

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES. THE OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES LOCATED 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 (as defined in the Offering Circular) as a result of such access.

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

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

Confirmation of your Representation:

In order to be eligible to view the Offering Circular or make an investment decision with respect to the securities, investors must be purchasing the securities outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act. By accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to have represented to the Joint Lead Managers (as defined in the Offering Circular), the Issuer and the Guarantor (1) that you and any customers you represent are not, and that the electronic mail address that you gave the Issuer or the Guarantor and to which this e-mail has been delivered is not, located in the United States and (2) that you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

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

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 jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular to any other person.

The materials relating to any offering of securities described in the Offering Circular do not constitute, and may not be used in connection with, an offer or solicitation by or on behalf of any of the Issuer, the Guarantor, the Joint Lead Managers, nor any of their respective directors, officers, employees, agents, representatives, advisers or affiliates in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licenced broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers are licenced brokers or dealers in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer or the Guarantor in such jurisdiction.

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 neither the Joint Lead Managers, the Trustee, the Agents (as defined in the “Terms and Conditions of the Bonds” below), or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates or any person who controls any of them accepts any liability or responsibility whatsoever in respect of 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.

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.

Actions that you may not take: If you receive this Offering Circular by e-mail, you should not reply by e-mail to this Offering Circular, 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.

STRICTLY CONFIDENTIAL



HUZHOU MOGANSHAN HIGH-TECH GROUP CO., LTD.
(湖州莫干山高新集團有限公司)

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

U.S.\$210,000,000 5.48 per cent. Guaranteed Bonds due 2027
unconditionally and irrevocably guaranteed by

HUZHOU MOGANSHAN STATE-OWNED CAPITAL HOLDING GROUP CO., LTD.
(湖州莫干山國有資本控股集團有限公司)



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

Issue Price: 100.00 per cent.

The U.S.\$210,000,000 5.48 per cent. guaranteed bonds due 2027 (the “**Bonds**”) will be issued by Huzhou Moganshan High-tech Group Co., Ltd. (湖州莫干山高新集團有限公司) (the “**Issuer**”), a company incorporated in the People's Republic of China (the “**PRC**”) with limited liability. Huzhou Moganshan State-owned Capital Holding Group Co., Ltd. (湖州莫干山國有資本控股集團有限公司) (the “**Guarantor**”) has unconditionally and irrevocably guaranteed the due and punctual payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds. Its obligations in that respect (the “**Guarantee**”) are contained in the deed of guarantee (the “**Deed of Guarantee**”) dated on or about 16 April 2024 (the “**Issue Date**”) executed by the Guarantor and the Trustee (as defined herein) relating to the Bonds.

The Bonds will bear interest on their outstanding principal amount from and including the Issue Date at the rate of 5.48 per cent. per annum, payable semi-annually in arrear in equal instalments on 16 April and 16 October in each year (each an “**Interest Payment Date**”). Payments on the Bonds or under the Guarantee will be made without set-off or counterclaim and free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC (which for this purpose, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan) or any political subdivision or authority therein or thereof having power to tax to the extent described under Condition 8 (*Taxation*) of the terms and conditions of the Bonds (the “**Terms and Conditions**”).

The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4.1 (*Negative Pledge*) of the Terms and Conditions) unsecured obligations of the Issuer and (subject as stated above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable laws and regulations and subject to Condition 4.1 (*Negative Pledge*) of the Terms and Conditions, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

Neither the MHTZ (formally known as Deqing Economic Development Zone) Management Committee of Huzhou Municipal People's Government (“**MHTZ Management Committee**”) nor any other PRC governmental entity is an obligor or has any payment or other obligations under the Bonds or the Deed of Guarantee or will provide a guarantee of any kind for the Bonds. The Bondholders (as defined below) shall have no recourse to the MHTZ Management Committee or any other PRC governmental entity in respect of any obligation arising out of or in connection with the Bonds or the Guarantee.

Pursuant to the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign Debts of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令第56號)) issued by National Development and Reform Commission of the PRC (the “**NDRC**”) and which came into effect on 10 February 2023, and any implementation rules, regulations, certificates, circulars or notices in connection therewith as issued by the NDRC from time to time (the “**NDRC Measures**”), the Guarantor has registered the issuance of the Bonds with the NDRC and obtained a certificate from the NDRC dated 29 December 2023 and the written decision on approval of the application for change (《關於同意調整外債發行有關事項的函》) dated 21 February 2024 evidencing such registration, each of which remains in full force and effect. The Guarantor undertakes to file or cause to be filed with the NDRC the requisite information and documents within ten PRC Business Days (as defined in the Terms and Conditions) after the Issue Date (the “**NDRC Post-issue Filing**”) in accordance with the NDRC Measures and shall comply with all applicable PRC laws and regulations in connection with the Bonds (including but not limited to the NDRC Measures).

The Issuer undertakes that it shall (a) within 15 PRC Business Days after the Issue Date, register or cause to be registered with the State Administration of Foreign Exchange of the PRC or its local counterparts (“**SAFE**”) the Bonds pursuant to (i) the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》) and its operating guidelines, effective as of 13 May 2013 and amended on 4 May 2015, and if applicable, (ii) the Circular on Relevant Matters about the Macro-Prudential Management of Cross-border Financing in Full Aperture (《中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知》) issued by the People's Bank of China of the PRC (the “**PBOC**”) and which came into effect on 12 January 2017, and any implementation rules, reports, certificates, approvals or guidelines as issued by the SAFE or the PBOC, as the case may be, from time to time (the “**SAFE Registration**”) and (b) use its best endeavours to complete the SAFE Registration and obtain a registration record from SAFE on or before the Registration Deadline (being 90 PRC Business Days (as defined in the Terms and Conditions) after the Issue Date); and each of the Issuer and the Guarantor undertakes to comply with all applicable PRC laws and regulations in relation to the Bonds and the Deed of Guarantee.

Unless previously redeemed, or purchased and cancelled pursuant to Condition 7 (*Redemption and Purchase*) of the Terms and Conditions, the Issuer will redeem the Bonds at their principal amount on 16 April 2027 (the “**Maturity Date**”). At any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (as defined below) (which notice shall be irrevocable), the Issuer may at its option redeem all the Bonds, but not some only, at any time at their principal amount together with unpaid interest accrued up to but excluding the date of redemption, if the Issuer or, as the case may be, the Guarantor will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in the Terms and Conditions), or any change in, or amendment to, the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective on or after 11 April 2024, the Issuer (or, if the Guarantee were called, the Guarantor) would be required to pay Additional Tax Amounts as provided or referred to in Condition 8 (*Taxation*) of the Terms and Conditions, and the requirement cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it. Following the occurrence of a Change of Control or No Registration Event (each as defined in the Terms and Conditions), each holder of the Bonds (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 (as defined in the Terms and Conditions) at 101 per cent. (in the case of a redemption for a Change of Control (as defined in the Terms and Conditions)) or 100 per cent. (in the case of a redemption for a No Registration Event (as defined in the Terms and Conditions)) of their principal amount together in each case with accrued and unpaid 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*”.

The Bonds will be issued in the specified denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

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

The Bonds and the 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. For a description of these and certain further restrictions on offers and sales of the Bonds and the distribution of this Offering Circular, see “*Subscription and Sale*”.

Approval in-principal has been obtained from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing of and quotation for the Bonds on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission of the Bonds 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, its subsidiaries, its associated companies or the Bonds. 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.

Upon issue, the Bonds will be represented by a global certificate (the “**Global Certificate**”) registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). Transfers of interests in the Global Certificate will be effected in accordance with the rules and procedures of Euroclear and Clearstream. Except in the limited circumstances described in the Global Certificate, certificates for Bonds will not be issued in exchange for beneficial interests in the Global Certificate.

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

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

China International Capital Corporation	Huatai International	BOSC International
Joint Lead Managers and Joint Bookrunners		
China Securities International	CITIC Securities	CMBC Capital
Maxwealth Global	SPDB International	Industrial Bank Co., Ltd. Hong Kong Branch
		TF International

Offering Circular dated 11 April 2024

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 AT ANY DATE SUBSEQUENT TO THE DATE HEREOF.

Listing 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 (as defined herein) or the Bonds. In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor, the Group and the terms of the offering of the Bonds, 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.

Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this Offering Circular. Each of the Issuer and the Guarantor, having made all reasonable enquiries, confirms that (i) this Offering Circular contains, all information with respect to the Group, the Guarantee and the Bonds which is material in the context of the issue and offering of the Bonds (including all information required by applicable laws and according to the particular nature of the Issuer, the Guarantor, the Group, the Guarantee and the Bonds, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer, the Guarantor and the Group and of the rights attaching to the Guarantee and the Bonds); (ii) any statements of fact relating to the Issuer, the Guarantor, the Group, the Guarantee and the Bonds contained in this Offering Circular and any amendment or supplement to this Offering Circular are true and accurate in every material respect and not misleading; (iii) all statements of opinions, intention, belief or expectation and forward-looking statements contained in this Offering Circular are honestly and truly held, have been made after due and careful consideration of all relevant circumstances and are based on reasonable assumptions; (iv) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such statements; (v) this Offering Circular does not contain any untrue statement of a material fact, or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (vi) the statistical, industry and market-related data, each of which is based on or derived or extracted from sources which each of the Issuer and the Guarantor believes to be accurate and reliable in all material respects and represent its good faith estimates that are made on the basis of data so derived from such sources. Each of the Issuer and the Guarantor has taken reasonable care in reproducing or extracting such data into this Offering Circular, to the extent required, the Issuer and the Guarantor have obtained the written consent to the use of such data from such sources.

Each of the Issuer and the Guarantor has prepared this Offering Circular 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 and 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, and the Joint Lead Managers (as defined below) to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds, 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 circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, Hong Kong, Macau, the PRC, Singapore and Japan and to persons connected therewith. For a description of further restrictions on offers and sales of the Bonds and distribution of this Offering Circular, see “*Subscription and Sale*”. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the Bonds. Distribution of this Offering Circular to any person other

than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, represents and agrees to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Guarantor, the Group, or the Bonds, the Guarantee, other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee, the Agents or their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor or the Group since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, China International Capital Corporation Hong Kong Securities Limited, Huatai Financial Holdings (Hong Kong) Limited, BOSC International Securities Limited, China Securities (International) Corporate Finance Company Limited, CLSA Limited, CMBC Securities Company Limited, Industrial Bank Co., Ltd. Hong Kong Branch, Maxwealth Global Asset Management Company Limited, SPDB International Capital Limited and TFI Securities and Futures Limited (together, the “**Joint Lead Managers**”), the Trustee, the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them to subscribe for or purchase the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

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

None of the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them has independently verified the information contained in this Offering Circular. Nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee, the Agents or any of the respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them that any recipient of this Offering Circular should purchase the Bonds.

Each person receiving this Offering Circular acknowledges that it has not relied on the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision, and such person must rely

on its own examination of the Issuer, the Guarantor, the Group, and the merits and risks involved in investing in the Bonds. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them accepts any responsibility for the contents of this Offering Circular and assumes no responsibility for the contents, accuracy, completeness or sufficiency of any such information or for any other statement, made or purported to be made by the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them or on their behalf in connection with the Issuer, the Guarantor, the Group or 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 their respective affiliates, officers, employees, agents, representatives, directors and advisers or any person who controls any of them accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them undertakes to review the results of operations, financial condition or affairs of the Issuer, the Guarantor or the Group during the life of the arrangements contemplated by this Offering Circular or to advise any investor or prospective investor in the Bonds of any information coming to the attention of the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them.

IN CONNECTION WITH THE ISSUE OF THE BONDS, ANY OF THE JOINT LEAD MANAGERS APPOINTED AND ACTING IN ITS CAPACITY AS STABILISATION MANAGER (THE “STABILISATION MANAGER(S)”) AND/OR THEIR RESPECTIVE AFFILIATE(S) (OR PERSONS ACTING ON ITS BEHALF) MAY 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, STABILISATION MAY NOT NECESSARILY OCCUR. 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 CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER(S) (OR PERSON(S) ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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

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

None of the Issuer, the Guarantor, the Group, the Joint Lead Managers, the Trustee, the Agents or any person who controls any of them and their respective affiliates, officers, representatives, directors, employees, agents or advisers or any person who controls any of them are making any representation to any purchaser of the Bonds regarding the legality of any investment in the Bonds by such purchaser under any legal investment or similar laws or regulations. The contents of this Offering Circular should not be construed as legal, business, accounting or investment advice.

Singapore SFA Product Classification – In connection with Section 309B of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and are Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Important Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of this offering of the Bonds, including all of the Joint Lead Managers, are “**capital market intermediaries**” subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “**SFC Code**”). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such capital market intermediaries, which require the attention and cooperation of prospective investors. Certain capital market intermediaries may also be acting as “**overall coordinators**” for this offering and are subject to additional requirements under the SFC Code.

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

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

prospective investor should indicate to the relevant Joint Lead Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price discovery process in relation to this offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to this offering.

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

Industry and Market Data

Market data and certain information and statistics included in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although each of the Issuer and the Guarantor believes the information to be reliable, it has not been independently verified by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee, the Agents or their respective affiliates, directors, officers, employees, agents, advisers or representatives or any person who controls any of them and none of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee, the Agents or their respective affiliates, directors, officers, employees, agents, advisers or representatives or any person who controls any of them makes any representation as to the accuracy or completeness of such information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. In making an investment decision, each investor must rely on its own examination of the Issuer, the Guarantor, the Group and the terms of the offering and the Bonds, including the merits and risks involved. Where information has been sourced from a third party, the Issuer and the Guarantor confirm that this information has been accurately reproduced and that, as far as the Issuer and the Guarantor are aware and are able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

PRESENTATION OF FINANCIAL INFORMATION

The Issuer's audited consolidated financial information as at and for the years ended 31 December 2020, 2021 and 2022 have been extracted from the Issuer's consolidated financial statements as at and for the three years ended 2022 (together, the **"Issuer's Audited Financial Statements"**). The Issuer's Audited Financial Statements have been audited by RSM China CPA LLP (**"RSM China"**), the independent auditor of the Issuer.

The Guarantor's audited consolidated financial information as at and for the years ended 31 December 2020, 2021 and 2022 and as at and for the three months ended 31 March 2023 have been extracted from the Guarantor's consolidated financial statements as at and for the three years ended 31 December 2022 and as at and for the three months ended 31 March 2023 (together, the **"Guarantor's Audited Financial Statements"**). The Guarantor's Audited Financial Statements have been audited by RSM China.

The Issuer's Audited Financial Statements and the Guarantor's Audited Financial Statements were prepared and presented in accordance with the Accounting Standards for Business Enterprises in China (**"PRC GAAP"**). PRC GAAP differs in certain respects from the International Financial Reporting Standards (**"IFRS"**). The Issuer and the Guarantor have not prepared any reconciliation of such consolidated financial information between PRC GAAP and IFRS. For a discussion of certain differences between PRC GAAP and IFRS, see *"Summary of Certain Differences Between PRC GAAP and IFRS"*. See also *"Risk Factors – Risks Relating to the Group's Business – The Group's consolidated financial statements have been prepared and presented in accordance with PRC GAAP, which is different from IFRS in certain respects"*.

None of the Joint Lead Managers, the Trustee, the Agents or their respective affiliates, directors, officers, employees, agents, representatives and advisers makes any representation or warranty, express or implied, regarding the sufficiency of the Issuer's Audited Financial Statements and/or the Guarantor's Audited 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. None of the Joint Lead Managers, the Trustee, the Agents or their respective affiliates, directors, officers, employees, agents, representatives and advisers has independently verified any of the information contained therein and they can give no assurance that such information is accurate, truthful or complete.

Starting 1 January 2021, the Issuer adopted certain new accounting standards, including "Enterprise Accounting Standards No. 22 – Recognition and Measurement of Financial Instruments" (企業會計準則第22號—金融工具確認和計量), "Enterprise Accounting Standards No. 23 – Transfer of Financial Assets" (企業會計準則第23號—金融資產轉移), "Enterprise Accounting Standards No. 24 – Hedging Accounting" (企業會計準則第24號—套期會計), "Enterprise Accounting Standards No. 37 – Presentation of Financial Instruments" (企業會計準則第37號—金融工具列報), "Enterprise Accounting Standards No. 14 – Revenue" (企業會計準則第14號—收入) and "Enterprise Accounting Standards No. 21 – Leases" (企業會計準則第21號—租賃) (collectively, the **"2021 New Accounting Standards"**). The Issuer's comparative financial information as at and for the year ended 31 December 2020 was restated in the Issuer's Audited Financial Statements to reflect the adjustments made pursuant to the 2021 New Accounting Standards. As a result of such adjustment, certain financial figures as at and for the year ended 31 December 2020 in the Issuer's audited consolidated financial statements as at and for the year ended 31 December 2021 may not be comparable to the financial figures in the Issuer's financial statements for the previous periods. For details of the 2021 New Accounting Standards and their impacts on the Issuer's Audited Financial Statements, please see *"Notes to the Financial Statements – 3.32 Changes in Significant Accounting Policies and Accounting Estimates"* of the Issuer's Audited Financial Statements from pages F-96 to F-104.

Starting 1 January 2021, the Guarantor adopted the 2021 New Accounting Standards. The Guarantor's comparative financial information as at and for the year ended 31 December 2020 was restated in the Guarantor's Audited Financial Statements to reflect the adjustments made pursuant to the 2021 New

Accounting Standards. As a result of such adjustment, certain financial figures as at and for the year ended 31 December 2020 in the Guarantor’s audited consolidated financial statements as at and for the year ended 31 December 2021 may not be comparable to the financial figures in the Guarantor’s financial statements for the previous periods. For details of the 2021 New Accounting Standards and their impacts on the Guarantor’s Audited Financial Statements, please see “*Notes to the Financial Statements — 3.32 Changes in Significant Accounting Policies and Accounting Estimates*” of the Guarantor’s Audited Financial Statements from pages F-290 to F-297.

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 Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan), and 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 and “**Macau**” are to the Macau Special Administrative Region of the PRC; all references to “**Renminbi**”, “**RMB**” and “**CNY**” are to the lawful currency of the PRC, and all references to “**USD**”, “**U.S.\$**” and “**U.S. dollars**” are to the lawful currency of the United States of America.

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

In this Offering Circular, references to:

- “**Deqing County Government**” are to the People’s Government of Deqing County (德清縣人民政府);
- “**Deqing NRPB**” are to Deqing County Natural Resources and Planning Bureau (德清縣自然資源和規劃局, formerly known as the Land and Resources Bureau of Deqing County (德清縣國土資源局));
- “**GDP**” are to gross domestic product;
- “**Group**” are to the Guarantor and its subsidiaries taken as a whole;
- “**Huzhou City Government**” are to the People’s Government of Huzhou City (湖州市人民政府);
- “**Issuer Group**” are to the Issuer and its subsidiaries taken as a whole;
- “**MHTZ**” are to the Mogan Mountain of Huzhou Hi-tech Industry Development Zone (湖州莫干山高新技術產業開發區);
- “**MOFCOM**” are the Ministry of Finance of the PRC;
- “**MOHURD**” are to the Ministry of Housing and Urban-Rural Development of the PRC (formerly Ministry of Construction of the PRC, the “**MOC**”);
- “**PRC government**” and “**government**” are to the central government 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 Taxation Administration of the PRC;
- “**sq.m.**” are to square metres;
- “**State Council**” are to the state council of the PRC; and
- “**VAT**” are to value-added tax.

This Offering Circular contains a translation 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 relation to the Issuer has been translated into U.S. dollars, it has been so translated, for convenience only, at the rate of RMB6.8972 to U.S.\$1.00 (the noon buying rate in New York City on 30 December

2022 and financial information in relation to the Guarantor has been translated into U.S. dollars, it has been so translated, for convenience only, at the rate of RMB6.8676 to U.S.\$1.00 (the noon buying rate in New York City on 31 March 2023 as set forth in the weekly H.10 statistical release of the Federal Reserve Board of the Federal Reserve Bank of New York). Further information regarding exchange rate is set forth in “*Exchange Rates*” in this Offering Circular. No representation is made that the Renminbi amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars at any particular rate or at all.

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

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”, “would”, “could”, “estimate”, “expect”, “aim”, “intend”, “may”, “plan”, “will”, “would” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding expected financial condition and results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include but are not limited to statements as to the business strategy, revenue and profitability, planned projects and other matters as they relate to the Issuer, the Guarantor, and/or the Group discussed in this Offering Circular regarding matters that are not historical facts. 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:

- general political, economic and business conditions and competitive environment, including those related to the PRC and globally;
- capital expenditure plans and ability to carry out those plans;
- ability of the Group to control its costs;
- the continued availability of capital and financing;
- interest rates and foreign exchange rates, taxes and duties;
- the actions and developments of the Group’s competitors;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions in which the Group operates and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of the Group’s business;
- the Group’s ability to successfully implement business plans and strategies;
- access and cost of capital and financing;
- financial condition and performance of the Group;
- 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 Issuer or the Guarantor operates;

- various business opportunities that the Group may pursue;
- natural disasters, industrial action, terrorist attacks and other events beyond the Group's control;
- other risks associated with industries in which the Group operates;
- macroeconomic measures taken by the PRC government to manage economic growth; and
- other factors, including those discussed in “*Risk Factors*”.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in “*Risk Factors*” and elsewhere in this Offering Circular. Each of the Issuer and the Guarantor cautions investors not to place undue reliance on these forward-looking statements which reflect their managements' view only as at the date of this Offering Circular. None of the Issuer or the Guarantor undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur.

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SUMMARY

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.

DESCRIPTION OF THE ISSUER GROUP

OVERVIEW

The Issuer was established in January 2018 by the MHTZ Management Committee and is a state-owned enterprise directly and wholly owned by the Guarantor. The Issuer Group’s main business are (i) land development business, (ii) infrastructure construction business, (iii) resettlement housing business, (iv) industrial park business, (v) materials trading business and (vi) other businesses including leasing business, housing leasing business, property management business, labour dispatch business and other ancillary business. The Issuer Group’s principal business segments are as follows:

- Land Development

The Issuer Group is a key entity designated by the Deqing County Government and the Deqing NRPB to undertake land development projects in MHTZ, which generally involve land levelling and construction of basic supporting facilities. For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from the Issuer Group’s land development business was approximately RMB360.6 million, RMB343.1 million and RMB244.1 million, respectively, representing approximately 18.1 per cent., 16.4 per cent. and 10.6 per cent., respectively, of the Issuer Group’s total operating revenue for the same periods.

- Infrastructure Construction

As a key municipal infrastructure construction and operation entity in MHTZ designated by the MHTZ Management Committee and other local government agencies, the Issuer Group has undertaken a number of infrastructure construction projects within Deqing County. For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from the Issuer Group’s infrastructure construction business was approximately RMB309.1 million, RMB225.9 million and RMB325.5 million, respectively, representing approximately 15.5 per cent., 10.8 per cent. and 14.1 per cent., respectively, of the Issuer Group’s total operating revenue for the same periods.

- Resettlement Housing

The Issuer Group’s resettlement housing business is aimed at completing the government-ordered construction tasks of sheltered housing and resettlement housing. For the years ended 31 December 2020, 2021 and 2022, the resettlement housing projects under this business segment has not been recognised, and no operating revenue was generated for the same periods.

- Industrial Park Development

The Issuer Group develops and leases or sells commercial properties in industrial parks in Deqing County. For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from the Issuer Group’s industrial park development business was approximately RMB139.2 million, RMB54.7 million and nil, respectively, representing approximately 7.0 per cent., 2.6 per cent. and nil, respectively, of the Issuer Group’s total operating revenue for the same periods.

- **Materials Trading**

The Issuer Group's materials trading business mainly involves the procurement and sale of various products, including steel, cosmetics and construction materials. The Issuer Group's materials trading business mainly involves the procurement and sale of various products, including steel, cosmetics and construction materials. For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from the Issuer Group's industrial park development business was approximately RMB1,052.6 million, RMB1,329.6 million and RMB1,328.9 million, respectively, representing approximately 52.8 per cent., 63.4 per cent. and 57.7 per cent., respectively, of the Issuer Group's total operating revenue for the same periods.

- **Other Businesses**

The Issuer Group also engages in other businesses, such as leasing business, housing leasing business, property management business, labour dispatch business and other ancillary business. For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from the Issuer Group's other businesses was approximately RMB130.5 million, RMB145.3 million, and RMB402.8 million, respectively, representing approximately 6.6 per cent., 6.9 per cent., and 17.5 per cent., respectively, of the Issuer Group's total operating revenue for the same periods.

DESCRIPTION OF THE GROUP

OVERVIEW

The Guarantor is the primary investment, financing and construction entity for infrastructure in the MHTZ, which was established by the MHTZ Management Committee to integrate regional state-owned resources as a regional investment and financing platform, and is a core platform designated by the MHTZ Management Committee to implement its infrastructure construction and state-owned asset management plans. Leveraging strong government support, the Group has played an important role in furthering the social and economic development of MHTZ by undertaking and completing a number of strategically important infrastructure projects in MHTZ. As at the date of this Offering Circular, the Guarantor is directly and wholly owned by the MHTZ Management Committee, which is a government organ of the Huzhou Municipal People's Government and share the same working staff and management team with the Deqing County Government.

The Group primarily conducts its business within the MHTZ, a national-level high-tech industry development zone with a total planned area of approximately 6.65 sq.km. in Deqing County. The Deqing County is located in Huzhou City, Zhejiang Province. Located in the interior of the Yangtze River Delta and abutting on Tai Lake (太湖), the Deqing County is well connected to neighbouring major cities such as Shanghai and Hangzhou, and thus serves as an important transportation hub of Huzhou. The MHTZ, formerly known as Deqing Economic Development Zone (德清經濟開發區), was established with the approval of Zhejiang Provincial Government (浙江省人民政府) in June 2010. With a friendly environment for technology and innovation businesses, the MHTZ has attracted a large number of enterprises to set up facilities, branches or offices. The Deqing County and the MHTZ have achieved a rapid economic and societal growth in recent years, which has provided opportunities and needs for the development of infrastructure and supporting facilities in MHTZ and in turn driven the growth of the Group's business.

