit risk characteristics, based on the actual loss rate of the portfolio of receivables with similar credit risk characteristics in previous years, in the light of the current situation to determine the accrued bad debt preparation.

Determine the basis for the combination:

The Age analysis method combines the company to make the best estimate according to the proportion of receipts in the past historical experience, and to classify the credit risk portfolio by reference to the aging of receivables.

The risk-free combination, depending on the nature of the business, determines that there is no credit risk, including: On the balance sheet date, there is conclusive evidence that a receivable that does not have impairment is not intended to be prepared for bad debts, that the receivables of the relevant party receivable are not subject.

(2) The allowance method according to the combination of credit risk characteristics

Aging	Provision for account receivable (%)	Provision for other receivable (%)
within 1 year	0	0
1-2 years	5	5
2—3 years	10	10
3—4 years	20	20
4—5 years	30	30
Over 5 years	50	50

6. Receivables for which the individual amount is not significant but is prepared for individual bad debts

The reason for the preparation of bad debts individually is that there is objective evidence that the company will not be able to recover the funds in accordance with the original terms of the receivables.

The method of preparation for bad debts is based on the difference between the present value of the projected future cash flow of receivables, which is lower than its book value.

xii.Inventory

1. The classification of inventory

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services. The main categories are raw materials, turnover materials,

and commissioned processing materials, in product, self-made semi-finished products, finished goods and goods shipped in transit.

2. The valuation of inventory

The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The company uses weighted average cost formula at the end of each month.

3. Inventory counting system

The company uses perpetual inventory system.

4. The amortization of low value consumables and packaging materials

- (1) Low value consumables are sold by one turn method.
- (2) The packaging adopts the method of once transfer.
- (3) Amortization of other turnover materials by one - time transfer method.

5. Net realizable value and write-down of inventories

At the end of each fiscal year, the company measures inventory at the lower of cost and net realizable value. The net realizable value of finished goods, commodity stocks and materials held for sale is the estimated selling price in the ordinary course of business less the estimated costs to make the sale; the net realizable value of work-in-process and materials or supplies to be consumed in the production process or in the rendering of services is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale; the net realizable value of the quantity of inventory held to satisfy firm sales or service contracts is based on the contract price. If the sales contracts are for less than the inventory quantities held, the net realizable value of the excess is based on general selling prices.

At the end of each fiscal year, the company should accrued impairment based on the single inventory project. But for the number of inventories at relatively low unit, provision for inventories according to stock related categories; and in the same area, production and sales of products with the same or similar end use or purpose, and it is difficult to separate the inventory and other items of measurement, the merge provision of goods.

When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed as gain in current period and limited to the amount of the original write-down.

xiii. Long-term Investment

Determination of investment cost

(1) For long term investment on equity through business combination, please refer to the Note 4/4:
Accounting treatment for the merger.

(2) Long-term investment on equity obtained through other methods

For long-term investment on equity obtained through cash payment, the actual payment is recognized as initial investment cost. The initial investment cost includes the related expenses, tax and other necessary expenditures.

For long-term investment on equity obtained through issuing equity security, the fair value of equity security is recognized as initial investment cost. The transaction cost (belongs to the equity security transaction) can be deducted.

Under the premise of the exchanged of non-monetary assets has commercial substance or the fair value of the assets can be reliably measured, initial long-term equity investment cost is based on assets exchanged out, unless there is conclusive evidence that the fair value of the assets exchanged in is more reliable; For the exchange of non-monetary assets that do not meet the premise above, the company recognize the book value of exchanged out assets and related tax expense as the initial investment cost.

For long-term investment on equity obtained through debt restructuring, the fair value of investment is recognized as initial investment cost.

2. Subsequent measurement and recognition of profit or loss

(1) cost method

If the company has no joint control or significant influence over an investee, cost method will be used. The cost will be adjust by the in the initial cost, the additional investment, and the disinvestment.

The company should recognize the dividend in cash or the distributed profits as the current investment income, except the dividend or the profit is included in the cost dues to the acquirement.

(2) equity method

The company use equity method for joint venture. For the equity investment holding by the risk investment institutions (mutual funds, trust companies or investment linked insurance funds), which can be defined as joint venture equity investment, the company use fair value accounting

profit or loss.

If the initial cost of the equity investment is higher than the fair value of the identifiable assets, which are belonged to the company by calculating the shares owned, of the investee, the initial cost will not be adjusted. If the situation is opposite, the difference should be accounted as current profits and losses.

After the company acquired the investment, the company should confirm profit or lost according to the shares held by the company, and also adjust the book value of the investment. If the investee announced a cash dividends or profit, the book value of the investment should be decreased. For the changes of equity that is not related net profit or loss, other comprehensive income, or distribution of profits, the book value of the investment should be adjusted and the difference should be accounted into equity.

Other adjustments in equity section except net income or loss of the investee will be adjusted to the carrying value of long-term investment on equity proportionately, and increase or decrease capital reserve. In the holding period, if the investee can provide consolidated financial statements, the measurement will be based on the change of net profit and other investments in investee.

If the investee has a lost, the process should be approved as follow: 1. Decrease the book value of the investment; 2. if the book value of the investment is not enough to decrease, the other account that can be referred to the investment should be decreased (the long-term receivable, etc.). 3. After the 2 steps above, the company should confirm estimated liabilities and also account the current profit or loss according to the contract or agreement.

If the investee confirmed profit in the future, the company should deduct the loss that is confirmed above by using the above process contrarily.

3. Determine the basis of control, joint control and significant influence on the investee

If the company has the power to the investee and is entitled to a variable return by participating in the relevant activities of the Investor and has the ability to influence the amount of its return on the Investee's rights, the Company shall be deemed to have control over the Investee .

If the Company is in control of an arrangement with the other Participants in accordance with the relevant agreement and has significant influence on the return of the arrangement, it shall be

deemed that the Company and other parties involved in the project have the right to participate in the project if they are agreed to by the participants sharing the control right. Party to an arrangement which is a joint venture arrangement.

Where the joint venture arrangement is achieved through a separate entity and the company is entitled to the net assets of the individual entity according to the relevant agreement, the separate entity shall be accounted for using the equity method as a joint venture. If it is judged that the company does not have the right to the net assets of the single entity, the separate entity shall as a joint operation and recognize the items related to the share of the common operating interests and accountants shall be accounted for in accordance with the relevant accounting standards.

Significant influence means that the investor has the right to participate in the decision-making of the financial and operating policies of the investee, but it can not control or jointly control the formulation of these policies with other parties. The Company has significant influence on the investee after one or more of the following circumstances, taking into account all facts and circumstances. (1) To be represented in the board of directors or similar authority of the investee; (2) To participate in the financial and operating policy making process of the investee; (3) To carry out significant transactions between the investee and the investee; (4) To send the management personnel to the investee; (5) The investee provides key technical information.

4. The transformation of long-term equity investment measures

(1) From the fair value measurement to the equity method

The company has no control, joint control or significant influence over investee, if additional investments are made to have significant influence or joint control (not to the degree of control), as per Accounting Standards for Enterprise No.22 Measurement and Recognition of Financial Instrument, fair value for existing long-term equity investment plus the newly added investment cost will be recognized as the initial investment cost under equity method.

If the original equity investment is classified as available-for-sale financial asset, the difference between fair value and book value and cumulative variation of fair value which were recognized in other comprehensive income are shifted into profit or loss in current period.

If the initial investment cost under equity method is lower than the updated proportion of

ownership interest in net fair value of investee's identifiable assets and liabilities after additional investment, the company will adjust book value of long-term equity investment and the amount is recorded in non-operating income.

(2) From fair value measurement or the equity method to the cost method

If the company has no joint control or significant influence over the invested entity, the equity investment should be measured according to Accounting Standards for Enterprise No.22 Measurement and Recognition of Financial Instrument. If the company increase long-term equity investment to an associate or joint venture and is able to control the investee, the cost method shall be employed in the measurement, and investment cost is measured by employing the cost method in compiling separate financial statements.

Other comprehensive income recognized due to long-term equity investment under equity method before purchase date, the accounting treatment for disposal of the investment is same as disposal of related assets or liabilities.

Long-term equity investment held before purchase date is measured as <Accounting Standards for Enterprise No.22 Measurement and Recognition of Financial Instrument>, the cumulative variation of fair value which was recognized in other comprehensive income are shifted into profit or loss in current period when using cost method.

(3) From equity method to the fair value measurement

If the company loses the joint control or significant influence over the invested entity, the rest of the investment should be measured as Accounting Standards for Enterprise No.22 Measurement and Recognition of Financial Instrument. The difference that confirmed at the date of the transfer should be accounted into the current profit and loss.

The other comprehensive income that is confirmed under the equity method should account under the same basis as the direct disposal of the relevant assets or liabilities by the investment entity at the termination of the use of equity method.

(4) From cost method to equity method

The Company loses control over invested entity as a result of disposal of a partial equity investment. When the Company compiles its individual financial reporting, the residual equity

investment has common control and significant influence over the invested entity, changing to equity method from cost method is required, in addition, the residual equity investment need to be adjusted to equity method from the acquisition date.

(5) From cost method changes to fair value measurement

The Company loses control over invested entity as a result of disposal of a partial equity investment, When the Company compiles its individual financial reporting, and the residual equity investment does not have common control and significant influence over the invested entity, the residual share investment shall treated in accordance with enterprise accounting policy No. 22the recognition and measurement of financial instrument, at the date of losing common control or significant influence, the variance between fair value and book value shall be recognized in profit and loss.

5. Disposal of long term investment

Disposal of long term investment, the variance between the book value and actual consideration received shall be recognized in profit and loss. For the long term investment using equity method, if disposal that investment, the Company shall account for all amounts recognized in other comprehensive income in relation to that invested entity on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

A parent might lose control of a subsidiary in two or more arrangements (transactions). However, sometimes circumstances indicate that the multiple arrangements should be accounted for as a single transaction. One or more of the following may indicate that the parent should account for the multiple arrangements as a single transaction:

- (1) They are entered into at the same time or in contemplation of each other.
- (2) They form a single transaction designed to achieve an overall commercial effect.
- (3) The occurrence of one arrangement is dependent on the occurrence of at least one other arrangement.
- (4) One arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements.

When the Company loses the control over the subsidiary as a result of disposal of share

investment, and does not count as signal transaction, distinguish the accounting treatment in individual financial reporting and consolidation financial statement:

(1) If the Company loses common control or significant influence resulted from the disposal of share investments, the residual share investment shall be treated in accordance with enterprise accounting policy standard 22- the recognition and measurement of financial instrument, at the date of losing common control or significant influence, the variance between fair value and book value shall be recognized in profit and loss.

(2) When consolidating the financial statements, a parent recognizes the difference between the fair value and the carrying amount adjusted for the net assets of the subsidiary attributable to the parent since the purchasing date as the surplus, if not enough, as retain earnings. The fair value of any investment retained in the former subsidiary at the date when control is lost. The difference between the amount received from the disposal of shares and the fair value of the remaining shares minus the net assets attributable to the parent as the initial shares should be recognized as in the profit and loss in the period of the loss of control, at the same time offset the goodwill. The parent would reclassify the gain or loss previously recognized in other comprehensive income to profit or loss when it loses control of the subsidiary.

A parent might lose control of a subsidiary in two or more arrangements (transactions). However, sometimes circumstances indicate that the multiple arrangements should be accounted for as a single transaction, and should separately deal with the individual financial statements and the consolidated financial statements in accounting:

In the individual financial statements, a parent recognizes any resulting difference between the amounts received from the transaction of loss control and the book value in the investment of the subsidiaries as the other comprehensive income before loss control of them, and transfer the difference to the profit and loss when control is lost.

In consolidated financial statements, a parent recognizes any resulting difference between the amount received from the transaction in the loss of control and the net assets of the subsidiaries attributable to the parent as the other comprehensive income before loss control of them, and transfer the difference to the profit and loss when control is lost.

6. Impairment test method and provision for impairment provision

At the balance sheet date, if the carrying amount of the long-term equity investment is greater than the share of the carrying amount of the owner's equity of the invested enterprise, the long-term equity investment is reduced in accordance with the Accounting Standard for Business Enterprises No. 8 - Impairment of Assets. If the recoverable amount is lower than the book value of the long-term equity investment, provision for impairment shall be made. The recoverable amount of the long-term equity investment is determined based on the higher of the net value of the fair value of the individual long-term equity investment less the disposal expenses and the present value of the estimated future cash flow of the long-term equity investment. Where the recoverable amount of a long-term equity investment is lower than its carrying amount, the book value of the asset is reduced to its recoverable amount. The amount of the impairment loss is recognized as an asset impairment loss and charged to the current profits and losses.

At the same time, impairment losses on long-term equity investments are recognized and are not reversed.

xiv. Investment Real Estate

Measured using cost value model:

Investment real estate's refer to real estate held for the purpose of earning rent or capital appreciation, or both, including the right to use the land that has been leased, the right to use the land that is held and prepared for value-added transfer, and the buildings that have been rented.

The investment real estate of the Company is recorded at its cost. The cost of the purchased investment real estate includes the purchase price, relevant taxes and other expenses directly attributable to the asset. The cost of self-constructed investment real estate shall be determined by the construction of the investment real estate the necessary expenses incurred before the asset reaches its intended usable condition.

The company adopts the cost model for the follow-up measurement of the investment real estate, and depreciation or amortization of the building and land use right according to its estimated useful life and net residual value rate.

When the use of investment real estate is changed to self-use, the company converts the

investment property into fixed assets or intangible assets from the date of change. When the use of real estate is changed to earn rent or capital appreciation, the company will convert the fixed assets or intangible assets into investment real estates from the date of change. In the event of a conversion, the carrying amount before conversion shall be taken as the recorded value after conversion.

At the balance sheet date, the Company assesses the recoverable amount of the investment real estate with the indication of impairment and the recoverable amount is lower than its book value, and recognizes the corresponding impairment loss. Impairment losses on investment real estates shall not be reversed once confirmed.

When the investment real estate is disposed of, or permanently withdrawn from use and is not expected to obtain economic benefits from its disposal, the termination of recognition of the investment real estate. The amount of disposal proceeds of disposal, transfer, retirement or damage of investment real estates after deducting their book value and relevant taxes and fees shall be recorded into the profits and losses of the current period.

xv. Property, Plant and Equipment (PPE)

1. Criteria for recognition of Property, Plant and Equipment

Property, Plant and Equipment also known as "tangible assets" represents the company holds for production, render services, lease or business operation, and its useful life is over one fiscal year. The cost of an item of property, plant and equipment shall be recognized as an asset if, and only if:

- (1) It is probable that future economic benefits associated with the item will flow into the entity;
- (2) The cost of the item can be measured reliably

2. The initial measurement of PPE

The company measures the initial value of the property, plant and equipment by cost. The cost includes the buying price, related tax (Import tax), and the expenses that relate to make the asset to a predetermined state of usable should be classified as the other expenditure of the asset. The cost of the self-construct asset is consisted of the necessary expenditures that make the asset usable. The asset from the investee should use the value in the contract as the book value of the asset, but if the value is not a fair value, the book value of the asset should be the fair value. If the purchase price of the assets is more than the normal credit conditions, the nature of purchasing the asset should be financing, the cost of assets should be determined using the present value of the purchase price as

basis. The difference between the purchase price and the present value should be accounted into current profits and losses after capitalizing the reasonable part.

3. Follow-up measurement and disposal of PPE

(1) Depreciation

Straight-line method is applied to various categories of PPE, except fully depreciated PPE which still in use and the valuation of land accounted for separately.

Depreciation rate is determined by the category of PPE, expected useful life and expected residual rate.

The Company determines the useful life and residual value in terms of the nature and usage of PPE. The residual value and the useful life of an asset shall be reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate.

Estimated useful life and annual depreciation rate for various categories of PPE:

Classification	Expected Net Salvage Value Rate (%)	Expected Useful Life (Years)	Annual Depreciation Rate (%)
House & Buildings	5%	30	3.17%
Pipe network assets	5%	50	1.9%
Electronic equipment	5%	3	31.67%
Machinery equipment	5%	4-11	24.25-8.67%
Office equipment	5%	5	19.00%
Transportation equipment	5%	5-10	19.40-9.50%
Other equipment	5%	3-8	31.67-11.88%

(2) Subsequent expenditure on PPE

If the expenditure is under the criteria for recognition of Property, Plant and Equipment, the expenditure shall enter the cost of the PPE, If it is not, the expenditure shall enter the current profits and losses.

(3) The Disposal of PPE

When the assets are disposed, or are expected no economic benefits can be generated by using or disposal, the asset shall be terminated. The income of disposal of fixed assets for sale, transfer, retirement or damage shall enter the current profit and loss after deducting the book value and related taxes and fees.

4. Impairment test and impairment provision of PPE

PPE will be reviewed at the year-end to determine whether there are signs of possible impairment.

If there are signs of possible impairment, recoverable amount of PPE is estimated. The recoverable amount is the higher one between fair value of PPE minus the disposal expenses and present value of estimated PPE cash flows in the future.

When the recoverable amount of PPE is lower than its book value, the book value is written down to its recoverable amount. That reduction is recognized as an impairment loss, and record impairment of fixed assets at the same time.

Depreciation of PPE should be adjusted in accordance to the impairment loss to make sure adjusted book value will systematically depreciated during the remaining useful life of PPE.

Once impairment loss is recognized, it is irreversible in subsequent period.

If there are signs of possible impairment, recoverable amount is estimated based on individual PPE. If it is impossible to estimate recoverable amount on individual base, estimates the recoverable amount of the asset group that includes the specific PPE.

5. Initial recognition, measurement and depreciation of finance leases

If any of five tests are met, the lease is considered a finance lease:

- (1) ownership of the asset is transferred to the lessee at the end of the lease term;
- (2) the lease contains a bargain purchase option to buy the equipment at less than fair market value;
- (3) the lease term is for the major part of the economic life of the asset even if title is not transferred;
- (4) at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset;
- (5) the leased assets are of a specialized nature such that only the lessee can use them without major modifications being made;

At the commencement of the lease term, lessees shall recognize finance leases as assets in their statements of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The minimum lease payments recognize as long-term liability, the variance shall be recognized as unrecognized financing charges. Initial direct costs are often incurred in connection

with specific leasing activities, such as negotiating and securing leasing arrangements. The costs identified as directly attributable to activities performed by the lessee for a finance lease are added to the amount recognized as an asset. Unrecognized financing charges are mortised using effective interest rate in each accounting period during the lease term.

The depreciation policy for depreciable leased assets of the Company is consistent with that for depreciable assets that are owned. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

xvi. Construction in Progress (CIP)

Categories of Construction in Progress

The Company records the actual costs that related to the Construction Work-in-Progress, actual costs are any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including the cost of materials, cost of labor, relevant taxes, capitalized interests in connection with relevant bank loans and allocated overheads. The Company classifies its Construction in Progress in terms of different projects.

2. The criteria and time point of reclassifying CIP to assets

The reclassification amounts are all the costs occurred to complete the CIP project and be ready for use. When the CIP is ready for use but in absence of the final accounts of completed project, from the date of CIP is ready for use, it shall be reclassified to assets according to the project budgets, costs of construction or the actual costs of the projects, starting depreciation in accordance with the Company's depreciation policy, once the final accounts of completed project accomplished, any variances shall be adjusted to assets, for depreciation already been accrued remain unchanged.

3. Impairment test and impairment provision of CIP

CIP will be evaluated at the year-end to determine whether there are signs of possible impairment.

If there are signs of possible impairment, recoverable amount of CIP is estimated. The

recoverable amount is the higher one between fair value of CIP minus the disposal expenses and present value of estimated CIP cash flows in the future.

When the recoverable amount of CIP is lower than its book value, the book value is written down to its recoverable amount. That reduction is recognized as an impairment loss, and record impairment of fixed assets at the same time.

Once impairment loss is recognized, it is irreversible in subsequent period.

If there are signs of possible impairment, recoverable amount is estimated based on individual CIP. If it is impossible to estimate recoverable amount on individual base, estimates the recoverable amount of the asset group that includes the specific CIP.

xvii. Borrowing Costs

Principles of Borrowing costs capitalization

The Company shall capitalize borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset as part of the cost of that asset. An entity shall recognize other borrowing costs as an expense in the period in which it incurs them.

Qualified asset is an asset, investment real estate or inventory that necessarily takes a substantial period of time to get ready for its intended use or sale.

The commencement date for capitalization is the date when the Company first meets all of the following conditions:

- (1) it incurs expenditures for the asset;
- (2) it incurs borrowing costs; and
- (3) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

2. Capitalization period of borrowing costs

Capitalization period represents the period from the time point of borrowing costs starts capitalized to the time point of stop, suspension of capitalization is not included.

The capitalization of borrowing costs shall be stopped once the qualified asset becomes ready for use or sale.

When the qualified assets can be treated separately, the capitalization of borrowing costs related to a specific part shall be stopped, if that specific part becomes ready or use.

When the qualified assets need to be completed separately, the qualified assets become ready to use or sale once all parts are completed, under this circumstance the capitalization of borrowing costs will stop as all parts have been completed.

3. Suspension of capitalization

The capitalization shall be suspended when abnormal interruption occurs and the suspension is over 3 consecutive months in the process of getting an asset ready for its intended use or sale. The capitalization will not stop if the suspension or interruption is a necessary step in the process of getting an asset ready for its intended use or sale. In the case of suspension of capitalization, the borrowing casts shall be expensed until the abnormal interruption disappears, then the capitalization continues.

4. The calculation of capitulation of borrowing costs

To the extent that the Company borrows funds specifically for the purpose of obtaining a qualified asset, the Company shall determine the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period minus any investment income on the temporary investment of those borrowings.

If expenditures to build an asset are more than specific borrowings acquired, weighted average general borrowings used in construction multiply the capitalization rate can be capitalized. The capitalization rate is the weighted average rate of general borrowings.

There are discount or premium in obtaining borrowings, the capitalized interests need to be adjusted according to the amortization of discount or premium, which calculated based on real interest rate.

xviii.Intangible Assets

Intangible asset as an identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes. For examples land use right, software and patents etc.

1). Initial measurement

The costs of acquiring intangible assets include the purchase payments, related tax

fees and direct costs are attributable to bring the item to be ready to use. When the payment of an item of intangible asset held by the Company exceeds the normal credit period, in this case it contains financing nature, the cost of the item recognizes using the present value of purchase payments.

Acquiring intangible assets from the debtor to offset the debt through debt restructuring, the booking value of the intangible assets shall be the fair value, the variance between the carrying value of debt and the fair value of the intangible asset obtained to offset that debt shall be recognized in profit or loss.

One or more intangible assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets. The cost of such an intangible asset is measured at fair value unless

(a) The exchange transaction lacks commercial substance or (b) the fair value of neither the asset received nor the asset is given up can be reliably measured. If the acquired asset is not measured at fair value, its cost is measured at the carrying amount of the asset given up.

The value of intangible assets acquired from business combination or merger under common control, shall use the book value of merged party. If not under common control the value of intangible assets shall be using fair value.

Intangible assets generated internally includes materials consumed related to the development of the intangible assets, labor costs, registration fees, the amortization of patents used in the development stage of intangible assets, capitalized interest, and other direct costs that bring intangible assets to be ready for use.

2). Subsequent measurement

The Company determines the useful life when acquired intangible assets, there are intangible assets with useful life and with indefinite useful lives.

(1) Intangible assets with finite useful life

For intangible assets with finite useful life, the company uses straight-line method to amortize within the period that the future economic benefits will be received.

The useful life of such an asset should be reviewed at the end of each reporting period

Upon audit, the useful life and amortization method in this period is same as before.

(2) Intangible assets with uncertain useful lives

For intangible assets with uncertain useful lives, it is not amortized during the holding period. The useful life of such assets should be reviewed at the end of each reporting period. If the useful life still reviewed as uncertain, conduct impairment test during each accounting period.

Upon audit, the useful life of such intangible asset is still uncertain.

3). Provision for impairment of intangible assets

For intangible assets with definite useful life, if there are signs of possible impairment, conduct the impairment test at the end of each reporting period.

For intangible assets with uncertain useful life, conduct the impairment test at the end of each reporting period.

Conduct an impairment test on an intangible asset and the recoverable amount is estimated. The recoverable amount is the higher of fair value of the intangible assets minus disposal expenses and the present value of the future cash flow of the intangible assets.

When the recoverable amount of an intangible asset is lower than its book value, the book value is written down to the recoverable amount, the difference is recognized as an impairment loss of intangible assets, which is included in profit and loss. The same amount of Impairment of intangible assets is recorded.

After impairment loss incurred, depreciation or amortization expense of an intangible asset is adjusted accordingly in future periods to make sure that adjusted book value of an intangible asset will systematically depreciated during the remaining useful life. (expected net salvage value excluded).

Once impairment loss is recognized, it is irreversible in subsequent period.

If there are signs of possible impairment, recoverable amount is estimated based on individual intangible asset. If it is impossible to estimate recoverable amount on individual base, estimates the recoverable amount of the asset group that includes the specific intangible asset.

4). The criteria of research phase and development phase

Research phase: activities aimed at obtaining new knowledge, the search for, evaluation and

final selection of, applications of research findings or other knowledge.

Development phase: the design, construction and testing of pre-production or pre-use prototypes and models.

Expenditure on the research phase of an internal project shall be recognized as an expense when it is incurred.

5). Capitalization criteria of expenditure on development phase

An intangible asset arising from development (or from the development phase of an internal project) shall be recognized if, and only if all of the following are met:

(1) The technical feasibility of completing the intangible asset so that it will be available for use or sale.

(2) Its intention to complete the intangible asset and use or sell it.

(3) How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.

(4) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

(5) Expenditure attributable to the intangible asset during its development can be measured reliably.

xix. Long-term deferred expenses

Long-term deferred expenses refer to the expenses that the Company has incurred but which should be borne by the current and future periods for more than one year. Long-term deferred expenses are amortized over the benefit period by direct method.

xx. Accrued payroll

Accrued payroll refer to all kinds of payments and other relevant expenditures given by enterprises in exchange of the services offered by the employees or to compensate termination of labor contract. The employee benefit shall include short-term employee benefits, post-employment

benefits, termination benefits and other long-term employee benefits.

1. Short-term employee benefits

Short-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) which fall due wholly within twelve months after the end of the period in which the employees render the related service. During the accounting period, short-term salary should be recognized as a liability and allocated to relevant asset costs or expensed according to the service rendered.

2. Post-employment benefits

Post-employment benefits are employee benefits (other than short-term employee benefits and termination benefits) which are payable after the completion of employment. The post-employment can be classified as defined contribution plans and defined benefit plans.

Defined contribution plans mainly including employee joins the basic social pension insurance, unemployment insurance etc. organized by local Labor and social security institution. During the accounting period that employees provide services to the Company, the defined contribution plan need to be accrued as liability and recognized in profit or loss or related costs of assets.

The Company does not have any other contribution obligations after they make the standard and annuity plan In accordance with the provisions of the state

3. Termination benefits

Termination benefits are employee benefits payable as a result of either an entity's decision to terminate an employee's employment before the normal retirement date; or an employee's decision to accept voluntary redundancy in exchange for those benefits.

xxi.Share-based payment

1. Types of share - based payments

The Company's share-based payment consists of equity-settled share-based payments and cash-settled share-based payments.

2. Method of Determining Fair Value of Equity Instrument

In the case of equity instruments such as options that have an active market, the fair value is

determined based on the quotation in the active market. The option pricing model considers the following factors: (1) the exercise price of the option; (2) the term of validity of the option; (3) the option pricing model; (3) the option pricing model; (4) the expected volatility of the share price; (5) the expected dividends of the shares; and (6) the risk-free interest rate during the life of the option.

When determining the fair value of the equity instruments, the effect of market conditions and non-exercisable conditions in the vesting conditions stipulated in the share-based payment agreement shall be taken into account. If the employee or other party satisfies the non-market conditions (such as the term of service, etc.) in all the vesting conditions, it is recognized that the cost corresponding to the service has been paid.

3. The basis for determining the best estimate of the vesting equity instrument

At each balance sheet date in the waiting period, the number of equity instruments expected to be exercisable will be revised to make the best estimate based on the latest follow-up information such as the number of employees. On the date of exercisable, the number of the vested equity instruments is expected to be the same as the actual exercisable amount.

4. Implementation, modification, termination of the relevant accounting treatment of share-based payment plan

Equity-settled share-based payments are measured at the fair value of the equity instruments granted to employees. If the right can be exercised immediately after the grant, the relevant costs or expenses shall be recognized in the fair value of the equity instrument on the date of grant, and the capital reserve shall be increased accordingly. In the completion of the service within the waiting period or to achieve the required performance conditions can be exercised in the waiting period of each balance sheet date, the number of vesting equity instruments based on the best estimate, in accordance with the fair value of equity instruments granted Value, the current services will be included in the relevant costs or expenses and capital reserves. No longer recognizes the relevant costs or expenses and the total amount of equity interest after the vesting date.

The cash-settled share-based payments are measured at the fair value of the liabilities assumed by the Company based on the calculation of shares or other equity instruments. If the right can be exercised immediately after the grant, the fair value of the liabilities assumed by the Company shall

be recognized in the relevant costs or expenses at the date of grant and the corresponding liabilities shall be increased. Cash-settled share-based payments that are exercisable only after the completion of the service in the waiting period or after the fulfillment of the required performance conditions are made on each balance sheet date of the waiting period, on the basis of the best estimate of the exercise of the vesting rights, The Company shall bear the fair value of the liabilities and account for the services acquired in the current period as costs or expenses and corresponding liabilities. The fair value of the liability is recalculated at each balance sheet date and the balance sheet date prior to the settlement of the relevant liability, and the change is recorded in the current profits and losses.

5. In the event that there is a modification of the terms and conditions, the current revision and the related accounting treatment

If the equity instruments are canceled during the waiting period, the Company will cancel the equity instruments granted by the Company as an accelerated exercise, and the amount recognized in the remaining waiting periods shall be immediately recognized in the profits and losses of the current period and the capital reserve shall be recognized. If the employee or other party can choose to meet the non-exercisable conditions but is not satisfied within the waiting period, the Company will cancel the grant of the equity instrument.

xxii. Notes Payable

1. General corporate bonds

The fair value of the bonds payable at fair value through profit or loss is recognized as the initial recognition amount. The related transaction costs are directly recorded into the current profits and losses and subsequently measured at fair value.

For other types of bonds payable at fair value and related transaction costs and the sum of the initial recognition amount, and the use of amortized cost for subsequent measurement. A premium or discount is an adjustment to the interest expense over the life of a bond payable, amortized over the duration of the bond using the effective interest method.