The Group has a diversified business portfolio. As at the date of this Offering Circular, the Group's main businesses are (i) land development business, (ii) infrastructure construction business, (iii) resettlement housing business, (iv) industrial park business, (v) materials trading business and (vi) other businesses including finance leasing business, housing leasing business, property management business, labour dispatch business, leasing business and other ancillary businesses. The Group's principal business segments are as follows:

- Land Development

The Group is a key entity designated by the Deqing NRPB to undertake land development projects in MHTZ, which generally involve land levelling and construction of supporting facilities. For the years ended 31 December 2020, 2021 and 2022 and for the three months ended 31 March 2023, the operating revenue generated from the Group's land development business was approximately RMB360.6 million, RMB343.1 million, RMB244.1 million and nil, respectively, representing approximately 18.1 per cent., 16.4 per cent., 10.6 per cent. and nil, respectively, of the Group's total operating revenue for the same periods.

- Infrastructure Construction

As a key municipal infrastructure construction and operation entity in MHTZ designated by the MHTZ Management Committee and other local government agencies, the Group has undertaken a number of infrastructure construction projects within Deqing County. For the years ended 31 December 2020, 2021 and 2022 and for the three months ended 31 March 2023, the operating revenue generated from the Group's infrastructure construction business was approximately RMB309.1 million, RMB225.9 million, RMB325.5 million and RMB14.5 million, respectively, representing approximately 15.5 per cent., 10.8 per cent., 14.1 per cent. and 3.0 per cent., respectively, of the Group's total operating revenue for the same periods.

- Resettlement Housing

The Group's resettlement housing business is aimed at completing the government-ordered construction tasks of sheltered housing and resettlement housing. For the years ended 31 December 2020, 2021 and 2022 and for the three months ended 31 March 2023, the resettlement housing projects under this business segment has not been recognised, and no operating revenue was generated for the same periods.

- Industrial Park Development

The Group develops and leases or sells commercial properties in industrial parks in Deqing County. For the years ended 31 December 2020, 2021 and 2022 and for the three months ended 31 March 2023, the operating revenue generated from the Group's industrial park development business was approximately RMB139.2 million, RMB54.7 million, nil and nil, respectively, representing approximately 7.0 per cent., 2.6 per cent., nil and nil, respectively, of the Group's total operating revenue for the same periods.

- Materials Trading

The Group's materials trading business mainly involves the procurement and sale of various products, including steel, cosmetics and construction materials. For the years ended 31 December 2020, 2021 and 2022 and for the three months ended 31 March 2023, the operating revenue generated from the Group's industrial park development business was approximately RMB1,052.6 million, RMB1,329.6 million, RMB1,328.9 million and RMB357.0 million, respectively, representing approximately 52.8 per cent., 63.4 per cent., 57.7 per cent. and 73.4 per cent., respectively, of the Group's total operating revenue for the same periods.

- Other Businesses

The Group also engages in other businesses, such as finance leasing business, housing leasing business, property management business, labour dispatch business, leasing business and other ancillary businesses. For the years ended 31 December 2020, 2021 and 2022 and for the three months ended 31 March 2023, the operating revenue generated from the Group's other businesses was approximately RMB130.5 million, RMB145.3 million, RMB402.8 and RMB115.1 million, respectively, representing approximately 6.6 per cent., 6.9 per cent., 17.5 per cent. and 23.6 per cent., respectively, of the Group's total operating revenue for the same periods.

RECENT DEVELOPMENTS

Acquisition of Zhejiang Founder

On 6 March 2023, the Guarantor's subsidiary Huzhou Zhiqu Technology Industry Development Co., Ltd. (湖州智驅科技產業發展有限公司) (“**Huzhou Zhiqu**”) completed the acquisition (the “**Acquisition**”) of 9.02 per cent. of the issued share capital of Zhejiang Founder Motor Co., Ltd. (浙江方正電機股份有限公司) (“**Zhejiang Founder**”) and was entrusted 3.01 per cent. of the voting rights of Zhejiang Founder held by Zhuoyue Automobile Co., Ltd. (卓越汽車有限公司) (the “**Entrustment**”). After the completion of the Acquisition and the Entrustment, Huzhou Zhiqu held 12.03 per cent. of the voting rights of Zhejiang Founder and became the controlling shareholder of Zhejiang Founder.

Zhejiang Founder primarily engages in the research and development, production and sales of sewing machine products, automotive products (including new energy vehicle motors and powertrain control products) and intelligent controllers.

Zhejiang Founder's audited financial reports and unaudited half year and quarterly financial information can be downloaded free of charge from the website at <https://www.fdm.com.cn/report.html>. Such financial statements are available in the Chinese language only and are not included in and do not form part of this Offering Circular. The information contained on the website at <https://www.fdm.com.cn/report.html> is subject to change from time to time. No presentation is made by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them and none of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them takes any responsibility for any information contained on the website at <https://www.fdm.com.cn/report.html>.

COMPETITIVE STRENGTHS

The Group believes that the following strengths are important to its success and future development:

- Strong growth potential benefiting from rapid local economic growth and excellent location
- Leading municipal development entity serving local government development strategies
- Strong support from local governments
- Sufficient capital from diversified channels
- Sound corporate governance structure and experienced senior management team

BUSINESS STRATEGIES

The Group intends to focus on the following business strategies:

- Continue to grow its core businesses and increase operating income
- Continue to enhance its corporate governance and internal control
- Strengthen risk management and internal control systems
- Attract and cultivate high-quality talent

THIS OFFERING

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

Issuer	Huzhou Moganshan High-tech Group Co., Ltd. (湖州莫干山高新集團有限公司).
Legal Entity Identifier . .	655600UIE6ET2H22QE27.
Guarantor	Huzhou Moganshan State-owned Capital Holding Group Co., Ltd. (湖州莫干山國有資本控股集團有限公司).
The Bonds	U.S.\$210,000,000 5.48 per cent. guaranteed Bonds due 2027.
Guarantee.	The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds. Its obligations in that respect will be contained in the Deed of Guarantee.
Issue Price.	The Bonds will be issued at 100.00 per cent. of their principal amount.
Form and Denomination.	The Bonds will be issued in registered form in the specified denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.
Issue Date	16 April 2024.
Interest	The Bonds will bear interest on their outstanding principal amount from and including the Issue Date at the rate of 5.48 per cent. per annum, payable semi-annually in arrear in equal instalments on 16 April and 16 October in each year.
Maturity Date	16 April 2027.
Status of the Bonds	The Bonds are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4.1 (<i>Negative Pledge</i>) of the Terms and Conditions) unsecured obligations of the Issuer and (subject as stated above) rank and will rank <i>pari passu</i> , without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.
Status of the Guarantee .	The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable laws and regulations and subject to Condition 4.1 (<i>Negative Pledge</i>) of the Terms and 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 4.1 (<i>Negative Pledge</i>) of the Terms and 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 (<i>Events of Default</i>) of the Terms and Conditions.
Taxation	All payments of principal, premium and interest in respect of the Bonds or under the Guarantee by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (Taxes) imposed, levied, collected, withheld or assessed by or on behalf of any of the Relevant Jurisdictions, unless the withholding or deduction of the Taxes is required by law. Where such withholding or deduction is imposed or levied by the Issuer or, as the case may be, the Guarantor by or on behalf of the PRC up to and including the aggregate rate applicable on 11 April 2024 (the Applicable Rate), the Issuer or, as the case may be, the Guarantor will pay such additional amounts as may be necessary in order that the net amount received by Bondholders after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Bonds in the absence of the withholding or deduction. If the Issuer or, as the case may be, the Guarantor is required to make a deduction or withholding (i) imposed or levied by or on behalf of the PRC in excess of the Applicable Rate or (ii) imposed or levied by or on behalf of any Relevant Jurisdiction other than the PRC, the Issuer (or the Guarantor, as the case may be) will pay such additional amounts (the Additional Tax Amount) as may be necessary in order that the net amounts received by the Bondholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Bonds in the absence of the withholding or deduction; except that no Additional Tax Amounts shall be payable in relation to any payment in respect of any Bond. See Condition 8 (<i>Taxation</i>) of the Terms and Conditions.
Redemption upon Change of Control or No Registration Event . . .	Following the occurrence of a Change of Control or No Registration Event, the holder of any Bond will have the right at such holder’s option, to require the Issuer to redeem all, but not some only, of that holder’s Bonds on the Put Settlement Date (as defined below) 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 and unpaid interest up to but excluding the Put Settlement Date. See Condition 7.3 (<i>Redemption upon Change of Control or No Registration Event</i>) of the Terms and Conditions.

Redemption for Taxation Reasons	The Issuer may at its option, having given not less than 30 nor more than 60 days' notice, which shall specify the date for redemption in accordance with Condition 13 (<i>Notices</i>) of the Terms and Conditions (which notice shall be irrevocable), redeem all the Bonds, but not some only, at any time at their principal amount together with unpaid interest accrued up to but excluding the date of redemption, as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, or any change in, or amendment to, the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, as further described in Condition 7.2 (<i>Redemption for Taxation Reasons</i>) of the Terms and Conditions.
Further Issues	The Issuer is at liberty from time to time without the consent of the Bondholders to create and issue further bonds ranking <i>pari passu</i> in all respects (or in all respects save for their issue date and the dates of the first payment of interest thereon, the NDRC Post-issue Filing and the SAFE Registration and for making the subsequent notifications thereof to the Bondholders) so that such further issue shall be consolidated and form a single series with the outstanding Bonds. Any further bonds consolidated and forming a single series with the outstanding Bonds shall be constituted by a deed supplemental to the Trust Deed and be guaranteed by the Guarantor pursuant to a deed supplemental to the Deed of Guarantee. See Condition 16 (<i>Further Issues</i>) of the Terms and Conditions.
Governing Law	English law.
Jurisdiction	Exclusive jurisdiction of the Hong Kong courts.
Trustee	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
Principal Paying Agent, Transfer Agent and Registrar	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
Listing	Approval in-principal has been obtained from the SGX-ST for the listing of and quotation for the Bonds on the Official List of 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.
Clearing Systems	Upon issue, the Bonds will be represented by a Global Certificate registered in the name of a nominee of, and deposited with, a common depositary for Euroclear and Clearstream. Transfers of interests in the Bonds represented by the Global Certificate will be effected in accordance with the rules and procedures of Euroclear and Clearstream. Except in the limited circumstances described in the Global Certificate, definitive certificates for Bonds will not be issued in exchange for beneficial interests in the Global Certificate.

Selling Restrictions The Bonds and the Guarantee will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See “*Subscription and Sale*”.

ISIN XS2798076696.

Common Code 279807669.

SUMMARY FINANCIAL INFORMATION AND OTHER FINANCIAL DATA OF THE ISSUER

The summary consolidated financial information of the Issuer as at and for the years ended 31 December 2020, 2021 and 2022 set forth below have been derived from the Issuer's Audited Financial Statements. See "Presentation of Financial Information".

The Issuer's Audited Financial Statements were prepared in accordance with PRC GAAP and have been audited by RSM China in accordance with Auditing Standards for Certified Public Accountants in China. PRC GAAP differs in certain respects from IFRS. See "Summary of Certain Differences between PRC GAAP and IFRS".

The summary consolidated financial information as set forth below should be read in conjunction with, and is qualified in its entirety by reference to, the Issuer's Audited Financial Statements and the notes thereto.

SUMMARY CONSOLIDATED BALANCE SHEET OF THE ISSUER

	As at 31 December		
	2020	2021	2022
	(RMB)	(RMB)	(RMB)
	(Audited)	(Audited)	(Audited)
Current assets:			
Cash and cash equivalents	4,128,783,416.47	6,499,301,203.20	6,061,813,658.31
Notes receivable	4,250.00	–	145,221.40
Accounts receivable	261,176,852.89	88,835,378.25	792,850,827.62
Prepayments	486,819,123.47	493,980,623.45	67,983,000.63
Other receivables	8,981,800,823.05	8,752,417,035.28	9,964,336,750.33
Inventories	30,948,657,929.95	38,149,986,480.57	47,780,591,320.18
Contract assets	–	34,971,425.71	38,919,760.23
Non-current assets maturing within one year	–	46,885,000.00	65,349,000.00
Other current assets	369,600,301.58	396,249,838.07	421,768,580.47
Total current assets	45,176,842,697.41	54,462,626,984.53	65,193,758,119.17
Non-current assets:			
Debt investments	–	73,000,000.00	7,412,814.23
Available-for-sale financial assets	2,323,404,856.74	–	–
Long-term receivables	250,669,000.00	–	–
Long-term equity investments	559,996,830.23	442,498,193.10	471,238,185.55
Other equity instrument investments	–	2,516,715,151.20	2,577,454,507.84
Other non-current financial assets	–	312,020,000.00	415,616,900.00
Investment properties	3,473,646,500.00	4,541,910,084.52	8,581,981,300.00
Property, plant and equipment	478,939,085.53	461,111,504.67	3,249,259,578.81
Construction in progress	1,031,321,899.58	1,353,013,114.41	792,905,681.89
Intangible assets	3,510,240,005.27	7,673,481,897.17	8,700,462,646.49
Long-term deferred expenses	164,943,396.23	192,973,636.40	135,520,507.16
Deferred tax assets	4,784,485.51	17,580,067.62	18,934,449.09
Other non-current assets	–	224,280,000.00	388,264,474.84
Total non-current assets	11,797,946,059.09	17,808,583,649.09	25,339,051,045.90
Total assets	56,974,788,756.50	72,271,210,633.62	90,532,809,165.07

	As at 31 December		
	2020	2021	2022
	(RMB) (Audited)	(RMB) (Audited)	(RMB) (Audited)
Current liabilities:			
Short-term borrowings	2,928,600,000.00	2,719,783,447.77	3,878,108,888.00
Notes payable	40,390,783.60	201,176,638.60	6,650,000.00
Accounts payable	391,986,768.80	383,335,330.42	232,816,043.35
Advances from customers	530,062,878.30	15,069,100.69	13,143,810.40
Contract liabilities	–	795,859,837.81	1,414,138,378.85
Employee benefits payable	9,273,923.26	1,628,770.10	537,728.62
Taxes payable	22,509,262.53	43,704,709.28	48,033,675.50
Other payables	1,827,448,238.83	1,253,549,313.90	1,404,972,638.88
Including: Interest payable	466,845,507.71	–	–
Non-current liabilities maturing within one year.	7,979,150,067.65	9,482,665,054.75	10,739,888,328.96
Other current liabilities.	–	51,752,512.61	717,695,981.91
Total current liabilities.	13,729,421,922.97	14,948,524,715.93	18,455,985,471.47
Non-current liabilities:			
Long-term borrowings	10,731,212,977.82	12,338,846,367.38	17,557,028,637.76
Bonds payable	8,044,976,718.40	14,882,513,628.93	16,663,427,725.42
Long-term payables	19,650,980.10	15,238,890.28	183,552,965.47
Deferred income	–	–	3,484,982.42
Deferred tax liabilities	588,222,665.36	711,592,579.91	956,411,421.00
Other non-current liabilities	2,929,210,000.00	1,696,940,000.00	620,000,000.00
Total non-current liabilities	22,313,273,341.68	29,645,131,466.50	35,983,905,732.07
Total liabilities.	36,042,695,264.65	44,593,656,182.43	54,439,891,203.54
Owners' equity:			
Paid-in capital.	10,000,000,000.00	10,000,000,000.00	10,000,000,000.00
Capital reserves.	7,574,123,639.64	13,832,737,831.99	21,260,191,708.30
Other comprehensive income.	1,391,158,367.41	1,732,800,736.06	2,440,392,997.70
Surplus reserves	155,662,095.03	155,662,095.03	155,662,095.03
Retained earnings	1,733,210,367.22	1,946,178,630.75	2,148,196,959.20
Total owner's equity attributable to the parent company . .	20,854,154,469.30	27,667,379,293.83	36,004,443,760.23
Non-controlling interests	77,939,022.55	10,175,157.36	88,474,201.30
Total owners' equity	20,932,093,491.85	27,677,554,451.19	36,092,917,961.53
Total liabilities and owners' equity	56,974,788,756.50	72,271,210,633.62	90,532,809,165.07

SUMMARY CONSOLIDATED INCOME STATEMENT OF THE ISSUER

	For the year ended 31 December		
	2020	2021	2022
	(RMB) (Audited)	(RMB) (Audited)	(RMB) (Audited)
I. Revenue	1,991,951,302.92	2,098,637,436.38	2,301,366,694.75
Less: Costs of sales	1,903,699,835.61	1,954,893,470.59	2,150,169,598.83
Taxes and surcharges	29,631,442.77	49,628,359.14	57,542,075.68
Selling and distribution expenses	9,821,430.28	6,397,33.24	8,431,143.60
General and administrative expenses	162,524,676.56	319,753,241.39	300,923,712.33
Finance costs	344,695,770.67	122,501,527.72	208,114,868.64
Including: Interest expenses	419,337,226.25	245,752,727.41	317,365,773.92
Interest income	85,380,246.14	119,327,240.95	182,752,324.83
Add: Other income	415,283,366.68	605,202,632.96	574,413,607.90
Investment income/(losses)	178,199,118.91	3,564,394.95	55,361,182.60
Including: Investment income from associates and joint ventures	(5,628,195.69)	(13,103,165.83)	31,196,875.39
Gains/(losses) from changes in fair values	69,778,500.00	37,956,500.00	35,819,015.48
Credit impairment losses	—	(9,695,457.51)	(10,017,525.83)
Asset impairment losses	(979,221.02)	—	—
Gains/(losses) from disposal of assets	20,985.47	103,296.93	130,542.32
II. Profit/(loss) from operations	203,880,897.07	282,594,874.63	231,892,229.14
Add: Non-operating income	23,305,559.99	10,533,392.84	5,197,877.99
Less: Non-operating expenses	5,091.25	37,803,796.05	50,487.95
III. Profit/(loss) before tax	227,181,365.81	255,324,471.42	237,039,619.18
Less: Income tax expenses	16,204,567.79	7,159,579.39	18,936,146.78
IV. Net profit/(loss) for the year	210,976,798.02	248,164,892.03	218,103,472.40
(I) Net profit/(loss) by continuity			
1. Net profit/(loss) from continuing operation	210,976,798.02	248,164,892.03	218,103,472.40
(II) Net profit/(loss) by ownership attribution			
1. Attributable to owners of the parent	212,618,105.44	247,707,118.17	216,881,445.40
2. Attributable to non-controlling interests	(1,641,307.42)	457,773.86	1,222,026.99
V. Other comprehensive income for the year, after tax	3,772,374.18	341,642,368.65	707,592,261.64
VI. Total comprehensive income for the year	214,749,172.20	589,807,260.68	925,695,734.03
Attributable to owners of the parent	216,390,479.62	589,349,486.82	924,473,707.04
Attributable to non-controlling interests	(1,641,307.42)	457,773.86	1,222,026.99

SUMMARY CONSOLIDATED CASH FLOW STATEMENT OF THE ISSUER

	For the year ended 31 December		
	2020	2021	2022
	(RMB) (Audited)	(RMB) (Audited)	(RMB) (Audited)
Subtotal of cash inflows from operating activities	4,554,677,216.27	5,256,116,209.95	4,706,578,610.69
Subtotal of cash outflows from operating activities	7,491,501,139.01	8,244,685,090.88	12,399,832,500.23
Net cash flows from operating activities	(2,936,823,922.74)	(2,988,568,799.93)	(7,693,253,889.64)
Sub-total of cash inflows from investing activities	2,148,054,446.48	207,734,876.87	145,821,587.27
Sub-total of cash outflows from investing activities	3,822,998,512.35	2,139,372,701.81	757,223,146.55
Net cash flows from investment activities	(1,674,944,065.87)	(1,931,637,824.94)	(611,401,559.28)
Subtotal of cash inflows from financing activities	20,069,556,407.47	24,178,212,206.55	29,576,057,686.72
Subtotal of cash outflows from financing activities	14,451,030,772.41	16,586,623,412.45	20,972,018,291.76
Net cash flows from financing activities	5,618,525,635.06	7,591,588,794.10	8,604,039,394.96
Effect of foreign exchange rate changes on cash and cash equivalents	—	(21,680,064.53)	69,453,449.37
Net increase/(decrease) in cash and cash equivalents	1,006,747,646.45	2,649,702,104.70	368,837,395.41
Plus: Cash and cash equivalents at the beginning of the period	1,253,866,511.75	2,260,624,158.20	4,910,326,262.90
Cash and cash equivalents at the end of the period	2,260,624,158.20	4,910,326,262.90	5,279,163,658.31

SUMMARY FINANCIAL INFORMATION AND OTHER FINANCIAL DATA OF THE GUARANTOR

The summary consolidated financial information of the Guarantor as at and for the years ended 31 December 2020, 2021 and 2022 and as at and for the three months ended 31 March 2023 set forth below have been derived from the Guarantor's Audited Financial Statements. See "Presentation of Financial Information".

The Guarantor's Audited Financial Statements were prepared in accordance with PRC GAAP. The Guarantor's Audited Financial Statements have been audited by RSM China. PRC GAAP differs in certain respects from IFRS. See "Summary of Certain Differences between PRC GAAP and IFRS".

The summary consolidated financial information as set forth below should be read in conjunction with, and is qualified in its entirety by reference to, the Guarantor's Audited Financial Statements and the notes thereto included elsewhere in this Offering Circular.

SUMMARY CONSOLIDATED BALANCE SHEET OF THE GUARANTOR

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	(RMB) (Audited)	(RMB) (Audited)	(RMB) (Audited)	(RMB) (Audited)
Current assets:				
Cash and cash equivalents	4,128,783,416.47	6,499,301,203.20	6,061,813,658.31	12,716,125,848.53
Notes receivable	4,250.00	–	145,221.40	7,750,000.00
Accounts receivable	261,176,852.89	88,835,378.25	792,850,827.62	895,157,017.12
Prepayments	486,819,123.47	493,980,623.45	67,983,000.63	96,098,636.98
Other receivables	8,981,800,823.05	8,752,417,035.28	9,964,336,750.33	10,317,706,844.91
Inventories	30,948,657,929.95	38,149,986,480.57	47,780,591,320.18	49,479,047,379.59
Contract assets	–	34,971,425.71	38,919,760.23	42,126,297.12
Non-current assets maturing within one year	–	46,885,000.00	65,349,000.00	53,349,000.00
Other current assets	369,600,301.58	396,249,838.07	421,768,580.47	549,651,486.73
Total current assets	45,176,842,697.41	54,462,626,984.53	65,193,758,119.17	74,157,013,210.98
Non-current assets:				
Debt investments	–	73,000,000.00	7,412,814.23	7,503,716.88
Available-for-sale financial assets	2,323,404,856.74	–	–	–
Long-term receivables	250,669,000.00	–	–	–
Long-term equity investments	559,996,830.23	442,498,193.10	471,238,185.55	488,701,341.99
Other equity instrument investments	–	2,516,715,151.20	2,577,454,507.84	2,577,454,507.84
Other non-current financial assets	–	312,020,000.00	415,616,900.00	420,716,900.00
Investment properties	3,473,646,500.00	4,541,910,084.52	8,581,981,300.00	8,581,981,300.00
Property, plant and equipment	478,939,085.53	461,111,504.67	3,249,259,578.81	3,227,581,915.02
Construction in progress	1,031,321,899.58	1,353,013,114.41	792,905,681.89	865,848,573.19
Intangible assets	3,510,240,005.27	7,673,481,897.17	8,700,462,646.49	8,676,177,750.44
Long-term deferred expenses	164,943,396.23	192,973,636.40	135,520,507.16	132,245,830.71
Deferred tax assets	4,784,485.51	17,580,067.62	18,934,449.09	22,225,996.17
Other non-current assets	–	224,280,000.00	388,264,474.44	1,097,736,660.84
Total non-current assets	11,797,946,059.09	17,808,583,649.09	25,339,051,045.90	26,098,174,493.08
Total assets	56,974,788,756.50	72,271,210,633.62	90,532,809,165.07	100,255,187,704.06
Current liabilities:				
Short-term borrowings	2,928,600,000.00	2,719,783,447.77	3,878,108,888.00	4,632,417,695.69
Notes payable	40,390,783.60	201,176,638.60	6,650,000.00	41,380,000.00
Accounts payable	391,986,768.80	383,335,330.42	232,816,043.35	352,240,184.48
Advance from customers	530,062,878.30	15,069,100.69	13,143,810.40	15,878,706.43
Contract liabilities	–	795,859,837.81	1,414,138,378.85	1,424,104,422.87
Employee benefits payable	9,273,923.26	1,628,770.10	537,728.62	358,281.50
Taxes payable	22,509,262.53	43,704,709.28	48,033,675.50	19,353,888.13
Other payables	1,827,448,238.83	1,253,589,313.90	1,404,972,638.88	1,674,918,807.95
Including: Interest payable	466,845,507.71	–	–	–
Non-current liabilities maturing within one year	7,979,150,067.65	9,482,665,054.75	10,739,888,328.96	10,276,186,076.10
Other current liabilities	–	51,752,512.61	717,695,981.91	1,119,387,815.79
Total current liabilities	13,729,421,922.97	14,948,524,715.93	18,455,985,471.47	19,558,225,878.94

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	(RMB)	(RMB)	(RMB)	(RMB)
	(Audited)	(Audited)	(Audited)	(Audited)
Non-current liabilities:				
Long-term borrowings	10,731,212,977.82	12,338,846,367.38	17,557,028,637.76	22,400,190,658.49
Bonds payable	8,044,976,718.40	14,882,513,628.93	16,663,427,725.42	19,762,250,611.87
Long-term payables	19,650,980.10	15,238,890.28	183,552,965.47	112,108,949.35
Deferred income	—	—	3,484,982.42	3,271,616.15
Deferred tax liabilities	588,222,665.36	711,592,579.91	956,411,421.00	956,411,421.00
Other non-current liabilities	2,929,210,000.00	1,696,940,000.00	620,000,000.00	830,000,000.00
Total non-current liabilities	22,313,273,341.68	29,645,131,466.50	35,983,905,732.07	44,064,233,256.86
Total liabilities	36,042,695,294.65	44,593,656,182.43	54,439,891,203.54	63,622,459,135.30
Owners' equity:				
Paid-in capital	120,000,000.00	120,000,000.00	120,000,000.00	10,000,000,000.00
Capital reserves	17,454,123,639.64	23,712,737,831.99	31,140,191,708.30	21,380,501,708.30
Other comprehensive income	1,391,158,367.41	1,732,800,736.06	2,440,392,997.70	2,440,392,997.70
Surplus reserves	155,662,095.03	155,662,095.03	155,662,095.03	155,662,095.03
Retained earnings	1,733,210,367.22	1,946,178,630.75	2,148,196,959.20	2,157,159,305.53
Total owner's equity attributable to the parent company	20,854,154,469.30	27,667,379,293.83	36,004,443,760.23	36,433,716,106.56
Non-controlling interests	77,939,622.55	10,175,157.36	88,474,201.30	499,012,461.70
Total owners' equity	20,932,893,491.85	27,677,554,451.19	36,092,917,961.53	36,632,728,568.26
Total liabilities and owners' equity	56,974,788,756.50	72,271,210,633.62	90,532,809,165.07	100,255,187,704.06