2. Convertible corporate bonds

The convertible bonds issued by the Company shall be separated from the liabilities and equity components included in the convertible bonds at initial recognition, and the liability components

shall be recognized as bonds payable and the equity components recognized as capital surplus. The initial recognition amount of the liability component shall be determined by discounting the future cash flow of the liability component and deducting the amount of the initial recognition amount of the liability component according to the total amount of the issue price. The transaction costs incurred in the issuance of convertible corporate bonds shall be apportioned between the liability component and the equity component at their respective relative fair values.

xxiii. Accrued Liabilities

Recognition criteria of accrued liability

The Company recognizes as accrued liability when an obligation related to the contingent event meets the following conditions:

- (1) obligation is present obligation to the Company;
- (2) to perform that obligation will cause probable outflows of economic benefits;
- (3) the amount needed to perform that obligation can be measured with sufficient reliability;

2. Measurement of accrued liability

The amount recognized as a accrued liability shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

The risks and uncertainties that inevitably surround many events and circumstances shall be taken into account in reaching the best estimate of a provision. Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation.

Dealing with best estimate as follows:

The amounts of expenditure where there is a continuous range of possible outcomes, and each point in that range is as likely as any other, the mid-point of the range is used.

Where a single obligation is being measured, the individual most likely outcome may be the best estimate of the liability. However, even in such a case, the entity considers other possible outcomes. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

The expenditure that the Company needed to pay off accrued liability are entirely or partially compensated by third party, the compensation are treated as an asset individually when it considered to be received with near certainty, the amount of recognized compensation cannot exceed the book value of accrued liability.

xxiv.Revenue

1. Specific Criteria for Determining the Time of Confirmation of Sales Revenue

The company has transferred the major risks and rewards of the ownership of the goods to the purchaser. The company has neither retained the continuing right of management associated with the ownership nor effective control over the goods sold, the amount of the revenue can be measured reliably. The relevant economic benefits are likely to flow into the enterprise. The relevant occurred or to occur when the cost can be measured reliably, confirm the realization of sales revenue.

Where the contract or agreement price is collected in a deferred manner and in essence is of a financing nature, the amount of sales proceeds shall be determined at the fair value of the receivable contract or agreement price.

2. Basis and method of affirmation of labor income

If the results of the labor service transaction can be reliably estimated at the balance sheet date, the incomes from the provision of labor services shall be confirmed by the percentage of completion method. The progress of completion of the labor service transaction shall be determined according to the measurement of the finished work.

The results of a labor service transaction can be estimated reliably, meaning that the following conditions are met simultaneously:

- 1) The amount of income can be reliably measured;
- 2) The relevant economic benefits are likely to flow into the enterprise;
- 3) The progress of the completion of the transaction can be reliably determined;
- 4) The costs incurred and to be incurred in the transaction can be reliably measured.

In accordance with the received or receivable contract or agreement to determine the price of the total revenue of services rendered, but the received or receivable contract or agreement price is not fair except. At the balance sheet date, the amount of service income is recognized by the total amount of services received, and the amount of service income is deducted after deducting

accumulated revenue from services provided in previous accounting periods. At the same time, according to estimated total cost of services rendered by the completion schedule, deducted from the previous accounting period. The amount of labor costs that have been recognized, the carrying-over of labor costs in the current period.

If the results of the labor service transaction can not be reliably estimated at the balance sheet date, the following situations shall be handled:

(1) If the cost of labor services incurred is expected to be compensated, the income from providing labor services shall be recognized according to the amount of labor costs incurred, and the labor costs shall be carried forward at the same amount.

(2) If the cost of labor services incurred is not expected to be compensated, the cost of labor services incurred shall be recognized in profit or loss for the current period.

If the contract or agreement between the Company and other enterprises includes the sale of goods and the provision of services, the portion of the goods sold and the part of the provision of labor services can be distinguished and can be measured separately, and the portion of the goods sold shall be treated as sales goods, labor services. Where the sales commodity part and the labor service part cannot be distinguished or can be distinguished but cannot be separately measured, the sales commodity part and the labor service part shall all be treated as sales commodities.

xxv. Interest income and expense

Interest income and expense accrued based on financial asset and liability amortization cost use effective interest rate in accordance with accrual basis. Effective interest rate is the rate which use as discount financial asset and liability discount cash flow in the future. If difference is minor by comparing effective interest rate and rate on the contract, can calculated the interest income and expense by using contract interest rate.

xxvi. Service charge and commission revenue

Service charge and commission revenue are accrued based on accrual method.

xxvii. Lease

If the lease term is that all the risks and rewards related to the ownership of the leased asset are transferred to the lessee, the lease is a finance lease, otherwise is the operating lease.

1. Accounting Treatments for Operating lease

(1) Lease payments under an operating lease shall be recognized as an expense on a straight-line basis over the lease term, including any free lease term. Any initial direct costs paid by the Company associated to the lease transaction are included in the current expenses.

If the lessor undertakes the costs associated with the lease, which should be paid by the Company, the costs are deducted from total rent, and the deducted leasing expenses are allocated during the lease term and included in the current expenses.

(2) Lease income received under the rental assets shall be recognized as an expense on a straight-line basis over the lease term, including any free lease term. Any initial direct costs paid by the Company associated to the lease transaction are included in the current expenses. If the amount is large, it should be capitalized and included in the current profits in accordance with the recognition of rental income over the lease term.

When the Company undertakes lease related costs, which should be paid by the lessee, the Company will be deducted the costs from the lump-sum rental income and allocate over the lease term.

2. Accounting Treatments for Finance lease

(1) Lessee: On the lease beginning date, a lessee shall record the lower one of the fair value of the leased asset and the present value of the minimum lease payments on the lease beginning date as the entering value in an account, recognize the amount of the minimum lease payments as the entering value in an account of long-term account payable, and treat the balance between the recorded amount of the leased asset and the long-term account payable as unrecognized financing charges.

The unrecognized financing charge shall be amortized to each period during the lease term. The lessee shall adopt the effective interest rate method to calculate and recognize the financing charge in the current period.

(2) Lessor: On the beginning date of the lease term, a lessor shall recognize the sum of the minimum lease receipts on the lease beginning date and the initial direct costs as the entering value in an account of the financing lease values receivable, and record the unguaranteed residual value at the same time. The balance between the sums of the minimum lease receipts, the initial direct costs and the unguaranteed residual value, and the sum of their present values shall be recognized as unrealized financing income. The unrealized financing income shall be allocated to each period during the lease term. The lessor shall calculate the financing income at the current period by adopting the effective interest rate method.

xxviii. Government Grants

1. Types

Government grants including monetary and non-monetary grants to the company, except the investment contributed by the government to the company as owner. Government grants can be classified as asset related and income related according to the government provision.

Grants related to assets represent the Company obtained, construct or other form of grants that will cause long-term assets. Grants related to income represent all the grants other than grants related to asset.

2. Recognition of government grants

If the government grants are monetary, the measurement is the amounts received or outstanding. If the government grants are non-monetary, the measurement shall be the fair value; if the fair value cannot be obtained reliably, the measurement shall be nominal amount (RMB1). Government grants measured through nominal amounts shall be recognized in profit and loss directly.

3. Accounting treatment

Grants related to assets, recognized as deferred income, which is recognized in profit or loss on a systematic basis over the useful life of the asset.

Grants related to income are used to compensate the costs or loss in the future shall be recognized as deferred income, and then other income shall be recognized within that particular accounting period; for compensation of costs or loss occurred in the past shall be recognized as other income.

Repayment of a grant related to income shall be applied first against any unamortized deferred credit recognized in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or when no deferred credit exists, the repayment shall be recognized immediately in profit or loss.

xxix. Deferred Tax Assets and Deferred Tax Liabilities

Deferred income tax assets and deferred income tax liabilities are determined on the basis of the balance between the tax base of the assets and liabilities and their book value (temporary

differences). On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured on the basis of the expected recovery of the asset or the applicable tax rate during the liquidation of the liability.

1. Recognition of Deferred Tax Assets

Deferred tax is generally recognized for all temporary differences. Deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognized.

For the deductible temporary differences related to the investment of the consortium, and the following conditions are met, the corresponding deferred income tax assets are confirmed: the temporary differences are likely to be reversed in the foreseeable future and are likely to be obtained in the future to offset the deductible temporary differences in taxable income.

2. Basis for recording deferred tax liability

Deferred tax liabilities are recognized for taxable temporary differences, not not include:

- (1) Temporary difference formed by the initial confirmation of goodwill
- (2) Transactions or matters formed by unincorporated mergers, and the transactions or events do not affect the accounting profits or the temporary differences arising from taxable income (or deductible losses);
- (3) Interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

3. The deferred tax assets and deferred income tax liabilities are shown as the offset net amount when the following conditions are met

- (1) The entity has the legal right and the intention to settle on a net basis;
- (2) The deferred tax amounts are levied by the same taxing authority on the same entity or different entities that intend to realize the asset and settle the liability at the same time.

xxx.Statement of project changes in the presentation of the financial statements

On June 15, 2018, the Ministry of Finance issued the notice on the revision and issuance of “the format of general enterprise financial statements for 2018 (accounting (2018) No.15)”, revised the format of financial statements for general enterprises, consolidated part of the balance sheet items, and split part of the profit statement items ; And on September 7, 2018, the

interpretation of issues relating to the format of general Enterprise financial statements for 2018 was issued, expressly requiring the return of personal income tax charges to be reported in "other income", and the actual receipt of government subsidies, whether related to assets or to proceeds, In the preparation of the cash flow statement are reported as the cash flow generated by the operating activities, etc.

The company has prepared financial statements in accordance with the requirements of the new enterprise financial statement format, as a result of the changes in the presentation items of the financial statements, the comparative data for comparable periods have been adjusted in accordance with "the relevant provisions of enterprise Accounting standard No.30", presentation of financial statements, etc.

The impact on the presentation of items and amounts to the financial statements for comparable periods is as follows:

Presentation project	Present before December 31, 2018	Amount effect	January 1, 2019 after being listed	Memo
Notes receivable & Account receivable	691,032,892.01	-691,032,892.01		
Notes receivable		16,421,684.71	16,421,684.71	
Account receivable		674,611,207.30	674,611,207.30	
Fixed asset		44,099,190,585.16	44,099,190,585.16	
Notes payable & Account payable	1,642,192,739.55	-1,642,192,739.55		
Notes payable				
Account payable		1,642,192,739.55	1,642,192,739.55	

V.Changes in Key Accounting Policies And Estimates

i.Changes in accounting policies

No material changes in accounting policies in the reporting period.

ii.Changes in accounting estimates

No material changes in accounting estimates in the reporting period.

iii. Significant prior period error correction

Due to refund of land use tax and property tax, which received from Changchun nangan district local tax bureau, according to "Changchun audit director jingwai report [2017]No.3", audit report should reduce special payable, and record such amount to prior year governor grants, record prior year cold thawing by use retrospectively method, adjust beginning retained earnings, such adjustment increase the beginning retained earnings of Changchun Water affairs(Group) Co., Ltd. And subsidiaries by amount of RMB28,923,443.93 comparing to prior year ending retained earnings.

VI. Taxation

The company's main taxable items are listed below:

(一) Turnover tax and surtax

Category	Tax base	Tax rate	Memo
VAT tax	Domestic sales; provision of processing and repair of repaired services; and import of goods; provision of tangible movable property leasing services	16%	Note 1
	Provide transportation, postal, basic telecommunications, construction, real estate leasing services, sales of real estate, transfer of land use rights	10%	Note 1
	Other Taxable sales service behavior	6%	
	Summary Tax method	5% or 3%	
Urban maintenance and construction tax	Tax on turnover tax	7%	
Educational surtax	Tax on turnover tax	3%	
Local educational surtax	Tax on turnover tax	2%	

Note 1: According to the "Announcement on Deepening VAT Reform Related Policies" (No. 39 of 2019) jointly issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs, the company will have VAT taxable since April 1, 2019 For sales activities or imported goods, the original 16% and 10% tax rates are applied, and the tax rates are adjusted to 13% and 9% respectively.

(二) Corporate income tax

Company name	Tax rate	Memo
The company	25%	

VII. Business Combination and Consolidated Financial Statements

(i). Subsidiaries

Order	Subsidiary name	Level	Type of subsidiary	Place of registration	Principal place of business	Business scope
1	Changchun Long development investment Co.,Ltd.	2	Limited Liability Company	Changchun, Jilin	Changchun, Jilin	Investment Consulting (in addition to finance, securities, futures), communications engineering, weak power engineering, network engineering design, construction, network, computer hardware and software technology development, technical advice, technology services, technology transfer, software R & amp; d, sales, office automation equipment sales, computer installation, maintenance, system integration Services, Web design, computer graphic design , Production, advertising design, production, agents, nursing home management, own house leasing (according to the law must be approved for the project, after the approval of the relevant departments can carry out business activities).
2	Jilin Long Development New Urbanization Industry Co.,Ltd.	2	Limited Liability Company	Changchun, Jilin	Changchun, Jilin	Urbanization project development, investment, management, land consolidation, development, urban infrastructure project construction, public facilities investment, construction, operation, management, construction industry design, building components and Components R & amp; d, production, installation, agricultural project investment, development and construction, management (laws, regulations and State Council decisions prohibited projects may not operate ; Projects subject to approval in accordance with the law may be carried out with the approval of the relevant departments before carrying out business activities).
3	Changchun Urban Pipeline Construction Investment (Group) Co.,Ltd	2	Limited Liability Company	Changchun, Jilin	Changchun, Jilin	Investment and asset management; urban public implementation, water Conservancy project construction; real estate, underground space development; building installation engineering construction; building decoration

Order	Subsidiary name	Level	Type of subsidiary	Place of registration	Principal place of business	Business scope
						engineering construction; Landscaping project construction; architectural design; building materials distribution; property management services; car park construction and management; engineering Management Services. (Laws, regulations and projects prohibited by the State Council shall not be operated; Projects subject to approval in accordance with the law shall be carried out with the approval of the relevant departments before carrying out business activities).
4	Changfa Finance Holding (Changchun) co., Ltd.	2	Limited Liability Company	Change hun, Jilin	Change hun, Jilin	Investment in financial and financial services institutions, asset management, equity investment, securities, futures and fund investments; science and technology finance (intermediary services for technology and finance enterprises only); Leasing (financial leasing); Investment and financing planning and consulting services ; Investment and operation of other financial products and their derivatives approved by the Government and relevant regulatory bodies (projects prohibited by laws and regulations shall not be operated; Projects subject to approval in accordance with the law may be carried out after approval by the relevant departments).
5	Jilin Changfa Tourism Investment Group Co., Ltd.	2	Limited Liability Company	Change hun, Jilin	Change hun, Jilin	Tourism project investment; website construction and maintenance; Tourism activities publicity organization marketing planning; marketing planning; Real estate development and sales; Tourism product development and sales; landscape design and construction, greening engineering construction, construction engineering, decoration and decoration project construction; Tourism information Consulting, Enterprise management consulting, investment consulting ; Prepackaged food, health food, hotel supplies, wholesale and retail hotel equipment; flower seedling planting and sales; Conference services, exhibition services,

Order	Subsidiary name	Level	Type of subsidiary	Place of registration	Principal place of business	Business scope
						etiquette services, domestic and international tourism business, property services; car rental, machinery and equipment leasing; advertising business; Processing of agricultural products (legal, Regulations and projects prohibited by the State Council shall not be operated; Projects subject to approval in accordance with the law shall be carried out with the approval of the relevant departments before carrying out business activities).
6	Changchun Urban Development Investment Holding Group Construction Co., Ltd	2	Limited Liability Company	Changchun, Jilin	Changchun, Jilin	Municipal public Works, housing construction engineering, mechanical and electrical equipment installation engineering, water Conservancy and hydropower projects, Highway engineering, pipeline Engineering, steel structure engineering, bridge engineering, Tunnel Engineering, Foundation and Foundation engineering Construction, construction project management, construction project consulting, Project agent, bidding agent, project cost consulting, technical advice ; Preparation of project proposals, preparation of project feasibility studies; human resources agents, human resources outsourcing (laws, regulations and State Council decisions prohibited, not to operate; licensed business projects operated on the basis of a valid license or approval document; general business items can be independently selected for operation).
7	Changchun City Development (Group) Co., Ltd.	2	Limited Liability Company	Changchun, Jilin	Changchun, Jilin	State-owned assets management; urban construction capital control; city infrastructure project development, investment, management; operation of new urban construction infrastructure; housing leasing; land storage (Level I management).
8	Changchun Runde Investment Group Co., Ltd.	2	Limited Liability Company	Changchun, Jilin	Changchun, Jilin	State-owned assets management, urban construction capital control, city infrastructure, Water Conservancy project development, construction, contracting (need to operate with effective qualification certificate), investment Management, land storage

Order	Subsidiary name	Level	Type of subsidiary	Place of registration	Principal place of business	Business scope
						(first-class finishing) (commissioned by the Changchun People's government), land consolidation and development, material leasing, operation of urban construction infrastructure, housing leasing, architectural design, property management.
9	Changchun Changfa Real Estate Co., Ltd.	2	Limited Liability Company	Changchun, Jilin	Changchun, Jilin	Real estate development; real estate development; property management and property management comprehensive paid service; Construction equipment, building materials distribution; housing leasing; Road engineering, Earthwork Engineering, Landscaping engineering, Landscape engineering, Construction engineering, decoration project design, construction; house demolition; refrigeration equipment installation; Engineering Management Services ; Construction engineering information consulting; advertising design, agency, release; binding services; other print printing; enterprise management consulting; enterprise Management services; Business Information Consulting; Conference and exhibition display services; marketing planning; mechanical equipment sales, leasing; real estate intermediary services; car park management; warehousing services. (Laws, regulations and projects prohibited by the State Council shall not be operated; Projects subject to approval in accordance with the law shall be carried out with the approval of the relevant departments before carrying out business activities).
10	Changchun Water affairs(Group) Co., Ltd.	2	Limited Liability Company	Changchun, Jilin	Changchun, Jilin	Responsible for the management of state-owned assets authorized by the state, source water transportation, water supply production, water supply, sewage, sludge waste treatment, drainage equipment, building materials, steel, timber distribution
11	Changchun Changfa Shuangyang Investment Holdings (Group)	2	Limited Liability Company	Changchun, Jilin	Changchun, Jilin	Investment and asset management, real estate development, secure housing development and construction,

Order	Subsidiary name	Level	Type of subsidiary	Place of registration	Principal place of business	Business scope
	Co., Ltd.					urban infrastructure, Water Conservancy project development and construction, public facilities, urban infrastructure management, sewage treatment and recycling, architectural design, property management, housing leasing, by the people's Government of Shuangyang District commissioned land storage and land consolidation and development, And the management of state-owned assets within the scope of the authorization of the People's Government of Shuangyang District, advertising industry, social and economic consultation (projects subject to approval according to law, with the approval of the relevant departments can carry out business activities).
12	Changfa Human Resource Industrial Investment (Changchun) Co.,Ltd.	2	Limited Liability Company	Changchun, Jilin	Changchun, Jilin	Invest in related projects with its own funds (do not engage in the absorption of deposits, loans, fiduciary loans, valet banking, financing guarantees and other financial services business, strictly prohibit illegal fund-raising), own site leasing, conference and exhibition display Services, human resources recruitment, career Introduction, human resources agents, talent assessment, senior talent Search services , Human resources outsourcing, human resources management consulting, human Resources Information Network services, human resources information Consulting (according to the law required to approve the project, with the approval of the relevant departments can carry out business activities).
13	Northeast Asia Digital Technology Co., Ltd.	2	Limited Liability Company	Changchun, Jilin	Changchun, Jilin	Digital city Consulting and planning; investment in digital urban construction with free funds; financing services; digital infrastructure construction and operation; Integration and operation of digital applications; Big data applications and operations; investment, construction and operation of big Data industrial parks with its own funds (projects subject to approval in accordance with the

Order	Subsidiary name	Level	Type of subsidiary	Place of registration	Principal place of business	Business scope
						law, After the approval of the relevant departments can carry out business activities, may not engage in the absorption of deposits, loans, fiduciary loans, valet financial management, financing guarantees and other financial services business, the prohibition of illegal fund-raising).
14	Changchun Changfa Old City Renovation Engineering Co., Ltd.	2	Limited Liability Company	Changchun, Jilin	Changchun, Jilin	Engineering, project management Services, the use of their own funds to invest in engineering projects (may not engage in the absorption of deposits, loans, fiduciary loans, valet financial management, financing guarantees and other financial services business, strictly prohibit illegal fund-raising) project planning, land consolidation and development, real estate development, secure housing development and construction, urban infrastructure, Water Conservancy project development and construction; public facilities, urban infrastructure management; sewage treatment and recycling; architectural design; property Management (operating with qualification certificate); housing leasing; advertising design, agency, release (according to the law required to approve the project, with the approval of the relevant departments can carry out business activities)

Continued:

Serial number	Company Name	Registered Capital (ten thousand)	Holding Percentage(%)	Voting Rights (%)	Investment Amount(ten thousand)	Found by
1	Changchun Long development investment Co.,Ltd.	9,670.00	100	100	9,670.00	Investment Establishment
2	Jilin Long Development New Urbanization Industry Co.,Ltd.	35,000.00	51.43	51.43	17,906.09	Equity transfer
3	Changchun Urban Pipeline Construction Investment (Group) Co.,Ltd	48,600.00	100	100	49,347.61	Equity transfer
4	Changfa Finance Holding (Changchun) co., Ltd.	184,514.70	100	100	186,226.61	Investment Establishment

Serial number	Company Name	Registered Capital (ten thousand)	Holding Percentage(%)	Voting Rights (%)	Investment Amount(ten thousand)	Found by
5	Jilin Changfa Tourism Investment Group Co., Ltd.	7,000.00	100	100	7,000.00	Investment Establishment
6	Changchun Urban Development Investment Holding Group Construction Co., Ltd	7,700.00	100	100	7,700.00	Investment Establishment
7	Changchun City Development (Group) Co., Ltd.	691,187.00	100	100	1,785,188.67	Equity transfer
8	Changchun Runde Investment Group Co., Ltd.	246,400.00	100	100	1,085,464.84	Equity transfer
9	Changchun Chang Fa Real Estate Co., Ltd.	6,800.00	100	100	6,800.00	Investment Establishment
10	Changchun Water affairs(Group) Co., Ltd.	302,000.00	100	100	325,525.90	Equity transfer
11	Changchun Changfa Shuangyang Investment Holdings (Group) Co., Ltd.	38,775.21	0.13	51	50.00	Investment Establishment
12	Changfa Human Resource Industrial Investment (Changchun) Co.,Ltd.	87,411.87	100	100	87,411.87	Investment Establishment
13	Northeast Asia Digital Technology Co., Ltd.	2,000.00	100	100	2,000.00	Investment Establishment
14	Changchun Changfa Old City Renovation Engineering Co., Ltd.	430,000.00	66.50	66.50	285,950.00	Investment Establishment

(ii). Units Incorporated into the Scope of Consolidation for the First Time and Units Excluded from the Scope of Consolidation

1. Business Entities Incorporated into the Scope of Consolidation for the First Time during the Accounting Period

Company Name	Reasons for consolidation
Jilin Changfa Aviation Industry Co., Ltd.	New investment to set up a Level 3 subsidiary
Liaoyuan City Investment Wastewater Construction Engineering Co., Ltd.	New investment to set up a Level 5 subsidiary

2.Units Excluded from the Scope of Consolidation

N/A.

VIII.Important Notes for the Consolidated Financial Statements

(The unit is RMB Yuan unless noted differently.)

Note 1. Money funds

Project	December 31, 2019	December 31, 2018
cash	93,409.17	162,192.67
Bank savings	15,839,212,900.17	19,188,080,859.36
Other monetary fund	225,520,451.97	114,697,500.00
Total	16,064,826,761.31	19,302,940,552.03

The restricted monetary funds are detailed below

Project	As of December 31, 2019
Deposit-Out margin _ Guaranteed margin	123,665,000.00
Security deposit	250,000.00
Term deposits or notice deposits used for security	
Total	123,915,000.00

Note 2. Financial assets measured at fair value and whose changes are recorded in the profits and losses of the current period

Items	As of December 31, 2019	As of December 31, 2018
Total marketable financial assets		
Including: Investment in debt instruments		
Investments in equity instruments		
Others		
Total financial assets designated at fair value and changes included in the current profit and loss	5,242,875.57	5,391,873.81
Including: Investment in debt instruments		
Investments in equity instruments	5,242,875.57	5,391,873.81
Others		
Total	5,242,875.57	5,391,873.81

Note 3. Notes Receivable

Classification	As of December 31, 2019	As of December 31, 2018
Banking acceptance bills	5,770,000.00	16,421,684.71
Commercial acceptance bills		
Total	5,770,000.00	16,421,684.71

Note 4. Account Receivable

Classification	As of December 31, 2019	
	Book Balance	Provision for Bad Debts

	Amount	Percentage (%)	Amount	Percentage (%)
Individually significant and with individual provision for bad debts	1,579,872,547.39	88.82	281,418.53	0.02
Accounts receivables with provision for bad debts based on the combination	174,880,547.65	9.83	101,220,991.35	57.88
Individually insignificant but with individual provision for bad debts	23,966,287.19	1.35	414,485.30	1.73
Total	1,778,719,382.23	100.00	101,916,895.18	

Continued:

Classification	As of December 31, 2018			
	Book Balance		Provision for Bad Debts	
	Amount	Percentage (%)	Amount	Percentage (%)
Individually significant and with individual provision for bad debts	532,691,039.47	68.81		
Accounts receivables with provision for bad debts based on the combination	214,310,435.20	27.69	99,027,862.51	46.21
Individually insignificant but with individual provision for bad debts	27,075,685.47	3.50	438,090.33	1.62
Total	774,077,160.14	100.00	99,465,952.84	

1. Accounts receivables with provision for bad debts based on the combination

Account receivable with provision for bad debts based on the aging analysis

Aging	December 31, 2019			December 31, 2018		
	Book Balance		Provision for Bad Debts	Book Balance		Provision for Bad Debts
	Amount	Percentage (%)		Amount	Percentage (%)	
Within 1 year	56,300,816.12	32.20	962,542.56	96,976,835.37	45.25	658,220.12
1-2 years	3,361,559.45	1.92	336,155.95	7,084,690.55	3.31	708,469.06
2-3 years	5,177,976.20	2.96	1,035,595.24	3,134,255.57	1.46	626,851.31
Over 3 years	110,040,195.88	62.92	98,886,697.60	107,114,653.71	49.98	97,034,322.02
Total	174,880,547.65	100.00	101,220,991.35	214,310,435.20	100.00	99,027,862.51

2. Account receivable with individual provision for bad debts

(1) Account receivable with individually significant balance at year-end and with individual provision for bad debts

Debtor	Balance	Provision for Bad Debts	Aging	Percentage (%)	Reason for the Provision
Urban secondary water supply renovation project	8,173,071.28		2-3 years		Can be recovered after expiry
Jilin Installation Group Co., Ltd.	48,157,124.48		Within 1 year		Can be recovered after expiry
A project directly under Jilin Construction Engineering Group Co., Ltd. (Jilin Provincial Plastic Research Institute demolition project)	1,068,480.00		over 3 years		Can be recovered after expiry
Jilin Chaorui Construction Group Co., Ltd.	2,072,863.05		Within 1 year		Can be recovered after expiry
Jilin Province into Qiangjian Engineering Group Co., Ltd.	6,907,290.00		Within 1 year		Can be recovered after expiry
Jilin Province into Qiangjian Engineering Group Co., Ltd.	2,316,162.50		1-2 years		Can be recovered after expiry
Jilin Jianyuan Design Group Co., Ltd.	6,848,450.91		Within 1 year		Can be recovered after expiry
Jilin Economic Development Investment Co., Ltd.	11,732,805.55		2-3 years		Can be recovered after expiry
Jilin Economic Development Investment Co., Ltd.	16,837,935.02		over 3 years		Can be recovered after expiry
Jilin Tianfu Equity Investment Fund Co., Ltd.	1,000,000.00	45,000.00	Within 1 year		Not yet settled
Jilin Protest Waterproof and Insulation Engineering Co., Ltd.	3,000,000.00		Within 1 year		Can be recovered after expiry
Jilin Sunshine Construction Group Co., Ltd.	40,510,356.53	57,000.00	Within 1 year		Not yet settled
Jilin Zhongxing Weiye Economic and Trade Co., Ltd.	8,309,788.75		Within 1 year		Can be recovered after expiry
Jilin Changfa Construction Industrialization Co., Ltd.	5,523,695.00		1-2 years		Can be recovered after expiry
Jiangsu Dahan Construction Industrial Group Co., Ltd.	2,476,335.00		Within 1 year		Can be recovered after expiry
Jiangsu Dahan Construction Industrial Group Co., Ltd.	5,033,450.00		1-2 years		Can be recovered after expiry
Jingxin Construction Group Co., Ltd.	1,208,790.00		1-2 years		Can be recovered after expiry
Jingxin Construction Group Co., Ltd.	242,580.00		2-3 years		Can be recovered after expiry
Kuancheng District Government	69,814,957.82		1-2 years		Government unit
Kuancheng District Government	21,828,958.00		2-3 years		Government unit
Runde Building Project	1,482,537.91		Within 1 year		Can be recovered after expiry
Runde Building Project	1,549,849.00		1-2 years		Can be recovered after expiry
Runde Building Project	1,476,884.08		2-3 years		Can be recovered after expiry
Yan Fengjun	1,100,000.00		Within		Can be recovered

Debtor	Balance	Provision for Bad Debts	Aging	Percentage (%)	Reason for the Provision
			within 1 year		after expiry
Yan Fengjun	1,100,000.00		1-2 years		Can be recovered after expiry
Yan Fengjun	1,100,000.00		2-3 years		Can be recovered after expiry
Changchun Chengtuo Parking Lot Construction Management Co., Ltd.	18,070,896.76		1-2 years		Can be recovered after expiry
Changchun Metro Youth Hostel Real Estate Development Co., Ltd.	2,362,280.00		1-2 years		Can be recovered after expiry
Changchun Dingmeng Construction Engineering Co., Ltd.	1,360,920.00		Within 1 year		Can be recovered after expiry
Changchun Construction Engineering Group Co., Ltd.	4,007,195.00		1-2 years		Can be recovered after expiry
Changchun Construction Engineering Group Co., Ltd.	11,961,235.00	179,418.53	Within 1 year		Not yet settled
Changchun Construction Group Co., Ltd.	1,648,955.00		Within 1 year		Can be recovered after expiry
Changchun Municipal Finance Bureau	550,000,000.00		Within 1 year		Government unit
Changchun City Construction and Maintenance Co., Ltd.	27,861,588.51		Within 1 year		Can be recovered after expiry
Changchun City Construction and Maintenance Co., Ltd.	8,835,780.38		1-2 years		Can be recovered after expiry
Changchun Railway Station Regional Administration	1,500,000.00		Within 3 years		Government unit
Housing and Urban-rural Construction Bureau of Kuancheng District, Changchun City	5,223,849.00		Within 1 year		Government unit
Changchun Talent Service Center	2,700,000.00		Within 1 year		Can be recovered after expiry
Changchun Human Resources and Social Security Bureau	1,080,664.30		Within 1 year		Government unit
Changchun City People's Government Office	2,695,000.00		1-2 years		Government unit
Housing and Urban-rural Construction Bureau of Shuangyang District, Changchun City	1,243,573.97		over 3 years		Government unit
Changchun Shuoda Technology Co., Ltd.	1,221,110.00		over 3 years		Can be recovered after expiry
Changchun Changfa Pension Service Co., Ltd.	1,008,500.00		over 3 years		Can be recovered after expiry
Changchun Municipal Government Investment and Construction Project Management Center	5,094,788.46		Within 1 year		Government unit
Changchun Municipal Government Investment and Construction Project Management Center	1,056,073.00		1-2 years		Government unit
Changchun Municipal Government Investment and Construction Project Management Center	4,363,493.43		over 3 years		Government unit