SUMMARY CONSOLIDATED INCOME STATEMENT OF THE GUARANTOR

	For the year ended 31 December			For the three months ended 31 March
	2020	2021	2022	2023
	(RMB) (Audited)	(RMB) (Audited)	(RMB) (Audited)	(RMB) (Audited)
I. Revenue	1,991,951,302.92	2,098,637,436.38	2,301,366,694.75	486,597,106.70
Less: Costs of sales	1,903,699,835.61	1,954,893,470.59	2,150,169,598.83	448,340,755.28
Taxes and surcharges	29,631,442.77	49,628,359.14	57,542,075.68	14,341,710.64
Selling and distribution expenses	9,821,430.28	6,397,330.24	8,431,143.60	1,668,599.73
General and administrative expenses	162,524,676.56	319,753,241.39	300,923,712.33	99,409,471.64
Finance costs	344,695,771.67	122,501,527.72	208,114,757.64	42,957,814.53
Including: Interest expenses	419,337,226.25	245,752,727.41	317,365,773.92	81,857,529.97
Interest income	85,630,786.50	119,327,240.95	182,752,324.83	35,661,028.02
Add: Other income	415,283,366.68	605,202,632.96	574,413,607.90	110,865,056.32
Investment income/(losses)	178,199,118.91	3,564,394.95	55,361,182.60	20,881,451.01
Including: Investment income from associates and joint ventures	(5,628,195.69)	(13,103,165.83)	31,196,875.39	17,463,156.44
Gains/(losses) from changes in fair values	69,778,500.00	37,956,500.00	35,819,015.48	—
Credit impairment losses	—	(9,695,457.51)	(10,017,525.83)	(14,066,218.29)
Asset impairment losses	(979,221.02)	—	—	—
Gains/(losses) from disposal of assets	20,985.47	103,296.93	130,542.32	(32,325.02)
II. Profit/(loss) from operations	203,880,897.07	282,594,874.63	231,892,229.14	(2,473,281.10)
Add: Non-operating income	23,305,559.99	10,533,392.84	5,197,877.99	8,966,264.43
Less: Non-operating expenses	5,091.25	37,803,796.05	50,487.95	—
III. Profit/(loss) before tax	227,181,365.81	255,324,471.42	237,039,619.18	6,492,983.33
Less: Income tax expenses	16,204,567.79	7,159,579.39	18,936,146.78	(3,253,261.40)
IV. Net profit/(loss) for the year	210,976,798.02	248,164,892.03	218,103,472.40	9,746,244.73
(I) Net profit/(loss) by continuity				
1. Net profit/(loss) from continuing operation	210,976,798.02	248,164,892.03	218,103,472.40	9,746,244.73
(II) Net profit/(loss) by ownership attribution				
1. Attributable to owners of the parent	212,618,105.44	247,707,118.17	216,881,445.40	8,962,346.33
2. Attributable to non-controlling interests	(1,641,307.42)	457,773.86	1,222,026.99	783,898.40
V. Other comprehensive income for the year, after tax	3,772,374.18	341,642,368.65	707,592,261.64	—
VI. Total comprehensive income for the year	431,139,651.82	589,807,260.68	925,695,734.03	9,746,244.73
Attributable to owners of the parent	216,390,479.62	589,349,486.82	924,473,707.04	8,962,346.33
Attributable to non-controlling interests	214,749,172.20	457,773.86	1,222,026.99	783,898.40

SUMMARY CONSOLIDATED CASH FLOW STATEMENT OF THE GUARANTOR

	For the year ended 31 December			For the three months ended 31 March
	2020	2021	2022	2023
	(RMB) (Audited)	(RMB) (Audited)	(RMB) (Audited)	(RMB) (Audited)
Sub-total of cash inflows from operating activities	4,554,677,216.27	5,256,116,290.95	4,706,578,610.69	1,161,074,291.32
Sub-total of cash outflows from operating activities	7,491,501,139.01	8,244,685,090.88	12,399,832,500.33	2,251,879,418.23
Net cash flows from operating activities . .	(2,936,823,922.74)	(2,988,568,799.93)	(7,693,253,889.64)	(1,360,805,126.91)
Sub-total of cash inflows from investing activities	2,148,054,446.48	207,734,876.87	145,821,587.27	5,466,476.28
Sub-total of cash outflows from investing activities	3,822,998,512.35	2,139,372,701.81	757,223,146.55	768,989,373.65
Net cash flows from investment activities .	(1,674,944,065.87)	(1,931,637,824.94)	(611,401,559.28)	(763,522,897.37)
Subtotal of cash inflows from financing activities	20,069,556,407.47	24,178,212,206.55	29,576,057,686.72	15,099,188,074.57
Subtotal of cash outflows from financing activities	14,451,030,772.41	16,586,623,412.45	20,972,018,297.76	6,702,514,872.28
Net cash flows from financing activities . .	5,618,525,635.06	7,591,588,794.10	8,604,039,394.96	8,396,673,202.29
Effect of foreign exchange rate changes on cash and cash equivalents	–	(21,680,064.53)	69,453,449.37	6,137,012.21
Net increase/(decrease) in cash and cash equivalents	1,006,757,646.45	2,649,702,104.70	368,837,395.41	6,278,482,190.22
Plus: Cash and cash equivalents at the beginning of the period	1,253,866,511.75	2,260,624,158.20	4,910,326,262.90	5,279,163,658.31
Cash and cash equivalents at the end of the period	2,260,624,158.20	4,910,326,262.90	5,279,163,658.31	11,557,645,848.53

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 or the Guarantor 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. Each of the Issuer and the Guarantor believes that the risk factors described below represent the principal risks inherent in investing in the Bonds, but the ability of the Issuer and/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 and/or the Guarantor on information currently available to them or which they are currently unable to anticipate. All of these factors are contingencies which may or may not occur and the Issuer and the Guarantor are not in a position to express a view on the likelihood of any such contingency occurring. This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The actual results of the Group could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Offering Circular.

The Issuer and the Guarantor do not 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 RELATING TO THE GROUP'S BUSINESS

The Group's business, financial condition, results of operations and prospects are heavily dependent on the level of economic development in Huzhou City, in particular Deqing County, and the PRC.

The Group's business and assets are highly concentrated in MHTZ in Deqing County of Huzhou City, Zhejiang Province, focusing mainly on land development, infrastructure construction, resettlement housing, industrial park development, materials trading and other businesses. Therefore, its business, financial condition, results of operations and prospects have been and will continue to be heavily dependent on the level of economic development in Huzhou City, in particular Deqing County, and the PRC in general. The PRC's economy has experienced rapid growth in the past 30 years; however, there has been a slowdown in the growth rate since the second half of 2013. According to the National Statistics Bureau of the PRC, the annual growth rate of the PRC's GDP slowed down from 7.8 per cent. in 2013 to 3.0 per cent. in 2022. During the same period, the annual growth rate of GDP in Huzhou City slowed down from 8.6 per cent. to 3.3 per cent. and the annual growth rate of GDP in Deqing County slowed down from 9.6 per cent. to 2.6 per cent.

There is no assurance that the level of economic development in Deqing County and Huzhou City will continue to grow at the rates seen in previous years. See also “– *The Group's business may be affected by force majeure events, natural disasters and outbreaks of contagious diseases, 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*”. Any further slowdown in the economic development in Deqing County or Huzhou City may affect their development plans, which may in turn decrease the demand for the Group's business and adversely affect the Group's business, financial condition, results of operations and prospects, given that the Group's business and prospects depend, to a large extent, upon the public spending on urban development and construction in Deqing County and Huzhou City.

The Group's future financial condition and results of operation largely depends on the performance of its automobile application sales, intelligent controller sales and sewing machine application sales business.

The Group's automobile application sales, intelligent controller sales and sewing machine application sales business already became one of its primary sources of operating revenue after its acquisition of Zhejiang Founder on 6 March 2023 and the Group expects that these businesses will continue to be one of its primary sources of operating revenue in the future. Any downturn or other negative conditions affecting its automobile application sales, intelligent controller sales and sewing machine application sales business may have a material adverse effect on the financial condition and results of operations of the Group.

Most of the Group's businesses are operated in a single geographical region.

Substantially all of the Group's current and anticipated businesses are and will be operated in Deqing County of Huzhou City. Any material region-wide adverse event may negatively impact the demand for projects conducted or services provided by the Group in Deqing County and Huzhou City, which would in turn affect the revenue and profitability of the Group. Such adverse events include, but are not limited to, changes in the economic conditions and regulatory environment, changes in the government's urban development plans and policies, any slowdown in the infrastructure construction and real estate sectors, decrease in investor confidence within the region, significant natural disasters and other incidents. Due to the limited geographical coverage of its operations, the Group may not be able to effectively manage any potential losses arising from these region-wide adverse events, which may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

MHTZ Management Committee, the Deqing County Government and the Huzhou City 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 that may not be in the Group's best interest.

The Issuer and the Guarantor are state-owned enterprises. As the sole shareholder of the Guarantor and the ultimate controller of the Issuer, MHTZ Management Committee, the Deqing County Government and the Huzhou City Government are in the position to significantly influence the Group's major business decisions and strategies, including the scope of its activities, investment decisions, merger and acquisition, appointment of senior management team and dividend policy. There is no assurance that MHTZ Management Committee, the Deqing County Government and the Huzhou City Government would always make decisions in the Group's best interests or with the aim of maximising the Group's profits. For example, MHTZ Management Committee may influence the Group's business and strategies in a manner beneficial to MHTZ as a whole but not necessarily in the Group's best interests.

The Deqing County Government and the Huzhou City Government may also change its policies, intention, preferences, views, expectations, projections, forecasts and opinions, as a result of changes in the economic, political and social environment, its projections of population and employment growth. Any amendment, modification or repeal could modify the existing regulatory regime and materially and adversely affect the Group's financial condition and results of operations.

MHTZ Management Committee has been reorganising local state-owned enterprises under its control to optimise the allocation of state-owned resources and to improve the operation efficiency of local state-owned enterprises. For example, on 31 March 2023, Deqing Lianchuang Science and Technology New City Construction Co., Ltd. (德清聯創科技新城建設有限公司) transferred its 100.0 per cent. of the equity interest it held in Deqing Intelligent Innovation Industrial Park Construction and Development Co., Ltd. (德清智創產業園建設發展有限公司) to the MHTZ Management Committee. At the same time, the MHTZ Management Committee transferred 100.0 per cent. of the equity interest it held in the Issuer, and 100.0 per cent. of the equity interests the Issuer held in Huzhou Moganshan High-tech Industry Investment and Development Group Co., Ltd. (湖州莫干山高新產業投資發展集團有限公司), Huzhou Moganshan High-tech Talent Development Group Co., Ltd. (湖州莫干山高新人才發展集團有

限公司) and Huzhou Moganshan High-tech Tourism Development Group Co., Ltd. (湖州莫干山高新旅遊發展集團有限公司) to the Guarantor. Moreover, the Group acquired Zhejiang Founder on 6 March 2023. The Group's assets or equity interests may be transferred to other state-owned enterprises and the Group's business scope may be changed due to government policies. The Huzhou City Government, the Deqing City Government and MHTZ Management Committee may also from time to time change its policies to respond to the policies, initiatives and measures of the PRC government. Any adverse amendment, modification or repeal of existing policies of the Huzhou City Government, the Deqing City Government or MHTZ Management Committee, especially policies relating to the management of state-owned assets, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

A reduction or discontinuance of government support could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

As a state-owned enterprise wholly owned by MHTZ Management Committee, the Group regularly receives financial supports and preferential treatments from MHTZ Management Committee, the Deqing County Government and the Huzhou City Government. These supports may come in various forms, such as favourable policies, government grants and subsidies, asset transfers and capital injections. Among these various forms of support, government grants and subsidies comprise a significant portion of the Group's profits. The Group recorded net profit of RMB211.0 million, RMB248.2 million, RMB218.1 million and RMB9.7 million, respectively, for the years ended 31 December 2020, 2021 and 2022 and for the three months ended 31 March 2023. For the years ended 31 December 2020, 2021 and 2022 and for the three months ended 31 March 2023, the government grant received by the Group amounted to approximately RMB415.3 million, RMB608.9 million, RMB577.9 million and RMB110.7 million, respectively. The continuous financial support of the MHTZ Management Committee, the Deqing County Government and the Huzhou City Government to the Group and timely payment of the agreed subsidies and grants depend on the future fiscal revenue and fiscal policies of the local and central governments. There is no assurance that MHTZ Management Committee, the Deqing County Government or the Huzhou City Government will continue to provide such supports and preferential treatments to the Group or that the existing government supports will not be adjusted or terminated, any of which may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

PRC regulations on the administration of the local government debt may have a material adverse effect on the Group's financing and business models.

The PRC government has in recent years issued multiple regulations intended to restrict the ability of local governments to use state-owned enterprises to incur debt that should be directly incurred by government bodies. These regulations include the Opinion of the State Council on Enhancing the Administration of Fiscal Debts of Local Governments (Guo Fa [2014] No. 43)(國務院關於加強地方政府性債務管理的意見(國發[2014]43號))("Circular 43") released on 21 September 2014, the Circular on Further Regulating the Debt Financing Activities of Local Governments (Cai Yu [2017] No. 50)(關於進一步規範地方政府舉債融資行為的通知(財預[2017]50號))("Circular 50") jointly issued by the MOF, the NDRC, the Ministry of Justice of the PRC, the PBOC, the China Banking Regulatory Commission (subsequently reorganised into the China Banking and Insurance Regulatory Commission) and the China Securities Regulatory Commission on 26 April 2017, the Circular on Firmly Curbing Local Governments' Illegal Financing Activities in the Name of Government Procurement of Services (Cai Yu [2017] No. 87)(關於堅決制止地方以政府購買服務名義違法違規融資的通知(財預[2017]87號))("Circular 87") issued by the MOF on 28 May 2017, the Notice on the Investment and Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (Cai Jin [2018] No. 23)(關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知(財金[2018]23號))("Circular 23") issued by the MOF on 28 March 2018, the Circular of the National Development and Reform Commission and the Ministry of Finance on the Improvement of Market Regulatory Regime and Strict Prevention of Risks Relating to Foreign Debt and Local Government Indebtedness (Fa Gai Wai Zi [2018] No. 706)(國家發展改革委財政部關於完善市場約束機制嚴格防範

外債風險和地方債務風險的通知(發改外資[2018]706號)) (“**Circular 706**”) jointly issued by the NDRC and the MOF on 11 May 2018, the Guiding Opinion on Strengthening the Asset and Liability Constraints of State-Owned Enterprises (中共中央辦公廳、國務院辦公廳關於加強國有企業資產負債約束的指導意見)(the “**Joint Opinion**”) jointly issued by the General Office of the Central Committee of the Communist Party of China and the State Council on 13 September 2018, and the Circular on Filing Requirements with respect to Application for Foreign Debt Issuance by Local State-owned Enterprises (Fa Gai Ban Wai Zi [2019] No. 666)(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(發改辦外資[2019]666號)) (“**Circular 666**”) issued by the General Office of NDRC on 6 June 2019 (together with Circular 43, Circular 50, Circular 87, Circular 23, Circular 706, the Joint Opinion and Circular 666, the “**Debt Control Circulars**”).

Circular 50 reaffirmed the Circular 43 policy that local governments are not permitted to use any means other than local government bonds for debt financing and are prohibited from requesting or ordering enterprises to issue debt on behalf of local governments. Circular 87 required that local governments and their departments shall not take advantage of, or fabricate contracts for, government procurement of services in such a manner that conceals an underlying objective of raising funds for construction projects. Circular 23 and Circular 706 established policies for foreign debt issuance, including the prohibition against public assets being included as enterprise assets and restrictions on making disclosure in offering circulars that imply government endorsement on the relevant debt or any association of the enterprise issuer with the government’s credit. The Joint Opinion, consistent with Circular 43 and Circular 50, bans local governments from engaging in “disguised” borrowing by using state-owned enterprises to issue corporate debt on their behalf.

The Group believes that the PRC government will continue to implement the Debt Control Circulars to control local government debts. Accordingly, the Group should rely on the cash flow generated from its operations and external borrowings to finance its operations and to satisfy its liquidity needs. Pursuant to the terms of the Bonds and as required by the Debt Control Circulars, neither MHTZ Management Committee, the Deqing County Government, the Huzhou City Government nor any other PRC governmental entity has any obligation to repay any amount under the Bonds and will not provide a guarantee of any kind for the Bonds. The Bonds are solely to be repaid by the Issuer or, as the case may be, the Guarantor, and the obligations of the Issuer and the Guarantor under the Bonds, the Deed of Guarantee or the Trust Deed shall solely be fulfilled by the Issuer or the Guarantor as an independent legal person. The liability of MHTZ Management Committee to the Issuer’s indebtedness is limited to its equity contribution to the Issuer. If the Issuer or, as the case may be, the Guarantor does not fulfil its obligations under the Bonds, the Deed of Guarantee or the Trust Deed, the Bondholders will only have recourse against the Issuer or the Guarantor, but not MHTZ Management Committee, the Deqing County Government, the Huzhou City Government or any other PRC governmental entity.

The PRC government may continue to release new policies or amend existing regulations to control the incurrence of local governmental debt. There is no assurance that the Group’s financing and business model and its indebtedness will not be materially affected by future changes in the regulatory regime concerning the local state-owned enterprises in response to such regulations.

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

The Group relies on bank loans and proceeds from bond issuances to satisfy a portion of its capital requirements and the Group has a significant amount of outstanding indebtedness. As at 31 March 2023, the Group’s total indebtedness (comprising short-term borrowings, non-current liabilities maturing within one year, other current liabilities, long-term borrowings, bonds payable, interest-bearing portion of long-term payables and other non-current liabilities) amounted to approximately RMB58.9 billion, representing 58.8 per cent. of the Group’s total assets as at the same date, of which approximately RMB15.9 billion would become due within 12 months. In addition, as at 31 March 2023, the total

current liabilities of the Group amounted to approximately RMB19.6 billion, accounting for around 30.7 per cent. of the total liabilities of the Group, and the Group's liability-to-asset ratio was around 63.5 per cent.

Significant indebtedness may pose negative effects on the liquidity and financial condition of the Group in the long run. If the Group cannot obtain sufficient funding in commercially acceptable terms in the future, it may encounter liquidity distress, which may negatively affect the operations of the Group.

In addition, substantial indebtedness could impact the Group's business in a number of ways, including:

- requiring the Group to dedicate part of its operating cash flow to the service of its indebtedness;
- increasing the Group's finance costs, thus affecting the overall profits of the Group;
- limiting the Group's flexibility in planning for or responding to changes in the Group's business and the industries in which it operates;
- limiting, 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
- increasing the Group's vulnerability to adverse general economic and industry conditions.

As the Group relies on bank loans and proceeds from bond issuances to satisfy a portion of its capital requirements, it is subject to relatively high financing costs and to repayment pressure of principal and interest. If the Group cannot make sufficient profits, such high financing costs and repayment pressure may negatively affect the business, financial condition and results of operations of the Group.

Significant amount of the Group's assets have been mortgaged for securing its borrowings.

Third-party security rights may limit the Group's use of the underlying collateral assets and adversely affect its operational efficiency. As at 31 March 2023, the Group's restricted assets amounted to approximately RMB9.0 billion, representing around 9.0 per cent. of its total assets. The Group's restricted assets mainly consists of inventories, cash and cash equivalents, construction in progress, investment property, property, plant and equipment and intangible assets. If the Guarantor, Issuer and their subsidiaries are unable to service their secured debt on a timely basis, the assets provided as security for such debt may be subject to foreclosure, which may adversely affect the business, prospects and financial condition of the Group.

The Group may face risks relating to its joint ventures.

The Group may conduct some of its business through joint ventures which it does not control or shares control (in whole or in part) with its joint venture partners. Cooperation and agreement between the Group and its joint venture partners is an important factor for the smooth operation and financial success of such joint ventures. There is no assurance that the Group will always be able to reach consensus with its joint venture partners regarding the operation of the relevant joint ventures. In addition, 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. Furthermore, the Group may not be able to control the decision-making process of its joint ventures, and may only have the ability to influence certain material decisions through contractual provisions or representatives. Also, some joint venture agreements between the Group and its joint venture partners contain restrictions on its ability to transfer its interests to third parties without prior consent from the remaining partners who may exercise pre-emptive rights, veto rights or other similar rights. In addition, there can be no assurance that any of these joint venture partners will not terminate their relationships with the Group in the future. Any of the factors above may adversely affect the business, financial condition, results of operations and prospects of the Group.

Failure to obtain sufficient capital on acceptable terms or in a timely manner may adversely affect the Group's business and growth prospects.

The Group's business requires and will continue to require substantial capital expenditure. For the years ended 31 December 2020, 2021 and 2022 and for the three months ended 31 March 2023, the Group made capital expenditures of approximately RMB750.3 million, RMB1,323.6 million, RMB390.5 million and RMB343.8 million, respectively. The Group has historically satisfied its capital requirements with cash flows generated from its operating activities, bank loans and other borrowings and equity contributions from its shareholder. The ability of the Group to generate sufficient operating cash flow is affected by a number of factors, such as the Group's ability to manage and implement its business development plans, changes in general market conditions, the regulatory environment, governmental policies and the competition in the industries in which the Group operates. Any material adverse change in these factors may cause the Group to experience a capital shortage. For the years ended 31 December 2020, 2021 and 2022 and for the three months ended 31 March 2023, the Group experienced net cash outflow from operating activities, and there is no assurance whether this will occur again in the future, and whether the Group's operations are or will be able to generate sufficient cash flow to satisfy its cash need at all times, if at all. See “– *The Group has historically experienced net cash outflow from operating activities*”.

Insufficient cash flow generated from the Group's operating activities will increase the Group's reliance on external financing. As at 31 March 2023, the Group had total credit facilities of approximately RMB29.8 billion, of which approximately RMB5.3 billion had not been utilised. The Group's ability to access and raise sufficient capital through different sources depends upon a number of factors, such as the PRC's economic condition, relationships with key commercial banks, prevailing conditions in capital markets, regulatory requirements and the Group's financial condition. Some of these factors are beyond the Group's control and there is no assurance that the Group will be able to raise sufficient funds in a timely manner or to obtain external financing on commercially acceptable terms, or at all. The Group may not be able to fund the capital expenditure necessary to implement its business development plans and strategies, which may in turn have a material and adverse effect on its business, financial condition, results of operations and prospects.

The Group has historically experienced net cash outflow from operating activities.

For the years ended 31 December 2020, 2021 and 2022 and for the three months ended 31 March 2023, the Group recorded net cash outflow from operating activities with the amounts of approximately RMB2.9 billion, RMB3.0 billion, RMB7.7 billion and RMB1.4 billion, respectively. The Group's net cash outflow from operating activities was largely attributable to the mismatch in the construction and development projects between the development timetable, which dictates the Group's expenditures, and the time when it receives funds for the relevant projects from the relevant government agencies. There is no assurance whether the Group will not record net cash outflows from operating activities again in the future, and any such cash outflows may have a material and adverse effect on the Group's liquidity, financial condition, results of operations and prospects.

The Group faces risks associated with contracting with public bodies.

As an entity engaging in land development and infrastructure construction businesses in MHTZ, a substantial part of the Group's business activities is conducted with various governmental authorities and their controlled entities in Deqing County and Huzhou City. A large portion of the Group's cash flow is generated from payments by relevant governmental authorities, such as the Huzhou City Government, the Deqing County Government and MHTZ Management Committee. As such, the Group is exposed to certain inherent risks relating to dealing with public bodies. The local government's ability to meet its payment obligations for the projects that the Group undertakes largely depends on the fiscal revenue of local government, the policies and regulations promulgated by higher level governments or authorities as well as many other factors which are generally beyond the Group's control.

Any failure by relevant governmental authorities to fulfil their contractual obligations or any adverse change to their financial or fiscal conditions or policies may require the Group to change its business plans and could materially affect the Group's business, financial condition and operating results. If there is any material disagreement between the Group and relevant governmental authorities, there is no assurance that the Group will successfully resolve them in a timely manner, or at all. Any dispute or legal proceeding with or against relevant governmental authorities may last for a long period of time and cost considerable financial and managerial resources, which could materially affect the Group's business, financial condition and operating results. Additionally, any of these may severely damage the relationships between the Group and relevant governmental authorities and their controlled entities, which may in turn materially and adversely affect the Group's business and prospects.

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

As at 31 December 2020, 2021 and 2022 and 31 March 2023, the Group's other receivables amounted to approximately RMB9.0 billion, RMB8.8 billion, RMB10.0 billion and RMB10.3 billion, respectively, representing approximately 15.8 per cent., 12.1 per cent., 11.0 per cent. and 10.3 per cent., respectively, of the Group's total assets. These other receivables are mainly outstanding amounts owed to the Group by MHTZ Management Committee and other enterprises. In accordance with the Group's accounting policies, the Group makes provisions for overdue receivables as a reserve against the future recognition of certain such receivable as bad debt. As at 31 March 2023, the Group's provisions for its other receivables amounted to RMB67.3 million.

There are inherent risks associated with ability and willingness of the Group's counterparties with respect to these other receivables to make timely payments, and their failure to make timely payments could materially and adversely affect the Group's liquidity and in turn affect its business, financial condition or results of operations.

The amount of outstanding external guarantee of the Group is significant and may face significant guarantee liabilities.

The Group is at risk from having a significant amount of external guarantees. As at 31 March 2023, the outstanding guarantee provided by the Group to third parties amounted to approximately RMB4.1 billion, which represented approximately 4.0 per cent. of the Group's total assets. Although the Group implements strict risk control and counter-guarantee policies and selects third parties with strong financial and asset status to provide counter-guarantees, there is no assurance that such risk control measures can be effective at all times. In extreme circumstances, if large-scale defaults by debtors occur and the Group is obligated under the guarantees to repay the relevant debts, the Group's liquidity and financial condition will inevitably be materially and adversely affected, which in turn will affect its ability to service its debts and may adversely affect the its business, prospects and financial conditions.