Debtor	Balance	Provision for Bad Debts	Aging	Percentage (%)	Reason for the Provision
Changchun Equipment Manufacturing Industry Development Zone	365,043,211.00		Within 1 year		Can be recovered after expiry
Zhejiang Construction Engineering Group Co., Ltd.	1,520.00		1-2 years		Can be recovered after expiry
Zhejiang Construction Engineering Group Co., Ltd.	599,640.00		2-3 years		Can be recovered after expiry
Zhejiang Construction Engineering Group Co., Ltd.	5,049,407.50		over 3 years		Can be recovered after expiry
China Construction Eighth Engineering Bureau Co., Ltd.	10,170,101.22		Within 1 year		Can be recovered after expiry
China Construction Eighth Engineering Bureau Co., Ltd.	8,604,275.78		1-2 years		Can be recovered after expiry
China Construction Sixth Engineering Bureau Co., Ltd.	5,489,294.70		Within 1 year		Can be recovered after expiry
China Construction Sixth Engineering Bureau Co., Ltd.	3,041,163.18		1-2 years		Can be recovered after expiry
China Construction Sixth Engineering Bureau Co., Ltd.	7,946,094.80		2-3 years		Can be recovered after expiry
China Construction Third Engineering Bureau Co., Ltd.	6,920,600.00		Within 1 year		Can be recovered after expiry
China Construction First Bureau (Group) Co., Ltd.	1,737,782.00		2-3 years		Can be recovered after expiry
93246 troops of the Chinese People's Liberation Army	2,167,130.61		Within 1 year		Can be recovered after expiry
China Construction Technology Co., Ltd.	15,969,133.84		Within 1 year		Can be recovered after expiry
China Construction Technology Co., Ltd.	717,891.66		1-2 years		Can be recovered after expiry
China Construction Technology Changchun Co., Ltd.	3,070,630.00		Within 1 year		Can be recovered after expiry
China Construction Technology Changchun Co., Ltd.	1,587,011.00		1-2 years		Can be recovered after expiry
China Communications Fourth Highway Engineering Bureau Co., Ltd.	1,389,257.00		2-3 years		Can be recovered after expiry
China Communications Fourth Highway Engineering Bureau Co., Ltd. (Changchun Yikuang Street Crossing Yitong River Project)	2,045,300.00		over 3 years		Can be recovered after expiry
China Communications Fourth Highway Engineering Bureau Co., Ltd. S329 Honghu Section Construction and Maintenance Integrated Project Manager Department	4,344,142.59		Within 1 year		Can be recovered after expiry
China Communications Tunnel Engineering Bureau Co., Ltd.	61,380.00		Within 1 year		Can be recovered after expiry
China Communications Tunnel Engineering Bureau Co., Ltd.	741,755.00		1-2 years		Can be recovered after expiry
China Communications Tunnel Engineering Bureau Co., Ltd.	5,764,475.00		over 3 years		Can be recovered after expiry
Zhongqing Construction Co., Ltd.	54,372,257.50		Within 1 year		Can be recovered after expiry

Debtor	Balance	Provision for Bad Debts	Aging year	Percentage (%)	Reason for the Provision
Zhongqing Construction Co., Ltd.	34,798,542.53		1-2 years		Can be recovered after expiry
Zhongqing Construction Co., Ltd.	9,683,969.80		2-3 years		Can be recovered after expiry
Zhongqing Construction Co., Ltd.	8,603,081.99		over 3 years		Can be recovered after expiry
China Railway Jiuju Group Third Engineering Bureau Co., Ltd. (Dongrong Road crosses the Beijing-Harbin Overpass)	2,459,165.00		over 3 years		Can be recovered after expiry
China Railway Seventh Bureau Group Second Engineering Co., Ltd.	25,184,870.00		Within 1 year		Can be recovered after expiry
China Railway Engineering Bureau Group Co., Ltd. Construction Branch	1,988,875.00		1-2 years		Can be recovered after expiry
China Railway Tenth Bureau Group Eighth Engineering Co., Ltd.	41,660,385.00		Within 1 year		Can be recovered after expiry
China Railway Tenth Bureau Group Eighth Engineering Co., Ltd.	6,554,526.00		1-2 years		Can be recovered after expiry
China Railway Tenth Bureau Group Eighth Engineering Co., Ltd.	1,697,890.00		over 3 years		Can be recovered after expiry
China Railway Tenth Bureau Group Qingdao Engineering Co., Ltd.	42,725.00		Within 1 year		Can be recovered after expiry
China Railway Tenth Bureau Group Qingdao Engineering Co., Ltd.	1,855,330.00		1-2 years		Can be recovered after expiry
China Railway Tenth Bureau Group Qingdao Engineering Co., Ltd.	2,840,962.50		2-3 years		Can be recovered after expiry
China Railway Tenth Bureau Group Co., Ltd.	1,244,365.00		2-3 years		Can be recovered after expiry
China Railway Tenth Bureau Group Co., Ltd. Project Manager Department of Changfu City Guangfu Road Viaduct and Taipei Avenue Interchange	1,560,000.00		over 3 years		Can be recovered after expiry
China Railway Fifth Bureau Group Mechanization Engineering Co., Ltd.	484,005.00		Within 1 year		Can be recovered after expiry
China Railway Fifth Bureau Group Mechanization Engineering Co., Ltd.	4,652,920.00		1-2 years		Can be recovered after expiry
China Railway 5th Bureau Group Co., Ltd.	3,559,212.50		2-3 years		Can be recovered after expiry
Total	1,579,872,547.39	281,418.53			

(2) Account receivable with individual provision for bad debts

Debtor	Balance	Provision for Bad Debts	Aging	Percentage (%)	Reason for the Provision
Meals	105,463.43		Within 1 year		Can be recovered after expiry
Hongtai Construction Engineering Group Co., Ltd. (15th Project Department)	642,160.00		over 3 years		Can be recovered after the test

Debtor	Balance	Provision for Bad Debts	Aging	Percentage (%)	Reason for the Provision
Jilin Daxin Culture Media Co., Ltd.	85,548.94		1-2 years		Can be recovered after the test
Jilin Provincial Second Construction Co., Ltd. (Section 4 of the Shoushan Road Land Renovation and Relocation Construction Project)	78,800.00		1-2 years		Can be recovered after the test
Jilin No. 2 Construction Co., Ltd. (Section 5 of the Shoushan Road Land Renovation and Relocation Construction Project)	536,705.00		2-3 years		Can be recovered after the test
Jilin Hongming Steel Structure Co., Ltd.	109,775.11		1-2 years		Can be recovered after the test
Jilin Province into Qiangjian Engineering Group Co., Ltd.	398,313.40		1-2 years		Can be recovered after the test
Jilin Tianyou Vehicle Equipment Manufacturing Co., Ltd.	532,830.00		Within 1 year		Can be recovered after the test
Jilin Xinfeng Construction and Installation Engineering Co., Ltd. (Section 3 of the Shoushan Road Block Shanty Town Rebuilding Project)	923,980.00		1-2 years		Can be recovered after the test
Jilin Zhongrun Steel Structure Technology Co., Ltd.	973,832.00		Within 1 year		Can be recovered after the test
Jilin Zhongtai Environmental Engineering Co., Ltd. (underground passage of Changchun Guoshang Development Co., Ltd.)	87,562.98		2-3 years		Can be recovered after the test
Jilin Zhongtai Environment Co., Ltd.	169,740.00		2-3 years		Can be recovered after the test
Jiangxi Construction Engineering Second Construction Co., Ltd.	586,740.00		over 3 years		Can be recovered after the test
Li Xiaoye	5,513.81		Within 1 year		Can be recovered after the test
Lingshang Classic Project	250,000.00		2-3 years		Can be recovered after the test
Relocation Room of Thermoelectric Hotel Project	78,565.20		2-3 years		Can be recovered after the test
Tianjin Seventh Municipal Highway Engineering Co., Ltd. (Guangfu Viaduct Project)	249,350.00		over 3 years		Can be recovered after the test
Wang Wei	31,284.00		Within 1 year		Can be recovered after the test
Wang Zhaoguang	306,887.38		2-3 years		Can be recovered after the test
Xu Yongchun	164,319.12		Within 1 year		Can be recovered after the test

Debtor	Balance	Provision for Bad Debts	Aging	Percentage (%)	Reason for the Provision
					the test
Changchun Chengtuo Town Construction Investment Co., Ltd.	163,710.00		Within 1 year		Can be recovered after the test
Changchun Public Security Supervision Center	404,550.00		Within 1 year		Can be recovered after the test
Changchun Hongyuan Construction Co., Ltd.	237,850.00		over 3 years		Can be recovered after the test
Changchun Airport Xiangcheng Building Material Co., Ltd.	335,946.00		Within 1 year		Can be recovered after the test
Changchun City Construction and Maintenance Co., Ltd.	0.04		2-3 years		Can be recovered after the test
Changchun City Expressway Management and Maintenance Co., Ltd.	272.04		1-2 years		Can be recovered after the test
Changchun Urban and Rural Construction Committee	10,000.00		2-3 years		Can be recovered after the test
Changchun City Public Security Bureau	5,475.00		Within 1 year		Can be recovered after the test
Changchun Jindou Municipal Construction Engineering Co., Ltd.	112,707.50		over 3 years		Can be recovered after the test
Changchun City Green Park School Logistics Management Center	484,617.00		1-2 years		Can be recovered after the test
Changchun Municipal Government Investment and Construction Project Management Center	56,348.16		over 3 years		Can be recovered after the test
Changchun Municipal Construction Group Co., Ltd. (Jiefang Company Logistics Viaduct Project)	620,982.50		over 3 years		Can be recovered after the test
Changchun Xinxingyu Construction and Installation Co., Ltd.	110,922.00		over 3 years		Can be recovered after the test
Zhongbang Huize Garden Environment Construction Co., Ltd.	460,430.00		Within 1 year		Can be recovered after the test
Zhongbang Huize Garden Environment Construction Co., Ltd.	525,873.00		1-2 years		Can be recovered after the test
Zhongbang Garden Co., Ltd.	11,510.00		1-2 years		Can be recovered after the test
China Construction Eighth Engineering Bureau Co., Ltd.	631,950.00		2-3 years		Can be recovered after the test
China Construction Sixth Engineering Bureau Co., Ltd.	22,324.59		2-3 years		Can be recovered after the test
China Railway Construction Bridge Bureau (North Square of Changchun Railway Station)	58,595.00		1-2 years		Can be recovered after the test

Debtor	Balance	Provision for Bad Debts	Aging	Percentage (%)	Reason for the Provision
China Railway Construction Bridge Bureau (North Square of Changchun Railway Station)	481,180.00		2-3 years		Can be recovered after the test
China Railway Construction Bridge Bureau (North Square of Changchun Railway Station)	90,117.50		over 3 years		Can be recovered after the test
China Construction Technology (Beijing) Co., Ltd.	607,113.50		1-2 years		Can be recovered after the test
China Construction Technology (Beijing) Co., Ltd.	304,031.00		2-3 years		Can be recovered after the test
China Construction Technology Co., Ltd.	38,400.00		Within 1 year		Can be recovered after the test
China Construction Technology Co., Ltd.	296,385.00		1-2 years		Can be recovered after the test
China Construction Technology Changchun Co., Ltd.	141,421.99		Within 1 year		Can be recovered after the test
China Construction Third Bureau Group Co., Ltd.	384,430.00		over 3 years		Can be recovered after the test
Zhongqing City Construction 5-Hongqi Street	8,171.00		over 3 years		Can be recovered after the test
Zhongqing Construction Co., Ltd.	429,697.58		1-2 years		Can be recovered after the test
Zhongqing Municipal Urban Construction and Maintenance	78,061.00		over 3 years		Can be recovered after the test
China Railway Beijing Engineering Bureau Group Co., Ltd.	2,745.00		2-3 years		Can be recovered after the test
China Railway Beijing Bureau Group Co., Ltd.	168,195.00		2-3 years		Can be recovered after the test
China Railway 25th Bureau Group Fourth Engineering Co., Ltd.	477,705.00		2-3 years		Can be recovered after the test
China Railway Third Bureau Group Sixth Engineering Co., Ltd.	87,925.00		1-2 years		Can be recovered after expiry
China Railway Third Bureau Group Co., Ltd.	110,012.50		2-3 years		Can be recovered after expiry
China Railway Shanghai Engineering Bureau Group Co., Ltd.	18,915.05		Within 1 year		Can be recovered after expiry
China Railway Shanghai Engineering Bureau Group Co., Ltd.	154,862.50		2-3 years		Can be recovered after expiry
MCC Tiangong Group Tianjin Co., Ltd.	135,595.00		Within 1 year		Can be recovered after expiry
Land contract fee at Beijiao prison	20,983.89	1,049.19	over 3 years		Not yet settled

Debtor	Balance	Provision for Bad Debts	Aging	Percentage (%)	Reason for the Provision
Dalian Wanjing Property Service Co., Ltd. Jilin Branch	87,580.44		1-2 years		Can be recovered after expiry
Telecommunications company	25,000.00		1-2 years		Can be recovered after expiry
Gao Guitian	4,452.86	222.64	over 3 years		Not yet settled
Gao Hongyi	1,827.00	91.35	over 3 years		Not yet settled
Jilin Aoqi Electromechanical Group Co., Ltd.	650,000.00		1-2 years		Can be recovered after expiry
Jilin Kaisheng Construction Engineering Co., Ltd.	582,575.00		1-2 years		Can be recovered after expiry
Jilin Kaisheng Construction Engineering Co., Ltd.	295,209.00		2-3 years		Can be recovered after expiry
Jilin Juneng Enterprise Management Consulting Co., Ltd.	10,076.42		2-3 years		Can be recovered after expiry
Changchun Assembly Branch of Jilin Sunshine Construction Group Co., Ltd.	830,578.00		1-2 years		Can be recovered after expiry
Jilin Post and Telecommunication Planning and Design Institute Co., Ltd.	150,000.00		Within 1 year		Can be recovered after expiry
Jilin Zhixing Human Resources Service Co., Ltd.	3,000.00		Within 1 year		Can be recovered after expiry
Jilin Hengda Construction Engineering Co., Ltd.	560,388.00		1-2 years		Can be recovered after expiry
Jilin Art Institute	909.00		1-2 years		Can be recovered after expiry
Jilin Changling Taipingshan Grain Collection and Storage Depot	90,000.00		1-2 years		Can be recovered after expiry
Jirun Seven	2,100.00	105.00	over 3 years		Not yet settled
Jiang Peng	30,815.00		Within 1 year		Can be recovered after expiry
Jiang Zhengfa	520.80	26.04	over 3 years		Not yet settled
Jiang Zhengxin	795.00	39.75	over 3 years		Not yet settled
Suburban Taiwan Union	14,000.00	700.00	over 3 years		Not yet settled
Manager Department of Jiutai Economic Commission Public Transport Main School Maintenance Company	69,500.00	69,500.00	over 3 years		Not yet settled
Kong Xiangyuan	2,000.00	100.00	over 3 years		Not yet settled
Kuancheng Garden	16,364.47	818.22	over 3 years		Not yet settled
Liaoyuan Municipal Services and Digital Construction Administration	195,000.00		Within 1 year		Can be recovered after

Debtor	Balance	Provision for Bad Debts	Aging	Percentage (%)	Reason for the Provision
					expiry
Liejin Enterprise Management Consulting Co., Ltd.	9,620.00		2-3 years		Can be recovered after expiry
Temporary unit	6,600.00		2-3 years		Can be recovered after expiry
Liu Jian	107,930.00	5,896.50	over 3 years		Not yet settled
Sang Jinggui	8,499.18	424.96	over 3 years		Not yet settled
Shenzhen Lugang Property Management Co., Ltd. Changchun Branch	122,233.17		2-3 years		Can be recovered after expiry
Engineering Consulting Company	318,060.00	318,060.00	over 3 years		Not yet settled
Tumen City Emergency Management Bureau	50,000.00		Within 1 year		Can be recovered after expiry
Wang Jingfa	17,000.00	850.00	over 3 years		Not yet settled
Yanbian Hanshifu Folk Food Co., Ltd.	757,913.00		1-2 years		Can be recovered after expiry
Yanbian Xiangyang Economic and Trade Co., Ltd.	239,772.00		1-2 years		Can be recovered after expiry
Yang Jianli	13,000.00	650.00	over 3 years		Not yet settled
Yishan Manchu Autonomous County Baoshan Town Central Primary School	25,000.00		1-2 years		Can be recovered after expiry
Yinhua International Yinhua International Capital MGMT LTD.	9,089.06		Within 1 year		Can be recovered after expiry
Yu Changjiang	100.00	5.00	over 3 years		Not yet settled
Zhang Jinghong Brick Factory	15,750.30	787.52	over 3 years		Not yet settled
Zhang Zhixiang	35.00	1.75	over 3 years		Not yet settled
Changchun Chengtuo Urbanization Construction Investment Co., Ltd.	16,374.72		1-2 years		Can be recovered after expiry
Changchun Greenland Development and Construction Group Co., Ltd.	141,220.00		Within 1 year		Can be recovered after expiry
Changchun Greenland Development and Construction Group Co., Ltd.	318,515.00		1-2 years		Can be recovered after expiry
Changchun Greenland Development and Construction Group Co., Ltd.	528,691.00		2-3 years		Can be recovered after expiry
Changchun Gas Co., Ltd.	490,507.00		Within 1 year		Can be recovered after expiry
Changchun Jialian Material Distribution Co., Ltd.	232,585.80		2-3 years		Can be recovered after expiry
Changchun Automobile Technical	21,592.00		1-2 years		Can be

Debtor	Balance	Provision for Bad Debts	Aging	Percentage (%)	Reason for the Provision
College					recovered after expiry
Changchun Light Industry Construction Engineering Co., Ltd.	20.00		Within 1 year		Can be recovered after expiry
Changchun Shengkang Building Material Co., Ltd.	790,000.00		1-2 years		Can be recovered after expiry
Changchun New Town Investment Development Co., Ltd.	346,254.00		over 3 years		Can be recovered after expiry
China Tower Co., Ltd. Jilin City Branch	127,193.76		1-2 years		Can be recovered after expiry
China Communications Fourth Highway Engineering Bureau Co., Ltd.	150,000.00	15,000.00	2-3 years		Can be recovered after expiry
The First Engineering Co., Ltd.	869,513.00		Within 1 year		Can be recovered after expiry
Zhou Baifu	3,147.50	157.38	over 3 years		Can be recovered after expiry
Total	23,966,287.19	414,485.30			

3.The top five accounts receivable collected by the arrears at the end of the period

Debtor	Ending balance	Percentage of total accounts receivable (%)	Provision for Bad Debts
Changchun Municipal Finance Bureau	550,000,000.00	30.92	
Changchun Equipment Manufacturing Industry Development Zone	365,043,211.00	20.52	
Zhongqing Construction Co., Ltd.	107,457,851.82	6.04	
Kuancheng District Government	91,643,915.82	5.15	
China Railway Tenth Bureau Group Eighth Engineering Co., Ltd.	49,912,801.00	2.81	
Total	1,164,057,779.64	65.44	

Note 5. Payment in advance

Aging	December 31, 2019			December 31, 2018		
	Book balance		Provision for Bad Debts	Book balance		Provision for Bad Debts
	Amount	proportion (%)		Amount	proportion (%)	
Within 1 year (including 1	1,922,682,428.35	11.05	300,693.59	2,433,329,633.55	14.86	213,847.00

Aging year)	December 31, 2019			December 31, 2018		
	Book balance		Provision for Bad Debts	Book balance		Provision for Bad Debts
	Amount	proportion (%)		Amount	proportion (%)	
1-2 years (including 2 years)	2,015,697,967.20	11.59	90,644.37	2,908,951,336.64	17.76	168,925.78
2-3 years (including 3 years)	2,904,423,921.23	16.69	107,216.64	3,413,729,304.47	20.84	1,257,687.83
over 3 years	10,555,255,636.96	60.67	10,592,534.49	7,620,868,008.29	46.54	6,944,920.91
Total	17,398,059,953.74	100.00	11,091,089.09	16,376,878,282.95	100.00	8,585,381.52

Large amount of prepayments aged over one year:

Creditor	Debtor	Ending balance	Aging	Unsettled reason
Changchun City Development (Group) Co., Ltd.	Built in 2007	87,294.05	1-2 years	Unaudited project
Changchun City Development (Group) Co., Ltd.	Built in 2007	1,041,918.60	2-3 years	Unaudited project
Changchun City Development (Group) Co., Ltd.	Built in 2007	1,037,427,170.27	Over 3 years	Unaudited project
Changchun City Development (Group) Co., Ltd.	Built in 2009	28,710,627.18	2-3 years	Unaudited project
Changchun City Development (Group) Co., Ltd.	Built in 2009	2,048,664,419.89	Over 3 years	Unaudited project
Changchun City Development (Group) Co., Ltd.	Built in 2010	12,766,453.75	2-3 years	Unaudited project
Changchun City Development (Group) Co., Ltd.	Built in 2010	1,849,654,919.28	Over 3 years	Unaudited project
Changchun City Development (Group) Co., Ltd.	Kuancheng District Housing and Urban-Rural Development Bureau, Changchun City	420,607,347.00	1-2 years	Unaudited project
Changchun City Development (Group) Co., Ltd.	Kuancheng District Housing and Urban-Rural Development Bureau, Changchun City	501,290,000.00	2-3 years	Unaudited project
Changchun City Development (Group) Co., Ltd.	Kuancheng District Housing and Urban-Rural Development Bureau, Changchun City	1,098,393,509.00	Over 3 years	Unaudited project
Changchun Runde Investment Group Co., Ltd.	Changchun housing collection agency center	125,701,622.15	1-2 years	Unaudited project
Changchun Runde Investment Group Co., Ltd.	Changchun housing collection agency center	86,000,000.00	2-3 years	Unaudited project
Changchun Runde Investment Group Co., Ltd.	Changchun housing collection agency center	760,000,000.00	Over 3 years	Unaudited project
Subtotal		7,970,345,281.17	—	—

1. The top five prepayment in advance of the ending balance collected by the arrears

Debtor	Ending balance	Percentage of total payment in advance (%)	Provision for Bad Debts
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Debtor	Ending balance	Percentage of total payment in advance (%)	Provision for Bad Debts
Construction Management in 2009	2,120,714,810.30	12.19	
Housing and Urban-rural Construction Bureau of Kuancheng District, Changchun City	2,060,351,981.00	11.84	
Construction Management in 2010	1,867,507,009.74	10.73	
2007 Construction Management	1,039,365,103.92	5.98	
Changchun City Housing Collection Center	1,280,628,333.35	7.36	
Total	8,368,567,238.31	48.10	

Note 6. Other receivable

Item	December 31, 2019	December 31, 2018
Interest receivable	38,693,851.47	56,506,855.74
Dividends receivable	2,932,136.74	2,932,136.74
Other receivable	59,434,230,346.15	55,541,872,161.23
Total	59,475,856,334.36	55,601,311,153.71

(i). Interest receivable

Item	December 31, 2019	December 31, 2018
Loan interest income		13,333.00
Time deposit	4,534,660.53	7,208,478.46
Others	3,446,778.00	2,543,179.28
Bond investment	30,712,412.94	46,741,865.00
Total	38,693,851.47	56,506,855.74

(ii). Dividends receivable

Item	Opening Balance	Increase in the current period	Reduced this period	Ending balance	Uncollected reason	Whether the relevant payment is impaired
Jilin Province Ang Cheng Guarantee Co., Ltd.	2,932,136.74			2,932,136.74	Not issued yet	NO
Total	2,932,136.74			2,932,136.74		

(iii). Other receivable

Items	As of December 31, 2019				As of December 31, 2018			
	Book balance		Provision for Bad debts		Book balance		Provision for Bad debts	
	Amount	proportion (%)						

Items	As of December 31, 2019				As of December 31, 2018			
	Book balance		Provision for Bad debts		Book balance		Provision for Bad debts	
	Amount	proportion (%)						
Other receivables that are significant in individual amounts and are prepared for individual bad debts	58,864,562,951.18	98.84	7,128,048.55	0.01	55,215,007,463.89	99.21	7,128,048.55	0.01
Other receivables prepared for bad debts by combination	654,111,162.48	1.10	114,180,145.91	17.46	417,738,371.00	0.75	104,578,956.43	25.03
Single item Amount is not significant but single item is used to collect other receivables from Bad debt preparation	38,322,247.10	0.06	1,457,820.15	3.75	22,287,384.87	0.04	1,454,053.55	6.52
Total	59,556,996,360.76	100.00	122,766,014.61		55,655,033,219.76	100.00	113,161,058.53	

1. Other receivables prepared for bad debts using the aging analysis method

(1) Use of aging analysis method to accrue other receivables of Bad debt preparation

Aging	December 31, 2019			December 31, 2018		
	Book balance		Provision for Bad debts	Book balance		Provision for Bad debts
	Amount	proportion (%)		Amount	proportion (%)	
Within 1 year(Including 1 year)	392,333,146.36	59.98	1,305,450.06	130,774,510.18	31.31	1,939,603.43
1-2 years(Including 2 years)	45,181,488.22	6.91	3,428,702.01	115,553,394.62	27.66	9,127,083.01
2-3 years(Including 3 years)	67,122,609.38	10.26	8,568,008.96	42,164,351.86	10.09	8,431,507.17
over 3 years	149,473,918.52	22.85	100,877,984.88	129,246,114.34	30.94	85,080,762.82
Total	654,111,162.48	100.00	114,180,145.91	417,738,371.00	100.00	104,578,956.43

2. Individual debt accruals for Bad debt

(1) Other accounts receivable with significant single Amount at the end of the period and individual provision for bad debts

Debtor name	Book balance	Provision for Bad debts	Aging	Accrual proportion(%)	Accrual reason
Changchun and Construction Committee Urban Rural	423,358,207.83		Within 1 year		Government unit
Changchun and Construction Committee Urban Rural	240,355,046.78		1-2 years		Government unit
Changchun and Construction Committee Urban Rural	4,900,428,077.36		2-3 years		Government unit
Changchun and Construction Committee Urban Rural	38,451,372,460.64		over 3 years		Government unit
Two migrant pavilions security workers	5,000,000.00		1-2 years		Can be recovered after expiry
Two migrant pavilions security workers	13,660,000.00		over 3 years		Can be recovered after expiry
Changchun Municipal Bureau Finance	3,000,000.00		Within 1 year		Government unit
Changchun Municipal Bureau Finance	20,000,000.00		2-3 years		Government unit
Changchun Municipal Bureau Finance	3,569,187,670.06		over 3 years		Government unit
Special funds for urban construction	3,970,000.00		over 3 years		Can be recovered after expiry
Urban public facilities construction	50,000,000.00		over 3 years		Can be recovered after expiry
Special funds for urban pipe network census	50,000,000.00		over 3 years		Can be recovered after expiry
Special funds for village and town construction	2,000,000.00		over 3 years		Can be recovered after expiry
Collecting and maintaining funds	1,485,617.60		Within 1 year		Can be recovered after expiry
Prepaid expenses	5,628,490.02		over 3 years		Can be recovered after expiry
Interest amortized	59,249,296.40		Within 1 year		Can be recovered after expiry
Interest amortized	17,802,537.44		1-2 years		Can be recovered after expiry

Debtor name	Book balance	Provision for Bad debts	Aging	Accrual proportion(%)	Accrual reason
Sculpture Office	5,200,000.00		over 3 years		Can be recovered after expiry
Housing Reform Office	2,000,000.00		over 3 years		Can be recovered after expiry
Housing construction subsidies	28,248,000.00		over 3 years		Can be recovered after expiry
Solid place	24,360,000.00		over 3 years		Can be recovered after expiry
China Development Fund Co., Ltd.	2,090,000.00		Within 1 year		Can be recovered after expiry
China Development Fund Co., Ltd.	2,000,000.00		over 3 years		Can be recovered after expiry
State Grid Jilin Electric Power Co., Ltd. Changchun Power Supply Company	12,000,000.00		over 3 years		Can be recovered after expiry
Aerospace Science & Technology Financial Leasing Co., Ltd.	18,900,000.00		1-2 years		Can be recovered after expiry
Huarong Financial Leasing Co., Ltd.	56,000,000.00		Within 1 year		Can be recovered after expiry
Jilin Installation Group Co., Ltd.	30,107,568.25		over 3 years		Can be recovered after expiry
Jilin Provincial Highway Engineering Co., Ltd.	3,027,386.00		over 3 years		Can be recovered after expiry
Jilin Hengsheng Environmental Protection Building Material Development Co., Ltd.	6,970,694.74		Within 1 year		Can be recovered after expiry
Jilin Hengsheng Environmental Protection Building Material Development Co., Ltd.	34,102,987.20		2-3 years		Can be recovered after expiry
Jilin Hongyuan Construction Engineering Co., Ltd.	1,242,264.20		over 3 years		Can be recovered after expiry
Jilin Jian'an Construction Engineering Consulting Co., Ltd.	2,000,000.00		over 3 years		Can be recovered after expiry
Jilin Jinan Construction Group Co., Ltd.	9,881,700.00		Within 1 year		Can be recovered after expiry
Jilin Development Zone Credit Guarantee Investment	1,500,000.00		over 3 years		Can be recovered after expiry