Restrictive covenants contained in credit facilities may limit the Group's ability to incur additional indebtedness and restrict its future operations, and failure to comply with these restrictive covenants may adversely affect its liquidity, financial condition, results of operations and prospects.

Certain financing contracts entered into by members of the Group may contain operational and financial covenants that prohibit the borrower from incurring additional indebtedness unless it is able to satisfy certain financial ratios, restrict the borrower from creating security over its assets or granting guarantees, or prohibit the borrower from changing its business and corporate structure, without the lenders' prior consent. The ability of the Issuer, the Guarantor and their respective subsidiaries (as borrower) to comply with such covenants may be affected by events beyond their control. Such restrictive covenants may also adversely affect the Group's ability to respond to changes in market conditions, take advantage of business opportunities the Group believes to be desirable, obtain future financing, fund capital

expenditures, or withstand a continuing or future downturn in its business. Any of these factors could materially and adversely affect the Issuer's ability to satisfy its obligations under the Bonds and other debt.

If the Issuer, the Guarantor or any of their respective relevant subsidiaries is unable to comply with the restrictive covenants in its current or future debt, a default under such debt may occur. In such event, the creditors may terminate their credit extended to the Issuer, the Guarantor or their respective subsidiaries, accelerate the outstanding debt and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Some of the financing contracts entered into by the Issuer, the Guarantor or their respective subsidiaries may contain cross-acceleration or cross-default provisions. As a result, a default by the Issuer, the Guarantor or any of their respective subsidiaries under any of other debt may cause the acceleration of not only the defaulted debt but also those debt containing cross-acceleration or cross-default provisions, including the Bonds, or result in a default under these debts. If any of these events occurs, there is no assurance that the Issuer, the Guarantor or any of their respective subsidiaries will be able to obtain the lenders' waiver in a timely manner or at all, or that the assets and cash flow of the Issuer, the Guarantor or their respective subsidiaries would be sufficient to repay all of their respective debts in full as they become due or accelerated, or that the Issuer, the Guarantor or their respective subsidiaries would be able to secure alternative financing on terms that are acceptable to the Issuer, the Guarantor or their respective subsidiaries, or at all.

Furthermore, the Group's borrowings may be secured. Security rights may limit the Group's use of the underlying collateral assets and adversely affect their operational efficiency. If the Group is unable to service its secured debt on a timely basis, the assets provided as security for such secured debt may be subject to foreclosure, which may adversely affect the Group's business, prospects and financial conditions.

The Group may cease to enjoy shareholder support, the loss of which, or a reduction in which, could adversely affect the business and results of operations of the Group.

MHTZ Management Committee, as the shareholder of the Guarantor and the actual controller of the Issuer, has historically provided support to the development of the Group, such as guidance on business strategies, capital injection and asset transfer. See also "*Description of the Issuer Group – History and Development*" and "*Description of the Group – History and Development*" for more details. The Group benefitted from such support in its initial stage of development and operations. However, due to the PRC regulatory developments on the administration of the financing platform of local governments and other relevant laws and regulations as well as the policies and priorities of the local and central governments, the above-mentioned shareholder support from MHTZ Management Committee may be reduced or even cease in the future, which may have a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

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

Certain of the Group's businesses, such as industrial park development and infrastructure construction businesses, may from time to time involve relocation of incumbent residents and local businesses when it develops projects. The Group develops and provides substitute properties in some cases to relocated residents as compensation for their resettlement. If any incumbent resident or business is dissatisfied with the relocation compensation and refuses to be relocated, the relevant entity of the local governments 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 compliant 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 incumbent 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 regulation and can be changed at any time. Accordingly, any

delays in effecting such relocations of these incumbent residents or businesses may result in delays in the Group's development schedules and/or increase its development costs, any of which could have a material adverse effect on its business, financial condition and results of operations.

The Group operates in multiple businesses and such business structure exposes the Group to challenges not faced by companies with a single or fewer variety of businesses.

The Guarantor has a number of subsidiaries and associated companies operating in multiple industries. Through these subsidiaries and associated companies, the Group focuses on six main business segments covering a wide range of industries: (i) land development, (ii) infrastructure construction, (iii) resettlement housing, (iv) industrial park development, (v) materials trading and (vi) other businesses.

As such, the Group is exposed to business, market and regulatory risks associated with multiple businesses and may from time to time expand its businesses to new industries and markets 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 business. Furthermore, given the Guarantor's reliance on its subsidiaries, it is critical to ensure that the Guarantor's subsidiaries have sufficient working capital for their operations. The capital contributions by the Guarantor or other members of the Group to some major subsidiaries of the Guarantor may be made in non-cash forms, such as fixed assets, construction projects and equipment, the fair value of which might not have been accurately assessed or were even overpriced at the time such capital contribution was made. This may result in such subsidiaries receiving assets that worth less than their registered capital, and as a result adversely and materially affect the ability of such subsidiaries to carry out business operations or to meet their obligations under financing agreements.

In addition, successful operation of the Group requires an effective management system. As the Group continues to grow its businesses, and expand into various industries, the Group's operations may become more complex, which would increase the difficulty of implementing its management system.

The Guarantor also provides borrowings, guarantees and other support to certain of its subsidiaries in various lines of businesses. For instance, the Guarantor provides loans to, or acts as a guarantor for the borrowings of, certain subsidiaries. If a subsidiary defaults on any borrowings lent or guaranteed by the Guarantor, the Guarantor will not receive the repayment as planned or the relevant creditor 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 subsidiaries. If the Guarantor's financial or non-financial support ceases or diminishes for any reason, the operations of the relevant subsidiaries may be materially and adversely affected, which in turn may have a material and adverse impact on the businesses, financial conditions and results of operations of the Group.

The Group's business operations are subject to extensive regulation at various levels of government, and any failure to comply with applicable laws, rules and regulations, including obtaining any necessary qualifications, permits or approvals for its operations may adversely affect the Group.

Certain business activities of the Group, such as land development and infrastructure construction, are extensively regulated in the PRC. The operation of these business activities requires a number of approvals, licences and permits from different governmental authorities. It may take considerable time and resources to obtain and maintain all of these approvals and certificates. Governmental authorities in the PRC have broad discretion in implementing and enforcing applicable laws and regulations and in granting the approvals, licences, permits and certificates necessary for the Group to conduct its business. Failure to obtain in a timely manner or maintain the necessary approvals, licences or permits could result in delay or suspension of the Group's business operations, and may subject the relevant members of the Group to regulatory or administrative penalties.

In addition, the PRC governmental authorities may amend existing regulations or promulgate new regulations from time to time. The Group may encounter problems in obtaining, maintaining or renewing the permits, licences, certificates and government authorisations necessary to conduct its business and may be unable to comply with new laws, regulations or policies. In addition, to ensure the restrictions and conditions of relevant business permits, licences and certificates are fulfilled, governmental authorities also conduct regular and special inspections, investigations and inquiries. If any significant non-compliance is found by the governmental authorities during such investigations or inquiries, the Group's permits, licences and certificates may be suspended or revoked, and the Group may become subject to fines or other forms of penalties, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The insurance coverage of the Group may not adequately protect it against all operational risks or any potential liabilities or losses.

The Group faces various operational risks in connection with its business, including but not limited to:

- operating limitations imposed by environmental or other regulatory requirements;
- defective quality of the properties it develops;
- work-related personal injuries;
- on-site production accidents;
- construction interruptions caused by operational errors, electricity outages, raw material shortages, equipment failure and other production risks;
- credit risks relating to the performance of customers or other contractual third parties;
- disruption in the global capital markets and the economy in general;
- loss on investments;
- environmental or industrial accidents; and
- catastrophic events such as fires, earthquakes, explosions, floods or other natural disasters.

The Group maintains limited insurance policies, but usually requires contractors for its construction projects to maintain the insurance coverage for the projects, which the Group believes to be consistent with the industry and business practice in the PRC. However, some of the above-mentioned operational risks may not be covered by the insurance policies maintained by the contractors of the Group, and, even if covered, claims under these insurance policies may not be honoured fully or on time, or the insurance coverage may not be sufficient to cover the costs incurred in the Group's operations related to the above-mentioned operational risks. There are also certain types of losses (such as 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 by nature or not economically insurable. To the extent that the Group suffers loss or damage that is not covered by insurance or exceeds the limit of the insurance coverage, the Group's results of operations and cash flow may be materially and adversely affected.

The Group is subject to various environmental, safety and health regulations in the PRC and any failure to comply with such regulations may result in penalties, fines, governmental sanctions, proceedings or suspension or revocation of its licences or permits.

The Group is required to comply with extensive environmental, safety and health regulations in the PRC. Failure to comply with such regulations may result in fines or suspension or revocation of the Group's licences or permits to conduct its business. Given the volume and complexity of these regulations, compliance may be difficult or involve significant financial and other resources to establish efficient compliance and monitoring systems. There is no assurance that the Group will be able to comply with all applicable requirements or obtain these approvals and permits on a timely basis, if at all. As at the date of this Offering Circular, the Group has not experienced any significant non-compliance with applicable safety regulations or requirements. In addition, PRC laws and regulations are constantly evolving. There is no assurance that the PRC government will not impose additional or stricter laws or regulations, which may increase compliance costs of the Group. Any failure to comply with the current or future environmental, safety and health regulations may materially and adversely affect the Group's 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 on its quality control systems to ensure the safety and quality of its projects. Therefore, it needs to maintain an effective quality control system. The effectiveness of the Group's quality control system depends significantly on a number of factors, including a timely update of the quality control system to suit the ever-changing business needs, the availability of related training programmes as well as its ability to ensure that the Group's and the contractors' employees adhere to its quality control policies and guidelines. There is no assurance that the quality of the Group's projects will always meet the required standard. Any failure or deterioration of the Group's quality control systems could result in defects in its projects, which in turn may subject the Group to contractual, product liability and other claims. Any such claims, regardless of whether they have any merit, 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 are ultimately successful, the Group could be required to pay substantial monetary damages or penalties. Although the Group believes that its quality control systems have functioned properly, there is 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 may be subject to product liability claims.

The products developed or to be developed by the Group are important to the operations of its customers. Should there be any defect or error in such products that cause damage to operations and/or business of the customers and other third parties, the Group may have to incur additional expenses either to rectify the defect or error or to indemnify the customers for any losses that the customers may suffer as a result of such defect or error. Any occurrence of product liability claims arising from defects in the Group's products may have an adverse impact on the Group's business, financial condition and results of operations. As at 31 March 2023, so far as the directors of the Guarantor and Issuer are aware, no legal claim was made against any members of the Group by any customers of the Group in relation to any products and services provided by the Group. Nevertheless, there is no assurance that such claims will not be made in the future.

The Group is exposed to risks in relation to the inventories it maintains.

As at 31 December 2020, 2021 and 2022 and 31 March 2023, the Group's inventories amounted to approximately RMB30.9 billion, RMB38.1 billion, RMB47.8 billion and RMB49.5 billion, respectively, representing approximately 54.3 per cent., 52.8 per cent., 52.8 per cent. and 49.4 per cent. of the Group's total assets, respectively. The Group's inventories comprise primarily of developed projects and land parcels recognised at cost. Any decrease in the market demand and the corresponding drop in the sales of properties and projects that the Group developed or the services that the Group provided could

cause the Group's inventories to accumulate and depreciate in value, which may adversely affect the Group's businesses, financial condition, results of operations and prospects. In addition, costs for on-going infrastructure construction projects, which are recognised as inventories on the Group's consolidated balance sheet are illiquid assets and might not be sold for cash in an efficient manner. This may limit the Group's ability to respond to changing economic, financial and investment conditions. The Group's ability to sell these inventories to a large extent relies on the market demand for the properties and projects it develops. These factors may in turn be affected by the controlling measures of the PRC government on urban development and real property investment and the PRC government's macroeconomic and monetary policies, which are beyond the Group's control. Any failure to effectively manage the Group's inventory level will have a material impact on the Group's cash flow and adversely affect its ability to carry on ordinary business activities and to serve its outstanding debt, such as the Bonds, which in turn could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

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

The Group has substantial indebtedness outstanding. As at 31 March 2023, the Group's total indebtedness (comprising short-term borrowings, non-current liabilities maturing within one year, other current liabilities, long-term borrowings, bonds payable, interest-bearing portion of long-term payables and other non-current liabilities) amounted to approximately RMB58.9 billion, representing 58.8 per cent. of the Group's total assets as at the same date, of which approximately RMB15.9 billion would become due within 12 months. The PRC government has historically adjusted interest rates from time to time as implementation of the PRC government's economic and monetary policies. Starting August 2019, the National Interbank Funding Center (全國銀行間同業拆借中心) is authorised by PBOC to publish loan prime rates (the "LPR") on a monthly basis based on the prime rate offered by a panel of commercial banks, and Chinese banks are required to use the LPR as the reference rate for the pricing of its loans extended after 1 January 2020. As of the date of this Offering Circular, most of the Group's bank borrowings bear interest at floating interest rates linked to the LPR. Any material fluctuation in the LPR may have a material impact on the Group's interest expenses under its bank loans and debt securities issued and in turn affect its results of operations. Although Group's business and financial condition may benefit from the currently low prevailing interest rates in the market, there is no assurance that this low-interest environment will continue.

The Group may not successfully expand its businesses and implement its growth strategies.

The Group may from time to time expand its businesses to new industries or markets in which it has limited operating experience. For example, the Group expanded its business to include automobile application sales, intelligent controller sales and sewing machine application sales business after its acquisition of Zhejiang Founder on 6 March 2023. Such expansion may require the Group to devote substantial resources to become familiar with, and monitor changes in, different operating environments so that it may succeed in such new business. The Group's ability to successfully grow its new business and implement its expansion strategy depends on a variety of factors, including its ability to identify attractive projects, obtain required approvals from relevant regulatory authorities, obtain sufficient capital on acceptable terms in a timely manner and maintain working relationships with various governmental authorities and agencies, some of which may be out of the Group's control. There is no assurance that the Group will be able to successfully grow its businesses, implement its expansion strategies, manage or integrate any newly-acquired operations with the Group's existing operations. Failure by the Group to grow new businesses or implement its expansion strategies could have a material adverse effect on its business, financial condition, results of operations and prospects.

Fluctuations in the price of materials could adversely affect the Group's business and financial performance.

The cost of materials, such as steel, cosmetics, scrap steel and non-ferrous metals constitutes a significant portion of the Group's costs for its infrastructure construction and materials trading business. Material costs have fluctuated significantly, and may fluctuate significantly in the future. Any increase

in the cost of materials may result in an increase in the costs for the Group's infrastructure construction and materials trading business, which may pose an adverse effect on the financial performance of the Group.

Delays or defaults in payments to the Group may affect its working capital and cash flow.

The payments for the Group's infrastructure construction projects are usually made in instalments over a period of time after projects are completed. However, the Group incurs costs, such as labour costs, from the beginning of the project and before achieving any milestones warranting payment from its customers, and thus bears the risk of prepaying costs and expenditures for each project it constructs. As such, any delay or default in the payments to the Group may increase the Group's liquidity pressure, which will in turn increase its financial vulnerability and adversely affect its financial condition and results of operations. The timely payment for the Group's infrastructure construction projects may be dependent on multiple factors including project scale and construction progress. As at the date of this Offering Circular, the Group has not experienced any significant delay in payments by local governments in accordance with the agreed payment terms in relation to the infrastructure construction business. In addition, the certainty of payment for the Group's industrial park development business may be dependent on government planning, vitality of the real estate market and the ongoing efforts to attract investment. However, there is no assurance that all payments will continue to be made in a timely manner, or that no events of default will occur in the future.

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

The Group engages third-party contractors in its operating activities, such as land development business, industrial park development business and infrastructure construction business. The Group generally selects independent contractors through public bidding and tendering processes. However, there is no assurance that the services rendered by any of the contractors selected by the Group or subcontractors selected by the Group's contractors will always be satisfactory or meet the Group's quality and safety standards. If the performance of any contractor or subcontractor is not satisfactory or does not meet the Group's quality and safety standards, the Group may need to replace such contractor or take other actions to remedy the situation, which could adversely affect the cost and progress of its projects. In addition, the Group may be requested on short notice to undertake additional construction or development projects, and there may be a shortage of contractors that meet the Group's quality requirements under such short notices. Contractors may also undertake projects for other companies and developers, 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 and budget. Any of these factors could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Failure to comply with laws, regulations and rules applicable to the Group's subsidiary as a listed company on the Shenzhen Stock Exchange could lead to regulatory investigations and result in disciplinary actions and penalty against the Group's subsidiary or its directors and senior management.

Zhejiang Founder as a listed company on the Shenzhen Stock Exchange and its directors and senior management are subject to various continuing obligations under applicable laws, rules and regulations by relevant PRC regulatory authorities including the China Securities Regulatory Commission (the "CSRC") and its competent local counterparts and the Shenzhen Stock Exchange in terms of compliance with applicable securities laws, financial reporting standards and information disclosure obligations relating to, among others, disclosure of price-sensitive information, connected transactions and notifiable transactions. Failure to comply with any of these applicable laws, rules and regulations may subject Zhejiang Founder and/or its directors and senior management to regulatory investigations or proceedings and, if such investigations lead to rulings or findings made against Zhejiang Founder and/or its directors and senior management, may lead to imposition of sanctions and/or disciplinary actions by the regulators against them. On 6 February 2024, Zhejiang Founder received the Decision of Administrative Penalty ([2024] No. 6)(《行政處罰決定書》([2024]6號)) issued by the Zhejiang

Regulatory Bureau of the CSRC for its unreasonable accounting estimates of guarantee of repair, replacement and refund fees and the improper expansion of goodwill-related assets of its subsidiary, pursuant to which the Zhejiang Regulatory Bureau of the CSRC issued warnings and imposed a fine of RMB4.0 million on Zhejiang Founder, a fine of RMB1.3 million on Mou Jian (牟健), Zhejiang Founder's director and a fine of RMB0.8 million on Niu Mingkui (牛銘奎), Zhejiang Founder's chairman of the board of directors. The Zhejiang Regulatory Bureau of the CSRC also issued a warning letter to Zhejiang Founder and its directors and senior management on 6 February 2024 regarding the non-disclosure of occupation of non-operating capital and non-disclosure of related party transactions, pursuant to which Zhejiang Founder was to submit a written report to the Zhejiang Regulatory Bureau of the CSRC within ten days of receiving the warning letter. Considering the extensive regulatory schemes and evolving regulatory developments under PRC securities law and also relevant authorities' strengthening regulation on listed companies in the PRC, there is no assurance that the CSRC, the Shenzhen Stock Exchange or other relevant PRC regulatory authorities will not have other inquiries or take other actions or impose any penalties (including, but not limited to, warranties, fines and administrative penalties) against Zhejiang Founder, its directors and/or employees in the future. Any investigations, sanctions and/or disciplinary actions resulting from the possible non-compliance(s) of the applicable laws, rules and regulations by Zhejiang Founder and/or its directors and senior management may negatively affect the business, reputation, financial condition and results of operations of the Group. Please also see *“– The Group may be involved in disputes, legal, litigation, arbitration, regulatory and other proceedings arising out of its operations from time to time and may face significant liabilities as a result”*.

The Group's industrial park development business may be dependent on the performance of the property market.

The Group develops and leases or sells commercial properties in industrial parks in Deqing County. The Group's industrial park development business may be dependent on the performance of the property market in the PRC, in Deqing County in particular. The property market in the PRC and in Deqing County may be affected by local, regional, national and global factors, including economic and financial condition, speculative activities in local markets, demand for and supply of properties, investor confidence, availability of alternative investment choices for property buyers, inflation, government policies, interest rates and availability of capital. In particular, the PRC property market has been affected by the recent slowdown in China's economic growth. There have been increasing concerns over the sustainability of the real estate market growth in the PRC. Factors such as decrease in available funds and investor confidence may influence demand for the properties the Group developed. Any downturn in the property market in the PRC generally or in Deqing County may materially and adversely affect the Group's business, financial condition and results of operations.

The PRC government has in recent years promulgated various control measures aimed at cooling the property sector and may adopt further measures to regulate this sector. There can be no assurance that such measures will not have a negative impact on the Group's business or that the demand for new properties in regions where the Group has or will have operations will continue to grow in the future or that there will not be over-development or market downturn in the PRC property sector.

The Group may face delays and cost overruns with the construction projects, which may adversely affect its results of operations.

There are a number of risks associated with the Group's infrastructure construction or industrial park development projects with respect to their construction, financing and/or operation. The Group's construction projects typically require substantial capital expenditures during the construction or development phase and can take a substantial period of time to complete. The time taken and the costs involved in completing these projects can be adversely affected by many factors, including shortages of materials, equipment and labour costs, adverse weather conditions, natural disasters, terrorism, labour disputes, disputes with sub-contractors, accidents, changes in governmental priorities and other unforeseen circumstances, many of which are out of the Group's control. Any of these could give rise

to delays in the completion of the Group's projects. The Group's cost to complete its projects may also be affected by changes in the price of labour and raw materials, which is often beyond the Group's control. Under such circumstances, the Group may be required to make additional investment, incur additional expenditures, or experience liabilities, reduced efficiency and lower financial returns, which may in turn materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The PRC government may adopt measures aimed at slowing down growth in the real estate sector.

Since 2005, the PRC government has from time to time introduced various measures to curtail real estate speculation in response to concerns over, among other things, the increases in property investments and real estate price and the overheating of the real estate market. For example, according to the Notice of the General Office of the State Council on Issues Relating to Further Improving the Control of the Real Estate Market (Guo Ban Fa [2011] No. 1)(國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知)(國辦發[2011]1號)) dated 26 January 2011, the Notice of the General Office of the State Council on Further Improving the Regulation and Control of the Real Estate Market (國務院辦公廳關於繼續做好房地產市場調控工作的通知)(國辦發[2013]17號)) dated 26 February 2013 and the Notice of the Ministry of Housing and Urban-Rural Development on Issues Relating to Further Improving the Regulation and Control over the Real Estate Market (Jian Fang [2018] No. 49)(住房城鄉建設部關於進一步做好房地產市場調控工作有關問題的通知(建房[2018]49號)) dated 19 May 2018, the PRC government firmly restrained speculative demands and strengthened market supervision to better control the overheating of the PRC real estate development market. Such measures may limit property developers' access to capital resources, reduce market demand for their properties and increase their operating costs in complying with these measures. There is no assurance that the PRC government will not adopt additional and more stringent measures to further dampen the growth of the real estate sector, which could slow down real estate development in the PRC. This may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's industrial park development business is subject to claims under statutory quality warranties.

Under the Regulations on Administration of Development and Operation of Urban Real Estate (城市房地產開發經營管理條例) promulgated by the State Council on 20 July 1998 and further amended on 8 January 2011, 19 March 2018, 24 March 2019, 27 March 2020 and 29 November 2020, and Regulations for the Administration of Sale of Commodity Building (商品房銷售管理辦法) promulgated on 4 April 2001 and became effective on 1 June 2001, all real estate developers in the PRC must provide certain quality warranties for the properties they sell. The Group is required to provide these warranties to the purchasers of the properties it develops and sells. Generally, the Group receives quality warranties from its third-party contractors with respect to its real estate projects. If a significant number of claims were brought against the Group under its warranties and if the Group is unable to obtain compensation 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 remedying the related defects, which could in turn harm its reputation, and materially adversely affect its industrial park development business and related financial condition and results of operations.

The Group is exposed to risks in relation to work safety and occurrences of accidents.

There are inherent risks of work injuries or accidents occurring in the course of the Group's business operations due to the nature of the services being performed, particularly in the provision of infrastructure construction services and land development services, as the Group's employees may be required to work in dangerous environments. The Group's employees may be required to undertake certain tasks including, but not limited to the following: (i) working at height or on slippery surfaces or in the dark; (ii) operation of electrical appliances in undertaking minor maintenance works; (iii) lifting heavy objects; (iv) working in new and unfamiliar environments; (v) defending and protecting individuals against aggressors; (vi) handling disputes amongst residents or tenants in the properties and parking lots the Group manages and/or operates; and (vii) maintaining order in crowded events.

The Group's involvement in major accidents or incidents in the course of its operations, particularly if reported by the media, may adversely affect the Group's reputation and its client's perception of the quality of its services. The Group cannot ensure that any incidents or accidents, which could result in property damage, personal injury or even death to the third parties including residents and aggressors, property owners or the Group's employees, will not occur again in the future. Accidents resulting in personal injury or loss or damage to property may also arise if the Group's employees fail to follow its work safety measures and procedures. However, accidents may occur in the ordinary course of the Group's business. The Group cannot ensure that its employees will fully comply with the safety measures and plans it implements during their execution of the above tasks or any other tasks. In such events, the Group may be held liable for the losses or be subject to prosecution. The Group may also be exposed to claims of negligent or reckless behaviour on the part of its employees. The Group may also experience interruptions to its business operations and may be required by government authorities to change the manner in which it operates following any incidents or accidents. Any of the foregoing could materially and adversely affect the Group's reputation, business, financial position and results of operations.

The Group's success depends on the continuing service of its management team and qualified employees and any failure to attract and retain competent personnel may adversely affect the Group's business.

The success of the Group's business has been, and will continue to be, heavily dependent upon the continuing service of the Issuer's and the Guarantor's respective directors and senior management. If the Issuer or the Guarantor lose the services of any of its key executives and cannot replace them in a timely manner, the Group's business may be materially and adversely affected.

In addition, the Group's success depends on its ability to attract and retain key personnel who possess in-depth knowledge and understanding of the industries in which the Group invests or operates. These key personnel include experienced finance professionals, project development and management personnel, and other operation personnel. Competition for attracting and retaining these individuals is intensive. Such competition may require the Group to offer higher compensation and other benefits in order to attract and retain qualified professionals, which could materially and adversely affect the Group's financial condition, results of operations and prospects. As a result, the Group may be unable to attract or retain these personnel to achieve its business objectives and the failure to do so could severely disrupt its business and prospects. For example, the Group may not be able to hire enough qualified personnel to support its business expansion. Furthermore, as the Group expands its business and hires new employees, such new employees may take time to get accustomed to any new standard procedures and consequently may not comply with the standard procedures of such new business in an accurate and timely manner. The occurrence of any of these events could lead to unexpected losses to the Group and adversely affect its revenue and financial condition.