Debtor name	Book balance	Provision for Bad debts	Aging	Accrual proportion(%)	Accrual reason
Co., Ltd.					
Jilin Lixin Real Estate Development Co., Ltd.	256,693,000.00		Within 1 year		Can be recovered after expiry
Jilin Lixin Real Estate Development Co., Ltd.	65,821,600.00		Within 1 year		Can be recovered after expiry
Jilin Tianyuan Longze Water Treatment Technology Development Co., Ltd.	5,000,000.00		1-2 years		Can be recovered after expiry
Jilin Tianyuan Longze Water Treatment Technology Development Co., Ltd.	14,000,000.00		2-3 years		Can be recovered after expiry
Jilin Tianyuan Longze Water Treatment Technology Development Co., Ltd.	8,465,000.00		over 3 years		Can be recovered after expiry
Jilin Municipal Investment and Construction Co., Ltd.	45,000,000.00		over 3 years		Can be recovered after expiry
Jilin Songhe Farmer Service Co., Ltd.	33,860.00		1-2 years		Can be recovered after expiry
Jilin Songhe Farmer Service Co., Ltd.	6,160,000.00		2-3 years		Can be recovered after expiry
Jilin Xianghe Industrial Co., Ltd.	3,200,000.00		over 3 years		Can be recovered after expiry
Jilin Credit Guarantee Investment Co., Ltd.	3,613,553.88		over 3 years		Can be recovered after expiry
Jilin Yuanshan Lake Agricultural Park Co., Ltd.	1,200,000.00		over 3 years		Can be recovered after expiry
Jilin Zhongrun Steel Structure Technology Co., Ltd.	160,000,000.00		Within 1 year		Can be recovered after expiry
Jilin CITIC Engineering Construction Consulting Co., Ltd.	2,285,000.00		over 3 years		Can be recovered after expiry
The stuffing project	2,779,970.19		Within 1 year		Can be recovered after expiry
The stuffing project	100,000.00		1-2 years		Can be recovered after expiry
Construction	20,559.15		Within 1 year		Can be

Debtor name	Book balance	Provision for Bad debts	Aging	Accrual proportion(%)	Accrual reason
Management Center					recovered after expiry
Construction Management Center	15,532,814.50		over 3 years		Can be recovered after expiry
Jianghe Founding Group Co., Ltd.	1,410,000.00		over 3 years		Can be recovered after expiry
BT	25,800,000.00		over 3 years		Can be recovered after expiry
Kuancheng District Government	189,370,660.96		Within 1 year		Can be recovered after expiry
Kuancheng District Government	77,969,624.66		1-2 years		Can be recovered after expiry
Kuancheng District Government	47,630,726.70		2-3 years		Can be recovered after expiry
Kuancheng District Government	835,585,270.08		over 3 years		Can be recovered after expiry
Kunlun Trust Co., Ltd.	3,000,000.00		Within 1 year		Can be recovered after expiry
Temporary households	1,500.00		Within 1 year		Can be recovered after expiry
Temporary households	5,258.13		1-2 years		Can be recovered after expiry
Temporary households	24,738,068.56		over 3 years		Can be recovered after expiry
Street lamp	2,400,000.00		over 3 years		Can be recovered after expiry
Maintenance and reconstruction fee for the North-South Passage	13,590,000.00		over 3 years		Can be recovered after expiry
Norad Real Estate Development Company	9,077,582.65		Within 1 year		Can be recovered after expiry
Drainage company	7,954,416.66		over 3 years		Can be recovered after expiry
Qijiashan River Sewage Treatment Project	6,919,676.26		Within 1 year		Can be recovered after expiry
other	1,400,000.00		Within 1 year		Can be recovered after expiry
other	1,981,807.81		over 3 years		Can be recovered after expiry
Financing fee	26,428,150.00		over 3 years		Can be

Debtor name	Book balance	Provision for Bad debts	Aging	Accrual proportion(%)	Accrual reason
					recovered after expiry
Runde Jincheng Commodity Housing Collection and Maintenance Fund	5,559,144.50		Within 1 year		Can be recovered after expiry
Shanghai Fengyuzhu Exhibition Co., Ltd.	437,400.00		1-2 years		Can be recovered after expiry
Shanghai Fengyuzhu Exhibition Co., Ltd.	1,153,600.00		2-3 years		Can be recovered after expiry
Shanghai Fengyuzhu Exhibition Co., Ltd.	1,594,200.00		over 3 years		Can be recovered after expiry
Shanghai Songjiang District People's Court	1,048,682.60		Within 1 year		Can be recovered after expiry
Road network project of Sheling Development Zone	61,915,338.54		1-2 years		Can be recovered after expiry
City Appearance Bureau	3,000,000.00		over 3 years		Can be recovered after expiry
Tianjin Bohai Leasing	50,000,000.00		over 3 years		Can be recovered after expiry
Wang Hao	113,280,000.00		Within 1 year		Can be recovered after expiry
Vascular Center	2,400,000.00		over 3 years		Can be recovered after expiry
Wenkai District Finance Bureau	77,500,000.00		2-3 years		Can be recovered after expiry
Wenkai District Finance Bureau	50,000,000.00		over 3 years		Can be recovered after expiry
Wenkai District Management Committee Luxurious New North Line 80 million yuan loan principal	10,000,000.00		1-2 years		Can be recovered after expiry
Land and House Acquisition Office of Wenkai District	75,000,000.00		1-2 years		Can be recovered after expiry
Sewage treatment plant overhaul and renovation costs	10,000,000.00		over 3 years		Can be recovered after expiry
Project office	1,168,622.90		over 3 years		Can be recovered after expiry
Project subsidies	60,280,000.00		over 3 years		Can be recovered after expiry
Project headquarters	2,000,000.00		over 3 years		Can be recovered after expiry

Debtor name	Book balance	Provision for Bad debts	Aging	Accrual proportion(%)	Accrual reason
Eire brigade	14,000,000.00		over 3 years		Can be recovered after expiry
Xie Kai	5,754,723.44		over 3 years		Can be recovered after expiry
Yao He	9,236,773.28		Within 1 year		Can be recovered after expiry
Yao He	111.00		1-2 years		Can be recovered after expiry
Ye Xu	2,384,899.68		1-2 years		Can be recovered after expiry
Far East Horizon (Tianjin) Financial Leasing Co., Ltd.	4,680,000.00		Within 1 year		Can be recovered after expiry
Far East Horizon (Tianjin) Financial Leasing Co., Ltd.	49,375,000.00		1-2 years		Can be recovered after expiry
Great Wall Guoxing Financial Leasing Co., Ltd.	20,000,000.00		Within 1 year		Can be recovered after expiry
Changchun Aotang Cement Products Co., Ltd.	3,142,237.40		over 3 years		Can be recovered after expiry
Changchun Chengkai Real Estate Development Co., Ltd.	4,771,257.40		over 3 years		Can be recovered after expiry
Changchun City Facilities Construction Co., Ltd.	3,000,000.00		over 3 years		Can be recovered after expiry
Changchun City Facilities Construction Co., Ltd.	6,210,000.00		over 3 years		Can be recovered after expiry
Changchun City Investment Construction Investment (Group) Co., Ltd.	926,000,000.00		Within 1 year		Can be recovered after expiry
Changchun City Investment Construction Investment (Group) Co., Ltd.	260,000,000.00		1-2 years		Can be recovered after expiry
Changchun City Investment Construction Investment (Group) Co., Ltd.	2,327,200,000.00		over 3 years		Can be recovered after expiry
Changchun Electric Power Group Co., Ltd.	2,250,000.00		over 3 years		Can be recovered after expiry
Finance Bureau of Changchun High-tech Industrial	15,000,000.00		over 3 years		Can be recovered after expiry

Debtor name	Book balance	Provision for Bad debts	Aging	Accrual proportion(%)	Accrual reason
Development Zone					
Changchun High-tech Industrial Development Zone Land Acquisition Reserve Trading Center	15,000,000.00		over 3 years		Can be recovered after expiry
Changchun Public Transportation (Group) Co., Ltd.	24,300,000.00		over 3 years		Can be recovered after expiry
Changchun Kanto Cultural Park Leisure and Vacation Co., Ltd.	1,000,000.00		over 3 years		Can be recovered after expiry
Changchun Huifa Urban Construction Investment Co., Ltd.	101,602,146.54		over 3 years		Can be recovered after expiry
Changchun Jian'an Engineering Management Consulting Co., Ltd.	6,156,000.00		over 3 years		Can be recovered after expiry
Changchun Jianfa City Construction Investment Co., Ltd.	8,058,834.73		1-2 years		Can be recovered after expiry
Changchun Jianfa City Construction Investment Co., Ltd.	170,000.00		over 3 years		Can be recovered after expiry
Changchun Construction Engineering Group Co., Ltd.	3,461,500.00		Within 1 year		Can be recovered after expiry
Changchun Jianhe City Construction Investment Co., Ltd.	2,761,090.98		1-2 years		Can be recovered after expiry
Changchun Jianhe City Construction Investment Co., Ltd.	125,000.00		over 3 years		Can be recovered after expiry
Changchun Jianren City Construction Investment Co., Ltd.	4,993,145.14		1-2 years		Can be recovered after expiry
Changchun Jianren City Construction Investment Co., Ltd.	170,000.00		over 3 years		Can be recovered after expiry
Changchun Jiantong City Construction Investment Co., Ltd.	1,278,924.31		1-2 years		Can be recovered after expiry
Changchun Jiantong City Construction Investment Co., Ltd.	220,000.00		over 3 years		Can be recovered after expiry
Changchun Jingyuetan Tourism Development Group Co., Ltd.	5,000,000.00		over 3 years		Can be recovered after expiry
Changchun Gas Reform Cost	57,500,000.00		over 3 years		Can be recovered after expiry
Changchun Runde Construction Project Management Co., Ltd.	171,372,783.02		Within 1 year		Can be recovered after expiry

Debtor name	Book balance	Provision for Bad debts	Aging	Accrual proportion(%)	Accrual reason
Changchun Surveying and Mapping Institute	1,500,000.00		over 3 years		Can be recovered after expiry
Changchun Chaoyang Municipal Engineering Construction Co., Ltd.	1,910,000.00		over 3 years		Can be recovered after expiry
Changchun City Construction and Maintenance Co., Ltd.	6,630,000.00		over 3 years		Can be recovered after expiry
Changchun City Pipeline Network Construction and Transformation Headquarters	10,000,000.00		over 3 years		Can be recovered after expiry
Changchun City Development Management Office	57,000,000.00		Within 1 year		Can be recovered after expiry
Changchun Urban and Rural Planning and Design Institute	5,000,000.00		over 3 years		Can be recovered after expiry
Changchun City Erdao District Finance Bureau	4,000,000.00		over 3 years		Government unit
Changchun Erdao Municipal Construction Co., Ltd.	13,260,000.00		over 3 years		Can be recovered after expiry
Changchun Municipal Public Bureau	4,000,000.00		over 3 years		Government unit
Changchun Hongke Construction Project Management Co., Ltd.	1,000,000.00		over 3 years		Can be recovered after expiry
Changchun Huayuan Cultural Media Co., Ltd.	300,000.00		2-3 years		Can be recovered after expiry
Changchun Huayuan Cultural Media Co., Ltd.	1,600,000.00		over 3 years		Can be recovered after expiry
Changchun Huayue Real Estate Co., Ltd.	52,490,000.00		over 3 years		Can be recovered after expiry
Ancuo Fee for Safety Supervision Station of Construction Engineering of Changchun City	1,524,600.00		over 3 years		Can be recovered after expiry
Finance Bureau of Kuancheng District, Changchun City	5,790,000.00		over 3 years		Government unit
Changchun Kuancheng District Urban Construction Development Co., Ltd.	302,033.08		Within 1 year		Can be recovered after expiry
Changchun	2,094,868.05		1-2 years		Can be

Debtor name	Book balance	Provision for Bad debts	Aging	Accrual proportion(%)	Accrual reason
Kuancheng District Urban Construction Development Co., Ltd.					recovered after expiry
Changchun Kuancheng District Urban Construction Development Co., Ltd.	4,329,170.65		2-3 years		Can be recovered after expiry
Changchun Kuancheng District Urban Construction Development Co., Ltd.	177,568,928.22		over 3 years		Can be recovered after expiry
Changchun City Kuancheng District House Acquisition Management Office	662,000,000.00		Within 1 year		Can be recovered after expiry
Changchun Kuancheng Government Construction Co., Ltd.	8,000,000.00		over 3 years		Can be recovered after expiry
Changchun Tourism Bureau	3,000,000.00		2-3 years		Government unit
Changchun Tourism Bureau	790,000.00		Within 1 year		Government unit
Changchun City Green Park Finance Bureau	1,555,863.34		2-3 years		Government unit
Changchun City Green Park Finance Bureau	9,042,311.00		over 3 years		Government unit
Changchun City Green Park House Collection Management Center	487,219,709.00		Within 1 year		Can be recovered after expiry
Changchun City Green Park House Collection Management Center	27,262,102.19		2-3 years		Can be recovered after expiry
Changchun City Green Park House Collection Management Center	463,158,034.94		over 3 years		Can be recovered after expiry
People's Government of Hexin Town, Luyuan District, Changchun City	200,000,000.00		Within 1 year		Can be recovered after expiry
Changchun City Green Park Housing and Urban-rural Construction Bureau	60,489,089.09		Within 1 year		Government unit
Changchun City Green Park Housing and Urban-rural Construction Bureau	294,564,172.97		1-2 years		Government unit
Changchun City Green Park Housing and Urban-rural	500,000,000.00		over 3 years		Government unit

Debtor name	Book balance	Provision for Bad debts	Aging	Accrual proportion(%)	Accrual reason
Construction Bureau					
Changchun City Nanguan District House Acquisition Center	178,930,000.00		Within 1 year		Can be recovered after expiry
Changchun Nanguan District Municipal Construction Co., Ltd.	2,780,000.00		over 3 years		Can be recovered after expiry
Changchun Nanguan Municipal Construction Co., Ltd.	7,310,000.00		over 3 years		Can be recovered after expiry
Changchun City Appearance and Environmental Health Administration	2,000,000.00		over 3 years		Government unit
Changchun Municipal Facilities Maintenance and Management Center	284,400,000.00		over 3 years		Can be recovered after expiry
Changchun City Central Administrative Institutions Centralized Accounting Center Government Accounting Hall	70,000,000.00		over 3 years		Can be recovered after expiry
Changchun City Shuangyang District Safe Housing Project Leading Office	4,061,018.11		Within 1 year		Can be recovered after expiry
Changchun City Shuangyang District Safe Housing Project Leading Office	124,576,762.50		1-2 years		Can be recovered after expiry
Finance Bureau of Shuangyang District, Changchun City	5,000,000.00		over 3 years		Government unit
Tourism Bureau of Shuangyang District, Changchun City	1,000,000.00		over 3 years		Government unit
Changling City Shuangyang District People's Government Sheling Street Office	90,240,180.00		over 3 years		Can be recovered after expiry
Changchun City Land Reserve Center	3,613,652.00		over 3 years		Can be recovered after expiry
Changchun Xinyuan Real Estate Development Company	7,128,048.55	7,128,048.55	over 3 years		Unable to recover
Changchun City Landscaping Bureau	87,177,000.00		over 3 years		Government unit
Changchun City Housing Provident Fund Management	1,617,570.00		Within 1 year		Can be recovered after expiry

Debtor name	Book balance	Provision for Bad debts	Aging	Accrual proportion(%)	Accrual reason
Center					
Management Committee of Changchun Shuangyang Economic Development Zone	47,647,580.13		Within 1 year		Can be recovered after expiry
Management Committee of Changchun Shuangyang Economic Development Zone	300,403,328.18		2-3 years		Can be recovered after expiry
Changchun Shuangyi Water Affairs Co., Ltd.	1,820,000.00		2-3 years		Can be recovered after expiry
Changchun Wanda Urban Development Construction Investment Co., Ltd.	4,518,895.14		1-2 years		Can be recovered after expiry
Changchun Wanda Urban Development Construction Investment Co., Ltd.	165,000.00		over 3 years		Can be recovered after expiry
Changchun New District Finance Bureau	28,510,000.00		Within 1 year		Government unit
Changchun Xingcheng Urban Construction Investment Holdings Co., Ltd.	6,591,895.14		1-2 years		Can be recovered after expiry
Changchun Xingcheng Urban Construction Investment Holdings Co., Ltd.	195,110.00		over 3 years		Can be recovered after expiry
Changying Group Co., Ltd.	1,000,000.00		over 3 years		Can be recovered after expiry
China Global Leasing Co., Ltd.	5,000,000.00		Within 1 year		Can be recovered after expiry
Zhonghao Property	1,000,000.00		1-2 years		Can be recovered after expiry
Zhongrong International Trust Co., Ltd.	1,841,000.00		Within 1 year		Can be recovered after expiry
China Railway 13th Bureau Project	20,000,000.00		over 3 years		Can be recovered after expiry
Capital occupancy interest	1,997,508.73		Within 1 year		Can be recovered after expiry
Water company fire maintenance cost	2,850,000.00		over 3 years		Can be recovered after expiry
Total	58,864,562,951.18	7,128,048.55	—	—	—

(2) Other receivables for which the final individual amount is not significant but for which the individual is prepared for bad debts

Name of Debtor	Amount	Allowance for Bad Debts	Aging	Proportion	Reasons
Changchun City Housing Provident Fund Management Center	222,864.00		Within 1 year		Can be recovered after expiry
Changchun City Housing Provident Fund Management Center	113,000.00		2-3 years		Can be recovered after expiry
Changchun City Housing Provident Fund Management Center	533,500.00		over 3 years		Can be recovered after expiry
Changchun Social Medical Insurance Bureau	426,217.86		Within 1 year		Can be recovered after expiry
personal	774,309.39		Within 1 year		Can be recovered after expiry
personal	1,308,598.19		1-2 years		Can be recovered after expiry
personal	842,225.57		2-3 years		Can be recovered after expiry
personal	95,893.11	1,079.98	over 3 years		Partially unrecoverable
Central Plaza Management Co., Ltd.	910,688.19		Within 1 year		Can be recovered after expiry
Beijing Beichen Industrial Co., Ltd. Apartment Management Branch	10,000.00		1-2 years		Can be recovered after expiry
Beijing Qunli Planning Consultant Co., Ltd.	50,000.00		over 3 years		Can be recovered after expiry
Bonn Chemical Plant	150,000.00		over 3 years		Can be recovered after expiry
Chaoyang Local Tax	285,816.86		over 3 years		Can be recovered after expiry
City Credit Cooperative	53,384.76		over 3 years		Can be recovered after expiry
Water charge	600.25		Within 1 year		Can be recovered after expiry
Withholding personal portion	24,491.49		Within 1 year		Can be recovered after expiry
Advance heating for residents	2,693,657.05		Within 1 year		Can be recovered after expiry
Advance heating for residents	566,752.92		1-2 years		Can be recovered after expiry
Advance residents' electricity bills	385,000.00		Within 1 year		Can be recovered after expiry
Advance residents' electricity bills	14,600.00		1-2 years		Can be recovered after expiry
Advance residents' water fee	4,400.00		Within 1 year		Can be recovered after expiry
Real Estate Company	163,019.91		over 3 years		Can be recovered after expiry

Name of Debtor	Amount	Allowance for Bad Debts	Aging	Proportion	Reasons
State Administration of Taxation Jilin Province Taxation Bureau	5,800.00		Within 1 year		Can be recovered after expiry
State Grid Jilin Electric Power Co., Ltd.	833,091.54		Within 1 year		Can be recovered after expiry
State Grid Jilin Electric Power Co., Ltd. Changchun Power Supply Company	261,926.24		Within 1 year		Can be recovered after expiry
State Grid Jilin Electric Power Co., Ltd. Changchun Power Supply Company	103,950.00		over 3 years		Can be recovered after expiry
State Grid Jilin Electric Power Co., Ltd. Changchun City Suburb Power Supply Branch	50,000.00		2-3 years		Can be recovered after expiry
State Grid Jilin Electric Power Co., Ltd. Changchun City Suburb Power Supply Branch	86,136.54		over 3 years		Can be recovered after expiry
State Grid Jilin Changchun Shuangyang District Power Supply Co., Ltd.	3,314.14		1-2 years		Can be recovered after expiry
Huinongdai	207,360.00		Within 1 year		Can be recovered after expiry
Jilin Anhong Certified Public Accountants Co., Ltd.	750,000.00		over 3 years		Can be recovered after expiry
Jilin Construction Engineering Group Co., Ltd.	61,602.35		Within 1 year		Can be recovered after expiry
Jilin Quande Straw Comprehensive Utilization Co., Ltd.	25,000.00		Within 1 year		Can be recovered after expiry
Jilin Rongchuang Engineering Consulting Co., Ltd.	60,000.00		Within 1 year		Can be recovered after expiry
Jilin Ruicheng Engineering Tendering Cost Consulting Co., Ltd.	34,400.00		Within 1 year		Can be recovered after expiry
Jilin Beihua Electric Power Technology Design and Research Institute	218,245.62		over 3 years		Can be recovered after expiry
Jilin Boda Tourism Development Co., Ltd.	300,000.00		over 3 years		Can be recovered after expiry
Jilin City Water Supply Co., Ltd.	200,000.00		1-2 years		Can be recovered after expiry
Changchun Power Supply Company of Jilin Electric Power Co., Ltd.	153,950.00		over 3 years		Can be recovered after expiry
Jilin Dingsheng Real Estate Development Co., Ltd.	68,551.00		Within 1 year		Can be recovered after expiry
Jilin Provincial Highway Administration	193.00		Within 1 year		Can be recovered after expiry
Jilin Guangyuan Surveying and Mapping Co., Ltd.	582,000.00		over 3 years		Can be recovered after expiry
Jilin Huilan Technology Co., Ltd.	12,800.00		Within 1 year		Can be recovered after expiry
Jilin Jianxing Engineering Management Consulting Co.,	600,000.00		over 3 years		Can be recovered after expiry

Name of Debtor	Amount	Allowance for Bad Debts	Aging	Proportion	Reasons
Ltd.					
Jilin Jinshi Real Estate Co., Ltd. Heating Branch	12,896.06		1-2 years		Can be recovered after expiry
Jilin Juncheng Real Estate Development Co., Ltd.	52,844.00		Within 1 year		Can be recovered after expiry
Jilin Province Rio Tinto Construction Engineering Inspection Co., Ltd.	517,000.00		over 3 years		Can be recovered after expiry
Jilin Province Liaojin Times Tourism Development Co., Ltd.	300,000.00		over 3 years		Can be recovered after expiry
Jilin Longtai Engineering Consulting Co., Ltd.	500,000.00		over 3 years		Can be recovered after expiry
Jilin Civil Aviation Airport Group Corporation	410,000.00		1-2 years		Can be recovered after expiry
Jilin Province Business Economics Association	300,000.00		over 3 years		Can be recovered after expiry
Jilin Shixin Technology Consulting Co., Ltd.	23,500.00		Within 1 year		Can be recovered after expiry
Jilin Tianfu Real Estate Development Group Co., Ltd.	530,000.00		Within 1 year		Can be recovered after expiry
Jilin Tonghe Building Intelligent Design Co., Ltd.	8,543.00		over 3 years		Can be recovered after expiry
Jilin Tongka Payment Co., Ltd.	39,478.00		Within 1 year		Can be recovered after expiry
Jilin Xinqing Textile Construction Engineering Management Consulting Co., Ltd.	100,000.00		1-2 years		Can be recovered after expiry
Intermediate People's Court of Changchun City, Jilin Province	400		Within 1 year		Can be recovered after expiry
Jilin Zhengqi Technology Co., Ltd.	280,000.00		1-2 years		Can be recovered after expiry
Jilin Xinchun Project Tendering Cost Consulting Co., Ltd.	190,000.00		over 3 years		Can be recovered after expiry
Jilin CITIC Huacheng Certified Public Accountants Co., Ltd.	600,000.00		over 3 years		Can be recovered after expiry
Jilin Zhongzheng Law Firm	10,000.00		2-3 years		Can be recovered after expiry
Liaoning Zhengxing International Bidding Agency Co., Ltd.	80,000.00		Within 1 year		Can be recovered after expiry
Liaoyuan Economic Development Zone Qili Beverage Distribution Office	60		Within 1 year		Can be recovered after expiry
Liaoyuan Juyuan Industry and Trade Group Co., Ltd.	100,000.00		Within 1 year		Unable to recover
Liaoyuan Yonghui Property Service Co., Ltd.	10,000.00		Within 1 year		Unable to recover
Temporary households	19,565.00		2-3 years		Can be recovered after expiry

Name of Debtor	Amount	Allowance for Bad Debts	Aging	Proportion	Reasons
Temporary account	191,047.94		Within 1 year		Can be recovered after expiry
Temporary account	278,141.08		1-2 years		Can be recovered after expiry
Lingshang Classic Collection Electricity Charge	43,220.00		Within 1 year		Can be recovered after expiry
Ling Shang Classic collects gas charges	47,662.00		Within 1 year		Can be recovered after expiry
Lingshang Classic Collection Water Charge	5,600.00		Within 1 year		Can be recovered after expiry
Lingshang Classic Project Collects and Pays Property Maintenance Fund	507,452.50		Within 1 year		Can be recovered after expiry
Evaluation fee for high-level relocation of Lingshang Classic Project	47,500.00		2-3 years		Can be recovered after expiry
Longshan Power Supply Bureau	66,265.86		Within 1 year		Can be recovered after expiry
Longxiang (Changchun) Trading Co., Ltd.	3,000.00		1-2 years		Can be recovered after expiry
Mingyu Industrial Group Jilin Real Estate Development Co., Ltd.	130,137.10		Within 1 year		Can be recovered after expiry
Mingyu Industrial Group Jilin Real Estate Development Co., Ltd.	373,332.95		1-2 years		Can be recovered after expiry
Mingyu Industrial Group Jilin Real Estate Development Co., Ltd.	167,823.35		2-3 years		Can be recovered after expiry
Farm credit	2,900.40		over 3 years		Can be recovered after expiry
other	660,000.46		Within 1 year		Can be recovered after expiry
Gas costs	5,123.29		Within 1 year		Can be recovered after expiry
Collection of electricity bills for thermoelectric hotels	20,000.00		Within 1 year		Can be recovered after expiry
Collection of water fee for thermoelectric hotel	200		Within 1 year		Can be recovered after expiry
Thermoelectric Hotel Commodity House Property Maintenance Fund	233,450.50		Within 1 year		Can be recovered after expiry
Shanghai Jiushi Real Estate Co., Ltd.	5,290.74		1-2 years		Can be recovered after expiry
Shanghai Jiushi Real Estate Co., Ltd.	552,667.41		2-3 years		Can be recovered after expiry
Shanghai Qiang Biological Industry Co., Ltd.	55,677.60		1-2 years		Can be recovered after expiry
Shanghai Pudong New District People's Court	264,137.00		Within 1 year		Can be recovered after expiry

Name of Debtor	Amount	Allowance for Bad Debts	Aging	Proportion	Reasons
Shenyang Yuanda Aluminum Engineering Co., Ltd.	750,000.00		over 3 years		Can be recovered after expiry
Unemployment insurance	8,596.23		Within 1 year		Can be recovered after expiry
Municipal Local Taxation Bureau	491,452.50	489,338.73	over 3 years		Can be recovered after expiry
City Planning Commission	962,700.00	962,700.00	over 3 years		Can be recovered after expiry
Special Account for Double Camp Expenditure	68,000.00		over 3 years		Can be recovered after expiry
Tax	874.95		over 3 years		Can be recovered after expiry
Songyuan Jinsheng Construction Engineering Co., Ltd.	17,816.00		Within 1 year		Can be recovered after expiry
Tianxingjian International Tendering (Beijing) Co., Ltd. Jilin Branch	68,000.00		Within 1 year		Can be recovered after expiry
Xinyong Zhonghe (Beijing) International Engineering Management Consulting Co., Ltd. Changchun Branch	150,000.00		over 3 years		Can be recovered after expiry
Road repair	4,000.00	826.44	over 3 years		Can be recovered after expiry
Yanbian Kanghui International Travel Agency Co., Ltd.	19,375.00	3,875.00	Within 1 year		Can be recovered after expiry
Yiliu Road House Relocation Collection	25,980.40		Within 1 year		Can be recovered after expiry
Collection and payment of relocated houses on Yiliu Road (water fee)	6,101.00		Within 1 year		Can be recovered after expiry
Advance payment of gas card cost for Yiliu Road Relocation House	529.2		Within 1 year		Can be recovered after expiry
Yinsheng Payment Service Co., Ltd.	2,906.35		Within 1 year		Can be recovered after expiry
Employee insurance receivable	150,600.93		Within 1 year		Can be recovered after expiry
Advance employee insurance	5,456.60		Within 1 year		Can be recovered after expiry
Changchun City Investment Construction Investment Co., Ltd.	305,400.00		1-2 years		Can be recovered after expiry
Changchun Electric Power Construction Supervision Co., Ltd.	27,973.40		Within 1 year		Can be recovered after expiry
Changchun Electric Power Design Co., Ltd.	46,519.04		Within 1 year		Can be recovered after expiry
Changchun Power Supply Company	358,904.14		Within 1 year		Can be recovered after expiry
Rural Management Service Center of Xinglongshan Town, Changchun Economic and Technological Development	150,000.00		over 3 years		Can be recovered after expiry

Name of Debtor	Amount	Allowance for Bad Debts	Aging	Proportion	Reasons
Zone					
Rural Economic Management Service Center of Xinhua Town, Changchun Jingyue High-tech Industrial Development Zone	150,000.00		over 3 years		Can be recovered after expiry
People's Government of Xinhua Town, Changchun Jingyue High-tech Industrial Development Zone	100,000.00		over 3 years		Can be recovered after expiry
Changchun Lianhuashan Tourism Management Co., Ltd.	200,000.00		over 3 years		Can be recovered after expiry
Changchun Lianhuashan Eco-tourism Resort Area advises the People's Government of Nongshan Town	150,000.00		over 3 years		Can be recovered after expiry
People's Government of Sijia Township, Changchun Lianhuashan Ecological Tourism Resort	150,000.00		over 3 years		Can be recovered after expiry
Land Acquisition and Reserve Center of Changchun Automobile Economic and Technological Development Zone	955,790.20		over 3 years		Can be recovered after expiry
Changchun Gas Corporation	767,944.46		over 3 years		Can be recovered after expiry
Changchun Gas Co., Ltd.	5,600.00		Within 1 year		Can be recovered after expiry
Changchun Municipal Finance Bureau	17,650.00		Within 1 year		Can be recovered after expiry
Changchun Municipal Finance Bureau	50,000.00		over 3 years		Can be recovered after expiry
Changchun City Property Exchange Center	92,400.00		Within 1 year		Can be recovered after expiry
Agricultural Economic Management Service Center of Leshan Town, Chaoyang District, Changchun City	180,000.00		over 3 years		Can be recovered after expiry
People's Government of Leshan Town, Chaoyang District, Changchun City	200,000.00		over 3 years		Can be recovered after expiry
People's Government of Yongchun Town, Chaoyang District, Changchun City	200,000.00		over 3 years		Can be recovered after expiry
Changchun City Construction Road and Bridge Co., Ltd.	460,000.00		over 3 years		Can be recovered after expiry
Changchun City Engineering Consulting Company	240,000.00		over 3 years		Can be recovered after expiry

Name of Debtor	Amount	Allowance for Bad Debts	Aging	Proportion	Reasons
Changchun City Public Resources Trading Center	10,000.00		Within 1 year		Can be recovered after expiry
Changchun Public Rental Management Co., Ltd.	1,488.93		over 3 years		Can be recovered after expiry
Changchun City Planning Information Service Center	2,000.00		over 3 years		Can be recovered after expiry
Changchun City Land Surveying and Mapping Institute	136,438.00		over 3 years		Can be recovered after expiry
Changchun City Land and Resources Bureau	167,911.00		over 3 years		Can be recovered after expiry
Shuangyang Branch of Changchun Municipal Land and Resources Bureau	61,349.00		1-2 years		Can be recovered after expiry
Shuangyang Branch of Changchun Municipal Land and Resources Bureau	64,796.20		2-3 years		Can be recovered after expiry
Changchun Kaifeng Material Recycling Co., Ltd.	23,569.00		Within 1 year		Can be recovered after expiry
People's Government of Lanjia Town, Kuancheng District, Changchun City	200,000.00		over 3 years		Can be recovered after expiry
Housing Security and Utilities Service Center of Kuancheng District, Changchun City	50,000.00		over 3 years		Can be recovered after expiry
Changchun City Green Park Hexin Town Convenience Service Center	150,000.00		over 3 years		Can be recovered after expiry
Rural Economic Management Service Center of Hexin Town, Lvyuan District, Changchun City	200,000.00		over 3 years		Can be recovered after expiry
Changchun Human Resources and Social Security Bureau	770,000.00		over 3 years		Can be recovered after expiry
Changchun Rongxing Economic Development Co., Ltd.	21,791.88		1-2 years		Can be recovered after expiry
Changchun City Central Administrative Institutions Centralized Accounting Center Government Accounting Hall	50,000.00		Within 1 year		Can be recovered after expiry
Changchun Shuangyang District State-owned Assets Operation Company	480,000.00		over 3 years		Can be recovered after expiry
Rural Economic Management Service Center of Luxiang Town, Shuangyang District, Changchun City	700,000.00		over 3 years		Can be recovered after expiry
Rural Economic Management Service Center of Qijia Town,	400,000.00		over 3 years		Can be recovered

Name of Debtor	Amount	Allowance for Bad Debts	Aging	Proportion	Reasons
Shuangyang District, Changchun City					after expiry
Rural Economic Management Service Center of Taiping Town, Shuangyang District, Changchun City	200,000.00		over 3 years		Can be recovered after expiry
Land Acquisition and Reserve Center of Shuangyang District, Changchun City	50,000.00		Within 1 year		Can be recovered after expiry
Changchun City Confucian Temple Museum	500,000.00		over 3 years		Can be recovered after expiry
Changchun Xinrui Electromechanical Equipment Co., Ltd.	160,000.00		over 3 years		Can be recovered after expiry
Changchun Yingtong Auto Service Co., Ltd.	5,000.00		Within 1 year		Can be recovered after expiry
Changchun Municipal Government Investment and Construction Project Management Center	710,620.00		1-2 years		Can be recovered after expiry
Changchun Municipal Government Investment and Construction Project Management Center	1,412.00		over 3 years		Can be recovered after expiry
Changchun SME Credit Guarantee Co., Ltd.	873,500.00		Within 1 year		Can be recovered after expiry
Changchun City Housing Provident Fund Management Center Railway Sub-center	396,000.00		over 3 years		Can be recovered after expiry
Changchun City Assembly Building Industry Association	30,000.00		Within 1 year		Can be recovered after expiry
Changchun New Town Investment Development Co., Ltd.	300,000.00		over 3 years		Can be recovered after expiry
Changchun Xinxingyu Construction and Installation Co., Ltd.	136,658.00		2-3 years		Can be recovered after expiry
Changchun Yidi Property Service Co., Ltd.	10,000.00		over 3 years		Can be recovered after expiry
Changchun Changying Century City Co., Ltd.	500,000.00		over 3 years		Can be recovered after expiry
Changchun Zhonglei Engineering Cost Consulting Firm Co., Ltd.	350,000.00		over 3 years		Can be recovered after expiry
Shuangyang Investment Company	500,000.00		1-2 years		Can be recovered after expiry
China Telecom Co., Ltd. Shenzhen Branch	52.72		Within 1 year		Can be recovered

Name of Debtor	Amount	Allowance for Bad Debts	Aging	Proportion	Reasons
					after expiry
China Telecom Group Corporation Liaoyuan City Telecom Branch of Jilin Province	50.00		Within 1 year		Can be recovered after expiry
China Telecom Group Co., Ltd. Changchun Branch	50,367.90		Within 1 year		Can be recovered after expiry
China Construction Sixth Engineering Bureau Co., Ltd. (Changchun Planning Exhibition Hall and Museum Project)	20,000.00		over 3 years		Can be recovered after expiry
China Ping An Property Insurance Co., Ltd. Shanghai Branch	594.00		Within 1 year		Can be recovered after expiry
People's Bank of China Credit Information Center	120.00		Within 1 year		Can be recovered after expiry
China Petroleum & Chemical Corporation Jilin Petroleum Branch	5,598.72		1-2 years		Can be recovered after expiry
China National Petroleum Corporation Jilin Changchun Sales Branch	10,639.38		1-2 years		Can be recovered after expiry
China National Petroleum Corporation Jilin Changchun Sales Branch	3,713.55		Within 1 year		Can be recovered after expiry
Bank of China Culture Co., Ltd.	0.20		Within 1 year		Can be recovered after expiry
China Construction Technology Changchun Co., Ltd.	405,750.00		1-2 years		Can be recovered after expiry
China Railway Tenth Bureau Group Co., Ltd. Changchun City Airport Avenue Viaduct Section B Project Manager Department	10,000.00		over 3 years		Can be recovered after expiry
Beijing Office	70,000.00		over 3 years		Can be recovered after expiry
Total	38,322,247.10	1,457,820.15		-	

3. The top five other receivable collected by the arrears at the end of the period

Debtor	Nature of payment	Ending balance	Percentage of total other receivable (%)	Provision for Bad Debts
Changchun Urban and Rural Construction Committee	Rural Current payment	423,358,207.83	0.71	
Changchun Urban and Rural Construction Committee	Rural Current payment	240,355,046.78	0.40	
Changchun Urban and Rural Construction Committee	Rural Current payment	4,900,428,077.36	8.23	
Changchun Urban and Rural Construction Committee	Rural Current payment	38,451,372,460.64	64.56	

Debtor	Nature of payment	Ending balance	Percentage of total other receivable (%)	Provision for Bad Debts
Changchun Municipal Finance Bureau	Current payment	3,000,000.00	0.01	
Changchun Municipal Finance Bureau	Current payment	20,000,000.00	0.03	
Changchun Municipal Finance Bureau	Current payment	3,569,187,670.06	5.99	
Changchun City Investment Construction Investment (Group) Co., Ltd.	Current payment	926,000,000.00	1.55	
Changchun City Investment Construction Investment (Group) Co., Ltd.	Current payment	260,000,000.00	0.44	
Changchun City Investment Construction Investment (Group) Co., Ltd.	Current payment	2,327,200,000.00	3.91	
Kuancheng District Government	Current payment	189,370,660.96	0.32	
Kuancheng District Government	Current payment	77,969,624.66	0.13	
Kuancheng District Government	Current payment	47,630,726.70	0.08	
Kuancheng District Government	Current payment	835,585,270.08	1.40	
Changchun City Green Park Housing and Urban-rural Construction Bureau	Current payment	60,489,089.09	0.10	
Changchun City Green Park Housing and Urban-rural Construction Bureau	Current payment	294,564,172.97	0.49	
Changchun City Green Park Housing and Urban-rural Construction Bureau	Current payment	500,000,000.00	0.84	
Total		53,126,511,007.13	89.20	

Note 7. Inventory

1. Inventory classification

Project	December 31, 2019			December 31, 2018		
	Book balance	Falling price reserve	Book value	Book balance	Falling price reserve	Book value
Raw materials	42,313,617.25	5,778,256.86	36,535,360.39	52,350,549.95	5,778,256.86	46,572,293.09
Homemade semi-finished products and work in progress	6,958,138,611.53		6,958,138,611.53	6,355,355,259.92		6,355,355,259.92
Among them: completed and unsettled projects (to be filled out by enterprises that implement				4,763,301.13		4,763,301.13

Project	December 31, 2019			December 31, 2018		
	Book balance	Falling price reserve	Book value	Book balance	Falling price reserve	Book value
construction contract guidelines)						
Real estate development products under construction (listed by real estate development enterprises)	6,944,187,227.97		6,944,187,227.97	6,338,303,118.98		6,338,303,118.98
Stock goods (finished products)	345,224,223.03		345,224,223.03	224,246,396.01		224,246,396.01
Among them: completed real estate development products (listed by real estate development enterprises)	256,737,330.55		256,737,330.55	133,362,096.47		133,362,096.47
Turnover materials (packaging, low-cost consumables, etc.)	67,645.58		67,645.58	228,096.98		228,096.98
Expendable biological assets	3,857,764.45		3,857,764.45			
others	987,307,550.12		987,307,550.12	833,810,496.75		833,810,496.75
Total	8,336,909,411.96	5,778,256.86	8,331,131,155.10	7,466,159,297.37	5,778,256.86	7,460,381,040.51

Note 8. Others current assets

Project	Ending Book value	Beginning Book value
Other unit deposit	10,209,165.84	10,192,983.28
Advance payment	47,044.75	51,150.00
Prepaid rent property fee	125,248.23	
Prepaid broadband		1,599.98
Advance payment of sales space rent	116,880.71	70,594.21
Unsettled asset		1,503.01
Reclassification of taxes	1,267,772,010.45	1,016,099,570.83
Entrusted Loan	435,905,000.00	243,630,000.00
Total	1,714,175,349.98	1,270,047,401.31

Note 9. Disbursement of loans and advances

1. Distribution of loans and advances by individual and business

Project	As of December 31, 2019	As of December 31, 2018
(1) Personal loans and advances:	20,460,000.00	18,860,000.00
—Credit card		
—Home Mortgage	1,970,000.00	1,300,000.00
—Other	18,490,000.00	17,560,000.00
(2) Corporate loans and advances:	600,064,317.00	328,649,200.00
—Loan	522,070,000.00	328,649,200.00
—Discount		
—Other	77,994,317.00	
(3) Total loans and advances	620,524,317.00	347,509,200.00
Less: loan loss provisions	64,797,190.20	46,092,100.00
Including: single Accrual number		
Group totals	64,797,190.20	46,092,100.00
(4) Loans and advances Book value	555,727,126.80	301,417,100.00

2. Distribution of loans and advances by region

Local distribution	As of December 31, 2019	proportion (%)	As of December 31, 2018	proportion (%)
North-east area	620,524,317.00	100.00	347,509,200.00	100.00
Total loans and advances	620,524,317.00	100.00	347,509,200.00	100.00
Less: loan loss provisions	64,797,190.20	10.44	46,092,100.00	13.26
Including: single Accrual number				
Group totals	64,797,190.20	10.44	46,092,100.00	13.26
Loans and advances book value	555,727,126.80	89.56	301,417,100.00	86.74

3. Distribution of loans and advances by guarantee

Project	As of December 31, 2019	As of December 31, 2018
Credit Loans		
Guaranteed loan	46,054,317.00	132,209,200.00
Secured loan	574,470,000.00	215,300,000.00
Including: mortgage loans	284,970,000.00	149,300,000.00
Pledge loan	289,500,000.00	66,000,000.00
Total loans and advances	620,524,317.00	347,509,200.00
Less: loan loss provisions	64,797,190.20	46,092,100.00
Including: single Accrual number		

Project	As of December 31, 2019	As of December 31,2018
Group totals	64,797,190.20	46,092,100.00
Loans and advances Book value	555,727,126.80	301,417,100.00

4.Loan loss reserves

Project	Current Period		Prior Period	
	Single item	combination	Single item	combination
Opening Balance		46,092,100.00		7,300,292.00
Current Accrual		18,705,090.20		38,791,808.00
Turn out this issue				
Write-off in this issue				
Turn back this issue				
- Recall of the original revolving loans and advances				
- Loans and advances are reversed due to an increase in the discounted value				
-Other factors lead to a reversal				
Ending balance		64,797,190.20		46,092,100.00

Note 10. Available-for-sale financial assets

Project	As of December 31, 2019			As of December 31, 2018		
	Book balance	Provi sion for impair ment	Net book value	Book balance	Provi sion for im pai rment	Net book value
Available-for-sale debt instruments	1,712,331,001.18		1,712,331,001.18	2,066,424,651.45		2,066,424,651.45
Available-for-sale equity instruments	38,577,715,122.88		38,577,715,122.88	37,043,166,337.08		37,043,166,337.08
Include: measured at fair value	350,016,162.65		350,016,162.65	363,182,914.85		363,182,914.85
Measured by cost	38,227,698,960.23		38,227,698,960.23	36,679,983,422.23		36,679,983,422.23
Other				4,500,000.00		4,500,000.00
Total	40,290,046,124.06		40,290,046,124.06	39,114,090,988.53		39,114,090,988.53

List of financial assets available for sale:

Project	Ending Book balance	Beginning Book balance
Datang Changchun Second Thermal Power Co., Ltd.	9,679,400.00	9,679,400.00

Project	Ending Book balance	Beginning Book balance
Changchun City Commercial Bank	5,000,000.00	5,000,000.00
Jilin Economic Cooperation Development Investment Co., Ltd.	5,000,000.00	5,000,000.00
Changchun central real estate development co. ltd.	150,000.00	150,000.00
Harbin-Dalian Railway Passenger Dedicated Line Co., Ltd.	458,000,000.00	458,000,000.00
Yatai Group Stock	350,016,162.65	363,182,914.85
Jilin Huancheng Rural Commercial Bank Co., Ltd.	198,000,000.00	198,000,000.00
Changchun City Development Investment Fund Management Co., Ltd.		3,000,000.00
Beijing Government-Enterprise Yingying Economic Consultation Center		100,000.00
Jilin Province Happy City Development Fund Management Center	5,000,000.00	5,000,000.00
ZhongJun Capital Asset Management Co.,Ltd.	2,000,000.00	2,000,000.00
Changchun City Investment Construction Investment Co., Ltd.	35,663,210,022.23	35,663,210,022.23
Jilin Northeast Asia Innovation Financial Assets Trading Center Co., Ltd.	4,000,000.00	4,000,000.00
Changchun Changgang Gas Co., Ltd.	273,364,000.00	273,364,000.00
Changchun Intelligent Equipment Industry Fund	35,000,000.00	35,000,000.00
Changchun City Development Infrastructure Construction Co., Ltd.	11,480,000.00	11,480,000.00
Changchun second Thermal Power Co., Ltd.	1,000,000.00	1,000,000.00
Bank of Communications International Asset Management Co., Ltd.		481,206,579.98
CCB International (Holdings) Limited	522,472,982.49	487,396,647.38
Nomura Singapore Limited	574,933,563.26	
CEB International Capital Corporation Limited	284,337,656.56	
Guoyuan Securities Brokerage (Hong Kong) Limited	194,040,077.60	
Morgan Stanley Asia International Limited	136,546,721.27	
Minyin securities co. Ltd.		13,416,665.64
Yuan Ying Securities Co., Ltd.		1,067,364,201.80
Long national Investment and financial Leasing (Tianjin) Co., Ltd.		17,040,556.65
Changchun Municipal Investment Partnership	17,570,000.00	9,000,000.00
BOC Cumulative-day Plan financial products		1,500,000.00
Changchun Rail Transit Group Co., Ltd.	1,539,245,538.00	
Total	40,290,046,124.06	39,114,090,988.53

Note 11. Held-to-maturity investment

Project	As of December 31, 2019	As of December 31, 2018
Changchun Tiebei Cogeneration Heat Supply Engineering Construction	12,968,447.80	12,968,447.80

Project	As of December 31, 2019	As of December 31, 2018
Division		
Urban road renovation project	536,822,142.38	536,822,142.38
Xijiao Sewage Treatment Project	220,014,973.09	220,014,973.09
Changchun City Water Supply and Environment Engineering	316,000,000.00	316,000,000.00
Changchun central real estate development co. ltd.	2,114,476.36	2,114,476.36
Changchun City Development Management Office		57,000,000.00
Changchun Municipal Government Construction Project	123,891,855.13	
Changchun Power Supply Bureau		3,000,000.00
Changchun City Construction Committee	87,117,200.00	397,117,200.00
Changchun Thermal Power Plant	10,000,000.00	10,000,000.00
Jilin Province Xinxiang limited liability company	11,975,500.00	15,975,500.00
Changchun Real Estate Development Group	39,000,000.00	39,000,000.00
Mushroom Ditch Waste Factory	29,804,209.43	29,804,209.43
Changchun finance bureau		1,376,338,800.00
China Merchants Securities (HK) Co., Limited.		809,670,206.11
Bank of Communications International Asset Management Co., Ltd.		413,337,139.40
Minyin securities co. Ltd.		104,511,036.69
Nomura Security Singapore Ltd.	1,080,656,828.88	1,331,410,972.50
CEB International Investment Corporation Limited	815,599,844.73	181,146,069.75
The Hongkong and Shanghai Banking Corporation Limited	188,413,515.92	
Hang Seng Bank Limited	2,101,559.27	
Guoyuan Securities Brokerage (Hong Kong) Limited	13,698,988.50	
Total	3,490,179,541.49	5,856,231,173.51

Note 12. Long-term receivable

Project	As of December 31, 2019	As of December 31, 2018
Financial leasing	1,896,174,103.38	1,602,501,836.07

Instalment sales merchandise		
Instalment collection services		
Other	3,715,519,211.56	8,325,219,077.05
Total	5,611,693,314.94	9,927,720,913.12

Note 13. Long-term equity investment

1. Long-term equity investment classification

Project	Opening Balance	Increased in the current period	Reduced this period	Ending balance
Investment in sub-enterprises				
Investment in joint ventures	38,450,402.74	133,917.35		38,584,320.09
Investment in affiliates	2,224,091,830.22	728,015,033.17	81,327,296.93	2,870,779,566.46
Invest in other companies				
Subtotal	2,262,542,232.96	728,148,950.52	81,327,296.93	2,909,363,886.55
Less: Long-term equity investment Impairment allowance				
Total	2,262,542,232.96	728,148,950.52	81,327,296.93	2,909,363,886.55

2. Long-term equity investment details

Investee	Accounting Method	cost of investment	initial balance	Increases or decreases	end of year balance	Shareholding ratio	Year-end impairment provisions preparation	This year Accrual Impairment for the current	Cash bonus for the current
Total	—	2,282,398,740.00	2,262,542,232.96	646,821,653.59	2,909,363,886.55	--			
i. Joint venture									
Jilin Zhongyou Changfa Energy Development Co., Ltd.	Equity method	40,000,000.00	38,450,402.74	133,917.35	38,584,320.09	50.00			
ii. Associated enterprises									
Changchun Jianren Construction Investment Co., Ltd.	Equity method	120,000,000.00	120,010,566.68	-31.48	120,010,535.20	30.00			
Changchun Jianhe Construction Investment Co., Ltd.	Equity method	120,000,000.00	120,011,522.38	-30.13	120,011,492.25	30.00			
Changchun Jianfa Construction Investment Co., Ltd.	Equity method	120,000,000.00	120,007,307.23	-36.76	120,007,270.47	30.00			
Changchun Jiantong Construction Investment Co., Ltd.	Equity method	120,000,000.00	120,009,002.72	20.28	120,009,023.00	30.00			
Changchun Wangda Urban Development and Construction Investment Co., Ltd.	Equity method	180,000,000.00	180,013,691.47	-24.75	180,013,666.72	31.03			
Changchun Xingcheng Urban Construction Investment Holdings Co., Ltd.	Equity method	180,000,000.00	180,010,504.59	-26.69	180,010,477.90	31.03			
Changchun huifa urban construction investment co. ltd.	Equity method	180,000,000.00	180,531,650.36	-87.99	180,531,562.37	31.03			
Changchun Haiying City Development Industrial Development Co., Ltd.	Equity method	24,500,000.00	27,802,785.55	319,226.79	28,122,012.34	49.00			
Changchun New City Investment Development Co., Ltd.	Equity method	101,500,000.00	98,671,523.49	-31,361.66	98,640,161.83	33.83			
Jilin Province Ang Cheng Guarantee Co., Ltd.	Equity method	110,000,000.00	111,269,544.81	-53,690,928.66	57,578,616.15	22.00			
Jilin Chengda Economic And Trade Co., Ltd.	Equity method	2,000,000.00		2,000,000.00	2,000,000.00	20.00			

Changchun Urban Development and Investment Holding (Group) Co., Ltd
As of December 31, 2019
Notes to the consolidated financial statements

Investee	Accounting Method	cost of investment	initial balance	Increases or decreases	end of year balance	Shareholding ratio	Year-end impairment provisions	This year Accrual Impairment preparation	Cash bonus for the current
Changchun Changfa Pension Comprehensive Project Management Ltd.	Equity method	15,000,000.00	13,882,298.84	-2,410,571.11	11,471,727.73	20.00			
Changchun Changfa Pension Services Co., Ltd.	Equity method	6,503,100.00	12,422,961.92	-11,248,812.60	1,174,149.32	20.00			
Jilin Lixin Real Estate Development Co., Ltd.	Equity method	14,700,000.00		11,751,558.72	11,751,558.72	49.00			
Jilin Province Financial Holdings Group Co., Ltd.	Equity method	500,000,000.00	556,977,704.59	640,565,786.10	1,197,543,490.69	17.43			
Changchun Runde Construction Project Management Co., Ltd.	Equity method	252,418,400.00	252,418,400.00		252,418,400.00	20.00			
China Construction Technology Changchun Co., Ltd.	Equity method	75,000,000.00	51,458,847.86	26,885,830.81	78,344,678.67	36.59			
Jilin Yatai Runde Construction Co. Ltd.	Equity method	24,500,000.00	4,146,683.22	18,816,160.39	22,962,843.61	49.00			
Jilin Zhongrun Steel Structure Technology Co. Ltd.	Equity method	58,830,000.00	35,936,572.42	16,645,474.17	52,582,046.59	37.00			
Jilin Province Jinan Construction Group Co., Ltd.	Equity method	37,447,240.00	38,510,262.09	-2,914,409.19	35,595,852.90	48.98			

Note 14. Investment real estate

1. Investment real estate measured by cost

Project	Opening Balance	Increased in the current period	Reduced this period	Ending balance
i. The original value of the book total	489,268,759.24		489,268,759.24	
1. building	489,268,759.24		489,268,759.24	
2. Land use rights				
ii. Accumulated depreciation/amortization total	103,097,595.17	14,283,181.55	117,380,776.72	
1. building	103,097,595.17	14,283,181.55	117,380,776.72	
2. Land use rights				
iii. Total net book value	386,171,164.07	—	—	
1. building	386,171,164.07	—	—	
2. Land use rights		—	—	
iv. Impairment provisions				
1. building				
2. Land use rights				
v. Book value total	386,171,164.07	—	—	
1. building	386,171,164.07	—	—	
2. Land use rights		—	—	

2. Investment real estate measured by fair value

Project	Opening FV Balance	Increased in the current period			Reduced this period		Ending FV balance
		Purchase	Transfer of real estate or inventory for use	Profit and loss on changes in fair value	Disposal	Convert to self-use real estate	
i. Total cost	478,366,750.00	1,987,187.62	6,943,671,544.01	—			7,424,025,481.63
building	478,366,750.00	1,987,187.62	6,943,671,544.01	—			7,424,025,481.63
Land use rights				—			
ii. Total profit and loss on changes in fair value	22,964,345.00			3,500,594.38			26,464,939.38
building	22,964,345.00			3,500,594.38			26,464,939.38
Land use rights							
iii. Book value total	501,331,095.00	1,987,187.62	6,943,671,544.01	3,500,594.38			7,450,490,421.01

Project	Opening FV Balance	Increased in the current period			Reduced this period	Ending FV balance
		Purchase	Transfer of real estate or inventory for use	Profit and loss on changes in fair value	Disposal	
building	501,331,095.00	1,987,187.62	6,943,671,544.01	3,500,594.38	Conversion to self-use real estate	7,450,490,421.01
Land use rights						

Note: The subsidiary Changchun Runde Investment Group Co., Ltd. decided on the basis of the minutes of the 21st party committee meeting and the 15th general manager office meeting on December 5, 2019: 1. The conversion of investment real estate to fixed assets for accounting; 2. According to the strategy Adjustments to promote the sustainable and healthy development of Changchun Runde Investment Group Co., Ltd. and further enhance the company's core competitiveness and financing capabilities. Changchun Runde Investment Group Co., Ltd. decided to transfer part of its housing assets to its wholly-owned subsidiary Changchun through free transfer Runde Industrial Co., Ltd. 3. After the asset transfer is completed, the operating housing assets of Changchun Runde Investment Group Co., Ltd. and the industrial company are based on the Changdianhua assessment report issued by Changchun Dianhua Asset Appraisal Co., Ltd. on December 31, 2019. [2019] No. 3 and No. 4 evaluation reports are accounted for at fair value.

Note 15. Fixed Assets

Project	As of December 31, 2019	As of December 31, 2018
Fixed assets	41,599,043,464.34	44,099,188,275.94
Fixed asset cleanup	313,099.22	2,309.22
Total	41,599,356,563.56	44,099,190,585.16

1. Fixed assets

Project	Beginning balance	Increased in current period	Reduced in current period	Ending balance
I.Original value total	49,944,754,851.10	3,773,089,148.08	5,528,351,632.92	48,189,492,366.26
Including:Building	5,763,714,304.33	2,855,938,248.15	4,578,107,879.64	4,041,544,672.84
Machinery equipment	2,198,169,785.83	19,613,576.23	1,705,018.79	2,216,078,343.27
Capital Lease equipment		880,000,000.00	880,000,000.00	
Electronic equipment	28,510,118.08	2,391,522.29	830,521.96	30,071,118.41
Transportation tools	148,139,939.42	2,003,668.40	31,942,519.60	118,201,088.22
Office equipment	32,658,371.70	2,899,556.84	160,965.28	35,396,963.26

Project	Beginning balance	Increased in current period	Reduced in current period	Ending balance
Road and Bridge Assets	8,709,478,163.71	5,790,191.00		8,715,268,354.71
Underground Pipe Network facilities	31,808,599,724.23		35,290,787.65	31,773,308,936.58
Others	1,255,484,443.80	4,452,385.17	313,940.00	1,259,622,888.97
II.Accumulated depreciation total	5,834,356,101.63	1,153,536,796.61	412,278,426.04	6,575,614,472.20
Including:Building	2,208,603,911.35	485,387,610.70	385,429,212.38	2,308,562,309.67
Machinery equipment	562,733,428.11	54,909,983.02	34,221.60	617,609,189.53
Capital Lease equipment				
Electronic equipment	12,013,727.54	2,397,808.58	749,258.35	13,662,277.77
Transportation tools	105,812,300.08	5,614,740.53	25,815,445.37	85,611,595.24
Office equipment	16,489,506.53	2,959,757.78	129,083.27	19,320,181.04
Road and Bridge Assets				
Underground Pipe Network facilities	2,899,375,712.84	599,743,677.44		3,499,119,390.28
Others	29,327,515.18	2,523,218.56	121,205.07	31,729,528.67
III. Book value total	44,110,398,749.47	—	—	41,613,877,894.06
Including:Building	3,555,110,392.98	—	—	1,732,982,363.17
Machinery equipment	1,635,436,357.72	—	—	1,598,469,153.74
Capital Lease equipment				
Electronic equipment	16,496,390.54	—	—	16,408,840.64
Transportation tools	42,327,639.34	—	—	32,589,492.98
Office equipment	16,168,865.17	—	—	16,076,782.22
Road and Bridge Assets	8,709,478,163.71	—	—	8,715,268,354.71
Underground Pipe Network facilities	28,909,224,011.39	—	—	28,274,189,546.30
Others	1,226,156,928.62	—	—	1,227,893,360.30
IV.Provision for impairment total	11,210,473.53	3,623,956.19		14,834,429.72
Including:Building				
Machinery equipment	10,967,777.73	3,107,672.80		14,075,450.53
Capital Lease equipment				
Electronic equipment				
Transportation tools	184,368.45	330,035.49		514,403.94
Office equipment	58,327.35	186,247.90		244,575.25
Road and Bridge Assets				
Underground Pipe				

Project	Beginning balance	Increased in current period	Reduced in current period	Ending balance
Network facilities				
Others				
V.Net book value total	44,099,188,275.94	—	—	41,599,043,464.34
Including:Building	3,555,110,392.98	—	—	1,732,982,363.17
Machinery equipment	1,624,468,579.99	—	—	1,584,393,703.21
Capital Lease equipment				
Electronic equipment	16,496,390.54	—	—	16,408,840.64
Transportation tools	42,143,270.89	—	—	32,075,089.04
Office equipment	16,110,537.82	—	—	15,832,206.97
Road and Bridge Assets	8,709,478,163.71	—	—	8,715,268,354.71
Underground Pipe Network facilities	28,909,224,011.39	—	—	28,274,189,546.30
Others	1,226,156,928.62	—	—	1,227,893,360.30

2. Fixed asset cleanup

Project	Ending book value	Beginning book value	Reasons for conversion to cleanup
Liberation of Jiefang Dump Truck	310,790.00		The liberation of dump trucks is scrapped, and approval procedures are in progress
Electronic equipment	2,309.22	2,309.22	
Total	313,099.22	2,309.22	

Note 16. Construction in progress

Project	As of December 31, 2019			As of December 31, 2018		
	Book balance	Impairment provisions	Book value	Book balance	Impairment provisions	Book value
Construction in progress	14,093,311,738.24		14,093,311,738.24	12,180,966,969.13		12,180,966,969.13
Total	14,093,311,738.24		14,093,311,738.24	12,180,966,969.13		12,180,966,969.13

1. Construction in progress

Project	As of December 31, 2019			As of December 31, 2018		
	Book balance	Impairment provisions	Book value	Book balance	Impairment provisions	Book value
Sanguan Project	885,866,150.25		885,866,150.25	858,925,594.41		858,925,594.41
Road network project	43,472,375.96		43,472,375.96	44,935,977.96		44,935,977.96