The Group may not effectively implement risk management and internal control policies and procedures to manage its financial risks.

Financial risks are inherent in the Group's businesses. Although policies and procedures are in place to identify and report on a timely basis the liquidity, interest rate and credit risks arising from the activities of its businesses, there is no assurance that these systems and procedures will prevent any loss that affects the Group's financial conditions. In addition, many of the Group's current financial risk management systems have a significant manual component. There are additional risks inherent in any manual risk management system, including human error. The reliability of the Group's risk management systems and the information generated therefrom depends on, *inter alia*, the configuration and design of the systems, the built-in system control features and the internal control measures surrounding them. Any failure of internal control could have a material adverse effect on the Group's businesses, results of operations and financial conditions.

The Group faces management risks due to its numerous business segments and subsidiaries.

The Group operates in multiple business segments through a number of subsidiaries across various industries. Although the Group conducts its business primarily in Huzhou, the diversification of its business and therefore its assets and management may make it difficult for it to manage its assets and financial matters, to exchange information internally and to coordinate among different business teams. The Group may also fail to manage all of its subsidiaries effectively and may fail to detect any non-compliance of its subsidiaries in a timely manner if at all. The Group's inherent management risks may materially and adversely affect its business, financial condition and results of operations.

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

The Group may be exposed to fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties that could subject it to financial losses and sanctions imposed by governmental authorities, which in turn could affect its reputation. Such misconduct could include:

- hiding unauthorised or unsuccessful activities, resulting in unknown and unmanaged risks or losses;
- intentionally concealing material facts, or failing to perform necessary due diligence procedures designed to identify potential risks, which are material to the Group in deciding whether to make investments or dispose of assets;
- improperly using or disclosing confidential information;
- recommending products, services or transactions that are not suitable for the Group's customers;
- misappropriation of funds;
- conducting transactions that exceed authorised limits;
- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities when marketing or selling products;
- engaging in unauthorised or excessive transactions to the detriment of the Group's customers;
- making or accepting bribery activities;
- conducting any inside dealing; or
- otherwise not complying with applicable laws or the Group's internal policies and procedures.

The Group's internal control procedures are designed to monitor its operations but may be unable to identify all incidents of non-compliance or suspicious transactions in a timely manner, if at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions the Group takes to prevent and detect such activities may not be effective. There is no assurance that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it may cause negative publicity as a result and have a material adverse effect on its reputation and business.

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

The Group may from time to time be involved in disputes with various parties involved in its business, including contractors, tenants, suppliers and purchasers. Such disputes may lead to legal or other proceedings and they may damage the Group's reputation, increase the Group's costs of operations and divert the Group's management's attention from daily business operations. In addition, where regulatory bodies or governmental authorities disagree with the Group's conduct in respect of its operations, the Group may be subject to administrative proceedings and unfavourable decrees that could result in liabilities and delays to its projects. There is no assurance that the Group will not be so involved in any major legal or other proceedings in the future, which may subject the Group to significant liabilities and materially and adversely affect the Group's business, financial condition, results of operations and prospects.

Public corporate disclosure about the Issuer and the Guarantor may be limited.

As neither the Issuer nor the Guarantor is listed on any stock exchange, there may be less information about it publicly available than is regularly made available by listed companies. As a result, the level of information that is available may not correspond to what investors in the Bonds are accustomed to.

The Group's business may be affected by force majeure events, natural disasters and outbreaks of contagious diseases, 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.

Force majeure events, natural disasters, catastrophe or other events could result in severe personal injury to the Group's staff, property damage and environmental damage, which may curtail the Group's operations, cause delays in estimated completion dates for projects and materially and adversely affect its cash flows and, accordingly, adversely affect its ability to service debt. If any of the Group's assets are damaged by severe weather or any other disaster, accident, catastrophe or other event, the Group's operations may be significantly interrupted. In addition, severe and prolonged contagious disease outbreaks, such as COVID-19, could result in a widespread health crisis, and the business activities and operations in the affected regions operated by the Group could be severely affected.

The occurrence or continuance of any of these or similar events could increase the costs associated with the Group's operations and reduce its ability to operate its businesses effectively, thereby reducing its revenues. Insurance policies for civil liability and damages taken out by the Group could prove to be significantly inadequate, and there can be no assurance that the Group will always be able to maintain a level of cover at least equal to current cover levels and at the same cost. Such events could also lead to the shutdown of the Group's affected operating facilities and, potentially, similar facilities that may be considered to present the same or similar risks.

The Group may not be successful in integrating and managing future investments and/or acquisitions.

The Group may from time to time consider investment and acquisition opportunities that may complement its core business portfolio and capabilities, and assist in expanding the market share of its core business operations. The ability of the Group's operations to grow by investments in and/or acquisitions of its target businesses is dependent upon, and may be limited by, the availability of attractive projects, its ability to agree commercial, technical and financing terms to the satisfaction of the Group and to obtain required approvals from relevant regulatory authorities.

Such investments and/or acquisitions may expose the Group to potential difficulties that could prevent it from achieving the strategic objectives for the investments and/or acquisitions or the anticipated levels of profitability from the investments and/or acquisitions. These difficulties include:

- diversion of management's attention from the Group's existing businesses;

- increases in the Group's expenses and working capital requirements, which may reduce its return on invested capital;
- difficulty of expanding into different markets and challenges of operating in markets and industries that the Group does not have substantial experience in;
- increases in debt, which may increase the Group's financing costs as a result of higher interest payments;
- exposure to unanticipated contingent liabilities to acquired businesses; and
- difficulties in integrating acquired businesses or investments into the Group's existing operations, which may prevent it from achieving, or may reduce, the anticipated synergies.

In addition, where the Group invests in joint ventures, it may not have management control over its investments and there can be no assurance that such joint ventures will operate smoothly or successfully, if at all. There can also be no assurance that joint venture partners will act in a way which is consistent with the interests of the Group and be able and willing to fulfil their obligations under the relevant joint venture or other agreements.

RISKS RELATING TO THE GROUP'S FINANCIAL STATEMENTS

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

The historical financial information of the Group included in this Offering Circular is not indicative of its future financial results. This financial information is not intended to represent or predict the results of operations of any future periods. The Group's future results of operations may change materially if its future growth does not follow the historical trends for various reasons, including factors beyond its control, such as changes in economic environment, PRC environmental rules and regulations and the competitive landscape of the industries in which the Group operates its business. Furthermore, the future results of operations of the Group may also fluctuate or change materially due to changes in the Group's business model and/or the accounting treatments applied thereto. In addition, there is no assurance that the Group will not record an operating loss in the future, which may have an adverse effect on the Issuer's and the Guarantor's ability to pay its debt, including the Bonds.

In addition, the historical financial information of the Group is sometimes adjusted or restated to address subsequent changes in accounting standards, the Group's accounting policies and/or applicable laws and regulations with retrospective impact on the Group's financial reporting, correction of an error recorded in the previous period or to reflect the comments provided by the Group's independent auditors during the course of their audit or review in subsequent financial periods. Such adjustment or restatement may cause discrepancies between the financial information with respect to a particular period or date contained in the Group's historical financial statements and that contained in its future financial statements.

Investors should therefore exercise caution when comparing the Group's historical financial figures and when evaluating the Group's financial condition and results of operations. As of the date of this Offering Circular, the Group believes there is no material adverse effect resulting from changes in accounting standards, accounting estimate and historical accounting errors. However, there is no guarantee that any prospective changes in accounting standards, procedures or policies or historical accounting errors will not materially affect the results of operations and financial condition of the Group in the future.

The Group's independent auditors have previously been subject to regulatory inspections and penalties.

The Group's independent auditors, RSM China, and its predecessor have previously been subject to regulatory inspections by regulatory authorities, including MOF and its local offices. Certain defects, such as inadequacy of relevant auditing procedures and auditing evidence, were identified during such regulatory inspections, and RSM China and its predecessor were required to take, and have taken, remedial measures. In addition, RSM China, its predecessor and their auditing personnel have historically been imposed certain penalties by, the CSRC and its local office.

Although such regulatory inspections and penalties may restrict RSM China from providing auditing services or other services in connection with financing transactions, RSM China has confirmed that, any such inspections or penalties, whether concluded or ongoing as at the date of this Offering Circular, (a) has not targeted and will not target the auditing personnel of RSM China who have audited the Group's financial statements or provided other services with respect to the issuance of the Bonds; and (b) does not affect the unqualified opinion in the auditors' report included in Group's Audited Financial Statements.

There can be no assurance that RSM China and its auditing personnel will not be subject to further regulatory inspections or penalties in the futures, or that any such future regulatory inspections or penalties will not restrict RSM China from providing auditing services or other services in connection with financing transactions. If RSM China or its auditing personnel becomes restricted from providing such services, the Group may need to discontinue its engagement with RSM China. Prospective investors should consider all the factors above prior to making any investment decision in the Bonds.

Investors should not place any reliance on the financial information which is unreviewed or unaudited and shall not place undue reliance on the discussion of material financial trends in relation to the Group's unaudited and unreviewed financial information.

The Issuer publishes annual, semi-annual and/or quarterly consolidated financial information in the PRC to satisfy its continuing disclosure obligations relating to its debt securities issued in the PRC pursuant to applicable PRC regulations and rules of the stock exchanges on which the relevant securities are listed. The quarterly consolidated financial information of the Issuer Group published in the PRC is derived from the Issuer Group's management accounts and normally unaudited or unreviewed by independent auditors. Unless specifically included in this Offering Circular, such financial information does not form part of this Offering Circular, and should not be referred to or relied upon by potential investors to provide the same quality of information associated with any audited or reviewed financial information. Neither the Issuer nor the Guarantor is not responsible to holders of the Bonds for the financial information from time to time published in the PRC and therefore investors should not place any reliance on any such financial information.

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

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

In addition, the Group's current independent auditor, RSM China, is a registered member of the Chinese Institute of Certified Public Accountants. Although the Group's auditor has significant audit experience in the PRC, it has limited international capital markets experience. Prospective investors should consider this factor prior to making any investment decision.

RISKS RELATING TO THE PRC

The Group's business, financial condition, results of operations and prospects may be adversely affected by the slowdown of China's economy caused by the recent challenging global economic, social and political conditions.

A substantial majority of the Group's revenue is derived from the PRC. The Group relies, to a significant degree, on its domestic operations to achieve revenue growth. The global crisis in financial services and credit markets in 2008 caused a slowdown in the economic growth in many countries, including the PRC. Although the PRC's economic growth has increased compared to its level immediately after the global financial crisis, it has displayed signs of slowdown as evidenced by a decrease in the growth rate of the PRC's gross domestic product in recent years. This was caused by a combination of factors most of which are beyond the Group's control, such as global economic conditions, governmental policies and changes in market dynamics globally and regionally. Although the PRC economy has experienced rapid growth in the past 40 years, there has been a slowdown in the growth of the PRC's GDP since the second half of 2013 and this has raised market concerns that the historic rapid growth of the PRC economy may not be sustainable in the future. In 2017, the PRC government reported a gross domestic product of approximately RMB83.2 trillion, representing year-on-year growth of around 6.9 per cent.; in 2020, the PRC government reported a gross domestic product of approximately RMB101.4 trillion, representing year-on-year growth of around 2.2 per cent., according to statistics released by the National Bureau of Statistics of the PRC. Although the PRC government has recently taken several measures and actions with an aim to increase investors' confidence in the PRC economy, there can be no assurance that those measures will be effective. In March 2016, Moody's Investors Service and S and P Ratings changed China's credit rating outlook to "negative" from "stable," which highlighted the country's surging debt burden and questioned the government's ability to enact reforms. On 24 May 2017, Moody's Investors Service downgraded China's long-term local currency and foreign currency issuer ratings to A1 from Aa3 and changed the outlook to stable from negative. In September 2017, S and P Ratings changed China's credit rating from AA- to A+. These highlight the country's surging debt burden and questioned the government's ability to enact reforms.

The future performance of China's economy is not only affected by the economic and monetary policies of the PRC government, but it 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. For example, the military conflict between Russia and Ukraine has resulted in an escalated regional instability, amplified the existing geopolitical tension among Russia and other countries in the region and in the west, as well as adversely affected commodity and other financial markets and the global economic conditions. The United States, the European Union, the United Kingdom, Switzerland and other countries have imposed, and may further impose, financial and economic sanctions and export controls targeting certain Russian entities and/or individuals, which could adversely affect the global economy and financial markets. The duration of such military conflict and the related sanctions, as well as their impact on the global financial markets, cannot be predicted. In addition, the United Kingdom's exit from the European Union, which formally took place on 31 January 2020, has brought and continues to bring substantial uncertainty as to its impact on the global economic conditions. Further, the COVID-19 pandemic has resulted in a number of countries declaring a state of emergency and a number of countries, including the PRC, Japan, the United States, members of the European Union and the United Kingdom, imposing extensive business and travel restrictions with a view to containing the pandemic. Widespread reductions in consumption, industrial production and business activities arising from the COVID-19 pandemic have significantly disrupted the global economy and have led to significant volatility in the global markets across all asset classes, including stocks, bonds, oil and other commodities and this volatility may persist for some time. Although the COVID-19 pandemic has been largely contained in China, regional and national resurgences from time to time and the recent variants of the coronavirus have resulted in a continued uncertainty in the economic conditions of China.

As such, uncertainties remain for the overall prospects for the global and the PRC economies. Any material change in the financial markets, the PRC economy or regional economies as a result of these events or developments may materially and adversely affect Group's business, financial condition and results of operations.

China's economic, political and social conditions, as well as government policies, could affect the Group's business, financial condition, results of operations and prospects and its ability to satisfy its obligations under the Bonds.

Substantially all of the Group's business, assets and operations are located in China. Accordingly, the Group's business, prospects, financial condition and results of operations are, to a significant degree, affected by the economic, political and legal developments in China. China's economy differs from the economies of most developed countries in many respects, including, among other things, government involvement, level of development, 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. 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 the economic reforms or that any such 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 development in the property market and property 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 development in Chinese economic demand may also slow down, and the Group's business prospects may be materially and adversely affected. 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 operations of the Group may be affected by inflation and deflation within the PRC.

Economic growth in the PRC has historically been accompanied by periods of high inflation. Increasing inflation rates are due to many factors beyond the Group's control, such as rising food prices, rising production and labour costs, high lending levels, the PRC and foreign government policies and regulations as well as movements in exchange rates and interest rates. It is impossible to accurately predict future inflationary trends. The Group can give no assurance that inflation rates will not continue to increase in the future. If inflation rates rise beyond the Group's expectations, the costs of its business operations, including wages and employee benefits, may become significantly higher than it has anticipated, and it may be unable to pass on such higher costs to consumers in amounts that are sufficient to cover those increased operating costs. Further inflationary pressures within the PRC may have a material adverse effect on the Group's business, financial condition or results of operations. Recently, concerns have arisen over deflationary pressures in the PRC as a result of weak domestic demand and slow economy. The inflation rates within the PRC may be on a downward trend in the future. A prolonged period of deflation may result in falling profits, closure of plants and shrinking employment and revenues by companies and individuals, any of which could adversely affect the Group's business, financial condition or results of operations.

There are uncertainties with respect to the interpretation and enforcement of PRC laws and regulations which could limit the legal protection available to investors.

Each of the Issuer and the Guarantor is a state-owned limited liability company incorporated under the laws of the PRC. The PRC legal system is based on written statutes. The PRC government has promulgated laws and regulations dealing with economic matters such as the issuance and trading of securities, shareholder rights, foreign investment, corporate organisation and governance, commerce, taxation and trade. However, many of these laws and regulations continue to evolve, may be subject to different interpretation and may be inconsistently enforced. In addition, there is only a limited volume of published court decisions which may be cited for reference, but such cases have limited precedential value as they are not binding on subsequent cases. These uncertainties relating to the interpretation of PRC laws and regulations can affect the legal remedies and protection that are available to investors and can adversely affect the value of an investment.

Furthermore, the PRC legal system is still evolving, and the existing laws and regulations may not sufficiently cover all aspects of the fast-growing economic activities in the PRC. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, the Group may not be aware of the Group's violation of these policies and rules until sometime after the violation. In addition, any litigation in the PRC may be protracted and result in substantial costs and diversion of resources and management's attention.

As a result of these uncertainties with respect to the PRC legal system, lack of uniform interpretation and effective enforcement, the Group may be subject to uncertainties in its operations. These uncertainties can also affect the legal remedies and protections available to investors, and can adversely affect the value of their investment.

Investors may experience difficulties in effecting service of legal process and enforcing judgments against the Issuer and the Guarantor and their management.

Each of the Issuer and the Guarantor is a state-owned limited liability company incorporated under the laws of the PRC, and a substantial majority of its business, assets and operations are located in China. In addition, its directors, supervisors and executive officers reside in China, and their assets may also be located in China.

It may be difficult to effect service of process upon, or to enforce against, the Issuer, the Guarantor, or their directors or members of their senior management who reside in the PRC in connection with proceedings in or judgments obtained in non-PRC courts. The PRC has not entered into treaties or arrangements providing for the recognition of judgment made by courts of most other jurisdictions.

On 18 January 2019, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters between the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排)(the “**2019 Arrangement**”), which establishes a bilateral legal mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between the courts of Hong Kong and the PRC. The 2019 Arrangement came into operation on 29 January 2024. As this is a new development, there may be uncertainty and hurdles for investors to effect service of process against the Issuer or the Guarantor or their respective directors or members of senior management in the PRC and/or seek recognition and enforcement for judgments rendered by a Hong Kong court in the PRC.

However, the PRC does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the United States, United Kingdom, or some other European countries or Japan. Hence, the recognition and enforcement in the PRC of judgment of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

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

Government control of currency conversion may adversely affect the value of investors' investments. All of the Group's revenues and expenses are denominated in Renminbi, which is also the Group's reporting currency. A portion of the Group's cash may be required to be converted into other currencies in order to meet the Group's foreign currency needs, including repayment of the principal amount and interests of the Bonds. Currently, Renminbi is not a freely convertible currency. Conversion and remittance of foreign currencies are subject to PRC laws and regulations that affect exchange rates and foreign exchange transactions. Under the current PRC foreign exchange control system, foreign exchange transactions under the Group's current account do not require prior approval from SAFE, but the Group is required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks. Foreign exchange transactions under the capital account conducted by the Group, however, must be approved in advance by SAFE or registered with SAFE upon approval of other competent authorities, including NDRC and the Ministry of Commerce of the PRC.

There can be no assurance that policies regarding foreign exchange transactions under current accounts or capital accounts will continue in the future. The PRC government may restrict future access to foreign currencies under current or capital account transactions at its discretion. A change in policy could restrict the Group's ability to obtain sufficient foreign currency, which could have an effect on the Group's ability to meet foreign exchange requirements. In addition, foreign exchange transactions under current accounts may no longer be freely convertible and could require the approval of the SAFE. Failure to obtain approval from the SAFE to convert Renminbi into any foreign currency for foreign exchange transactions could have an adverse effect on the Group's results of operations and financial condition. Moreover, if the Group is unable to obtain sufficient foreign currency, it might not be able to pay interest to the holders of the Bonds in a foreign currency.

Certain PRC regulations governing PRC companies are less developed than those applicable to companies incorporated in more developed countries.

Substantially all members of the Groups are established in the PRC and are subject to PRC regulations governing PRC companies. These regulations contain certain provisions that are required to be included in the joint venture contracts, articles of association and all other major operational agreements of these PRC companies and are intended to regulate the internal affairs of these companies. These regulations in general, and the provisions for protection of shareholders' rights and access to information in particular, are less developed than those applicable to companies incorporated in Hong Kong, the United States, the United Kingdom and other developed countries or regions.

The payment of dividends by the Issuer's and the Guarantor's operating subsidiaries in the PRC is subject to restrictions under PRC law.

PRC laws require that dividends be paid only out of net profit, calculated according to the PRC accounting principles, which differ from generally accepted accounting principles in other jurisdictions. In addition, the PRC law requires that enterprises set aside part of their net profit as statutory reserves before distributing the net profit for the current financial year. These statutory reserves are not available for distribution as cash dividends. Since the availability of funds to fund the Issuer's and the Guarantor's operations and to service their indebtedness depends upon dividends received from these subsidiaries, any legal restrictions on the availability and usage of dividend payments from the Issuer's and the Guarantor's subsidiaries may impact the Issuer's and the Guarantor's ability to fund their operations and to service their indebtedness, which may also have an impact on the profitability and solvency of the Issuer and the Guarantor.

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

On June 29, 2007, the Standing Committee of the National People's Congress of China enacted the PRC Labour Contract Law, which became effective on 1 January 2008, and amended the same on 28 December 2012, the amendments being effective on 1 July 2013. The PRC Labour Contract Law introduces specific provisions related to fixed-term employment contracts, part-time employment, probation, consultation with labour unions and employee assemblies, employment without a written contract, dismissal of employees, severance, and collective bargaining, which together represent enhanced enforcement of labour laws and regulations. According to the PRC Labour Contract Law, an employer is obliged to sign an unfixed-term labour contract with any employee who has worked for the employer for 10 consecutive years. Further, if an employee requests or agrees to renew a fixed-term labour contract that has already been entered into twice consecutively, the resulting contract must have an unfixed term, with certain exceptions. The employer must pay economic compensation to an employee where a labour contract is terminated or expires in accordance with the PRC Labour Contract Law, except for certain situations which are specifically regulated. In the event the Groups decide to significantly change or decrease its workforce, the Labour Contract Law could adversely affect its ability to effect these changes in a cost-effective manner or in the manner that the Groups desire. Further, if there is a labour shortage or a significant increase in labour costs, the Groups' business operation costs are likely to increase. In such circumstances, the profit margin may decrease and the financial results may be adversely affected. In addition, the government has issued various labour-related regulations to further protect the rights of employees. According to such laws and regulations, employees are entitled to annual leave ranging from five to 15 days and are able to be compensated for any untaken annual leave days in the amount of three times their daily salary, subject to certain exceptions.

In addition, under the Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to paid annual leave ranging from five to 15 days, depending on the length of the employees' work time. Employees who consent to waive such vacation at the request of employers shall be compensated an amount equal to three times their normal daily salaries for each vacation day being waived. Under the National Leisure and Tourism Outline 2013-2020 (國民旅遊休閒綱要2013-2020) which became effective on 2 February 2013, all workers must receive paid annual leave by 2020. As a result of the PRC Labour Contract Law, the Regulations on Paid Annual Leave for Employees and the National Leisure and Tourism Outline 2013-2020, the Groups' labour costs (inclusive of those incurred by contractors) may increase. Further, under the PRC Labour Contract Law, when an employer terminates its PRC employees' employment, the employer may be required to compensate them for such amount which is determined based on their length of service with the employer, and the employer may not be able to efficiently terminate non-fixed-term employment contracts under the PRC Labour Contract Law without cause. In the event the Groups decide to significantly change or decrease its workforce, the PRC Labour Contract Law could adversely affect its ability to effect these changes in a cost-effective manner or in the manner that the Groups desire, which could result in an adverse impact on the Groups' business, financial condition and results of operations.

Furthermore, the PRC Labour Contract Law also imposes stringent requirements on labour dispatch. For example, the number of dispatched contract workers that an employer hires may not exceed a certain percentage of its total number of employees to be decided by the Ministry of Human Resources and Social Security and the dispatched contract workers can only engage in temporary, auxiliary or substitute work. According to the Interim Provisions on Labour Dispatch promulgated by the Ministry of Human Resources and Social Security on January 24, 2014, which took effective on March 1, 2014, the number of dispatched contract workers hired by an employer shall not exceed 10 per cent. of the total number of its employees (including both directly hired employees and dispatched contract workers). The Interim Provisions on Labour Dispatch further requires the employer that is not in compliance with the above provisions to formulate a plan to reduce the number of its dispatched contract workers to below

10 per cent. of the total number of its employees within the specified time limit, and an employer is not permitted to hire any new dispatched contract worker until the number of its dispatched contract workers has been reduced to below 10 per cent. of the total number of its employees.

The Groups may dispatch or hire dispatched contract workers under labour dispatch and outsourcing arrangements with third parties from time to time, and may be required to reduce the number of contract workers which it dispatches or hires if it exceeds the limitation as required by applicable PRC laws. In the event that it decides to change its employment or labour practices, the PRC Labour Contract Law and other labour-related regulation may also limit the ability to effect those changes in a manner that the Groups believe to be cost-effective. In addition, due to the uncertainties as to the interpretation and implementation of these laws and regulations, the Groups' employment practices may not be at all times deemed in compliance with the laws and regulations. If it becomes subject to severe penalties or incur significant liabilities in connection with labour disputes or investigations, its business and financial conditions may be adversely affected.

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

RISKS RELATING TO THE BONDS AND THE GUARANTEE

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

SAFE issued the Administrative Measures for SAFE Registration (外債登記管理辦法)(the “**SAFE Registration Measures**”) on 28 April 2013, which came into effect on 13 May 2013 and was amended on 4 May 2015. According to the SAFE Registration Measures, debtors shall complete SAFE Registration when borrowing foreign debts in accordance with applicable laws and regulations. For domestic debtors besides financial institutions and banks (“**Non-Bank Debtors**”), they shall complete filing or registration procedures of foreign debts with the local counterparts of the SAFE. According to the Operation Guidelines for Administration of SAFE Registration (外債登記管理操作指引) promulgated together with the SAFE Registration Measures, Non-Bank Debtors shall complete SAFE registration within 15 PRC working days after execution of the relevant foreign debt agreement. If the Issuer fails to complete the registration with the local branch of SAFE within the prescribed time frame in accordance with the SAFE Registration Measures, the Issuer or the Guarantor (as the case may be) may have difficulty in remitting funds offshore to service payments in respect of the Bonds or the Guarantee (as the case may be) and investors may encounter difficulties in enforcing judgments obtained in the Hong Kong courts with respect to the Bonds, the Deed of Guarantee and the Trust Deed in the PRC. In such circumstances, the value and secondary market price of the Bonds may be materially and adversely affected.

The performance of the Deed of Guarantee may be subject to foreign exchange policies.