Project	As of December 31, 2019		As of December 31, 2018			
	Book balance	Impairment provisions	Book value	Book balance	Impairment provisions	Book value
FAW-Volkswagen Logistics Channel	491,199,086.63		491,199,086.63	473,749,849.74		473,749,849.74
Changchun Yueyang Street Power High-rise Renovation Project	60,377.36		60,377.36			
State Grid Jilin Economic Research Institute Fire Pool Project	13,433.96		13,433.96			
Other	380,854.00		380,854.00	380,854.00		380,854.00
String Lake Sewerage Project	2,896,064.52		2,896,064.52	2,896,064.52		2,896,064.52
Changchun Park	506,258.00		506,258.00	506,258.00		506,258.00
Expressway communications pipeline	6,628,799.86		6,628,799.86	6,628,799.86		6,628,799.86
String Lake Water System Comprehensive Treatment	2,138,435.69		2,138,435.69	2,138,435.69		2,138,435.69
Construction and installation engineering investment expenditure	73,074,395.29		73,074,395.29	68,421,268.89		68,421,268.89
Investment amortization	8,672,260.77		8,672,260.77	8,672,260.77		8,672,260.77
Smart City Industry Project	130,326.30		130,326.30			
Road Network Project in 02	152,159,760.09		152,159,760.09	152,159,760.09		152,159,760.09
Road Network Project in 03	463,646,814.09		463,646,814.09	463,646,814.09		463,646,814.09
Road Network Project in 04	32,221,252.89		32,221,252.89	32,221,252.89		32,221,252.89
05 Construction Committee Project	325,846,792.05		325,846,792.05	325,846,792.05		325,846,792.05
06 Construction Committee Project	421,479,450.65		421,479,450.65	421,479,450.65		421,479,450.65
Road Network Project in 07	458,845,594.05		458,845,594.05	437,664,705.05		437,664,705.05
Urban Pipe Network Project	2,114,753.00		2,114,753.00	2,114,753.00		2,114,753.00
Other	1,076,959,366.67		1,076,959,366.67	1,051,216,457.77		1,051,216,457.77
Sanbei Engineering	1,319,806.52		1,319,806.52	912,179.36		912,179.36
10 years of engineering	575,916,801.51		575,916,801.51	401,853,620.30		401,853,620.30
Land consolidation	188,961,465.74		188,961,465.74	188,961,465.74		188,961,465.74

Project	As of December 31, 2019		As of December 31, 2018			
	Book balance	Impairment provisions	Book value	Book balance	Impairment provisions	Book value
Chuangcheng Engineering	312,725,046.82		312,725,046.82	312,725,046.82		312,725,046.82
Yanming Lake dredging project	30,320,578.56		30,320,578.56	30,320,578.56		30,320,578.56
Transfer center	156,340,423.00		156,340,423.00	153,641,423.00		153,641,423.00
Traffic nodes and road refinement	10,590,777.56		10,590,777.56	10,590,734.56		10,590,734.56
Living garbage treatment mushroom ditch	1,056,000.00		1,056,000.00	1,056,000.00		1,056,000.00
09 Construction Committee Project	1,023,038,587.81		1,023,038,587.81	999,090,498.81		999,090,498.81
11 years of engineering	267,160,895.70		267,160,895.70	267,141,842.00		267,141,842.00
Mishazi project	209,767.69		209,767.69	209,767.69		209,767.69
12 years of engineering	11,289,100.00		11,289,100.00	750,000.00		750,000.00
Jilin Dalu East Extension Project	11,016,548.00		11,016,548.00	11,016,548.00		11,016,548.00
Changchun City Bus South Line Hub station project	220,310.00		220,310.00	220,310.00		220,310.00
Haoyue Road Project	1,125,000.00		1,125,000.00	1,125,000.00		1,125,000.00
Built in 2014	20,293,038.77		20,293,038.77	600,000.00		600,000.00
Built in 2015	5,720,259.00		5,720,259.00	5,720,259.00		5,720,259.00
Airport hub	296,682,241.98		296,682,241.98	240,776,536.76		240,776,536.76
Feiyue Road	206,721.70		206,721.70	206,721.70		206,721.70
Mengjia South Street	44,104.72		44,104.72	44,104.72		44,104.72
Extension Line of Jilin Road (Changshi Highway Section)	469,433.02		469,433.02	469,433.02		469,433.02
Dongxin Road	259,199.06		259,199.06	259,199.06		259,199.06
Century Avenue	431,999.06		431,999.06	431,999.06		431,999.06
Kaiyun Street	65,236.80		65,236.80	65,236.80		65,236.80
Planning road	88,209.44		88,209.44	88,209.44		88,209.44
Huayuan East Street	53,350.00		53,350.00	53,350.00		53,350.00
Planning Road East of Eurasian Store	178,356.60		178,356.60	178,356.60		178,356.60
Bingqi Road	176.42		176.42	176.42		176.42
Newly started main branch	263,018.88		263,018.88	263,018.88		263,018.88

Project	As of December 31, 2019		As of December 31, 2018			
	Book balance	Impairment provisions	Book value	Book balance	Impairment provisions	Book value
and branch line access and closure project on both sides of the Yitong River						
Kaifeng Road	46,132.08		46,132.08	46,132.08		46,132.08
Bingyi Street	78,207.55		78,207.55	78,207.55		78,207.55
C. 151 Road	12,264.15		12,264.15	12,264.15		12,264.15
Bing 86 Road	18,340,277.31		18,340,277.31	14,142,154.71		14,142,154.71
Yisan Road	7,561,361.48		7,561,361.48	7,433,083.43		7,433,083.43
Auxiliary road on the west side of Zhengyang Street	23,867.92		23,867.92	23,867.92		23,867.92
Bingjiu Road	85,188.68		85,188.68	85,188.68		85,188.68
Tianbo Lu	1,801,066.78		1,801,066.78	1,017,102.43		1,017,102.43
Fanjiadian shed reform project	24,716.98		24,716.98	24,716.98		24,716.98
Minfeng Street	10,000.00		10,000.00	10,000.00		10,000.00
Huada Development Planning Road	3,500.00		3,500.00	3,500.00		3,500.00
Liguo Jie	21,500.00		21,500.00	21,500.00		21,500.00
Agent Construction Project-Demolition Project of Existing Sewage Pipes in Yitong River Channel of Changchun City	11,068,360.00		11,068,360.00	11,068,360.00		11,068,360.00
Agent Construction Project-Changchun Feiyue Road Crossing Project Public Railway Overpass Project	274,952,613.00		274,952,613.00	274,952,613.00		274,952,613.00
Construction Management in 2013	9,331,982.00		9,331,982.00	9,331,982.00		9,331,982.00
16 years of construction management	19,398,860.55		19,398,860.55	19,398,860.55		19,398,860.55
Tiebei 1st Road (including temporary access road)	233,018.87		233,018.87	233,018.87		233,018.87
Changchun Guarantee	3,431,154.55		3,431,154.55	3,431,154.55		3,431,154.55

Project	As of December 31, 2019			As of December 31, 2018		
	Book balance	Impairment provisions	Book value	Book balance	Impairment provisions	Book value
House and Shed Reform Supporting Infrastructure Construction Project						
Linhe Street South Extension	2,402,028.30		2,402,028.30	2,402,028.30		2,402,028.30
Kaixuan Road Widening Project	170,678.97		170,678.97	170,678.97		170,678.97
Urban Development and Self-construction-Four Roads, Zhangzhou Street Road Project	21,958,380.54		21,958,380.54	15,165,664.08		15,165,664.08
City development and self-construction-planning road between the first phase and the second phase of Chaoyang District Lingxiu Chaoyang	6,986,643.58		6,986,643.58	6,178,049.11		6,178,049.11
Urban Development and Self-construction—Planning Road Project on the West Side of Chuanhu Sewage Treatment Plant (Dingshi Road)	33,052,347.05		33,052,347.05	2,362,637.16		2,362,637.16
Urban Development Self-Building-Feiyue East Road Road Project	4,532,626.45		4,532,626.45	4,449,871.73		4,449,871.73
Urban Development and Self-construction-Hedi East Road Roundabout High Speed Connection	157,211,569.20		157,211,569.20	107,508,207.00		107,508,207.00
Urban Development and Self-construction-Planning Road on the West Side of Water Plant (Fengxing Road-Jiayuan Road)	3,462,464.23		3,462,464.23	3,462,464.23		3,462,464.23
Self-construction of city	8,263,450.67		8,263,450.67	7,534,403.23		7,534,403.23

Project	As of December 31, 2019			As of December 31, 2018		
	Book balance	Impairment provisions	Book value	Book balance	Impairment provisions	Book value
development-Tiebei No.1 Road Construction Project						
Urban Development and Self-construction—Planning Road Project on the North Side of Wenting Yayuan	20,126,894.51		20,126,894.51	8,346,092.62		8,346,092.62
Self-construction in the city-Sanyi Hutong (Erdao Street-Sandao Street)	2,084,906.94		2,084,906.94	1,405,636.26		1,405,636.26
Urban Development and Self-construction-South Fourth Ring Road under Linhe Street Project	414,866,111.40		414,866,111.40	297,378,109.23		297,378,109.23
Urban Development and Self-construction-Mingshui Road, Yan'an Avenue Parallel Road Project	1,134,207.90		1,134,207.90	1,000,422.27		1,000,422.27
Urban Development and Self-construction-The Third Ring Road and Huigong Road underneath the overpass	60,674,793.01		60,674,793.01	386,491.12		386,491.12
Self-construction of city development—Yangpu No.1 Road and Airport Avenue Auxiliary Road Project	49,122,442.17		49,122,442.17	38,369,835.29		38,369,835.29
Urban Development and Self-construction-Kuancheng District Infrastructure Construction Project (C Road)	19,283,829.88		19,283,829.88	13,301,229.27		13,301,229.27
Self-construction of city development-East section of Dongxin Road	76,168,915.32		76,168,915.32	56,092,657.57		56,092,657.57
City Development and Self-construction-West	2,504,416.90		2,504,416.90	2,225,213.69		2,225,213.69

Project	As of December 31, 2019			As of December 31, 2018		
	Book balance	Impairment provisions	Book value	Book balance	Impairment provisions	Book value
Extension of Fuyu Road (Existing Road of Keelung Street-Fuyu Road)						
City Development and Self-construction-North Section of Century Avenue	82,075.47		82,075.47	82,075.47		82,075.47
Self-construction of city development-Kitajojo	5,500,000.00		5,500,000.00	5,500,000.00		5,500,000.00
Urban Development and Self-construction-Planning Second Road (Mengjia Second Road-Huayuan East Street)	6,590,655.60		6,590,655.60	5,464,812.36		5,464,812.36
Self-construction in the city-Bing 22nd Street (North of Tuanshan Primary School, Tuanshan Street)	3,997,650.99		3,997,650.99	3,710,813.78		3,710,813.78
Self-construction in the city-Bing 22 Road, Kuancheng District (Yatai Street-Xiaonan Street)	1,721,140.84		1,721,140.84			
Self-construction of city development-Tiebei 1st Road (including temporary access road of Tiebei 1st Road)	5,017,452.83		5,017,452.83			
Self-construction of city development-Huguang Road opening project (Qianjin Street-Nanhu Middle Street)	36,861,562.44		36,861,562.44			
Self-built City Development-Tianqing Road (Linhe Street-Bingyi Road)	133,018.87		133,018.87			
City Development and Self-Building-C150 Road	2,005,861.32		2,005,861.32			

Project	As of December 31, 2019		As of December 31, 2018			
	Book balance	Impairment provisions	Book value	Book balance	Impairment provisions	Book value
Urban Development Self-Building-Taipei Sunshine Renovation Project	4,740,000.00		4,740,000.00			
Chuanhu Project	1,021,792,036.98		1,021,792,036.98	1,080,336,728.92		1,080,336,728.92
Reconstruction project	2,420,067.00		2,420,067.00	2,420,067.00		2,420,067.00
Happy Farm Project	282,032.00		282,032.00	282,032.00		282,032.00
Huanhu Road Reconstruction Project	820,009.00		820,009.00	820,009.00		820,009.00
Reconstruction project of tourism area around water	199,430.00		199,430.00	199,430.00		199,430.00
Video surveillance and public address system project	258,244.00		258,244.00	258,244.00		258,244.00
Comprehensive building renovation	16,483,474.31		16,483,474.31			
Management Room	30,041.00		30,041.00	30,041.00		30,041.00
Work road	240,000.00		240,000.00			
Nursing room	213,098.00		213,098.00			
Warehouse	285,588.00		285,588.00			
East Ring Road Extension	108,531.68		108,531.68	15,147.09		15,147.09
Yucai Lu	15,147.09		15,147.09	108,531.68		108,531.68
Planning Three Road	119,213.06		119,213.06	119,213.06		119,213.06
West Extension of Yucai Road	23,000.00		23,000.00	23,000.00		23,000.00
Temporary water supply and sewage pipeline in market town	2,939,615.00		2,939,615.00	2,939,615.00		2,939,615.00
Luxiang Town-Development Zone sewage pipeline	60,696,569.89		60,696,569.89	29,199,116.89		29,199,116.89
Garbage transfer station	172,479.00		172,479.00	172,479.00		172,479.00
Swan Lake Yiyi Road Bridge	90,100.00		90,100.00	90,100.00		90,100.00
Xinyi Road, Swan Lake	10,100.00		10,100.00	10,100.00		10,100.00

Project	As of December 31, 2019			As of December 31, 2018		
	Book balance	Impairment provisions	Book value	Book balance	Impairment provisions	Book value
Phase I						
Swan Lake Phase I Huxin 2nd Road	4,600.00		4,600.00	4,600.00		4,600.00
Swan Lake Phase I along Lake East Street	26,500.00		26,500.00	26,500.00		26,500.00
Swan Lake Phase I Lake East Ring Road	17,900.00		17,900.00	17,900.00		17,900.00
Swan Lake Phase I Yiyi Road	39,820.55		39,820.55	39,820.55		39,820.55
Swan Lake Phase I Lake Xinsan Road	2,400.00		2,400.00	2,400.00		2,400.00
Swan Lake Phase I Lake Xinsi Road	1,400.00		1,400.00	1,400.00		1,400.00
Swan Lake Phase I Bingba Street	8,261.36		8,261.36	8,261.36		8,261.36
Swan Lake Phase I Cingsi Street	8,245.66		8,245.66	8,245.66		8,245.66
Swan Lake Phase I Cing Er Road	16,264.88		16,264.88	16,264.88		16,264.88
Cingyi Road, Swan Lake Phase I	23,120.55		23,120.55	23,120.55		23,120.55
Sewage plant regulating pool	6,636,335.77		6,636,335.77	3,770,511.00		3,770,511.00
Road connecting Sino-German Industrial Park and Longdong Highway	5,191,491.00		5,191,491.00	891,491.00		891,491.00
Yanshou Road Mask	500,340.00		500,340.00	500,340.00		500,340.00
Yongxin Road Mask	8,127,000.00		8,127,000.00	127,000.00		127,000.00
Xinhui Road Mask	44,225.00		44,225.00	44,225.00		44,225.00
Yinjiaocun Village Road	45,500.00		45,500.00	20,000.00		20,000.00
Sewage plant contact pool	13,300.00		13,300.00	13,300.00		13,300.00
Sewage plant complex	26,851.23		26,851.23	26,851.23		26,851.23
Sewage plant sludge thickening and dewatering room	10,149.18		10,149.18	100,109.77		100,109.77

Project	As of December 31, 2019		As of December 31, 2018			
	Book balance	Impairment provisions	Book value	Book balance	Impairment provisions	Book value
Sewage plant coarse grid	2,999.59		2,999.59			
Wastewater Plant Reclaimed Water Reuse Project	227,700.00		227,700.00			
German industrial park infrastructure	8,000,000.00		8,000,000.00			
Yanshou Road South Mask	4,000,000.00		4,000,000.00			
Shuangchuang Incubation Base Project	76,209.00		76,209.00			
Extension of Yanhu East Street in Development Zone	22,800.00		22,800.00			
Yumin Road, Jizhen District	87,500.00		87,500.00			
Qijia and Shanhe Wastewater Treatment Engineering Optimization Project	2,300,000.00		2,300,000.00			
Qijia and Shanhe Sewage Treatment Project Section 1	23,678,000.00		23,678,000.00			
Changji Tourist Service Center Project	13,178,262.02		13,178,262.02	7,564,011.15		7,564,011.15
Airshow project	36,345,490.99		36,345,490.99			
Repair works	1,403,179.00		1,403,179.00	1,103,179.00		1,103,179.00
Digital New District Project				249,024.33		249,024.33
Northeast Asia Big Data Industrial Park	277,358.49		277,358.49			
Digital New District Phase I Project	29,702,520.51		29,702,520.51			
Wisdom Lotus Mountain Project	68,289.67		68,289.67			
Green Smart Community	89,622.65		89,622.65			
Stuffed shantytown project	2,551,210,210.19		2,551,210,210.19	1,529,705,651.47		1,529,705,651.47
Provincial Military District Third Recreation Center South Planning Road Road Project	549,797.50		549,797.50	491,827.50		491,827.50
Nanhu Road North Street	10,545,932.64		10,545,932.64	10,431,246.64		10,431,246.64

Project	As of December 31, 2019			As of December 31, 2018		
	Book balance	Impairment provisions	Book value	Book balance	Impairment provisions	Book value
Road Drainage Project						
Yi Kuang Street Crossing Yitong River Bridge Project	71,973,585.00		71,973,585.00	67,336,813.09		67,336,813.09
Road works at the junction of Yi Kuang Street	3,549,269.32		3,549,269.32	3,433,494.20		3,433,494.20
Kunming Street Road Project (West Alley of Mosque-East Jiujo)	10,537,549.62		10,537,549.62	4,294,663.62		4,294,663.62
Shanshuiwan Park	44,550.00		44,550.00	41,100.00		41,100.00
Kaiyun Street South Extension Project	217,185,080.99		217,185,080.99	182,003,111.31		182,003,111.31
Fair Road Construction	50,163,131.00		50,163,131.00	50,076,531.00		50,076,531.00
Changchun Ruyi Creek Safety Education Experience Park	1,650.00		1,650.00	-		-
2015 Urban Parking Lot Project	468,000.00		468,000.00	468,000.00		468,000.00
Project management cost	2,202,203.47		2,202,203.47	804,921.09		804,921.09
Feiyue Road sewage main pipe closure project	1,320,084.78		1,320,084.78	1,290,153.72		1,290,153.72
West New City Jingyang North Road Road Project	9,941,528.08		9,941,528.08	9,893,658.08		9,893,658.08
West New City Sewage Pipeline Project	26,036,454.20		26,036,454.20	24,807,275.08		24,807,275.08
Road Engineering of Nanyang Road (Luoyang Street-Zhengyang Square)	76,600,916.79		76,600,916.79	76,328,047.85		76,328,047.85
Supporting road project around the geriatric university	58,500.00		58,500.00	31,000.00		31,000.00
Kuancheng District Cing 21st Road (planned road on the north side of Kuancheng Court Office Building)	51,800.00		51,800.00	25,000.00		25,000.00
Kuancheng District Planning Second Road (Sanhetun	28,316.00		28,316.00	20,978.00		20,978.00

Project	As of December 31, 2019			As of December 31, 2018		
	Book balance	Impairment provisions	Book value	Book balance	Impairment provisions	Book value
Shed Reconstruction Project)						
Liujiang Road in Kuancheng District (Sanhetun Shed Reconstruction Project)	52,091.00		52,091.00	36,429.00		36,429.00
West New Town Ding San San Road	22,909,063.76		22,909,063.76	22,833,864.76		22,833,864.76
West New Town Ding 31 Road	8,399,324.30		8,399,324.30	5,086,488.10		5,086,488.10
West New Town Dingsan Road	10,391,461.87		10,391,461.87	10,346,613.87		10,346,613.87
Yishi Road (South Third Ring Road-National Highway 102)	34,467.00		34,467.00	8,507.00		8,507.00
Bingyi Road (Renmin Street-Yishi Road)	8,066.00		8,066.00	1,991.00		1,991.00
Bing Sixteen Road (South Third Ring Road-National Road 102)	524,393.32		524,393.32	3,753.00		3,753.00
Bing 47 Road (Nanhu Middle Street-Jiasan Road)	19,784.00		19,784.00	4,883.00		4,883.00
Bing 49 Road (Bing 74 Road-Renmin Street)	20,026.00		20,026.00	4,943.00		4,943.00
Bing 54 Road (Fangcao Street-Bing 67 Road)	909,416.73		909,416.73	5,602.00		5,602.00
Bing 66 Road (Yesan Road—Yiliu Road)	15,683.00		15,683.00	3,871.00		3,871.00
Bing 68 Road (Yiqi Road-Yisan Road)	35,165.00		35,165.00	5,076.00		5,076.00
C70 Road (A2 Road-B3 Road)	30,729.00		30,729.00	7,584.00		7,584.00
Jiayi Road (Fangcao Street-Qianjin Street)	41,083.00		41,083.00	10,140.00		10,140.00
Yiqi Road (Cingqiu Road-Yiwu Road)	44,832.00		44,832.00	9,688.00		9,688.00
C35 Road (102 National	25,351.00		25,351.00	6,257.00		6,257.00

Project	As of December 31, 2019		As of December 31, 2018			
	Book balance	Impairment provisions	Book value	Book balance	Impairment provisions	Book value
Road-B4 Road)						
Cingqiu Road (Yiqi Road-Yisan Road)	8,930.00		8,930.00	2,204.00		2,204.00
Bingqi Sixty-six Road (Yiqi Road-Cingwu Road)	1,417,019.00		1,417,019.00	1,016,739.00		1,016,739.00
Yi'er Road (Renmin Street-Yishi Road)	14,645.00		14,645.00	3,614.00		3,614.00
Bingliu Road (Yisan Road-Bingwu Road)	12,659.00		12,659.00			
Kumho Road	34,327,017.24		34,327,017.24	31,365,616.90		31,365,616.90
Yisan Road (Chaosheng Street-Fangcao Street)	9,809,788.85		9,809,788.85	9,430,418.40		9,430,418.40
Bingshi Road (South Third Ring Road-Bingshi Road)	20,378.00		20,378.00	4,881.00		4,881.00
Southern New City Second-line Sewage Project	16,891,913.00		16,891,913.00	16,841,963.00		16,841,963.00
Jia'er Road (Qianjin Street-Bingqi Road)	27,067,309.60		27,067,309.60	26,288,112.60		26,288,112.60
Bingshi Road (South Third Ring Road-Heti Road)	29,470.00		29,470.00	7,059.00		7,059.00
Yisi Road (National Highway 102-Jinhu Road)	33,919.00		33,919.00	8,124.00		8,124.00
Bing 47 Road (Fangcao Street-Bing 64 Road)	3,850,945.00		3,850,945.00	1,374,797.00		1,374,797.00
Bing 122 Road (South Third Ring Road-Bing 107 Road)	12,333.00		12,333.00	2,954.00		2,954.00
Cingliu 64 Road (Cing 47 Road-Bing 52 Road)	906,867.60		906,867.60	5,841.00		5,841.00
Yishou Road (Yishi Road—Hedi West Road)	15,774.00		15,774.00	3,778.00		3,778.00
Bingwu Road (Fangcao Street-Nanhu Middle Street)	3,356,396.85		3,356,396.85	205,679.00		205,679.00
Yisan Road (Bingqixix Road-Bingba Road)	24,869.00		24,869.00			
Yisan Road Cross River Bridge	7,115.00		7,115.00			

Project	As of December 31, 2019			As of December 31, 2018		
	Book balance	Impairment provisions	Book value	Book balance	Impairment provisions	Book value
Jiaer Road (Caizhi Street—Linhe Street)	5,386,599.00		5,386,599.00	5,371,850.00		5,371,850.00
Fangcao Street (Yisan Road-Jinhu Road)	10,567,687.40		10,567,687.40	10,021,303.40		10,021,303.40
Reconstruction of rainwater on Renmin Street (Er Er Road-C 122 Road))	6,524.00		6,524.00	1,668.00		1,668.00
Hilltop Road (Qianjin Street-Fangcao Street)	438,215.00		438,215.00	165,998.00		165,998.00
Cing 107 Road (Fourth Ring Road-Yishi Road)	6,180.00		6,180.00	1,580.00		1,580.00
Nanhu Middle Street (automotive modification plant, pile number 0 + 466-0 + 879)	36,090,518.00		36,090,518.00	6,449.00		6,449.00
Yiwu Road (Jia'er Road-National Highway 102)	34,964,997.20		34,964,997.20	30,549,236.80		30,549,236.80
Bingjiu Road (Xingfu Street-Yiyi Road)	40,160.00		40,160.00	10,270.00		10,270.00
Bingliu Road (Bingliu Road-Bingliu Road)	2,741,566.00		2,741,566.00	2,518,424.00		2,518,424.00
Bingliushi Road (Fangcao Street-Bingziyi Road)	2,087.00		2,087.00			
C51 Road (Qianjin Street-C63)	9,118,627.35		9,118,627.35	8,080,608.35		8,080,608.35
Bingliu Road (Yisan Road-Bingziyi Road)	4,646,277.96		4,646,277.96	4,258,658.00		4,258,658.00
Bingwu Road (Qianjin Street-Bingliu Road)	10,429,571.96		10,429,571.96	9,888,422.00		9,888,422.00
Bingliu Road (Bingliu 52-Jiayi Road)	9,116,624.65		9,116,624.65	8,652,270.37		8,652,270.37
C-55 Road (Fangcao Street-Qianjin Street)	7,218,605.75		7,218,605.75	5,766,245.00		5,766,245.00
Extension of Jingyang Road	100,122.00		100,122.00	100,122.00		100,122.00
North Kaixuan Road under	97,000.00		97,000.00			

Project	As of December 31, 2019			As of December 31, 2018		
	Book balance	Impairment provisions	Book value	Book balance	Impairment provisions	Book value
Huaneng Power Plant						
Railway Special Line Frame Bridge Project						
Road drainage project of Shuangfeng West Road (including bridge) in the New West City	158,700.00		158,700.00			
Southern New City Construction Project Bing 51 Road (Bing 67 Road-Nanhu Middle Street)	17,000.00		17,000.00			
Qinglong Road Access Project (Qingzhou Road-Western City)	29,900.00		29,900.00			
Third Ring Road Widening and Renovation Project (Changbei Railway Overpass-Jilin Road)	260,300.00		260,300.00			
Xijiao Wastewater Treatment Plant	380,300,145.98		380,300,145.98	380,300,145.98		380,300,145.98
Shuangyang Sewage Plant	75,086,381.05		75,086,381.05	75,086,381.05		75,086,381.05
Relocation and resettlement project of the original water quality testing center of the first water plant				40,410,856.00		40,410,856.00
Railway passenger car pump station project	28,000,000.00		28,000,000.00	28,000,000.00		28,000,000.00
Wende River pipeline water damage restoration project	26,910,433.40		26,910,433.40	26,910,433.40		26,910,433.40
Changchun City Water Supply Company's 2019 bidding section for the construction of the underground pipeline network renovation project	25,353,798.00		25,353,798.00			
Water damage project of	19,848,405.00		19,848,405.00	19,848,405.00		19,848,405.00

Project	As of December 31, 2019		As of December 31, 2018			
	Book balance	Impairment provisions	Book value	Book balance	Impairment provisions	Book value
Shitoukou water intake pumping station						
Water supply company DN600 water supply pipeline project	16,720,616.00		16,720,616.00	16,720,616.00		16,720,616.00
Other construction in progress	291,809,333.88		291,809,333.88	340,532,679.24		340,532,679.24
Total	14,093,311,738.24		14,093,311,738.24	12,180,966,969.13		12,180,966,969.13

2. Changes in the current period of important projects under construction

Name of project	Budget (ten thousand)	Beginning balance	Increase in the current period	Transfer to PPE	Other reduction	Ending balance
Stuffing items		1,529,705,651.47	1,021,504,558.72			2,551,210,210.19
Three Hall Project	147,463.64	858,925,594.41	26,941,502.10		946.26	885,866,150.25
FAW Volkswagen Logistics Special Channel Project	91,648.41	473,749,849.74	17,449,236.89			491,199,086.63
Municipal Road Network Engineering	27,655.00	44,935,977.96			1,463,602.00	43,472,375.96
Chuanhu Project		1,080,336,728.92			58,544,691.94	1,021,792,036.98
Construction Committee Project in 2009		999,090,498.81	24,107,789.00		159,700.00	1,023,038,587.81

Name of project	Budget (ten thousand)	Beginning balance	Increase in the current period	Transfer to PPE	Other reduction	Ending balance
Road network project in 2003		463,646,814.09	1,016,711.13			464,663,525.22
Road network engineering in 2007		458,845,594.05	14,369,402.00			473,214,996.05
Construction Committee Project in 2006		421,479,450.65				421,479,450.65
10-year project		401,853,620.30	174,063,181.21			575,916,801.51
Construction Committee Project in 2005		325,846,792.05				325,846,792.05
Chuangcheng Project		312,725,046.82				312,725,046.82
Airport hub		240,776,536.76	58,631,753.99		2,726,048.77	296,682,241.98
Urban Development and Self-construction-South Fourth Ring Road under Linhe Street Project		297,378,109.23	119,010,991.74		1,522,989.57	414,866,111.40
Total	266,767.05	7,909,296,265.26	1,457,095,126.78		64,417,978.54	9,301,973,413.50

Note 17. Intangible Asset

Project	Beginning balance	Increase in current year	Reduce in current year	Ending balance
I.Original Value	803,659,648.53	10,583,538,407.69		11,387,198,056.22
House use right	140,773.74			140,773.74
Land use right	795,482,486.96	1.00		795,482,487.96
Financial software and other	7,443,225.44	3,444,119.58		10,887,345.02
Franchise	500,000.00	1,138,454.67		1,638,454.67
Heating supply system	93,162.39			93,162.39
Old city renovation PPP project		10,578,955,832.44		10,578,955,832.44
II.Total accumulation amortization	5,901,569.16	1,263,746.50		7,165,315.66
House use right	102,061.14	7,038.72		109,099.86
Land use right	934,499.25	206,410.20		1,140,909.45
Financial software and other	4,354,139.87	1,040,981.38		5,395,121.25
Franchise	500,000.00			500,000.00
Heating supply system	10,868.90	9,316.20		20,185.10
Old city renovation PPP project				
III. Net book value	797,758,079.37	-	-	11,380,032,740.56
House use right	38,712.60	-	-	31,673.88
Land use right	794,547,987.71	-	-	794,341,578.51
Financial software and other	3,089,085.57	-	-	5,492,223.77
Franchise		-	-	1,138,454.67
Heating supply system	82,293.49			72,977.29
Old city renovation PPP project				10,578,955,832.44

Note 18. Goodwill

Investment company name or formation of goodwill	Beginning balance	Beginning impairment provisions	Increase in current period	Reduce in current period	Ending balance	Ending impairment provision
Changchun Runde Building Materials Co., Ltd.	13,488,525.84				13,488,525.84	
Total	13,488,525.84				13,488,525.84	

Note 19. Long term prepared expense

Project	Beginning balance	Increase in current period	Amortize in current period	Other decrease	Ending balance	Other reasons for decreasing
Start-up fee	171,050.00		37,320.00		133,730.00	
other	133,782.67	66,419.08	118,266.49		81,935.26	
Enclosure						