On 12 May 2014, SAFE promulgated the Notice concerning the Foreign Exchange Administration Rules on Cross-Border Security and related implementation guidelines (collectively the “**SAFE Circular 29**”), which classifies cross-border security into three categories:

- Nei Bao Wai Dai (內保外貸)(“**NBWD**”): security/guarantee provided by an onshore security provider for a debt owing by an offshore debtor to an offshore creditor;
- Wai Bao Nei Dai (外保內貸)(“**WBND**”): security/guarantee provided by an offshore security provider for a debt owing by an onshore debtor to an onshore creditor; and

- Other Types of Cross-border Security (其他形式跨境擔保): any relevant cross-border security/guarantee other than NBWD and WBND.

SAFE Circular 29 requires SAFE registration for NBWD and WBND. As for Other Types of Cross-border Security, unless otherwise expressly specified by SAFE, guarantors and debtors do not need to register such cross-border security with SAFE and a guarantor may perform the guarantee contract on its own.

As the Issuer and the Guarantor are both located in the PRC, the Guarantee does not constitute NBWD or WBND but falls within Other Types of Cross-border Security. Therefore, according to SAFE Circular 29 (and as confirmed pursuant to consultation with the local branch of SAFE), neither the Guarantor nor the Issuer is required to complete SAFE registration in respect of the Deed of Guarantee. However, in the event that the relevant local branch of SAFE takes a different view in the future at their discretion and concludes that registration of the Deed of Guarantee was necessary, while this does not render the Guarantee invalid under PRC law, SAFE may require the Guarantee to be registered at that point and/or impose penalties on the Guarantor for having not done so earlier. In addition, even if the relevant local branch of SAFE does not require the Deed of Guarantee to be registered, in the absence of SAFE registration of the Guarantee, there may be logistical hurdles at the time of remittance (if any cross-border payment is to be made by the Guarantor under the Guarantee) as domestic banks may require evidence of SAFE registration in order to effect such remittance.

Any failure to complete the relevant filings under the NDRC Measures within the prescribed time frame following the issue of the Bonds or to comply with the continuing reporting obligations under the NDRC Measures may have adverse consequences for the Guarantor and/or the investors of the Bonds.

The NDRC issued the NDRC Measures on 5 January 2023, which came into effect on 10 February 2023. According to the NDRC Measures, domestic enterprises and their overseas controlled entities shall obtain the Certificate of Review and Registration of Enterprise Borrowing of Foreign Debts (企業借用外債審核登記證明) (the “**Certificate of Review and Registration**”) in respect of any debt securities denominated in Renminbi or a foreign currency, with a maturity term of over one year issued outside of the PRC, from the NDRC prior to the issue of such securities and notify the NDRC of the particulars of the relevant issuances within 10 PRC working days after the relevant issue date. In addition, pursuant to the NDRC Measures, enterprises are required, among other things, to (i) report on the status of the foreign debt within 10 PRC working days after the expiration of the relevant Certificate of Review and Registration, (ii) report on use of proceeds, principal and interest repayment status and arrangement and key business indicators within five PRC working days prior to the end of January and July each year, and (iii) promptly report on any material event that may affect the due performance of their debt obligations. The NDRC Measures sets forth certain legal liabilities and disciplinary measures which would be imposed on enterprises and intermediaries if they fail to comply with the relevant requirements. According to the NDRC Measures, for any enterprise that fails to report relevant information according to the NDRC Measures, the review and registration authorities shall, depending on the seriousness of the circumstances, impose disciplinary measures such as conducting interviews and issuing public warnings to such enterprise concerned and its principal responsible person. Furthermore, conduct in violation of the NDRC Measures committed by enterprises will be published on, among others, the Credit China (信用中國) website and the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統). In the worst case scenario, non-compliance with the NDRC reporting obligations under the NDRC Measures may result in it being unlawful for the Issuer or the Guarantor to perform or comply with any of its obligations under the Bonds or the Guarantee. Any failure to complete the relevant filings under the NDRC Measures within the prescribed timeframe following the issue of the Bonds may have adverse consequences for the Issuer, the Guarantor and/or the investors of the Bonds. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions.

The Bonds and the Guarantee will be structurally subordinated to the existing and future indebtedness and other liabilities and commitments of the Issuer's and the Guarantor's existing and future subsidiaries 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 or future subsidiaries, whether or not secured. The Bonds will not be guaranteed by any of the Issuer's and the Guarantor's subsidiaries, and the Issuer and the Guarantor may not have direct access to the assets of such subsidiaries unless these assets are transferred by dividend or otherwise to the Issuer or the Guarantor (as the case may be). 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 laws. The Issuer's and the Guarantor's subsidiaries are separate legal entities that have no obligation to pay any amounts due under the Bonds or the Guarantee or make any funds available therefore, whether by dividends, loans or other payments. The Issuer's and the Guarantor's right to receive assets of any of the Issuer's and the Guarantor's subsidiaries, respectively, upon that subsidiary's liquidation or reorganisation will be effectively subordinated to the claim of that subsidiary's creditors (except to the extent that the Issuer or the Guarantor 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 subsidiaries that the Issuer or the Guarantor (as the case may be) may in the future acquire or establish. The Bonds and the Guarantee are the Issuer's and the Guarantor's (as the case may be) unsecured obligations and will (i) rank at least equally in right of payment with all the Issuer's or the Guarantor's other present and future unsecured and unsubordinated obligations; (ii) be effectively subordinated to all of the Issuer's present and future secured indebtedness to the extent of the value of the collateral securing such obligations; and (iii) be senior to all of the Issuer's or 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 rank ahead of Bondholders' claims with respect to those assets. In the event of the Issuer's or the Guarantor's insolvency, liquidation, reorganisation, dissolution or other winding up, or upon any acceleration of the Bonds, these assets will be available to pay obligations on the Bonds or the Guarantee only after all other debt secured by these assets has been repaid in full. Any remaining assets will be available to the Bondholders rateably with all of the Issuer's or the Guarantor's other unsecured and unsubordinated creditors, including trade creditors. If there are insufficient assets remaining to pay all these creditors, then all or a portion of the Bonds then outstanding would remain unpaid.

The Bonds and the Guarantee are unsecured obligations.

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

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

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

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 a measured and appropriate addition of risk to the investor's overall portfolios. A potential investor should not invest in the Bonds unless they have the expertise (either alone or with the help of a

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

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

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible economic scenarios, such as interest rate and other factors which may affect its investment and the ability to bear the applicable risks.

An active trading market for the Bonds may not develop.

The Bonds are a new issue of securities for which there is currently no trading market. Although approval in-principal has been obtained from the SGX-ST for the listing of the Bonds on the SGX-ST, no assurance can be given as to the ability of holders to sell their Bonds or the price at which holders will be able to sell their Bonds or that a liquid market will develop. In addition, one or more initial investors in the Bonds may purchase a significant portion of the aggregate principal amount of the Bonds pursuant to the offering. The liquidity of the Bonds will be adversely affected if the Bonds are held or allocated to limited investors. The Joint Lead Managers are not obligated to make a market in the Bonds, and if the Joint Lead Managers do so, they may discontinue such market making activity at any time at their sole discretion. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, holders will only be able to resell their Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

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

The Bonds are denominated and payable in 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 neither Issuer nor the Guarantor has 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.

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

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

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

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

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

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

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

The Issuer or the Guarantor may be unable to redeem the Bonds upon the due date for redemption thereof.

On the Maturity Date (as defined in the Terms and Conditions), the Bonds will be redeemed at their principal amount, or following the occurrence of a Change of Control or No Registration Event (as defined in the Terms and Conditions), the Issuer may, at the option of any Bondholder, be required to redeem all, but not some only, of such Bondholder's Bonds 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 and unpaid interest up to (but excluding) the Put Settlement Date (as defined in the Terms and Conditions). On the Maturity Date or if such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. There is also no assurance that the Guarantor (who will be required to make payments pursuant to the Guarantee) would have sufficient funds at such time to make the required payment upon redemption of the Bonds. The ability to redeem the Bonds on the Maturity Date or in such event may also be limited by the terms of other debt instruments. The Issuer's or the Guarantor's failure to repay, repurchase or redeem tendered Bonds could 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 insolvency laws of the PRC may differ from those of another jurisdiction with which the holders of the Bonds are familiar.

The Issuer and the Guarantor are incorporated under the laws of the PRC. Any insolvency proceeding relating to the Issuer or the Guarantor would likely involve PRC insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Bonds are familiar. There is no assurance that the investors will be able to receive the same level of protection under the insolvency laws of the PRC as those in the jurisdictions with which they are familiar.

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

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

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

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

The Terms and Conditions also provide that the Trustee may (but shall not be obliged to), without the consent of the holders of the Bonds, agree to any modification of any of the Terms and Conditions, any of the provisions of the Trust Deed, the Deed of Guarantee and/or the Agency Agreement or the Bonds which in the opinion of the Trustee will not be materially prejudicial to the interests of the holders of the Bonds and to any modification thereof which in the opinion of the Trustee is of a formal, minor or technical nature or is to correct a manifest error or an error which, in the opinion of the Trustee, is proven.

In addition, the Trustee may (but shall not be obliged to), without the consent of the holders of the Bonds, authorise or waive any proposed breach or breach any of the Terms and Conditions, or any of the provisions of the Bonds, the Trust Deed, the Deed of Guarantee or the Agency Agreement or determine, without any such consent as aforesaid, that any Event of Default (as defined in the Terms and Conditions) or Potential Event of Default (as defined in the Terms and Conditions) shall not be treated as such if, in the opinion of the Trustee, the interests of the holders of the Bonds will not be materially prejudiced thereby.

The Trustee may request holders of the Bonds to provide an indemnity and/or security and/or pre-funding to its satisfaction before taking certain actions on behalf of Bondholders.

In certain circumstances (including without limitation the giving of notice pursuant to Condition 10 (*Events of Default*) of the Terms and Conditions and the taking of any actions and/or steps and/or the instituting of any proceedings pursuant to Condition 11 (*Enforcement*) of the Terms and Conditions), the Trustee may request the Bondholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes any actions and/or steps and/or institutes any proceedings on behalf of Bondholders. The Trustee shall not be obliged to take any such actions and/or steps and institute any such proceedings if not first indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to any indemnity and/or security and/or pre-funding can be a lengthy process and may impact when such actions and/or steps can be taken and/or such proceedings can be instituted. The Trustee may not be able to take actions and/or steps and/or institute proceedings, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the terms of the Trust Deed or the Terms and Conditions and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the transaction documents relating to the Bonds and the applicable law, it will be for the Bondholders to take such actions and/or steps and/or institute such proceedings directly.

Gains on the transfer of the Bonds and interest payable by the Issuer to overseas Bondholders may be subject to income tax and VAT under PRC tax laws.

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

Pursuant to the EIT Law, the PRC Individual Income Tax Law (the “**IIT Law**”) which took effect on 30 June 2011 and was amended on 31 August 2018, and the implementation regulations in relation to both the EIT Law and IIT Law, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to income derived from sources within the PRC by non-resident enterprises or individuals respectively, subject to adjustment by applicable treaty. As the Issuer and the Guarantor are PRC resident enterprises for tax purposes, interest paid to non-resident Bondholders may be regarded as PRC-

sourced, and therefore be subject to PRC income tax at a rate of 10 per cent. for non-resident enterprise Bondholders and at a rate of 20 per cent. for non-resident individual Bondholders (or a lower treaty rate, if any).

On 23 March 2016, the MOFCOM and the SAT issued the Circular 36, which introduced a new VAT from 1 May 2016. VAT is applicable where entities or individuals provide services within the PRC. The issuance of the Bonds is likely to be treated as the Bondholders providing loans to the Issuer, and regarded as financial services for VAT purposes. Therefore, the Bondholders may be regarded as providing financial services within the PRC and consequently, the Issuer or the Guarantor (as the case may be) may be obligated to withhold VAT of 6 per cent. on payments of interest and other amounts under the Bonds paid by the Issuer or the Guarantor (as the case may be) to Bondholders that are non-resident enterprises or individuals. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located within the PRC. Circular 36 together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

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

The Bonds will initially be represented by the Global Certificate and holders of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System.

The Bonds will be represented by the Global Certificate except in certain limited circumstances described in the Global Certificate. The Global Certificate will be registered in the name of a nominee of, and deposited with, a common depository for Euroclear and Clearstream. Definitive certificates representing holdings of Bonds will only be available in certain limited circumstances. Euroclear and Clearstream will maintain records of the beneficial interests in the Global Certificate. While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through Euroclear and Clearstream.

While the Bonds are represented by the Global Certificate, the Issuer will discharge its payment obligations under the Bonds by making payments to or to the order of the common depository for Euroclear and Clearstream for distribution to their account holders. A holder of a beneficial interest in the Global Certificate must rely on the rules and procedures of Euroclear and Clearstream to receive payments under the Bonds. None of the Issuer, the Guarantor, the Trustee or the Agents has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream to appoint appropriate proxies.

Bondholders should be aware that a definitive certificate which has a principal amount that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

In relation to any Bond which has a principal amount consisting of a minimum specified denomination plus a higher integral multiple of another smaller amount, it is possible that the Bonds may be traded in amounts in excess of the minimum specified denomination that are not integral multiples of such minimum specified denomination. In such a case a Bondholder who, as a result of trading such amounts, holds a principal amount of less than the minimum specified denomination will not receive a definitive certificate in respect of such holding (should definitive certificates be printed) and would need to purchase a principal amount of Bonds such that it holds an amount equal to one or more specified

denominations. If definitive certificates are issued, holders should be aware that a definitive certificate which has a principal amount that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

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

The Issuer may redeem all the Bonds, but not some only, at any time at their principal amount together with unpaid interest accrued up to but excluding the date of redemption if, subject to certain conditions, as a result of a change in tax law, the Issuer or the Guarantor (as the case may be) has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions), as further described in Condition 7.2 (*Redemption for Taxation Reasons*) of the Terms and Conditions.

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

The Issuer may issue additional Bonds in the future.

The Issuer is at liberty from time to time and without the consent of the Bondholders to create and issue further bonds ranking *pari passu* in all respects (or in all respects save for their issue date and the dates of the first payment of interest thereon, the NDRC Post-issue Filing and the SAFE Registration and for making the subsequent notifications thereof to the Bondholders) (see Condition 16 (*Further Issues*) of the Terms and Conditions) or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

EXCHANGE RATES

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the markets during the prior day. The PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange market. Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong dollars and U.S. dollars, has been based on rates set by the PBOC, which are set daily based on the previous day's inter-bank foreign exchange market rates and current exchange rates in the world financial markets. From 1994 to 20 July 2005, the official exchange rate for the conversion of Renminbi to U.S. dollars was generally stable. On 21 July 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to that of the U.S. dollar only, to allow the value of the Renminbi to fluctuate within a narrow and managed band based on market supply and demand and by reference to a basket of currencies. This change in policy has resulted in a significant appreciation of the Renminbi against the U.S. dollar.

The PRC government has made further adjustments to the exchange rate system. The PBOC authorised the China Foreign Exchange Trading Centre, effective since 4 January 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi at 9:15 a.m. on each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over the counter exchange rate for that business day. On 18 May 2007, the PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by the PBOC. On 19 June 2010, the PBOC announced that in view of the recent economic situation and financial market developments in China and abroad, and the balance of payments situation in China, it has decided to proceed further with reform of the Renminbi exchange rate regime and to enhance the Renminbi exchange rate flexibility. According to the announcement, the exchange rate floating bands will remain the same as previously announced but the PBOC will place more emphasis on reflecting the market supply and demand with reference to a basket of currencies. On 12 April 2012, the PBOC announced that on 16 April 2012, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar would be enlarged from 0.5 per cent. to 1.0 per cent. around the central parity rate, allowing the Renminbi to fluctuate against the U.S. dollar by up to 1.0 per cent. above or below the central parity rate published by the PBOC.

The PBOC announced on 15 March 2014 that since 17 March 2014, the floating band for the trading prices in the inter-bank foreign exchange spot market of Renminbi against the U.S. dollar was further expanded from 1 per cent. to 2 per cent. On each business day, the spread between the Renminbi and the U.S. dollar buying and selling prices offered by the designated foreign exchange banks to their clients shall be within 3.0 per cent. of the published central parity of the U.S. dollar on that day, instead of 2.0 per cent. On 11 August 2015, the PBOC adjusted the mechanism for market makers to form the central parity rate by requiring them to consider the closing exchange rate of the last trading date, the supply and demand of foreign exchange and the rate change at primary international currencies. For three consecutive days commencing 11 August 2015, the PBOC devalued the Renminbi against the U.S. dollar, leading to declines in the value of the Renminbi versus the U.S. dollar of up to 2.8 per cent. in currency markets and representing the largest single-day drop in the value of the Renminbi since 1994. On 11 December 2015, CFETS, a sub-institutional organisation of the PBOC, published the CFETS Renminbi exchange rate index for the first time which weighs the Renminbi based on 13 currencies, to guide the market in order to measure the Renminbi exchange rate from a new perspective.

During 2016, along with the progressive interest rate increased by the U.S. Federal Reserve, the Renminbi accumulatively depreciated by 7.2 per cent. against the U.S. dollar. Although PRC governmental policies were introduced in 1996 to reduce restrictions on the convertibility of the Renminbi into foreign currency for current account items, conversion of the Renminbi into foreign currency for capital items, such as foreign direct investment, loans or security, requires the approval of

SAFE and other relevant authorities. From 1 January 2017, according to the sampling rule of “CNY versus FX currency pair listed on CFETS”, CFETS will add 11 currencies newly listed on CFETS in 2016 and the number of basket currencies will increase from 13 to 24. Following the gradual appreciation against the U.S. dollar in 2017, Renminbi experienced a recent depreciation in value against the U.S. dollar followed by a fluctuation in 2018 and early 2019. On 5 August 2019, the PBOC set the Renminbi’s daily reference rate above RMB7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future.

Although PRC governmental policies were introduced in 1996 to reduce restrictions on the convertibility of the Renminbi into foreign currency for current account items, conversion of the Renminbi into foreign currency for capital items, such as foreign direct investment, loans or security, requires the approval of SAFE and other relevant authorities.

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

Period	Noon Buying Rate ⁽¹⁾			
	End	Average ⁽²⁾	High	Low
		<i>(RMB per U.S.\$1.00)</i>		
2019	6.9618	6.9014	7.1786	6.6822
2020	6.5250	6.8878	7.1348	6.5250
2021	6.3726	6.4382	6.5716	6.3435
2022	6.8972	6.7290	7.3048	6.3084
2023				
September	7.2960	7.2979	7.3430	7.2606
October	7.3166	7.3071	7.3171	7.2948
November	7.1360	7.2226	7.3175	7.1300
December	7.0999	7.1402	7.1765	7.0999
2024				
January	7.1673	7.1707	7.1961	7.1426
February	7.1977	7.1935	7.1982	7.1799
March	7.2203	7.2015	7.2289	7.1804

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 rate. 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 (as defined below) substantially in the form in which they (other than the text in italics) will be endorsed on the definitive certificates (the **definitive Certificate**) and referred to in the Global Certificate (as defined below).*

The issue of U.S.\$210,000,000 5.48 per cent. guaranteed bonds due 2027 (the **Bonds**, which expression shall in these Conditions, unless the context otherwise requires, include any further bonds issued pursuant to Condition 16 and consolidated and forming a single series with the Bonds) was authorised by a resolution of the board of directors of Huzhou Moganshan High-tech Group Co., Ltd. (湖州莫干山高新集團有限公司)(the **Issuer**) passed on 15 January 2024 and a resolution of the shareholder of the Issuer passed on 22 January 2024 and the guarantee of the Bonds was authorised by a guarantee approval form of Huzhou Moganshan State-owned Capital Holding Group Co., Ltd. (湖州莫干山國有資本控股集團有限公司)(the **Guarantor**) passed on 22 January 2024. The Bonds are constituted by a trust deed (as amended and/or supplemented from time to time, the **Trust Deed**) dated on or about 16 April 2024 (the **Issue Date**) made between the Issuer, the Guarantor and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司)(the **Trustee**, which expression shall include its successor(s) and all persons for the time being the trustee or trustees under the Trust Deed) as trustee for itself and the Bondholders (as defined below). The Bonds have the benefit of a deed of guarantee (as amended and/or supplemented from time to time, the **Deed of Guarantee**) dated the Issue Date executed by the Guarantor and the Trustee relating to the Bonds.

The statements in these terms and conditions (the **Conditions**) include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed, the Deed of Guarantee and the agency agreement dated on or about 16 April 2024 (the **Agency Agreement**) made between the Issuer, the Guarantor, the Trustee, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as the registrar (the **Registrar**, which expression shall include any successor registrar appointed from time to time in connection with the Bonds), as transfer agent (the **Transfer Agent**, which expression shall include any additional or successor transfer agent appointed from time to time in connection with the Bonds), and as initial principal paying agent (the **Principal Paying Agent**, which expression shall include any successor principal paying agent appointed from time to time in connection with the Bonds) and other agents (each named therein) are, upon prior written request and proof of holding and identity to the satisfaction of the Principal Paying Agent, available during normal business hours (being between 9.00 a.m. (Hong Kong time) and 3.00 p.m. (Hong Kong time)) by the Bondholders at the specified office of the Principal Paying Agent, being at the Issue Date at 3/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong, or may be provided by email to such holder. References herein to **Paying Agents** means any paying agents appointed from time to time pursuant to the Agency Agreement with respect to the Bonds and includes the Principal Paying Agent, 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 and shall include their respective successors or assigns. 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 those provisions of the Agency Agreement applicable to them.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Bonds are issued in registered form in amounts of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (referred to as the **principal amount** of a Bond). A bond certificate (each a **Certificate**) will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders which the Issuer will procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the **Register**).

1.2 Title

Title to the Bonds passes only by registration in the Register. The holder of any Bond will (except as ordered by a court of competent jurisdiction or otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, **Bondholder** and (in relation to a Bond) **holder** means the person in whose name a Bond is registered in the Register (or in the case of a joint holding, the first-named thereof).

*Upon issue, the Bonds will be represented by a global certificate (the **Global Certificate**) registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream**). The Conditions are modified by certain provisions contained in the Global Certificate while any of the Bonds are represented by the Global Certificate. See “Summary of Provisions Relating to the Bonds in Global Form”.*

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

2. TRANSFERS OF BONDS AND ISSUE OF CERTIFICATES

2.1 Transfers

A Bond may, subject to the Agency Agreement and Conditions 2.4 and 2.5, be transferred by depositing the Certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed, at the specified office of the Registrar or any of the other Agents.

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

2.2 Delivery of new Certificates

Each new Certificate to be issued upon transfer of Bonds will, within seven business days of receipt by the Registrar or the relevant Agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Bond to the address specified in the form of transfer. For the purposes of this Condition 2.2, **business day** shall mean a day on which commercial banks are open for business in the city in which the specified office of the Agent with whom a Certificate is deposited in connection with a transfer is located.

Where some but not all of the Bonds in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the Bonds not so transferred will, within seven business days of receipt by the Registrar or the relevant Agent of the original Certificate, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred to the address of such holder appearing on the Register or as specified in the form of transfer.

2.3 Formalities free of Charge

Registration of transfer of Bonds will be effected without charge by or on behalf of the Issuer or any Agent but upon payment (or the giving of such indemnity and/or security and/or pre-funding as the Issuer or any Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

2.4 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 any payment of principal, premium or interest on that Bond, (ii) after a Tax Redemption Notice (as defined in Condition 7.2) has been delivered by the Issuer pursuant to Condition 7.2; (iii) after a Put Exercise Notice (as defined in Condition 7.3) has been deposited in respect of the Bonds pursuant to Condition 7.3 or (iv) after any such Bond has been called for redemption.

2.5 Regulations

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer and registration of Bonds the initial form of which is scheduled to the Trust Deed. 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 mailed (free of charge) by the Registrar to any Bondholder following prior written request and proof of holding and identity to the satisfaction of the Registrar.

3. STATUS OF THE BONDS AND THE GUARANTEE

3.1 Status of the Bonds

The Bonds are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4.1) unsecured obligations of the Issuer and (subject as stated above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

3.2 Status of the Guarantee

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds. Its obligations in that respect (the "**Guarantee**") are contained in the Deed of Guarantee. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable laws and regulations and subject to Condition 4.1, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

4. COVENANTS

4.1 Negative Pledge

So long as any of the Bonds remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will, and each of the Issuer and the Guarantor will ensure that none of its Subsidiaries will, create or have outstanding any mortgage, charge, lien, pledge or other security interest (each a **Security Interest**) upon, or with respect to, any of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any of its Relevant Indebtedness, unless the Issuer or the Guarantor, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (a) all amounts payable by it under the Bonds and the Trust Deed are secured by the Security Interest equally and rateably with the Relevant Indebtedness as is approved by an Extraordinary Resolution (as defined in the Trust Deed); or

- (b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided as is approved by an Extraordinary Resolution (as defined in the Trust Deed).

4.2 Provision of Information

- (a) So long as any Bond remains outstanding, each of the Issuer and the Guarantor shall send to the Trustee (i) as soon as they are available but in any event within 150 days after the end of each financial year, copies of its consolidated financial statements in respect of such financial year (including at least a consolidated income statement, consolidated balance sheet, consolidated statement of changes in owners' equity and consolidated cash flow statement and notes attached to or intended to be read with any of them) (audited by a nationally recognised firm of independent accountants) prepared and presented in accordance with PRC Accounting Standards, and if such statements shall be in the Chinese language, together with an English translation of the same translated by (A) a nationally recognised firm of independent accountants or (B) a professional translation service provider and checked by a nationally recognised firm of independent accountants, in each case together with a certificate in English signed by an Authorised Signatory of the Issuer or the Guarantor (as the case may be) certifying that such translation is complete and accurate; and (ii) as soon as they are available but in any event within 90 days after the end of each semi-annual period (other than the final period of a financial year), copies of its consolidated financial statements in respect of such semi-annual period (including at least a consolidated statement of income, consolidated balance sheet, consolidated statement of changes in equity and consolidated statement of cash flows and notes attached to or intended to be read with any of them, if any) prepared on a basis consistent with its audited consolidated financial statements, and if such statements shall be in the Chinese language, together with an English translation of the same translated by (A) a nationally recognised firm of independent accountants or (B) a professional translation service provider and checked by a nationally recognised firm of independent accountants, in each case together with a certificate in English signed by an Authorised Signatory of the Issuer or the Guarantor (as the case may be) certifying that such translation is complete and accurate.
- (b) For so long as any Bond remains outstanding, each of the Issuer and the Guarantor shall provide the Trustee with a Compliance Certificate (on which the Trustee may rely conclusively as to such compliance) (i) within 14 days of a written request by the Trustee and (ii) at the same time as the provision of the relevant consolidated financial statements as referred to in Condition 4.2(a)(i) above.

4.3 Notification to NDRC

The Guarantor undertakes to file or cause to be filed with the National Development and Reform Commission of the PRC (the **NDRC**) the requisite information and documents within ten PRC Business Days after the Issue Date (the **NDRC Post-issue Filing**) in accordance with the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign Debts of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令第56號)) issued by the NDRC and which came into effect on 10 February 2023, and any implementation rules, regulations, certificates, circulars or notices in connection therewith as issued by the NDRC from time to time (the **NDRC Measures**) and shall comply with all applicable PRC laws and regulations in connection with the Bonds (including but not limited to the NDRC Measures).

The Guarantor shall within ten PRC Business Days after submission of such NDRC Post-issue Filing (a) provide the Trustee with a certificate in English substantially in the form set out in the Trust Deed signed by an Authorised Signatory of the Guarantor confirming the

submission of the NDRC Post-issue Filing, together with any document(s) (if any) evidencing due filing with the NDRC, certified in English by an Authorised Signatory of the Guarantor as a true and complete copy of the original, and (b) give notice to the Bondholders substantially in the form set out in the Trust Deed in accordance with Condition 13 of the same. The Trustee shall have no obligation to monitor, assist with and ensure the completion of the NDRC Post-issue Filing on or before the deadline referred to above or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the NDRC Post-issue Filing, or to give notice to the Bondholders confirming the completion of the NDRC Post-issue Filing and shall not be liable to the Bondholders or any other person for not doing so.

4.4 Undertaking in relation to the SAFE Registration

The Issuer undertakes that it shall (a) within 15 PRC Business Days after the Issue Date, register or cause to be registered with SAFE the Bonds pursuant to (i) the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) and its operating guidelines, effective as of 13 May 2013 and amended on 4 May 2015, and if applicable, (ii) the Circular of the People's Bank of China on Implementing Macro Prudential Management of Full-covered Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) issued by the PBOC and which came into effect on 12 January 2017 and, any implementation rules, reports, certificates, approvals or guidelines as issued by SAFE or the PBOC, as the case may be, from time to time (the **SAFE Registration**); and (b) use its best endeavours to complete the SAFE Registration and obtain a registration record from SAFE on or before the Registration Deadline; and each of the Issuer and the Guarantor undertakes to comply with all applicable PRC laws and regulations in relation to the Bonds and the Deed of Guarantee.

The Issuer shall within ten PRC Business Days after the receipt of the registration form or filing evidence from SAFE (or any other document evidencing the completion of registration issued by SAFE), (a) provide the Trustee with (i) a certificate in English substantially in the form set out in the Trust Deed signed by an Authorised Signatory of the Issuer confirming the completion of the SAFE Registration and (ii) copies of the relevant documents evidencing the SAFE Registration, certified in English by an Authorised Signatory of the Issuer as a true and complete copy of the original (the items specified in (i) and (ii) together, the **Registration Documents**), and (b) give notice substantially in the form set out in the Trust Deed to the Bondholders (in accordance with Condition 13) confirming the completion of the SAFE Registration.

The Trustee shall have no obligation or duty to monitor, assist with or ensure the completion of the SAFE Registration on or before the Registration Deadline or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the SAFE Registration, or to give notice to the Bondholders confirming the completion of the SAFE Registration, and shall not be liable to the Bondholders or any other person for not doing so.

4.5 Interpretation

For the purposes of these Conditions:

Authorised Signatory means any person who (a) is an authorised signatory of the Issuer or the Guarantor designated by the board of directors of the Issuer or the Guarantor, as the case may be, or (b) has been notified by the Issuer or the Guarantor, as the case may be, in writing to the Trustee as being duly authorised to sign documents and to do other acts and things on behalf of the Issuer or the Guarantor in accordance with the Trust Deed;

Compliance Certificate means a certificate in English of the Issuer or the Guarantor signed by any one of any Authorised Signatory of the Issuer or the Guarantor (as the case may be) that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer or the Guarantor (as the case may be) as at a date (the **Certification Date**) not more than five days before the date of the certificate:

- (i) no Change of Control (as defined in Condition 7.3), No Registration Event (as defined in Condition 7.3), Event of Default (as defined in Condition 10) or Potential Event of Default had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and
- (ii) the Issuer or the Guarantor, as the case may be, has complied with all its covenants and obligations under the Trust Deed, the Deed of Guarantee and the Bonds, to which it is a party or, if non-compliance has occurred, giving details of it;

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

PBOC means the People's Bank of China;

Potential Event of Default means a continuing 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;

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

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

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

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

Relevant Indebtedness means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) issued outside the PRC in the form of or represented by any notes, bonds, debentures, debenture stock, loan stock, certificates of deposit or other similar securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market and (ii) any guarantee or indemnity of any such indebtedness, which, in the case of (i) and (ii) above, does not include bilateral loans, syndicated loans, club deal loans, any transferable loan facility or agreement (including any draw-down of any existing credit line or facility);

SAFE means the State Administration of Foreign Exchange of the PRC or its local counterparts; and

a Subsidiary means, in relation to any person (the first person) at any particular time, any other person (the second person) (i) whose affairs and policies the first person controls or has power to control, whether by ownership or share capital, contract, the power to appoint or

remove members of the governing body of the second person or otherwise; or (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first person.

5. INTEREST

5.1 Interest Rate and Interest Payment Dates

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 5.48 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.\$27.40 per Calculation Amount (as defined below) on 16 April and 16 October in each year (each an **Interest Payment Date**). The first payment (representing a full six months' interest) (for the period from and including 16 April 2024 to but excluding 16 October 2024) shall be made on 16 October 2024.

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).

5.2 Interest Accrual

Each Bond will cease to bear interest from and including its due date for redemption unless, upon due presentation or surrender, payment of the principal or premium in respect of the Bond is improperly withheld or refused or unless default is otherwise made in respect of payment in which event interest will continue to accrue as provided in the Trust Deed.

5.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full six-month period, it shall be calculated 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.

6. PAYMENTS

6.1 Payments in respect of Bonds

Payment of principal, premium and interest will be made by transfer to the registered account of the Bondholder. Payments of principal or premium (if any) and payments of interest due otherwise than on an Interest Payment Date will only be made against (provided that payment is made in full) surrender of the relevant Certificate at the specified office of any of the Agents. Interest on Bonds due on an Interest Payment Date will be paid to the holder shown on the Register at the close of business on the date (the **record date**) being the fifteenth day before the relevant Interest Payment Date.

For the purposes of this Condition, a Bondholder's **registered account** means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the Register at the close of business, in the case of principal, premium and interest due otherwise than on an Interest Payment Date, on the second Business Day (as defined below) before the due date for payment and, in the case of interest due on an Interest Payment Date, on the relevant record date, and a Bondholder's **registered address** means its address appearing on the Register at that time.

*So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System (as defined in the Global Certificate), each payment in respect of the Global Certificate will be made to the person shown as the Bondholder 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.*

6.2 Payments subject to Applicable Laws

Payments in respect of principal, premium and interest on Bonds are subject in all cases to (i) any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto.

6.3 No commissions

No commissions or expenses shall be charged to the Bondholders in respect of any payments made in accordance with this Condition.

6.4 Payment on Business Days

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day (as defined below), for value the first following day which is a Business Day) will be initiated on the due date for payment (or, if it is not a Business Day, the immediately following Business Day) or, in the case of a payment of principal and premium or a payment of interest due otherwise than on an Interest Payment Date, if later, on the Business Day on which the relevant Certificate is surrendered at the specified office of an Agent. Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day (subject to the foregoing proviso), if the Bondholder is late in surrendering its Certificate (if required to do so). If any date for payment in respect of any Bond is not a Business Day, the Bondholder shall not be entitled to any interest or other sum in respect of such postponed payment.

In these Conditions, **Business Day** means a day (other than a Saturday or Sunday) on which commercial banks are open for business in New York City and Hong Kong and, in the case of presentation of a Certificate, in the place in which the Certificate is presented.

6.5 Partial Payments

If the amount of principal, premium or interest which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount of principal, premium or interest in fact paid.

6.6 Agents

The names of the initial Agents and their initial specified offices are set out at the end of these Conditions. The Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Bondholder. Each of the Issuer and the Guarantor reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided that:

- (a) there will at all times be a Principal Paying Agent;
- (b) so long as the Bonds are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be an Agent (which may be the Principal Paying Agent) having a specified office in the place required by the rules and regulations of the relevant stock exchange or any other relevant authority;
- (c) there will at all times be a Transfer Agent; and
- (d) there will at all times be a Registrar which will maintain the Register outside the United Kingdom.

Notice of any termination or appointment and of any changes in specified offices shall be given to the Bondholders promptly by the Issuer (failing whom, the Guarantor) in accordance with Condition 13.

7. REDEMPTION AND PURCHASE

7.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Bonds at their principal amount on 16 April 2027 (the **Maturity Date**).

7.2 Redemption for Taxation Reasons

If the Issuer or the Guarantor (as the case may be) satisfies the Trustee immediately before the giving of the notice referred to below that:

- (a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8.2), or any change in, or amendment to, the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective on or after 11 April 2024, the Issuer (or, if the Guarantee were called, the Guarantor) would be required to pay Additional Tax Amounts as provided or referred to in Condition 8; and
- (b) the requirement cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it,

the Issuer may at its option, having given not less than 30 nor more than 60 days' notice (a **Tax Redemption Notice**), which shall specify the date for redemption in accordance with Condition 13 (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, redeem all the Bonds, but not some only, at any time at their principal amount together with unpaid interest accrued up to but excluding the date of redemption, provided that no 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 (or the Guarantee, as the case may be) then due.

Prior to the publication of any Tax Redemption Notice pursuant to this paragraph, the Issuer (or the Guarantor, as the case may be) shall deliver to the Trustee (i) a certificate signed by an Authorised Signatory of the Issuer or, as the case may be, the Guarantor stating that the requirement referred to in (a) above will apply and cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it and (ii) an opinion, addressed to and in form and substance satisfactory to the Trustee of independent legal or tax advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment, and the Trustee shall be entitled to accept and rely on such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event they shall be conclusive and binding on the Bondholders.

7.3 Redemption upon Change of Control or No Registration Event

Following the occurrence of a Change of Control or No Registration Event (each as defined below), the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all, but not some only, of that holder's Bonds on the Put Settlement Date (as defined below) 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 and unpaid interest up to but excluding the Put Settlement Date. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption (in the form for the time being current) obtainable from the specified office of any Paying Agent (the **Put Exercise Notice**) together with the Certificate evidencing the Bonds to be redeemed by not later than 30 days following a Change of Control or No Registration Event, as the case may be, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 13. The **Put Settlement Date** shall be the fourteenth day or, if such day is not a Business Day, the next following Business Day (as defined in Condition 6.4) (in the case of a redemption for a Change of Control) or the tenth day (in the case of a redemption for a No Registration Event) after the expiry of such period of 30 days as referred to above. A Put Exercise Notice, once delivered, shall be irrevocable. If the Bonds become due and repayable due to the occurrence of an Event of Default following the delivery of a Put Exercise Notice but prior to the occurrence of the relevant Put Settlement Date, such Put Exercise Notice shall be deemed to be void.

The Trustee shall not be required to take any steps to ascertain whether a Change of Control or No Registration Event or any event which could lead to the occurrence of a Change of Control or No Registration Event has occurred. The Issuer shall give notice to Bondholders and the Trustee in accordance with Condition 13 by not later than 14 days (in the case of a redemption for a Change of Control) or five 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 Change of Control or No Registration Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition and shall give brief details of the Change of Control or No Registration Event and shall specify the relevant Put Settlement Date.

For the purposes of this Condition 7.3:

a **Change of Control** occurs when:

- (1) PRC Government Persons and any Person(s) Controlled by PRC Government Persons, collectively cease to, directly or indirectly, own or Control the Guarantor;

- (2) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of the Guarantor's assets to any other Person or Person(s), unless such Person(s) (in the case of asset sale or transfer) or the surviving entity (in the case of consolidation or merger) is/are directly or indirectly owned or Controlled by PRC Government Persons; or
- (3) the Guarantor ceases to own, directly or indirectly, 51.0 per cent. of the issued share capital of the Issuer.

Control means (where applicable) (i) the ownership or control of 100.0 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 all 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 terms **Controlling** and **Controlled** have meanings correlative to the foregoing;

Deqing County Government means the People's Government of Deqing County (德清縣人民政府) or its successor;

a **No Registration Event** occurs when the Registration Condition is not complied with on or before the Registration Deadline;

Person includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity);

PRC Government Persons means, the central government of the PRC, the provincial government of Zhejiang, the Huzhou municipal government, Deqing County Government and/or the Mogan Mountain of Huzhou High-tech Industry Development Zone Management Committee (湖州莫干山高新技術產業開發區管理委員會);

Registration Condition means the receipt by the Trustee of the Registration Documents relating to the SAFE Registration as set forth in Condition 4.4; and

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

7.4 Notices of Redemption

If, in respect of any Bond, both a Tax Redemption Notice pursuant to Condition 7.2 and a Put Exercise Notice pursuant to Condition 7.3 are given, the Put Exercise Notice shall prevail. Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under any notice of redemption and shall not be liable to the Bondholders, the Issuer, the Guarantor or any other person for not doing so.

7.5 Purchases

The Issuer, the Guarantor or any of their respective Subsidiaries (as defined in Condition 4.5) may at any time purchase Bonds in any manner and at any price. The Bonds so purchased, while held by or on behalf of the Issuer, the Guarantor or any of their respective

Subsidiaries, the holding company of the Issuer, the Guarantor or any Subsidiary of such holding company shall not entitle the holder to vote at any meetings of the holders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purpose of calculating quorums at meetings of the holders or for the purposes of Condition 10 and Condition 14.1.

7.6 Cancellations

All Bonds which are (a) redeemed or (b) purchased by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries, the holding company of the Issuer, the Guarantor or any Subsidiary of such holding company will forthwith be cancelled, and accordingly may not be held, reissued or resold.

8. TAXATION

8.1 Payment without Withholding

All payments of principal, premium and interest in respect of the Bonds or under the Guarantee by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without set-off or counterclaim and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed, levied, collected, withheld or assessed by or on behalf of any of the Relevant Jurisdictions, unless the withholding or deduction of the Taxes is required by law.

Where such withholding or deduction is imposed or levied by or on behalf of the PRC up to and including the aggregate rate applicable on 11 April 2024 (the **Applicable Rate**), the Issuer or, as the case may be, the Guarantor will pay such additional amounts as may be necessary in order that the net amount received by Bondholders after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Bonds in the absence of the withholding or deduction.

If the Issuer or, as the case may be, the Guarantor is required to make a deduction or withholding (i) imposed or levied by or on behalf of the PRC in excess of the Applicable Rate or (ii) imposed or levied by or on behalf of any Relevant Jurisdiction other than the PRC, the Issuer (or the Guarantor, as the case may be) will pay such additional amounts (the **Additional Tax Amount**) as may be necessary in order that the net amounts received by the Bondholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Bonds in the absence of the withholding or deduction; except that no Additional Tax Amounts shall be payable in relation to any payment in respect of any Bond:

- (a) presented for payment by or on behalf of a holder (or a third party on behalf of a holder) who is liable to the Taxes in respect of the Bond by reason of his having some connection with such Relevant Jurisdiction other than the mere holding of the Bond; or
- (b) (in the case of payment of principal, premium or interest requiring the presentation of any Certificate) if the Certificate in respect of such Bond is presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to Additional Tax Amounts on presenting the same for payment on the last day of the period of 30 days assuming (whether or not such is in fact the case) that day to have been a Business Day (as defined in Condition 6).

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, assessments, government charges, withholding or other payment referred to in this Condition 8 or in connection with the Bonds or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer,

the Guarantor, the Bondholders or any other person to pay such tax, duty, assessments, government charges, withholding or other payment in any jurisdiction or responsible to provide any notice or information that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in relation to the Bonds without deduction or withholding for or on account of any such tax, duty, assessments, government charges, withholding or other payment imposed by or in any jurisdiction.

8.2 Interpretation

In these Conditions:

- (a) **Relevant Date** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by an Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Bondholders by the Issuer in accordance with Condition 13; and
- (b) **Relevant Jurisdiction** means the PRC (which for this purpose, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic China and Taiwan) or any political subdivision or any authority therein or thereof having power to tax to which the Issuer or the Guarantor becomes subject in respect of payments made by it of principal, premium and interest on the Bonds.

8.3 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Bonds shall be deemed also to refer to any Additional Tax Amounts which may be payable under this Condition or any additional amounts which may be payable under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

9. PRESCRIPTION

Claims in respect of principal, premium (if any) and interest will become prescribed unless made within ten years (in the case of principal and premium) and five years (in the case of interest) from the Relevant Date.

10. EVENTS OF DEFAULT

10.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being 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 accordingly forthwith become, immediately due and repayable at their principal amount, together with accrued and unpaid interest as provided in the Trust Deed, in any of the following events (the **Events of Default**):

- (a) if there is a default in the payment of (i) any principal or premium due in respect of the Bonds on the date such amount is due and payable, or (ii) any interest on the Bonds on the date such amount is due and payable, and such default continues for a period of seven consecutive days; or
- (b) if the Issuer or the Guarantor fails to perform or observe any of its other obligations under the Bonds, the Deed of Guarantee or the Trust Deed (other than where such default gives rise to a redemption pursuant to Condition 7.3) and such default (i) is in

the opinion of the Trustee incapable of remedy or, (ii) if in the opinion of the Trustee capable of remedy, is not remedied within 30 days after the Trustee has given written notice thereof to the Issuer or the Guarantor (as the case may be); or

- (c) if (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer, the Guarantor or any of their respective Subsidiaries becomes (or becomes capable of being declared) due and repayable prematurely by reason of any default or an event of default (however described); (ii) the Issuer, the Guarantor or any of their respective Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment; or (iii) default is made by the Issuer, the Guarantor or any of their respective Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person, provided that no event described in this subparagraph (c) shall constitute an Event of Default unless the aggregate amount of the relevant Indebtedness for Borrowed Money, guarantee and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) has occurred amounts to at least U.S.\$20 million or its equivalent in other currencies (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 10.1(c) operates); or
- (d) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer, the Guarantor or any of their respective Principal Subsidiaries on the whole or a material part of the assets of the Issuer, the Guarantor or any of their respective Principal Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged or stayed within 30 days; or
- (e) if any order is made by any court or effective resolution is passed for the winding up or dissolution of the Issuer, the Guarantor or any of their respective Principal Subsidiaries; or if the Issuer, the Guarantor or any of their respective Principal Subsidiaries ceases to carry on, or threatens to cease to carry on, the whole or a substantial part of their business or operations; if the Issuer, the Guarantor or any of their respective Principal Subsidiaries or the respective directors or shareholders of the Issuer, the Guarantor or any of their respective Principal Subsidiaries initiates or consents to judicial proceedings relating to the Issuer, the Guarantor or any of their respective Principal Subsidiaries under any applicable liquidation, insolvency, bankruptcy, composition, reorganisation or other similar laws (including the obtaining of a moratorium), save (x) for the purposes of a reorganisation on terms previously approved by an Extraordinary Resolution of the Bondholders, or (y) in the case of a Principal Subsidiary, an amalgamation, reorganisation or restructuring whilst solvent provided that all of the undertaking and assets subsisting immediately prior to such amalgamation, reorganisation or restructuring of such Principal Subsidiary are transferred to or otherwise vested in the Issuer, the Guarantor or one or more of their other Subsidiaries or in any combination of the aforementioned entities, or (z) in the case of a Principal Subsidiary, as a result of a disposal on an arm's length basis where all of the undertaking and assets resulting from such disposal are vested in the Issuer, the Guarantor, any of their other Subsidiaries or in any combination of the aforementioned entities; or
- (f) the Issuer, the Guarantor or any of their respective Principal Subsidiaries (i) stops or threatens to stop payment (other than in respect of any debt being contested in good faith and for which adequate reserves have been made) of, or (ii) is adjudicated, deemed by law or found by a court to be insolvent or bankrupt or unable to pay, all or a material part of its debts as they fall due; or

- (g) if (i) proceedings are initiated against the Issuer, the Guarantor or any of their respective Principal Subsidiaries under any applicable liquidation, insolvency, bankruptcy, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator, liquidator or other similar official, or an administrative or other receiver, manager, administrator, liquidator or other similar official is appointed, in relation to the Issuer, the Guarantor or any of their respective Principal Subsidiaries or, as the case may be, in relation to the whole or any material part of the undertaking or assets of the Issuer, the Guarantor or any of their respective Principal Subsidiaries or an encumbrancer takes possession of the whole or any material part of the undertaking or assets of the Issuer, the Guarantor or any of their respective Principal Subsidiaries, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any material part of the undertaking or assets of the Issuer, the Guarantor or any of their respective Principal Subsidiaries, and (ii) in any such case (other than the appointment of an administrator), is not discharged within 30 days. For the purposes of this Condition 10(g), any reference to any part of the undertakings or assets of the Issuer or the Guarantor shall mean such part of the undertakings or assets of the Issuer or the Guarantor on its own and not on a consolidated basis; or
- (h) one or more judgment(s) or order(s) from a competent court for the payment of money is rendered against the Issuer or the Guarantor in excess of U.S.\$15 million and which continue(s) unsatisfied, undischarged or unstayed for a period of 30 days after the date(s) thereof, or, if later, the date therein specified for payment; or
- (i) if the Issuer, the Guarantor or any of their respective Principal Subsidiaries agrees or declares a moratorium or makes a conveyance or general assignment for the benefit of, or proposes or enters into any composition or other arrangement (including any agreement for the deferral, rescheduling or other readjustment) with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors), in each case, in respect of all or any material part of the debts of the Issuer, the Guarantor or any of the Principal Subsidiaries; or
- (j) if all or any material part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of their respective Principal Subsidiaries is seized or otherwise appropriated by any person acting under the authority of any national, regional or local government, or the Issuer, the Guarantor or any of their respective Principal Subsidiaries is prevented by any such person from exercising normal control over all or any material part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of their respective Principal Subsidiaries; or
- (k) if the validity of the Bonds, the Deed of Guarantee or the Trust Deed is contested by the Issuer or the Guarantor, or the Issuer or the Guarantor denies any of the Issuer's or the Guarantor's obligations under the Bonds, the Deed of Guarantee or the Trust Deed (as the case may be), or it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any of their respective obligations under or in respect of the Bonds, the Deed of Guarantee or the Trust Deed (as the case may be) or any of such obligations are or become unenforceable or invalid; or
- (l) if any action, condition or thing (including the obtaining, effecting or renewing of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording, registration or other authority) at any time required to be taken, fulfilled or done by the Issuer or the Guarantor in order (i) to enable each of the Issuer and the Guarantor

lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds, the Trust Deed or the Deed of Guarantee (as the case may be); (ii) to ensure that those obligations are and remain legally binding and enforceable, is not taken, fulfilled or done by the Issuer or the Guarantor or any such consent, approval, authorisation, exemption, filing, licence, order, recording or registration or other authority expires or is withheld, revoked or terminated or otherwise ceases to remain in full force and effect or is modified; or (iii) 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

- (m) any event occurs which, under the laws of any relevant jurisdiction, has an analogous effect to any of the events referred to in paragraphs (e) to (i) of this Condition 10.1 (both inclusive).

The Trustee shall not be obliged to take any steps to ascertain whether a Change of Control, Potential Event of Default or Event of Default has occurred or to monitor the occurrence of any Change of Control, Potential Event of Default or Event of Default, and shall not be liable to the Bondholders or any other person for not doing so.

10.2 Interpretation

For the purposes of this Condition:

Indebtedness for Borrowed Money means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money (including but not limited to bank loans and other borrowings) or any liability under or in respect of any acceptance or acceptance credit.

Principal Subsidiary means any Subsidiary of the Issuer or the Guarantor:

- (a) whose operating income (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries), whose net profit (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries) represent not less than five per cent. of the consolidated operating income, consolidated net profit or, as the case may be, the consolidated total assets of the Issuer or the Guarantor (as the case may be), all as calculated respectively by reference to the latest audited financial statements (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited consolidated financial statements of the Issuer or the Guarantor (as the case may be), *provided that*:
 - (i) in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Issuer or the Guarantor (as the case may be) relate for the purpose of applying each of the foregoing tests, the reference to the latest audited consolidated financial statements of the Issuer or the Guarantor (as the case may be) shall, until consolidated financial statements of the Issuer or the Guarantor (as the case may be) for the financial period in which the relevant acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such audited financial statements as if such Subsidiary had been shown therein by reference to its then latest relevant audited financial statements, adjusted as deemed appropriate by the auditor for the time being, after consultation with the Issuer or the Guarantor (as the case may be);

- (ii) if at any relevant time in relation to the Issuer or the Guarantor or any Subsidiary no financial statements are prepared and audited, its operating income, net profit and total assets (consolidated, if appropriate) shall be determined on the basis of pro forma financial statements (consolidated, if applicable) prepared for this purpose; and
 - (iii) if the financial statements of any Subsidiary (not being a Subsidiary referred to in proviso (i) above of this definition) are not consolidated with those of the Issuer or the Guarantor (as the case may be), then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its financial statements (consolidated, if applicable) with the audited consolidated financial statements of the Issuer or the Guarantor (as the case may be) (determined on the basis of the foregoing); or
- (b) to which is transferred the whole or substantially the whole of the business, undertaking and assets of another Subsidiary which immediately prior to such transfer is a Principal Subsidiary, whereupon (i) in the case of a transfer by a Principal Subsidiary, the transferor Principal Subsidiary shall immediately cease to be a Principal Subsidiary; and (ii) the transferee Subsidiary shall immediately become a Principal Subsidiary, provided that on or after the date on which the relevant audited financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined pursuant to the provisions of subparagraph (a) above of this definition.

A certificate prepared by an Authorised Signatory of the Issuer or the Guarantor (as the case may be) that in his or her opinion (making such adjustments (if any) as he or she shall deem appropriate) a Subsidiary is or is not or was or was not at any particular time or during any particular period a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Guarantor, Trustee, the Agents and the Bondholders.