Project	Beginning balance	Increase in current period	Amortize in current period	Other decrease	Ending balance	Other reasons for decreasing
Mixing station maintenance fee	84,746.01		59,820.84		24,925.17	
Takeoff station						
Office building renovation	147,597.96		24,599.76		122,998.20	
Office rent	495,760.38		495,760.38			
Property management fees						
Office building renovation fee	4,763,575.68	334,056.54	3,999,712.51		1,097,919.71	
Road design fees for German industrial parks and market towns	7,568,910.00				7,568,910.00	
Supervision fees of market towns	980,000.00				980,000.00	
Sewage plant planning modification service fee	60,000.00				60,000.00	
Surveying and mapping fees for Yumin Road, Yingkou Road and Planning Second Road	40,296.16				40,296.16	
Swan Lake infrastructure project exploration fees	97,600.00				97,600.00	
Feasibility assessment fee for Swan Lake infrastructure project	40,000.00				40,000.00	
Consultation fee for preliminary design review of Swan Lake Infrastructure Project	416,820.00				416,820.00	
Feasibility study fee for Swan Lake infrastructure construction		280,100.00			280,100.00	
Swan Lake Infrastructure Construction Design Fee		1,583,865.00			1,583,865.00	
Preparation fee for nine road proposals including Yongning Road		138,950.00			138,950.00	
Jingyang Road and Xihuancheng Road		6,160,061.24	103,616.95		6,056,444.29	
Service fee for environmental impact assessment of the road connecting Sino-German Industrial Park and Longdong Highway	30,000.00				30,000.00	

Project	Beginning balance	Increase in current period	Amortize in current period	Other decrease	Ending balance	Other reasons for decreasing
2016 10 lots of plot surveying and mapping fees	56,920.00				56,920.00	
Parking lot renovation fee	2,713,921.69	1,000,195.29	704,181.56		3,009,935.42	
Rental office equipment	278,996.59	17,153.90	107,415.72		188,734.77	
Elevator equipment	306,793.54		184,076.16		122,717.38	
Urban Renewal	8,235,089,341.65			8,235,089,341.65		
Design fee for nine roads including Yongning Road	45,000.00				45,000.00	
Tender service fees for twelve roads including Yongxin Road West Extension	239,000.00				239,000.00	
Supervision fee of Yinjiacun Cement Road	37,600.00				37,600.00	
Land rent	296,487.96		37,061.04		259,426.92	
Vehicle identification equipment	23,126.29		13,215.04		9,911.25	
Infrastructure design fee	539,350.00				539,350.00	
Infrastructure supervision fee	1,005,900.00				1,005,900.00	
Renovation fee for the gravel yard of the main station	5,100,262.15	122,892.00	905,970.15		4,317,184.00	
Changchun Qikai District Water Supply Maintenance Service Center Renovation Project		2,182,293.00			2,182,293.00	
Total	8,260,762,838.73	11,885,986.05	6,791,016.60	8,235,089,341.65	30,768,466.53	

Note 20. Deferred income tax assets and Deferred income tax liabilities

Project	As of December 31, 2019		As of December 31, 2018	
	Deferred income tax assets or liabilities	Deductible and taxable temporary differences	Deferred income tax assets or liabilities	Deductible and taxable temporary differences
I. Deferred income tax assets	69,223,170.64	276,892,682.48	47,269,961.81	189,079,847.20
Impairment of assets	42,889,666.22	171,558,664.88	24,228,145.45	96,912,581.80
Deductible loss				
Changes in the fair value of financial assets available for sale that take into account other consolidated gains	26,333,504.42	105,334,017.60	23,041,816.36	92,167,265.40
II. Deferred income tax liability	1,168,021,856.58	4,672,087,426.29		
Valuation of trading				

Project	As of December 31, 2019		As of December 31, 2018	
	Deferred income tax assets or liabilities	Deductible and taxable temporary differences	Deferred income tax assets or liabilities	Deductible and taxable temporary differences
financial instruments and derivative financial instruments				
Change in fair value of available-for-sale financial assets included in other comprehensive income				
Other comprehensive income	1,168,021,856.58	4,672,087,426.29		

Note 21. Others Non-current Assets

Project	As of December 31, 2019	As of December 31, 2018
Bei Sihuan Site	415,185.79	913,408.63
Bei Shitiao	47,070.50	47,070.50
Foreast Assets	1,432,940,377.03	1,432,265,000.00
Deferred Tax		16,300.00
Total	1,433,402,633.32	1,433,241,779.13

Note 22. Short-term Loan

1.Short - term loan classification

Project	As of December 31, 2019	As of December 31, 2018
Pledge loans	664,483,963.71	309,089,758.94
Mortgage loans	234,000,000.00	
Guaranteed loans	1,716,000,000.00	1,916,000,000.00
Credit loans	5,704,500,000.00	4,804,500,000.00
Other loan		
Total	8,318,983,963.71	7,029,589,758.94

(1) Pledge borrowing

Changchun Water affairs(Group) Co., Ltd.'s pledge borrowing is RMB 208,940,107.40; The amount for Changfa Holdings (Hong Kong) Limited is RMB 455,543,856.31.

(2) Guaranteed loans

Lender name	loan company	Loan balance	Guarantor
Changchun Changfa Shuangyang Investment Holdings (Group) Co., Ltd.	Huaxia Bank Changchun Branch	70,000,000.00	Changchun Urban Development and Investment Holding (Group) Co., Ltd

Lender name	loan company	Loan balance	Guarantor
Changchun Runde Industrial Co., Ltd.	Jilin Bank	990,000,000.00	Changchun Urban Development and Investment Holding (Group) Co., Ltd
Changchun Runde Industrial Co., Ltd.	Bank of China	500,000,000.00	Changchun Urban Development and Investment Holding (Group) Co., Ltd
Changchun Runde Commodity Concrete Co., Ltd.	Jilin Bank Changchun Kangping Street Sub-branch	26,000,000.00	Changchun SME Credit Guarantee Co., Ltd.
Changchun Chengkai Industrial Co., Ltd.	Bank of China Nanhu Dalu Sub-branch	90,000,000.00	Changchun City Development (Group) Co., Ltd.
Changchun Chengkai Engineering Construction Co., Ltd.	Bank of China Nanhu Dalu Sub-branch	40,000,000.00	Changchun City Development (Group) Co., Ltd.
Total		1,716,000,000.00	

(3) Mortgage loans

Lender name	loan company	Loan balance
Changchun Runde Investment Group Co., Ltd.	Zhongrong International Trust Co., Ltd.	234,000,000.00
Total		234,000,000.00

Note 1: The above-mentioned mortgage loan was signed by Changchun Runde Industrial Co., Ltd. with Zhongrong International Trust Co., Ltd. on September 15, 2019, with a contract number of 2019202245000601-02. Changchun Runde Investment Group Co., Ltd. provided a mortgage for the loan contract. And signed a mortgage contract with Zhongrong International Trust Co., Ltd. with contract number 2019202245000601-04, the collateral is the real estate owned by Changchun Runde Investment Group Co., Ltd. (Changchun Railway Station North Plaza Commercial Complex), and Changchun Runde Investment Group The loan provides guarantee, the guarantee contract number: 2019202245000601-03.

Note 23. Note payable

Item	As of December 31, 2019	As of December 31, 2018
Banking acceptance bills	10,000,000.00	
Commercial acceptance bills		
Total	10,000,000.00	

Note 24. Account payable

Aging	As of December 31, 2019	As of December 31, 2018
Within 1 year (Including 1 year)	332,155,824.52	970,776,155.72
1—2 years(Including 2 years)	253,035,643.42	171,254,196.19
2—3 years(Including 3 years)	85,701,117.88	67,478,186.02
Over 3 years	344,707,747.34	432,684,201.62
Total	1,015,600,333.16	1,642,192,739.55

Overdue large accounts payable:

Name of creditor	The amount owed	Reasons for outstanding
Changchun Chuangji Investment Co., Ltd.	99,995,000.00	Not yet settled
West New City Development Zone Management Committee	72,682,165.00	Not yet settled
Changchun Municipal Asphalt Concrete Co., Ltd.	66,290,717.69	Not yet settled
Finance Bureau of Sheling Development Zone	33,681,449.76	Not yet settled
China Communications Tunnel Engineering Bureau Co., Ltd.	27,060,441.05	Not yet settled
Total	299,709,773.50	

Note 25. Advance from customers

Project	As of December 31, 2019	As of December 31, 2018
Within 1 year (Including 1 year)	420,807,504.64	198,168,264.97
Over 1 year	133,995,809.63	388,048,585.35
Total	554,803,314.27	586,216,850.32

Large amount of advance receipts aged over 1 year:

Creditor name	The amount owed	The reason for not carrying forward
Advance payment to customers	74,301,135.00	The project has not settled
Yiliu Road	45,040,000.00	The project has not settled
Management Committee of Changchun Shuangyang Economic Development Zone	10,845,205.48	The project has not settled
Unsettled project	3,218,942.02	The project has not settled
Erdao District Xiu Rock Material Distribution Office	170,000.00	The project has not settled
Total	133,575,282.50	

Note 26. Accrued payroll

1. Payable to staff salaries

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
1.Short-term payroll	63,186,065.95	759,220,619.62	761,150,043.91	61,256,641.66
2.Post-employment benefits-defined contribution plan	1,999,262.62	84,260,939.96	84,376,545.02	1,883,657.56
3. Dismissed benefits	79,065,471.08	1,041,348.18	4,567,836.88	75,538,982.38
4.Other benefits due within one year				
5. Other		229,000.50	229,000.50	
Total	144,250,799.65	844,751,908.26	850,323,426.31	138,679,281.60

2. List of Short-term payroll

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
1.Salaries, bonuses, allowances and subsidies	42,847,731.23	531,613,063.33	533,356,739.94	41,104,054.62
2.Employee benefits	55,818.00	29,543,333.58	29,539,133.58	60,018.00
3. Social insurance	16,703.74	38,989,276.69	38,999,634.34	6,346.09
Include: Medical insurance	35,456.83	34,454,983.94	34,464,230.65	26,210.12
Work injury insurance	4,007.62	1,451,178.36	1,451,427.27	3,758.71
Maternity insurance	-22,760.71	3,083,114.39	3,083,976.42	-23,622.74
Others				
4.Housing reserve	295,081.75	54,384,720.35	54,486,292.54	193,509.56
5.Union funds and staff education funds	18,207,194.82	10,841,715.78	11,008,770.39	18,040,140.21
6.short-term paid absenteeism				
7.short-term profit sharing plan				
8.Other short-term pay	1,763,536.41	93,848,509.89	93,759,473.12	1,852,573.18
Total	63,186,065.95	759,220,619.62	761,150,043.91	61,256,641.66

3. Defined employee benefit plan

Items	Beginning balance	Increase in current period	Decrease in current period	Ending balance
1. Basic retirement insurance	1,861,788.15	80,996,759.64	81,109,112.83	1,749,434.96
2. Unemployment insurance	137,474.47	3,264,180.32	3,267,432.19	134,222.60
3. Enterprise annuity payment				
Total	1,999,262.62	84,260,939.96	84,376,545.02	1,883,657.56

Note 27. Tax Payable

Project	Beginning balance	Accrued in current year	Tax paid in current year	Ending balance
Value-added tax	18,044,889.39	96,210,047.01	97,097,465.66	17,157,470.74
Business tax	-17,737,019.45	14,936,176.03	275.00	-2,801,118.42

Project	Beginning balance	Accrued in current year	Tax paid in current year	Ending balance
Resource tax	141,611.82		141,611.82	
Corporate income tax	20,363,356.00	110,176,022.38	105,614,260.96	24,925,117.42
Urban maintenance and construction tax	-2,080,942.83	7,543,533.35	7,212,295.01	-1,749,704.49
Property tax	2,285,540.77	24,007,771.19	26,121,401.28	171,910.68
Land VAT tax	-5,325,118.57	7,648,468.32	12,552,433.83	-10,229,084.08
Personal Income Tax	1,806,284.56	8,267,871.80	7,664,525.62	2,409,630.74
Education surcharge & Local education fee	-1,431,488.35	5,617,232.82	5,307,199.30	-1,121,454.83
Land use tax	-854,230.99	13,051,662.75	12,222,226.14	-24,794.38
Vehicle usage tax		10,737.36	10,737.36	
Deed tax		12,504,857.52	12,504,857.52	
Environmental protection tax		30,744.17	30,744.17	
Other taxes and fees	989,830.66	3,871,639.00	4,294,676.74	566,792.92
Total	16,202,713.01	303,876,763.70	290,774,710.41	29,304,766.30

Note 28. Other payable

Item	As of December 31, 2019	As of December 31, 2018
Interest payable	478,814,751.18	429,037,791.01
Dividend payable		
Other payable	22,384,640,632.49	29,245,501,692.56
Total	22,863,455,383.67	29,674,539,483.57

(i). Interest payable

Project	As of December 31, 2019	As of December 31, 2018
Interest on long-term borrowing due to amortization of payments	12,025,110.97	361,373.17
Interest on corporate bonds	463,324,841.03	427,399,435.30
Short-term loans payable interest		
Preference Shares\Perpetual Bond Interest Classified as Financial Liabilities		
Other interest	3,464,799.18	1,276,982.54
Total	478,814,751.18	429,037,791.01

(ii). Other payable

1. Other payables classified by nature

Project	As of December 31, 2019	As of December 31, 2018
Security deposit	167,832,207.79	164,075,454.69
Related party payments	184,020,357.82	143,883,649.31
Payments with the government	4,128,640,611.91	6,825,609,993.82
Other transactions	524,454,690.05	656,628,606.25
Temporary payment	3,797,122.50	3,297,122.50
City fee	11,932,367,851.06	12,284,983,187.44
Engineering section	854,098,931.90	736,457,133.92
Interest payment	7,805,555.56	8,476,388.89
Affordable housing construction funds	774,492,230.25	738,391,826.25
Finance Bureau temporary loan	3,236,520,106.76	7,048,925,555.56
Loan	500,000,000.00	516,720,000.00
Subsidies for shed reform projects	8,010,000.00	8,010,000.00
Consulting fee		137,000.00
Social Security Provident Fund	54,343.04	88,187.38
Collection and payment	29,833,957.93	41,983,858.81
Withholding	730,196.19	730,196.19
Other	31,982,469.73	67,103,531.55
Total	22,384,640,632.49	29,245,501,692.56

2. Other Payable Aging Over 1 Year

Creditor Company	The amount owed	Reasons
Changchun Municipal Finance Bureau	5,515,459,058.64	Not yet settled
Changchun Urban and Rural Construction Committee	8,449,206,282.69	Not yet settled
Changchun Runde Construction Project Management Co., Ltd.	617,371,162.63	Not yet settled
Construction and Development Center of Changchun High-tech Industrial Development Zone	500,000,000.00	Not yet settled
Changchun New Town Investment Development Co., Ltd.	101,500,180.00	Not yet settled
Total	15,183,536,683.96	

Note 29. Non-current liabilities due within one year

Project	As of December 31, 2019	As of December 31, 2018
Long-term borrowings due within one year	8,691,444,164.39	12,941,832,280.48
Bonds payable due within one year	10,636,659,747.70	6,234,033,134.14
Long-term payable within one year	1,350,990,512.76	521,481,713.14
Other long term liabilities within one year		
Total	20,679,094,424.85	19,697,347,127.76

1. Credit loan

Loan company	Loan balance
China Construction Bank Corporation Jilin Branch	10,000,000.00
Shengjing Bank Co., Ltd. Changchun Branch	2,960,000,000.00
China Construction Bank Corporation Changchun Xi'an Dalu Sub-branch	3,000,000.00
China Development Bank-Pipe Gallery Project	6,200,000.00
Shuangyang Rural Commercial Bank	10,000,000.00
China Construction Bank Corporation Changchun Shuangyang Sub-branch	190,000,000.00
Total	3,179,200,000.00

2. Guaranteed borrowing

Borrower's name	Lender	Borrowing Balance	Guarantor
Changchun City Kaiwanjia Real Estate Development Co., Ltd.	China Everbright Bank Changchun Sun City Sub-branch	84,320,000.00	Changchun City Development (Group) Co., Ltd.
Jilin Changfa Tourism Investment Group Co., Ltd.	Bank of China Limited South Road Dalu Sub-branch	100,822,629.91	Changchun City Investment Construction Investment (Group) Co., Ltd
Changchun Runde Investment Group Co., Ltd.	Note 1	1,743,768,556.65	Note 1
	Total	1,928,911,186.56	—

Note 1: Changchun Runde Investment Group Co., Ltd. has more details of pledged loans due within one year, so it is disclosed in a summary.

3. Pledge loan:

Lender name	Loan company	Loan balance	Pledge
Li Cheng Financial Leasing (Shanghai) Co., Ltd.	Shanghai Pudong Development Bank	265,000,000.00	Account receivable

Lender name	Loan company	Loan balance	Pledge
	Changchun Branch		
Li Cheng Financial Leasing (Shanghai) Co., Ltd.	China Everbright Bank Changchun Branch	20,000,000.00	Account receivable
Changchun City Development (Group) Co., Ltd.	China Development Bank Jilin Branch	18,712,977.83	All rights and benefits under the "Entrusted Construction Agreement" signed with the Changchun City Government for this project
Changchun City Development (Group) Co., Ltd.	China Development Bank Jilin Branch	4,000,000.00	Jilin Province Xinxiang Co., Ltd. right to charge electricity fee for the first phase of the garbage power station
Changchun City Development (Group) Co., Ltd.	Ping An Claim	1,000,000,000.00	Account receivable
Changchun Runde Investment Group Co., Ltd.	Note 1	2,173,620,000.00	Note 1
Changchun Changfa Old City Reconstruction Engineering Co., Ltd.	China Development Bank	100,000,000.00	Rights and benefits under the PPP project of old city reconstruction in Changchun
	Total	3,581,332,977.83	—

Note 1: There are many pledge loans due within one year for Changchun Runde Investment Group Co., Ltd., therefore, disclosed by summary.

4. Other borrowings

Name of debtor	Name of creditor	Borrowing balance
Changchun Runde Industrial Co., Ltd	Zhongrong International Trust Co., Ltd.	2,000,000.00
	Total	2,000,000.00

Note 1: The above-mentioned mortgage loan was signed by Changchun Runde Industrial Co., Ltd. with Zhongrong International Trust Co., Ltd. on September 15, 2019, with a contract number of 2019202245000601-02. Changchun Runde Investment Group Co., Ltd. provided a mortgage for the loan contract. And signed a mortgage contract with Zhongrong International Trust Co., Ltd. with contract number 2019202245000601-04, the collateral is the real estate owned by Changchun Runde Investment Group Co., Ltd. (Changchun Railway Station North Plaza Commercial Complex), and Changchun Runde Investment Group The loan provides guarantee, the guarantee contract number: 2019202245000601-03.

Note 30. Other current liabilities

Project	As of December 31, 2019	As of December 31, 2018
Guaranteed risk reserve	1,775,000.00	1,898,000.00
Unsettled liability reserve	1,533,985.82	1,724,764.11
Deposit security deposit	1,855,986.12	1,847,082.88
Total	5,164,971.94	5,469,846.99

Note 31. Long-term loan

Project	As of December 31, 2019	As of December 31, 2018
Pledge Loan	11,909,565,000.00	8,480,597,977.83
Guaranteed loan	3,483,156,548.85	2,661,549,685.75
Credit Loan	4,834,925,434.21	7,240,230,424.20
Mortgage Loan	147,100,000.00	
Other Loan	260,000,000.00	1,472,000,000.00
Total	20,634,746,983.06	19,854,378,087.78

1. Credit Loan

Name of debtor	Name of creditor	Borrowing balance
Changchun Urban Development and Investment Holding (Group) Co., Ltd	China Construction Bank Corporation Changchun Xi'an Dalu Sub-branch	4,223,500,000.00
Others	Note 1	611,425,434.21
	Total	4,834,925,434.21

Note 1: Changchun Shuangyang Shuangyang Investment Holdings (Group) Co., Ltd. and its subsidiaries 'current credit loan of 400,010,639.91 yuan; Changchun City Development (Group) Co., Ltd. and its subsidiaries' current credit loan of 144,254,794.30 yuan; Changchun Water (Group) Co., Ltd. and its subsidiaries The company's current credit loan of 1,160,000.00 yuan; Changchun Runde Investment Group Co., Ltd. and its subsidiaries' current credit loan of 66,000,000.00 yuan.

2. Pledge Loan

Name of debtor	Name of creditor	Borrowing balance	Pledged asset
Changchun Urban Development and Investment Holding (Group) Co., Ltd	China Postal Savings Bank Co., Ltd. Jilin Branch	550,000,000.00	Equity and income under the government purchase service agreement for the stuffing project
Changchun Urban Development and	ICBC Changchun Development Zone Sub-branch	1,050,000,000.00	Equity and income under the government purchase service agreement for the stuffing project

Name of debtor	Name of creditor	Borrowing balance	Pledged asset
Investment Holding (Group) Co., Ltd			
Changchun Changfa Old City Reconstruction Engineering Co., Ltd.	China Development Bank	7,900,000,000.00	Rights and benefits under the PPP project of old city reconstruction in Changchun
Others	Note 1	2,409,565,000.00	
	Total	11,909,565,000.00	—

Note 1: Changchun City Development (Group) Co., Ltd. and its subsidiaries pledged loans of RMB 138,000,000.00; Changfa Financial Holdings (Changchun) Co., Ltd. and its subsidiaries pledged loans of RMB 1,293,000,000.00; Changchun Runde Investment Group Co., Ltd. and its subsidiaries pledged loans Loan was 978,565,000.00 yuan.

3. Guaranteed borrowing

Name of debtor	Name of creditor	Borrowing balance	Guarantor
Changchun City Boiling Water Co., Ltd.	China Development Bank	270,000,000.00	Changchun City Investment Construction Investment Co., Ltd.
Changchun Chengkai Wanjia Real Estate Development Co., Ltd.	China Everbright Bank Taiyang Town Branch	421,509,830.00	Changchun City Development (Group) Co., Ltd.
Changchun Runde Investment Group Co., Ltd.	Note 1	2,791,646,718.85	Note 1
	Total	3,483,156,548.85	

Note 1: There are too many secured loan for Changchun Runde Investment Group Co., Ltd.in current period, therefor disclosed by summary.

4. Other borrowings

Name of debtor	Name of creditor	Borrowing balance
Changchun Runde Investment Group Co., Ltd.	Zhongrong International Trust Co., Ltd.	147,100,000.00
	Total	147,100,000.00

Note 1: The above-mentioned mortgage loan was signed by Changchun Runde Industrial Co., Ltd. with Zhongrong International Trust Co., Ltd. on September 15, 2019, with a contract number of 2019202245000601-02. Changchun Runde Investment Group Co., Ltd. provided a mortgage for the loan contract. And signed a mortgage contract with Zhongrong International Trust Co., Ltd. with contract number 2019202245000601-04, the collateral is the real estate owned by Changchun

Runde Investment Group Co., Ltd. (Changchun Railway Station North Plaza Commercial Complex), and Changchun Runde Investment Group The loan provides guarantee, the guarantee contract number: 2019202245000601-03.

Note 32. Bonds payable

Project	As of December 31, 2019	As of December 31, 2018
Runde's medium-term notes		1,500,000,000.00
Runde PPN	2,000,000,000.00	2,500,000,000.00
2017 Public Offering Bond		2,732,723,186.67
Medium-term notes	12,900,433,238.57	9,988,702,248.52
2018 public offering bonds	2,787,275,423.46	2,740,427,894.80
2019 public offering bond	1,737,981,154.52	
2019 ABS Phase I	102,216,161.46	
2018 Changchun City Open PPN001		600,000,000.00
2019 Changchun City Open PPN001	1,400,000,000.00	
2019 Changchun City Open PPN002	500,000,000.00	
Total	21,427,905,978.01	20,061,853,329.99

Changes in bonds payable

Bond name	Face Value	Issue date	Bond period	Issue amount
Minsheng Bank Medium Term Note	2,000,000,000.00	September 2014	5 years	2,000,000,000.00
China Merchants Securities-PPN	3,000,000,000.00	February 2016	5 years	3,000,000,000.00
2018 Changchun City Open PPN001	600,000,000.00	December 2018	3 years	600,000,000.00
2019 Changchun City Open PPN001	1,400,000,000.00	March 2019	3 years	1,400,000,000.00
2019 Changchun City Open PPN002	500,000,000.00	December 2019	3 years	500,000,000.00
Medium Term Note Phase I 17 Changfa Group MTN001	1,500,000,000.00	April 2017	5 years	1,500,000,000.00
Medium Term Note Phase II 17 Changfa Group MTN002	2,000,000,000.00	July 2017	5 years	2,000,000,000.00
Medium-term notes three period 17 Changfa Group MTN003	2,000,000,000.00	August 2017	3 years	2,000,000,000.00
Medium-term notes 4th period 18 Changfa Group MTN001	500,000,000.00	July 2018	5 years	500,000,000.00
Medium-term notes 5th period 18 Changfa Group MTN002	1,000,000,000.00	July 2018	5 years	1,000,000,000.00
Medium-term notes six issues 18 Changfa Group MTN003	1,000,000,000.00	August 2018	3 years	1,000,000,000.00
Medium-term notes seven issues 18 Changfa Group MTN004	2,000,000,000.00	September 2018	3 years	2,000,000,000.00

Bond name	Face Value	Issue date	Bond period	Issue amount
Ultra Short Rong Phase I 18 Changfa Group SCP001	1,500,000,000.00	April 2018	9 months	1,500,000,000.00
Ultra Short Rong Phase II 18 Changfa Group SCP002	1,500,000,000.00	July 2018	9 months	1,500,000,000.00
19 Changfa Group SCP001	1,500,000,000.00	January 2019	9 months	1,500,000,000.00
19 Changfa Group SCP002	1,500,000,000.00	March 2019	9 months	1,500,000,000.00
19 Changchun City made the investment ZR001	1,500,000,000.00	April 2019	3 years	1,500,000,000.00
19 Changfa Group SCP003	1,500,000,000.00	August 2019	9 months	1,500,000,000.00
19 Changchun City issued ZR002	450,000,000.00	September 2019	3 years	450,000,000.00
19 Changfa Group SCP004	500,000,000.00	October 2019	9 months	500,000,000.00
19 Changfa Group SCP005	1,000,000,000.00	October 2019	9 months	1,000,000,000.00
19 long hair 01	3,000,000,000.00	October 2019	3 years	3,000,000,000.00
2016 private placement bonds	2,772,950,000.00	March 2016	3 years	2,772,950,000.00
2017 Public Offering Bond	2,602,355,092.80	January 2017	3 years	2,570,713,311.92
2018 public offering bonds	2,745,274,792.00	November 2018	3 years	2,740,427,894.80
2019 public offering bond	1,744,100,205.00	September 2019	3 years	1,736,984,276.16
2019 ABS Phase I	706,000,000.00	April 2019	3 years	701,800,000.00
Total	42,020,680,089.80			41,972,875,482.88

Continued:

Bond name	Beginning balance	Current issued	Interest is charged at face value	Premium amortization	Repayment for the current period	Ending balance
Minshe ng Bank Medium Term Note	1,500,000,000.00					1,500,000,000.00
China Merchants Securities-PPN	3,000,000,000.00				500,000,000.00	2,500,000,000.00
2018 Changchun City Open PPN001	600,000,000.00					600,000,000.00
2019 Changchun City Open PPN001		1,400,000,000.00				1,400,000,000.00
2019 Changchun City		500,000,000.00				500,000,000.00

Bond name	Beginning balance	Current issued	Interest is charged at face value	Premium amortization	Repayment for the current period	Ending balance
Open PPN002						
Medium Term Note Phase I 17 Changfa Group MTN001	1,499,011,372.47					1,499,011,372.47
Medium Term Note Phase II 17 Changfa Group MTN002	1,997,403,463.30			52,726.82		1,997,350,736.48
Medium-term notes three period 17 Changfa Group MTN003	1,997,143,964.83			0.07		1,997,143,964.76
Medium-term notes 4th period 18 Changfa Group MTN001	499,340,914.97			-0.01		499,340,914.98
Medium-term notes 5th period 18 Changfa Group MTN002	998,636,598.61			-0.02		998,636,598.63
Medium-term notes six issues 18 Changfa Group MTN00	999,073,403.98			926,596.02		98,146,807.96

Bond name	Beginning balance	Current issued	Interest is charged at face value	Premium amortization	Repayment for the current period	Ending balance
3						
Medium-term notes seven issues 18 Changfa Group MTN004	1,998,092,530.36			1,907,469.64		1,996,185,060.72
Ultra Short Rong Phase I 18 Changfa Group SCP001	1,499,786,766.63			-213,233.37	1,500,000,000.00	
Ultra Short Rong Phase II 18 Changfa Group SCP002	1,499,127,681.58			-872,318.42	1,500,000,000.00	
19 Changfa Group SCP001		1,500,000,000.00			1,500,000,000.00	
19 Changfa Group SCP002		1,500,000,000.00			1,500,000,000.00	
19 Changchun City made the investment ZR001		1,500,000,000.00		7,974,404.58	25,000,000.00	1,467,025,595.42
19 Changfa Group SCP003		1,500,000,000.00		1,442,734.56		1,498,557,265.44
19 Changchun City issued ZR002		450,000,000.00		2,903,443.40		447,096,556.60
19 Changfa Group SCP004		500,000,000.00		630,454.89		499,369,545.11

Bond name	Beginning balance	Current issued	Interest is charged at face value	Premium amortization	Repayment for the current period	Ending balance
19 Changfa Group SCP005		1,000,000,000.00		1,305,246.84		998,694,753.16
19 long hair 01		3,000,000,000.00		2,360,404.69		2,997,639,595.31
2016 private placement bonds	2,735,118,685.93			-55,441,642.07	2,790,560,328.00	
2017 Public Offering Bond	2,732,723,186.67			-57,171,032.56		2,789,894,219.23
2018 public offering bonds	2,740,427,894.80			-46,847,528.66		2,787,275,423.46
2019 public offering bond		1,736,984,276.16		-996,878.36		1,737,981,154.52
2019 ABS Phase I		701,800,000.00		-1,012,961.46	347,596,800.00	355,216,161.46
Total	26,295,886,464.13	15,288,784,276.16		-143,052,113.42	9,663,157,128.00	32,064,565,725.71

Note: The final amount includes bonds payable that expire within one year.

Note 33. Long-term payable

Item	As of December 31, 2019	As of December 31, 2018
Long-term payable	1,108,045,356.01	2,238,166,119.11
Special payable	1,902,697,200.62	2,547,076,800.28
Total	3,010,742,556.63	4,785,242,919.39

(i). The top 5 long-term accounts payable with the largest ending balance

Project	As of December 31, 2019	As of December 31, 2018
Far East Horizon (Tianjin) Financial Leasing Co., Ltd.	379,066,253.85	547,501,161.60
Shanghai Financial Leasing Co., Ltd.	138,800,876.93	456,440,269.68
Ping An International Financial Leasing Tianjin Co., Ltd.	283,914,132.49	512,380,441.89
China Global Leasing Co., Ltd.	119,100,226.54	
COSCO Shipping Leasing Co., Ltd.	20,796,614.20	44,794,245.94

Project	As of December 31, 2019	As of December 31, 2018
Total	941,678,104.01	1,561,116,119.11

(ii). The top 5 items with the largest ending balance of special payables

Project	Beginning balance	Increase in the current period	Deduction in the current period	Ending balance
Financial special	1,637,812,191.75	147,782,000.00	951,799,600.21	833,794,591.54
Water supply facilities renovation project	190,000,000.00			190,000,000.00
Finance Bureau	400,504,173.75		119,270,000.00	281,234,173.75
Reducing the difference in production and marketing pipeline network transformation	53,598,193.47	10,194,309.95		63,792,503.42
Funds for ensuring water supply safety (financial appropriation)	55,000,000.00			55,000,000.00
Total	2,336,914,558.97	157,976,309.95	1,071,069,600.21	1,423,821,268.71

Note 34. Accrued expense

Item	As of December 31, 2019	As of December 31, 2018
Other	1,129,359.00	
Total	1,129,359.00	

Note 35. Deferred income

Project/Classification	Beginning balance	Increase in the current period	Decrease in current period	Ending balance
Financial subsidy	158,972,071.78	308,784,964.56	178,551,335.30	289,205,701.04
Others	1,501,735.64	750,867.82	35,290,787.65	-33,038,184.19
Total	160,473,807.42	309,535,832.38	213,842,122.95	256,167,516.85

Note 36. Other non-current liabilities

Project/Classification	Beginning balance	Increase in the current period	Decrease in current period	Ending balance
Financial subsidy	276,006.90		276,006.90	
Total	276,006.90		276,006.90	

Note 37. Capital

Investor name	Beginning balance		Increasing	Decreasing	Ending balance	
	Investment amount	proportion (%)			Investment amount	proportion (%)
Changchun Municipal People's Government State-owned Assets Supervision and	5,022,000,000.00	100.00			5,022,000,000.00	100.00

Investor name	Beginning balance		Increasing	Decreasing	Ending balance	
	Investment amount	proportion (%)			Investment amount	proportion (%)
Administration Commission						
Total	5,022,000,000.00	100.00			5,022,000,000.00	100.00

Note 38. Additional Paid-in Capital

Project	Beginning balance	Increase in the current period	Decrease in current period	Ending balance
Capital (share capital) premium	84,384,937,381.73	345,748,173.00	180,000,000.00	84,550,685,554.73
Other capital reserve	4,879,918,403.09	4,169,479,699.89		9,049,398,102.98
Total	89,264,855,784.82	4,515,227,872.89	180,000,000.00	93,600,083,657.71
Including: State-owned exclusive capital reserve				

Note 39. Other comprehensive income

1. Other comprehensive income items and their income tax effects and transferred to profit and loss situation

Project	Amount incurred in this period		
	Pre - tax amount	Income tax	Net after tax
I. Other comprehensive benefits that can not be classified into profit or loss			
1. Remeasure changes in defined benefit plans			
2. The share of other comprehensive income that can not be reclassified into profit or loss under equity method			
3. Others			
II. Other comprehensive income that are reclassified into profit and loss			
1. Other comprehensive income that can be turned into profit and loss under the equity method	-7,945,485.05		-7,945,485.05
Minus: Other comprehensive income transferred in the early stage is transferred into profit and loss of the current period			
Subtotal	-7,945,485.05		-7,945,485.05
2. Changes in fair value of financial assets available for sale	188,187,885.72	-3,291,688.06	191,479,573.78
Minus: Previous recorded in other comprehensive income record in profit and loss this year			
Subtotal	188,187,885.72	-3,291,688.06	191,479,573.78
3. Held-to-maturity investments are reclassified as gains or losses on financial assets available for sale			
Minus: Previous recorded in other comprehensive income record in profit and loss this year			
Subtotal			
4. Cash flow hedging Reserve (effective portion of cash flow hedging gains and losses)			

Project	Amount incurred in this period		
	Pre - tax amount	Income tax	Net after tax
Less: Advance transfer to other consolidated income current period transfer profit and loss			
Adjustments to the initial recognition amount of the hedged project			
Subtotal			
5. Differences on translation reserve	5,737,240.38		5,737,240.38
Minus: Previous recorded in other comprehensive income record in profit and loss this year(after tax)			
Subtotal	5,737,240.38		5,737,240.38
6. Others	4,672,087,426.29	1,168,021,856.58	3,504,065,569.71
Less: Pre-entry into profit and loss in the current period of other consolidated income			
Subtotal	4,672,087,426.29	1,168,021,856.58	3,504,065,569.71
III. Total other comprehensive income	4,858,067,067.34	1,164,730,168.52	3,693,336,898.82

2. Reconciliation of other consolidated income

Project	Reallo- cation of change s resultin g from net liabiliti es or net assets of defined benefit plans	Share of other conso- lidate d gains accoun- ted for by equity metho- d that canno- t be reclas- sified into profit and loss by the invest- ed unit	Share of other consolidated benefits accounted for by the equity method that will be reclassified into profit and loss after the invested unit	Profits or losses of changes in the fair value of financial assets available for sale	Profits or losse s in whic h inves- tmen- ts held to matu- rity are recla- ssifie d as finan- cial asset s avail- able for sale	Effec- tive porti- on of cash flow hedgi- ng gains or losse s	Difference in translation of foreign currency statements	Others	other consolidated income subtotal
I. Beginning Balance Amount				-297,753,122.19			-134,564,267.70	22,964,345.00	-409,353,044.89
II. Amount of change in current period increase or decrease			-7,945,485.05	191,479,573.78			5,737,240.38	3,504,065,569.71	3,693,336,898.82

Project	Reallo- cation of change s resultin g from net liabiliti es or net assets of defined benefit plans	Share of other conso- lidate d gains accoun- ted for by equity metho- d that canno- t be reclas- sified into profit and loss by the invest- ed unit	Share of other consolidated benefits accounted for by the equity method that will be reclassified into profit and loss after the invested unit	Profits or losses of changes in the fair value of financial assets available for sale	Profi- ts or losse- s in whic- h inves- tmen- ts held to matu- rity are recla- ssifie- d as finan- cial asset- s avail- able for sale	Effec- tive porti- on of cash flow hedgi- ng gains or losse- s	Difference in translation of foreign currency statements	Others	other consolidated income subtotal
III. End- ing Balan- ce Amo- unt			-7,945,485.05	-106,273,548.41			-128,827,027.32	3,527,029,914.71	3,283,983,853.93

Note 40. Earned Surplus

Project	Beginning balance	Increase in the current period	Decrease in current period	Ending balance
Statutory surplus reserve fund	1,812,179,081.84	71,134,875.43		1,883,313,957.27
Discretionary surplus fund				
Reserved funds				
Business development fund				
Total	1,812,179,081.84	71,134,875.43		1,883,313,957.27

Note 41. General Risk Preparedness

Project	As of December 31, 2019	As of December 31, 2018	Proportion (%)
General risk reserve for the financial industry	1,940,361.46	1,088,675.81	10%
Total	1,940,361.46	1,088,675.81	

Note 42. Retained Earning

Project	Amount incurred in current year	Amount incurred in prior year
Balance at the beginning of the period	24,469,343,996.04	22,809,840,073.57
Increase	1,873,653,971.71	1,932,410,572.12
Among: Current net profit transferred	1,873,653,971.71	1,932,410,572.12
Other adjustment factors		
Decrease	72,037,278.42	272,906,649.65

Project	Amount incurred in current year	Amount incurred in prior year
Among: The amount of surplus reserves in the current period	71,134,875.43	65,549,957.81
This issue of general risk preparation	851,685.65	1,088,675.81
Cash dividends are distributed in the current period	50,717.34	47,200.00
Capital increase		
Other reductions		206,220,816.03
Balance at the end of the period	26,270,960,689.33	24,469,343,996.04

Note 43. Operating Income and Cost

Project	Amount incurred in current year		Amount incurred in prior year	
	Income	Cost	Income	Cost
1. Main business subtotal	4,003,122,256.11	2,998,701,677.76	3,460,102,500.94	2,758,504,088.60
Engineering and construction services income	478,319,387.21	239,294,242.24	430,781,886.25	331,725,889.54
Product sales revenue	1,603,066,562.50	1,532,332,287.18	1,296,082,353.73	1,247,463,873.86
Water treatment income	1,476,113,474.27	1,147,981,814.93	1,378,109,825.93	1,084,841,125.30
Financial service income	297,832,603.07	92,255.45	236,242,842.05	4,613,583.78
Rental income	123,818,679.50	53,190,700.60	83,548,666.28	47,365,424.06
Other service income	23,971,549.56	25,810,377.36	35,336,926.70	42,494,192.06
2. Other operating income subtotal	291,550,076.28	202,933,306.75	299,148,508.02	191,783,398.15
Engineering and construction services income	997,378.85	1,068,961.00	12,730,028.01	12,635,916.36
Product sales revenue			6,465,793.96	3,691,273.85
Rental income	10,136,783.98	555,255.30	9,953,950.16	152,542.67
Financial service income	265,638,324.66	125,749,348.49	257,495,607.98	131,345,882.24
Other service income	14,777,588.79	75,559,741.96	12,503,127.91	43,957,783.03
Total	4,294,672,332.39	3,201,634,984.51	3,759,251,008.96	2,950,287,486.75

Note 44. Selling expenses

Item	Amount incurred in current year	Amount incurred in prior year
Advertising fee	120,785.84	571,224.29
Expenses	1,273,798.00	1,325,118.00
Business Hospitality		3,346.82
Marketing service fee	488,449.90	150,547.45

Item	Amount incurred in current year	Amount incurred in prior year
Labor service fee	8,048,595.40	6,577,505.47
Office expenses	195,152.68	117,344.26
Travel expenses	637,389.45	834,881.31
Rental fees	3,474,423.07	1,772,048.80
Transport fees	63,485.70	777,490.94
Insurance	881,462.36	486,513.76
Employee's salary	74,894,216.52	73,443,778.78
Repair fee	1,230,194.26	379,181.52
Depreciation	17,119,485.89	498,003.83
Five insurances and one gold	681,474.09	1,122,177.68
Utilities	880,878.28	767,877.98
Low-value consumables	423,950.82	180,081.23
Transportation	2,118,010.00	2,195,838.00
Technical business expenses	3,385,140.07	742,030.72
Welfare fee	1,381,049.97	1,394,796.11
Audit evaluation fee	2,000.00	2,000.00
Union funds	1,535,033.13	9,204.41
Heating fee	1,041,508.19	1,026,674.70
loading fee	33,663.67	2,241,245.10
Other	1,663,481.82	1,782,086.03
Total	121,573,629.11	98,400,997.19

Note 45. General and administrative expenses

Project	Amount incurred in current year	Amount incurred in prior year
Office expenses	9,863,130.60	9,380,772.45
Insurance	1,278,834.28	3,590,725.91
Welfare fee	19,246,177.48	16,924,404.15
Union funds	6,361,018.43	8,650,444.63
Wage	245,111,397.13	224,658,726.24
Heating fee	10,600,771.60	14,407,560.48
Transportation	1,565,866.01	2,143,512.65
Communication fee	238,350.97	556,365.94
Labour protection fee	1,750,370.12	1,586,002.05
Travel expenses	4,730,477.49	5,758,289.50
Tax	1,555,220.43	1,129,153.87
Amortization of intangible	718,388.49	509,051.70

Project	Amount incurred in current year	Amount incurred in prior year
assets		
Repair fee	23,525,062.27	8,378,232.82
Promotion fee	1,832,025.81	3,920,071.27
5 insurances such as pension insurance	60,717,607.14	58,427,328.60
Business Hospitality	157,272.82	148,816.92
Long-term prepaid expenses	2,394,364.55	2,508,048.16
Depreciation	708,587,735.93	691,947,874.22
housing fund	40,962,567.87	33,772,031.25
Consulting service fee	9,687,972.30	13,111,862.53
Rental fees	2,203,216.58	1,085,311.73
Labor service fee	13,801,509.54	5,945,627.29
Low-value consumables	16,247,737.16	10,406,165.84
Hydropower heating	9,696,454.74	
Conference fee	1,479,793.69	1,947,852.24
Car consumption	4,214,082.01	6,313,508.31
Office Supplies	442,108.70	759,506.06
Office phone charges	265,864.21	581,785.00
Office utilities	28,863,164.96	22,134,103.72
Security for the disabled	807,323.37	749,444.56
Start-up fee	198,503.12	20,553.20
Office building lease	17,966,525.72	20,571,025.66
Litigation costs	692,355.91	1,262,691.54
Membership fee	689,300.88	512,464.00
Property costs	32,423,017.54	9,053,948.97
Communication fee	1,477,679.39	620,676.11
Inspection fees	53,657.90	64,772.22
Training fee	228,832.63	578,300.27
Asset management service fee	65,687.05	
Recruitment fees	4,698.11	
Fees for technical services	8,119,066.93	10,267,595.25
Intermediary fee	15,570,481.00	9,223,162.26
Freight	46,568.00	121,810.00
Sewage charges	11,403,419.74	3,864,156.17
Renovation costs	1,161,556.29	
Labor insurance	36,445,026.42	40,571,189.48
Other	16,892,940.46	22,905,635.34

Project	Amount incurred in current year	Amount incurred in prior year
Education funding	768,901.74	2,963,423.88
Party construction work funds	3,189,409.71	2,635,414.88
Total	1,376,303,495.22	1,276,669,399.32

Note 46. Financial expenses

Items	Amount incurred in current year	Amount incurred in prior year
Interest expense	2,945,738,159.38	2,498,073,637.82
Minus: Interest income	310,385,902.15	431,182,524.88
Exchange gains and losses	3,574,730.65	-1,177,218.44
Other	5,500,554.55	13,951,516.67
Service charges	55,274,734.26	2,669,843.33
Total	2,699,702,276.69	2,082,335,254.50

Note 47. Asset impairment loss

Items	Amount incurred in current year	Amount incurred in prior year
Bad debt expense	-51,850,112.78	-21,733,313.63
Inventory impairment		
Impairment on fixed assets	-3,623,956.19	-4,045,776.71
Others	-28,784,184.59	-56,161,808.00
Total	-84,258,253.56	-81,940,898.34

Note 48. Income from changes in fair value

Generate the source of the change in fair value	Amount incurred in current year	Amount incurred in prior year
Financial assets at fair value through profit or loss	-148,998.24	-391,120.38
Among: Derivative financial instruments arising from changes in fair value gains and losses		
Financial liabilities at fair value through profit or loss		
Among: Derivative financial instruments arising from changes in fair value gains and losses		
Investment property measured at fair value	3,500,594.38	
Other		
Total	3,351,596.14	-391,120.38

Note 49. Investment income

Sources of investment income generation	Amount incurred in current year	Amount incurred in prior year
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Sources of investment income generation	Amount incurred in current year	Amount incurred in prior year
Cost of long - term equity investment		
Long - term equity investment income from equity method	-38,683,395.00	5,514,912.65
Disposal of long-term equity investment generated investment income		
Investment income obtained during the period of financial assets at fair value through profit or loss	279,835.49	266,390.19
The investment income obtained from held-to-maturity investment period	94,948,865.91	76,447,710.31
The investment income obtained during the period when the available financial assets are available for sale	90,283,547.57	80,186,422.51
Disposing of the investment income obtained from the financial assets at fair value through profit or loss		
Disposal of investment income from held-to-maturity investments		
Disposal of available-for-sale financial assets	22,315.10	
Other		3,153,269.58
Total	146,851,169.07	165,568,705.24

Note 50. Other income

Item	Amount incurred in current year	Amount incurred in prior year
Government grants related to income	346,414,822.61	186,512,014.99
Total	346,414,822.61	186,512,014.99

Note 51. Gain on asset disposal

Item	Amount incurred in current year	Amount incurred in prior year	Amount credited to non-recurring gains and losses for the year
Profit from the disposal of non-mobile assets	4,125,341.95	914,746.49	4,125,341.95
Total	4,125,341.95	914,746.49	4,125,341.95

Note 52. Non-operating income

Project	Amount incurred in current year	Amount incurred in prior year	The amount included in the current non-recurring profit and loss
Non-current assets disposal gains	512,197.26	84,679.99	512,197.26
Fixed assets disposal gains			
Accept donations			
Government subsidy	4,745,150,182.68	4,366,913,132.38	4,745,150,182.68
Penalty income	8,114.15	9,533.57	8,114.15
Others	1,726,386.72	33,317,225.98	1,726,386.72
Total	4,747,396,880.81	4,400,324,571.92	4,747,396,880.81

Note 53. Non-operating expense

Project	Amount incurred in current year	Amount incurred in prior year	The amount included in the current non-recurring profit and loss
Non-current assets damage and scrap gains	1,532,616.08	250,225.61	1,532,616.08
Losses from debt restructuring			
External donation	612,211.77	2,291,714.40	612,211.77
Water conservancy construction fund	444,257.33	151,897.17	444,257.33
Fine	1,329,759.00	438,648.89	1,329,759.00
Late fee	2,488.58	46,207.18	2,488.58
Disability Fund			
Compensation	456,623.35		456,623.35
Others	3,303,775.47	1,819,971.36	3,303,775.47
Total	7,681,731.58	4,998,664.61	7,681,731.58

Note 54. Income tax expense

Project	Amount incurred in current year	Amount incurred in prior year
Current period income tax expense	108,703,669.91	77,231,761.52
Deferred tax adjustment	-18,661,520.77	-10,043,573.85
Others		
Total	90,042,149.14	67,188,187.67

Note 55. Cash Flow Statement

1. The cash flow statement adjusts the net profit to cash flow from operating activities

Project	Amount incurred in current year	Amount incurred in prior year
1. Adjust the net profit to cash flow from operating activities:		
Net profit	1,892,248,587.66	1,913,266,949.81
plus: Impairment of assets	84,258,253.56	81,940,898.34
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	797,539,068.24	863,141,099.52
Amortization of intangible assets	4,580,711.49	574,063.75
Amortization of long-term deferred expenses	6,761,477.26	5,636,209.63
Disposal of fixed assets, intangible assets and other long-term assets	-4,125,341.95	-914,746.49
Loss on fixed assets (gains are listed with "-")	-227,413.38	
Loss of fair value changes (gains are listed with "-")	-3,351,596.14	391,120.38
Financial expenses (earnings are listed with "-")	2,938,580,049.82	2,501,305,154.49
Investment losses (gains are listed with "-")	-146,851,169.07	-165,568,705.24

Project	Amount incurred in current year	Amount incurred in prior year
Deferred tax assets are reduced (increased with "-")	-19,648,459.14	-20,697,825.85
Deferred tax liabilities increase (decrease by "-")		
Decrease in inventory (increase with "-")	-678,405,028.53	-866,784,924.05
Decrease in operating receivables (increase in "-")	-4,876,108,901.47	909,900,527.69
Increase in operating payable (decrease in "-")	961,503,141.97	1,478,672,394.34
Others		
Net cash flow from operating activities	956,753,380.32	6,700,862,216.32
2. Significant investment and financing activities that do not involve cash receipts and payments:		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Capital lease of fixed assets		
3. Net cash and cash equivalents:		
Cash at the end of the balance	15,940,911,761.31	19,187,993,052.03
Minus: Cash at the beginning of the balance	19,187,993,052.03	14,916,605,431.99
Plus: The ending balance of the cash equivalents		
Minus: Cash equivalents at the beginning of the balance		
Net increase in cash and cash equivalents	-3,247,081,290.72	4,271,387,620.04

2. Cash and cash equivalents

Project	As of December 31, 2019	As of December 31, 2018
I. Cash	15,940,911,761.31	19,187,993,052.03
Including: Cash in stock	93,409.17	162,192.67
Can be used at any time to pay for bank deposits	15,838,962,900.17	19,187,830,859.36
May be used at any time to pay other monetary funds	101,855,451.97	
Can be used to pay the deposit of central bank payments		
Deposit with peers		
Put the same industry		
II. Cash equivalents		
Among: Capital investment due within three months		
III. Cash and cash equivalents at the end of the period	15,940,911,761.31	19,187,993,052.03

IX. Descriptions of contingencies

1、The company within the group, the group outside the guarantee situation (currency unit: RMB 10,000)

Serial number	Guarantee Company	Guaranteed object		Form of guarantee	Actual guarantee amount	Guarantee amount
		Name	Nature of company			
	Total				3,010,064.28	1,987,177.42
	Within the group					
1	Changchun Urban Development and Investment Holding (Group) Co., Ltd	Changchun Runde Investment Group Co., Ltd.	State-owned	Single guarantee	36,693.15	23,574.44
2	Changchun Urban Development and Investment Holding (Group) Co., Ltd	Changchun Runde Industrial Co., Ltd.	State-owned	Single guarantee	19,750.00	19,600.00
3	Changchun Urban Development and Investment Holding (Group) Co., Ltd	Changchun Runde Industrial Co., Ltd.	State-owned	Single guarantee	29,000.00	28,600.00
4	Changchun Urban Development and Investment Holding (Group) Co., Ltd	Changchun Runde Investment Group Co., Ltd.	State-owned	Single guarantee	30,000.00	30,000.00
5	Changchun Urban Development and Investment Holding (Group) Co., Ltd	Changchun Runde Industrial Co., Ltd.	State-owned	Single guarantee	99,000.00	99,000.00
6	Changchun Urban Development and Investment Holding (Group) Co., Ltd	Changchun Runde Investment Group Co., Ltd.	State-owned	Single guarantee	19,000.00	18,900.00
7	Changchun Urban Development and Investment Holding (Group) Co., Ltd	Changchun Runde Industrial Co., Ltd.	State-owned	Single guarantee	61,571.63	50,000.00
8	Changchun Urban Development and Investment Holding (Group) Co., Ltd	Changchun Runde Investment Group Co., Ltd.	State-owned	Single guarantee	80,000.00	32,000.00
9	Changchun Urban Development and Investment Holding (Group) Co., Ltd	Changchun City Development (Group) Co., Ltd.	State-owned	Single guarantee	47,000.00	28,200.00

Serial number	Guarantee Company	Guaranteed object		Form of guarantee	Actual guarantee amount	Guarantee amount
		Name	Nature of company			
10	Changchun Urban Development and Investment Holding (Group) Co., Ltd	Jilin Changfa New Urbanization Industry Co., Ltd.	Mixed ownership	Single guarantee	11,000.00	1,000.00
11	Changchun Urban Development and Investment Holding (Group) Co., Ltd	Changchun Changfa Shuangyang Investment Holdings (Group) Co., Ltd.	State-owned	Single guarantee	8,000.00	4,500.00
12	Changchun Urban Development and Investment Holding (Group) Co., Ltd	Changchun Changfa Shuangyang Investment Holdings (Group) Co., Ltd.	State-owned	Single guarantee	8,000.00	7,000.00
13	Changchun Urban Development and Investment Holding (Group) Co., Ltd	Licheng Financial Leasing (Shanghai) Co., Ltd.	State-owned	Single guarantee	6,000.00	2,000.00
14	Changchun Urban Development and Investment Holding (Group) Co., Ltd	Changchun Changfa Old City Reconstruction Engineering Co., Ltd.	State-owned	Single guarantee	1,180,000.00	550,000.00
15	Changchun Urban Development and Investment Holding (Group) Co., Ltd	Changchun Changfa Old City Reconstruction Engineering Co., Ltd.	State-owned	Single guarantee	400,000.00	400,000.00
16	Changchun Runde Investment Group Co., Ltd.	Changchun Urban Development and Investment Holding (Group) Co., Ltd	State-owned	Single guarantee	300,000.00	296,000.00
17	Changchun Runde Investment Group Co., Ltd.	Changchun Urban Development and Investment Holding (Group) Co., Ltd	State-owned	Single guarantee	30,000.00	30,000.00
18	Changchun Runde Investment Group Co., Ltd.	Changchun Runde Industrial Co., Ltd.	State-owned	Single guarantee	80,000.00	78,000.00
19	Changchun Runde Investment Group Co., Ltd.	Changchun Runde Industrial Co., Ltd.	State-owned	Single guarantee	50,000.00	50,000.00

Serial number	Guarantee Company		Guaranteed object		Form of guarantee	Actual guarantee amount	Guarantee amount
			Name	Nature of company			
20	Changchun Investment Co., Ltd.	Runde Group	Changchun Runde Industrial Co., Ltd.	State-owned	Single guarantee	100,000.00	18,310.00
21	Changchun Investment Co., Ltd.	Runde Group	Changchun Runde Industrial Co., Ltd.	State-owned	Single guarantee	99,000.00	99,000.00
22	Changchun Investment Co., Ltd.	Runde Group	Changchun Runde Industrial Co., Ltd.	State-owned	Single guarantee	19,750.00	19,600.00
23	Changchun Investment Co., Ltd.	Runde Group	Changchun Runde Industrial Co., Ltd.	State-owned	Collateral guarantee	99,999.50	18,310.00
24	Changchun Investment Co., Ltd.	Runde Group	Changchun Runde Commodity Concrete Co., Ltd.	State-owned	Collateral guarantee	12,000.00	12,000.00
25	Changchun Investment Co., Ltd.	Runde Group	Changchun Runde Building Material Co., Ltd.	State-owned	Collateral guarantee	8,000.00	8,000.00
26	Changchun Investment Co., Ltd.	Runde Group	Changchun City Development (Group) Co., Ltd.	State-owned	Multiplayer	25,000.00	-
27	Changchun Investment Co., Ltd.	Runde Group	Changchun City Development (Group) Co., Ltd.	State-owned	Multiplayer	25,000.00	-
28	Changchun Development (Group) Co., Ltd.	City	Changchun Kaiwanjia City Real Estate Development Co., Ltd.	State-owned	Single guarantee	110,600.00	50,582.98
29	Changchun Development (Group) Co., Ltd.	City	Changchun Chengkai Industrial Co., Ltd.	State-owned	Single guarantee	9,000.00	9,000.00
30	Changchun Development (Group) Co., Ltd.	City	Changchun Chengkai Engineering Construction Co., Ltd.	State-owned	Single guarantee	4,000.00	4,000.00
31	Changchun Development (Group) Co., Ltd.	City	Changchun Chengkai Engineering Construction Co., Ltd.	State-owned	Single guarantee	2,700.00	-

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Serial number	Guarantee Company	Guarantee object		Form of guarantee	Actual guarantee amount	Guarantee amount
		Name	Nature of company			
	Total				2,363,391.09	794,390.80
	Outside the group					
1	Changchun Urban Development and Investment Holding (Group) Co., Ltd	Changchun City Investment Construction Investment (Group) Co., Ltd.	State-owned	Single person warrant	490,000.00	189,297.00
2	Changchun Urban Development and Investment Holding (Group) Co., Ltd	Changchun City Investment Construction Investment (Group) Co., Ltd.	State-owned	Single person warrant	450,000.00	28,602.24
3	Changchun Urban Development and Investment Holding (Group) Co., Ltd	Changchun City Investment Construction Investment (Group) Co., Ltd.	State-owned	Single person warrant	350,000.00	110,000.00
4	Changchun Urban Development and Investment Holding (Group) Co., Ltd	Changchun City Investment Construction Investment (Group) Co., Ltd.	State-owned	Single person warrant	240,000.00	75,000.00
5	Changchun Urban Development and Investment Holding (Group) Co., Ltd	Changchun City Investment Construction Investment (Group) Co., Ltd.	State-owned	Single person warrant	350,000.00	79,000.00
6	Changchun Urban Development and Investment Holding (Group) Co., Ltd	Changchun City Investment Construction Investment (Group) Co., Ltd.	State-owned	Single person warrant	59,500.00	10,656.00
7	Changchun Urban Development and Investment Holding (Group) Co., Ltd	Changchun City Investment Construction Investment (Group) Co., Ltd.	State-owned	Single person warrant	58,877.30	36,561.56

Serial number	Guarantee Company	Guarantee object		Form of guarantee	Actual guarantee amount	Guarantee amount
		Name	Nature of company			
9	Changchun Urban Development and Investment Holding (Group) Co., Ltd	Changchun City Investment Construction Investment (Group) Co., Ltd.	State-owned	Single person warrant	50,000.00	44,000.00
10	Changchun Urban Development and Investment Holding (Group) Co., Ltd	Changchun City Investment Construction Investment (Group) Co., Ltd.	State-owned	Single person warrant	50,000.00	10,000.00
11	Changchun Urban Development and Investment Holding (Group) Co., Ltd	Changchun City Investment Construction Investment (Group) Co., Ltd.	State-owned	Single person warrant	49,000.00	47,040.00
12	Changchun Urban Development and Investment Holding (Group) Co., Ltd	Changchun City Investment Construction Investment (Group) Co., Ltd.	State-owned	Single person warrant	29,500.00	2,339.00
13	Changchun Urban Development and Investment Holding (Group) Co., Ltd	Changchun City Investment Construction Investment (Group) Co., Ltd.	State-owned	Single person warrant	21,913.79	950.00
14	Changchun Runde Investment Group Co., Ltd.	Changchun Runde Construction Project Management Co., Ltd.	State-owned	Single person warrant	122,100.00	119,390.00
15	Changchun Runde Investment Group Co., Ltd.	Changchun Runde Construction Project Management Co., Ltd.	Associate	Single person warrant	42,500.00	41,555.00

Cont2. Guarantees provided by the company within and outside the group

Company name	Related party relations	Current year guarantee amount	Prior year guarantee amount
Changchun Runde Investment Group Co., Ltd.	Subsidiary	330,000.00	680,000.00

X.Subsequent events after the balance sheet date

From the balance sheet date to the date of reporting, the Company has no material non-adjustment events after the balance sheet date of financial status, operating results and cash flow during the reporting period.

XI.Related party relationship and its transaction

None related party transactions.

XII.Subsequent events after the balance sheet date

No subsequent events after the balance sheet date.

Legal representative:

Financial director:

Financial manager:

Changchun Urban Development and Investment Holding (Group) Co., Ltd
April 20, 2020

ISSUER

Chang Development International Limited
 長發國際有限公司
 Vistra Corporate Services Centre
 Wickhams Cay II, Road Town, VG1110
 Tortola
 British Virgin Islands

GUARANTOR

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 (長春市城市發展投資控股(集團)有限公司)
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 PRC

TRUSTEE

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 83 Hoi Bun Road
 Kwun Tong
 Hong Kong

PRINCIPAL PAYING AGENT, TRANSFER AGENT AND REGISTRAR

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