11. ENFORCEMENT

- 11.1** The Trustee may at any time, at its discretion and without notice, take such proceedings and/or other steps and/or actions (including lodging an appeal in any proceedings) against or in relation to the Issuer and/or the Guarantor as it may think fit to enforce the provisions of the Trust Deed, the Deed of Guarantee and the Bonds or to protect or preserve the rights and interests of the Bondholders, but it shall not be bound to take any such proceedings and/or steps and/or any other actions in relation to the Trust Deed, the Deed of Guarantee or the Bonds unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one-quarter in principal amount of the Bonds then outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.
- 11.2** The Trustee may refrain from taking any actions in any jurisdiction if the taking of such actions in that jurisdiction would, in its opinion, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such actions if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion, 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.
- 11.3** No Bondholder shall be entitled (i) to take any steps and/or actions directly against the Issuer and/or the Guarantor to enforce the performance of any of the provisions of the Trust Deed, the Deed of Guarantee or the Bonds or (ii) take any other proceedings (including lodging an

appeal in any proceedings) in respect of or concerning the Issuer and/or the Guarantor, in each case unless the Trustee, having become bound so to take any such steps and/or actions and/or proceedings, fails so to do within a reasonable period and such failure is continuing.

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 relevant regulatory authority regulations, at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer or the relevant Agent may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

13. NOTICES

All notices to the Bondholders will be valid if mailed to them at their respective addresses in the Register maintained by the Registrar or published in a leading newspaper having general circulation in Asia. Each of the Issuer and the Guarantor shall also ensure that notices are duly given or published at the Issuer's or, as the case may be, the Guarantor's expense in a manner which 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 notice shall be deemed to have been given on the seventh day (being a day other than a Saturday or a Sunday) after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System, notices to Bondholders may be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by these Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

14. MEETINGS OF BONDHOLDERS, MODIFICATION, WAIVER AND AUTHORISATION

14.1 Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of the Bondholders (including by way of teleconference or videoconference call) to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee. The quorum at any meeting for passing 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, or at any adjourned such meeting one or more persons present whatever the principal amount of the Bonds held or represented by him or them, except that, at any meeting the business of which includes the modification or abrogation of Reserved Matters (as defined in the Trust Deed), the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the principal amount of the Bonds for the time being outstanding.

The Trust Deed provides that a resolution passed (i) at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) in writing signed by or on behalf of the holders of not less than three-fourths in principal amount of the Bonds for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than three-fourths

in principal amount of the Bonds for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution. An Extraordinary Resolution passed at any meeting of the Bondholders will be binding on all Bondholders, whether or not they are present and whether or not they voted at the meeting at which such resolution was passed. 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.

14.2 Modification, Waiver, Authorisation and Determination

The Trustee may agree, without the consent of the Bondholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed, the Deed of Guarantee, the Agency Agreement or the Bonds, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders) or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or an error which, in the opinion of the Trustee, is proven. The Trustee may request, and may conclusively rely upon, any certificates signed by an Authorised Signatory of the Issuer or of the Guarantor and/or an opinion of counsel concerning compliance with the above conditions in respect of any such modification, authorisation or waiver.

The Trustee may rely, without liability to Bondholders, on a report, confirmation, opinion or certificate or any advice of any lawyers, accountants, financial advisers, financial institution or any other expert, 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 (without further investigation or enquiry) on any such report, confirmation, opinion or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Guarantor, the Trustee and the Bondholders. The Trustee shall not be responsible or liable to the Issuer, the Guarantor, the Bondholders or any other person for any loss occasioned by acting on or refraining from acting on any such report, confirmation, opinion, certificate, or advice.

14.3 Trustee to have Regard to Interests of Bondholders as a Class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the 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 any 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, nor shall any Bondholder be entitled to claim, from the Issuer, the Guarantor, the Trustee or any other person 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.

Notwithstanding anything to the contrary, the Bonds, the Trust Deed, the Deed of Guarantee and/or the Agency Agreement, whenever the Trustee is required or entitled by the terms or the conditions of the Bonds, the Trust Deed, the Deed of Guarantee and/or the Agency Agreement to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion

or power, taking any such action, making any such decision, or giving any such direction or certification, to seek directions from the Bondholders by way of an Extraordinary Resolution and shall have been indemnified and/or provided with security and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages expenses (including but not limited to legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions or in the event that the direction sought is not provided by the Bondholders.

14.4 Notification to the Bondholders

Any modification, abrogation, waiver, authorisation or determination shall be binding on the Bondholders and, unless the Trustee agrees otherwise, shall be notified by the Issuer, failing whom, the Guarantor, to the Bondholders as soon as practicable thereafter in accordance with Condition 13.

15. INDEMNIFICATION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER AND THE GUARANTOR

15.1 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, 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 or pre-funding 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. The Trustee is entitled to be paid or reimbursed for its fees, costs, expenses and indemnity payments and for liabilities incurred by it in priority to claims of Bondholders.

None of the Trustee or any of the Agents shall be responsible or liable for the performance by the Issuer, the Guarantor and any other person appointed by the Issuer or the Guarantor in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer or the Guarantor to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Bondholder, the Issuer, the Guarantor or any other person for any action taken by the Trustee or such Agent in accordance with the instructions, direction or request of the Bondholders. The Trustee and the Agents shall be entitled to rely conclusively on any instruction, direction, request or resolution of Bondholders given by Bondholders holding the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed or passed as otherwise provided in the Trust Deed. Neither the Trustee nor any of the Agents shall be under any obligation to ascertain whether any Event of Default or Potential Event of Default, or any circumstance or event which could lead to the occurrence of any of the foregoing, has occurred or to monitor compliance by the Issuer or the Guarantor with the provisions of the Trust Deed, the Agency Agreement, the Deed of Guarantee or these Conditions, and shall not be liable to the Bondholders or any other person for not doing so.

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

15.2 Trustee Contracting with the Issuer and the Guarantor

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or the Guarantor and/or any of their respective Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or the Guarantor and/or any of their respective Subsidiaries, (b) 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 (c) 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 is at liberty from time to time without the consent of the Bondholders to create and issue further bonds ranking *pari passu* in all respects (or in all respects save for their issue date and the dates of the first payment of interest thereon, the NDRC Post-issue Filing and the SAFE Registration and for making the subsequent notifications thereof to the Bondholders) so that such further issue shall be consolidated and form a single series with the outstanding Bonds. Any further bonds consolidated and forming a single series with the outstanding Bonds shall be constituted by a deed supplemental to the Trust Deed and be guaranteed by the Guarantor pursuant to a deed supplemental to the Deed of Guarantee.

17. CURRENCY INDEMNITY

U.S. dollar is the sole currency of account and payment for all sums payable by the Issuer and the Guarantor under or in connection with the Bonds, the Deed of Guarantee and the Trust Deed, including damages. Any amount received or recovered in a currency other than U.S. dollar (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 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, as the case may be, 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 or the Trust Deed, each of 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, 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 or any other judgment or order.

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

18.1 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 therewith are governed by, and shall be construed in accordance with, English law.

18.2 Jurisdiction

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes, claims, difference or controversy that may arise out of, in relation to or in connection with the Trust Deed, the Agency Agreement, the Deed of Guarantee or the Bonds, 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 accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the Agency Agreement, the Deed of Guarantee or the Bonds (the **Proceedings**) may be brought in such courts.

Each of the Issuer, the Guarantor, the Trustee, the Agents and any Bondholder in relation to any Dispute submits to the exclusive jurisdiction of the courts of Hong Kong and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient or inappropriate forum to settle any Dispute.

18.3 Appointment of Process Agent

Each of the Issuer and the Guarantor has irrevocably and unconditionally appointed The Law Debenture Corporation (H.K.) Limited at Suite 1301, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong as its agent for service of process in Hong Kong in respect of any Proceedings.

If for any reason the agent shall cease to be such agent for service of process or no longer has an address in Hong Kong, each of the Issuer and the Guarantor shall forthwith 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 seven days of the agent 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.

18.4 Waiver of Immunity

To the fullest extent permitted by law, each of the Issuer and the Guarantor has irrevocably and unconditionally:

- (a) 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;
- (b) 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;

- (c) 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:
 - (i) relief by way of interim or final injunction or order for specific performance or recovery of any property;
 - (ii) attachment of its assets; and
 - (iii) enforcement or execution against and any similar defence, and irrevocably consents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property, revenues or other assets whatsoever (irrespective of their use or intended use); and
- (d) 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.

19. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Bond or any provision of the Trust Deed or the Deed of Guarantee, except and to the extent that the Trust Deed or the Deed of Guarantee expressly provides for such Act to apply to any of its terms, 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 Terms and Conditions of the Bonds set out in this Offering Circular. The following is a summary of certain of those provisions.

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

The Bonds will be initially represented by a Global Certificate which will be registered in the name of a nominee of, and deposited with, a common depository on behalf of Euroclear and Clearstream.

The Global Certificate will be exchangeable (free of charge to the holder) in whole but not in part for individual definitive certificates only if Euroclear or Clearstream has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available.

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

PROMISE TO PAY

The Issuer promises to pay to the registered holder on the Maturity Date and/or on such earlier date as all or any of the Bonds represented by the Global Certificate may become due and repayable in accordance with the Conditions and the Trust Deed, the amount payable under the Conditions in respect of such Bonds on each such date and to pay interest on the principal amount of the Bonds outstanding from time to time represented by the Global Certificate calculated and payable as provided in the Conditions and the Trust Deed, save that the calculation is made in respect of the total aggregate amount of the Bonds represented by the Global Certificate, together with any other sums payable under the Conditions and the Trust Deed.

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

BONDHOLDER’S REDEMPTION

The Bondholder’s redemption option in Condition 7.3 (*Redemption upon Change of Control or No Registration Event*) of the Terms and Conditions may be exercised by the holder of the Bonds giving notice to any Agent of the principal amount of Bonds in respect of which the option is exercised within the time limits specified in the Terms and Conditions.

TRANSFERS

Bonds represented by the Global Certificate are exchangeable and transferable only in accordance with, and subject to, the provisions hereof and the rules and operating procedures of Euroclear and Clearstream.

CANCELLATION

On any redemption or purchase and cancellation of any of the Bonds represented by the Global Certificate, details of such redemption or purchase and cancellation (as the case may be) shall be entered by or on behalf of the Issuer in the Register and in the Schedule to the Global Certificate, and the principal amount outstanding of the Global Certificate and the Bonds held by the registered holder shall be reduced by the principal amount of such Bonds so redeemed or purchased and cancelled.

NOTICES

Notices to holders of the Bonds may be given by delivery of the relevant notice to Euroclear and/or Clearstream (as the case may be) for communication to the relative accountholders. Any such notice shall be deemed validly given to the Bondholders on the day on which such notice is delivered to Euroclear and/or Clearstream (as the case may be) as aforesaid.

AUTHENTICATION

The Global Certificate shall not be valid unless authenticated by the Registrar.

USE OF PROCEEDS

The gross proceeds from the offering of the Bonds will be U.S.\$210 million. After deduction of commissions, fees and other estimated expenses payable in connection with the offering of the Bonds, the net proceeds will be used for repayment of the existing medium- to long-term offshore indebtedness due July 2024.

CAPITALISATION AND INDEBTEDNESS OF THE ISSUER

The following table sets forth the capitalisation and indebtedness of the Issuer, on a consolidated basis (i) as at 31 December 2022; and (ii) on an adjusted basis to give effect to the issue of the Bonds before deducting the commissions and other estimated expenses payable in connection with the offering of the Bonds. The table should be read in conjunction with the financial statements and the accompanying notes included in this Offering Circular.

	As at 31 December 2022			
	Actual		Adjusted	
	(RMB)	(U.S. \$) ⁽⁵⁾	(RMB)	(U.S. \$) ⁽⁵⁾
Current indebtedness:				
Short-term borrowings	3,878,108,888.00	562,272,935.10	3,878,108,888.00	562,272,935.10
Non-current liabilities maturing within one year	10,739,888,328.96	1,557,137,436.78	10,739,888,328.96	1,557,137,436.78
Other current liabilities	607,508,333.34	88,080,428.77	607,508,333.34	88,080,428.77
Total current indebtedness	15,225,505,550.30	2,207,490,800.66	15,225,505,550.30	2,207,490,800.66
Non-current indebtedness:				
Long-term borrowings	17,557,028,637.76	2,545,529,872.67	17,557,028,637.76	2,545,529,872.67
Bonds payable	16,663,427,725.42	2,415,969,919.01	16,663,427,725.42	2,415,969,919.01
Long-term payables (interest-bearing portion)	9,612,186.96	1,393,636.11	9,612,186.96	1,393,636.11
Other non-current liabilities	620,000,000.00	89,891,550.19	620,000,000.00	89,891,550.19
Bonds to be issued ⁽¹⁾	—	—	1,448,412,000.00	210,000,000.00
Total non-current indebtedness	34,850,068,550.14	5,052,784,977.98	36,298,480,550.14	5,262,784,977.98
Total indebtedness⁽²⁾	50,075,574,100.44	7,260,275,778.64	51,523,986,100.44	7,470,275,778.64
Total owners' equity⁽³⁾	36,092,917,961.53	5,232,981,204.19	36,092,917,961.53	5,232,981,204.19
Total capitalisation⁽⁴⁾	86,168,492,061.97	12,493,256,982.83	87,616,904,061.97	12,703,256,982.83

Notes:

- (1) This amount represents the aggregate principal amount of the Bonds to be issued, before deducting the underwriting fees and commissions and other estimated expenses payable in connection with this offering.
- (2) Total indebtedness equals to the sum of total current indebtedness and total non-current indebtedness.
- (3) Total owners' equity equals to the sum of paid-in capital, capital reserve, other comprehensive income, surplus reserves, retained earnings and non-controlling interests.
- (4) Total capitalisation represents the sum of total current indebtedness, total non-current indebtedness and total owners' equity.
- (5) Based on the exchange rate of RMB6.8972 to U.S.\$1.00, the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 30 December 2022.

Except as disclosed in this Offering Circular, there has been no material adverse change in the total capitalisation and indebtedness of the Issuer Group on a consolidated basis since 31 December 2022.

CAPITALISATION AND INDEBTEDNESS OF THE GUARANTOR

The following table sets forth the capitalisation of the Guarantor, on a consolidated basis (i) as at 31 March 2023; and (ii) on an adjusted basis to give effect to the issue of the Bonds before deducting the commissions and other estimated expenses payable in connection with the offering of the Bonds. The table should be read in conjunction with the financial statements and the accompanying notes included in this Offering Circular.

	As at 31 March 2023			
	Actual		Adjusted	
	(RMB)	(U.S. \$) ⁽⁵⁾	(RMB)	(U.S. \$) ⁽⁵⁾
Current indebtedness:				
Short-term borrowings	4,632,417,695.69	674,532,252.27	4,632,417,695.69	674,532,252.27
Non-current liabilities maturing within one year	10,278,186,076.10	1,496,619,790.92	10,278,186,076.10	1,496,619,790.92
Other current liabilities	1,008,677,397.26	146,874,803.03	1,008,677,397.26	146,874,803.03
Total current indebtedness	15,919,281,169.05	2,318,026,846.21	15,919,281,169.05	2,318,026,846.21
Non-current indebtedness:				
Long-term borrowings	22,400,190,658.49	3,261,720,347.50	22,400,190,658.49	3,261,720,347.50
Bonds payable	19,762,250,611.87	2,877,606,530.94	19,762,250,611.87	2,877,606,530.94
Long-term payables (interest-bearing portion)	9,612,186.96	1,399,642.81	9,612,186.96	1,399,642.81
Other non-current liabilities	830,000,000.00	120,857,359.19	830,000,000.00	120,857,359.19
Bonds to be issued ⁽¹⁾	—	—	1,442,196,000.00	210,000,000.00
Total non-current indebtedness	43,002,053,457.32	6,261,583,880.44	44,444,249,457.32	6,471,583,880.44
Total indebtedness⁽²⁾	58,921,334,626.37	8,579,610,726.65	60,363,530,626.37	8,789,610,726.65
Total owners' equity⁽³⁾	36,632,728,568.26	5,334,138,355.21	36,632,728,568.26	5,334,138,355.21
Total capitalisation⁽⁴⁾	95,554,063,194.63	13,913,749,081.87	96,996,259,194.63	14,123,749,081.87

Notes:

- (1) This amount represents the aggregate principal amount of the Bonds to be issued, before deducting the underwriting fees and commissions and other estimated expenses payable in connection with this offering.
- (2) Total indebtedness equals to the sum of total current indebtedness and total non-current indebtedness.
- (3) Total equity equals to the sum of paid-in capital, capital reserve, other comprehensive income, surplus reserves, retained earnings and non-controlling interests.
- (4) Total capitalisation represents the sum of total current indebtedness, total non-current indebtedness and total owners' equity.
- (5) Based on the exchange rate of RMB6.8676 to U.S.\$1.00, the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 31 March 2023.

Except as disclosed in this Offering Circular, there has been no material adverse change in the total capitalisation and indebtedness of the Group on a consolidated basis since 31 March 2023.

DESCRIPTION OF THE ISSUER GROUP

OVERVIEW

The Issuer was established in January 2018 by the MHTZ Management Committee and is a state-owned enterprise directly and wholly owned by the Guarantor. The Issuer Group's main business are (i) land development business, (ii) infrastructure construction business, (iii) resettlement housing business, (iv) industrial park business, (v) materials trading business and (vi) other businesses including leasing business, housing leasing business, property management business, labour dispatch business and other ancillary business. The Issuer Group's principal business segments are as follows:

- Land Development

The Issuer Group is a key entity designated by the Deqing County Government and the Deqing NRPB to undertake land development projects in MHTZ, which generally involve land levelling and construction of basic supporting facilities. For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from the Issuer Group's land development business was approximately RMB360.6 million, RMB343.1 million and RMB244.1 million, respectively, representing approximately 18.1 per cent., 16.4 per cent. and 10.6 per cent., respectively, of the Issuer Group's total operating revenue for the same periods.

- Infrastructure Construction

As a key municipal infrastructure construction and operation entity in MHTZ designated by the MHTZ Management Committee and other local government agencies, the Issuer Group has undertaken a number of infrastructure construction projects within Deqing County. For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from the Issuer Group's infrastructure construction business was approximately RMB309.1 million, RMB225.9 million and RMB325.5 million, respectively, representing approximately 15.5 per cent., 10.8 per cent. and 14.1 per cent., respectively, of the Issuer Group's total operating revenue for the same periods.

- Resettlement Housing

The Issuer Group's resettlement housing business is aimed at completing the government-ordered construction tasks of sheltered housing and resettlement housing. For the years ended 31 December 2020, 2021 and 2022, the resettlement housing projects under this business segment has not been recognised, and no operating revenue was generated for the same periods.

- Industrial Park Development

The Issuer Group develops and leases or sells commercial properties in industrial parks in Deqing County. For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from the Issuer Group's industrial park development business was approximately RMB139.2 million, RMB54.7 million and nil, respectively, representing approximately 7.0 per cent., 2.6 per cent. and nil, respectively, of the Issuer Group's total operating revenue for the same periods.

- Materials Trading

The Issuer Group's materials trading business mainly involves the procurement and sale of various products, including steal, cosmetics and construction materials. The Issuer Group's materials trading business mainly involves the procurement and sale of various products, including steal, cosmetics and construction materials. For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from the Issuer Group's industrial park development business was approximately RMB1,052.6

million, RMB1,329.6 million and RMB1,328.9 million, respectively, representing approximately 52.8 per cent., 63.4 per cent. and 57.7 per cent., respectively, of the Issuer Group's total operating revenue for the same periods.

- Other Businesses

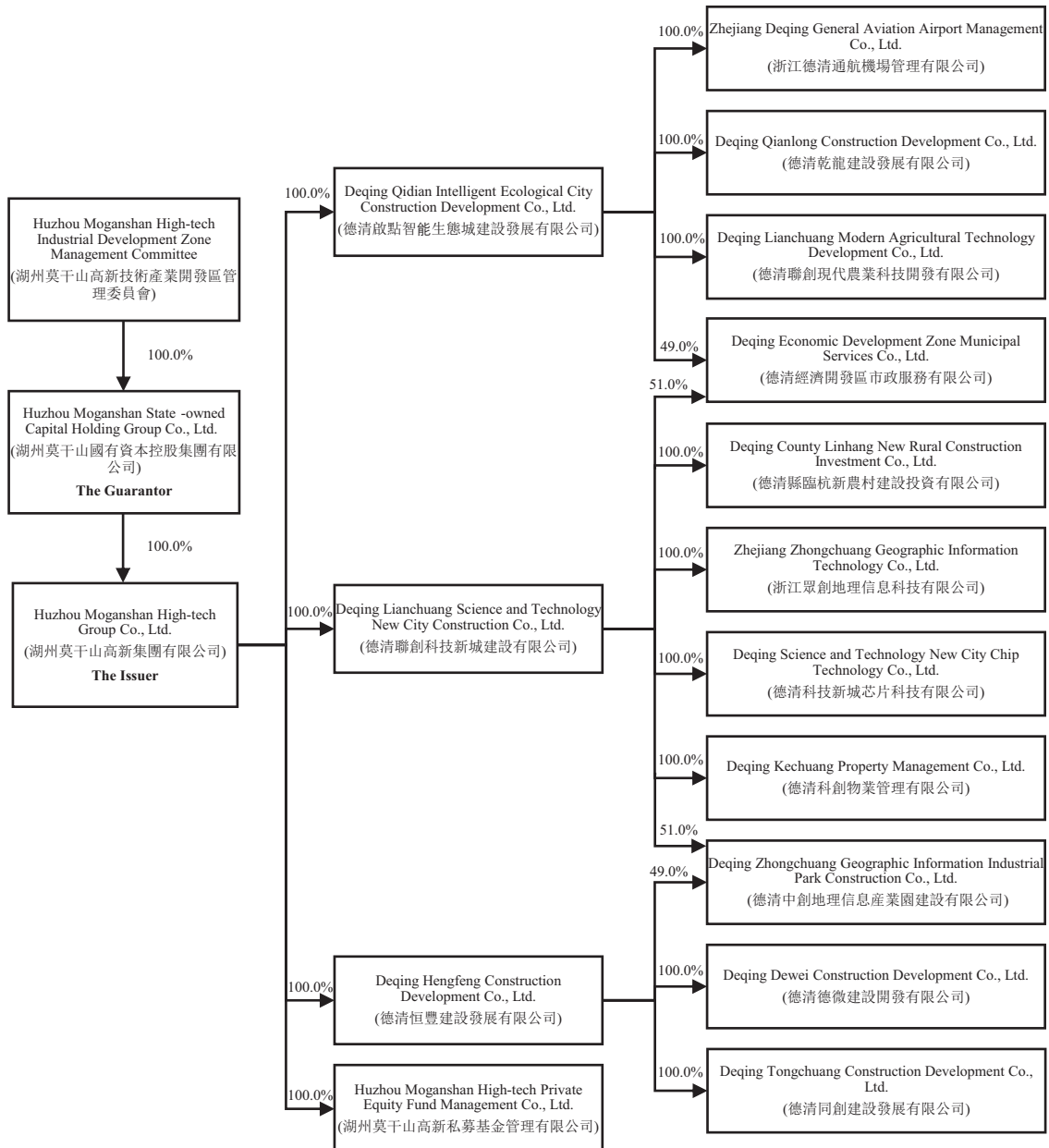
The Issuer Group also engages in other businesses, such as leasing business, housing leasing business, property management business, labour dispatch business and other ancillary business. For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from the Issuer Group's other businesses was approximately RMB130.5 million, RMB145.3 million, and RMB402.8 million, respectively, representing approximately 6.6 per cent., 6.9 per cent., and 17.5 per cent., respectively, of the Issuer Group's total operating revenue for the same periods.

The following table sets forth a breakdown of the total operating revenue from each business segment of the Issuer Group for the periods indicated:

Business Segments	For the year ended 31 December					
	2020		2021		2022	
	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total
	(RMB in millions)		(RMB in millions)		(RMB in millions)	
Land Development	360.6	18.1	343.1	16.4	244.1	10.6
Infrastructure Construction	309.1	15.5	225.9	10.8	325.5	14.1
Resettlement Housing	—	—	—	—	—	—
Industrial Park Development	139.2	7.0	54.7	2.6	—	—
Materials Trading	1,052.6	52.8	1,329.6	63.4	1,328.9	57.7
Other Businesses	130.5	6.6	145.3	6.9	402.8	17.5
Total	1,992.0	100.0	2,098.6	100.0	2,301.4	100.0

CORPORATE STRUCTURE

The following charts illustrate the Issuer's corporate structure in a simplified form, the purpose of which is to illustrate the holding company of the Issuer and the Issuer's equity interests in its major subsidiaries as at the date of this Offering Circular:



HISTORY AND DEVELOPMENT

The Issuer was established in January 2018 by the MHTZ Management Committee with an initial registered capital of RMB10.0 billion. As at the date of this Offering Circular, the Guarantor is the sole shareholder of the Issuer and the Issuer has a registered capital of RMB10.0 billion.

The following table sets forth selected milestone events in the course of development of the Issuer:

Year	Milestone Events
January 2018	With the approval from the Deqing County Government, the Issuer was established as a state-owned enterprise with an initial registered capital of RMB10.0 billion.
2018-2019	During the years of 2018 and 2019, the MHTZ Management Committee, as the shareholder of the Issuer, made several rounds of capital contribution to the Issuer in the form of equity interests in a number of state-owned enterprises held by the MHTZ Management Committee, including the 100.0 per cent. equity interests in Deqing Economic Development Zone Municipal Service Co., Ltd. (德清經濟開發區市政服務有限公司), Deqing County Technology Venture Services Co., Ltd. (德清縣科技創業服務有限公司), Deqing Kechuang Property Management Co., Ltd., Deqing Qianlong Construction Development Co., Ltd. (德清乾龍建設發展有限公司), Deqing Qihang Construction Development Co., Ltd. (德清啟航建設發展有限公司) and Deqing Hengfeng Construction Development Co., Ltd., the 50.0 per cent. equity interests in Zhejiang Linhang Logistics Development Co., Ltd. (浙江臨杭物流發展有限公司), and the 83.3 per cent. equity interests in Deqing Lianchuang Science and Technology New City Construction Co., Ltd. (德清聯創科技新城建設有限公司).
July 2019	The Issuer's subsidiary, Deqing Hengfeng Construction Development Co., Ltd., acquired Deqing Economic Development Zone Construction Development Co., Ltd. (德清經濟開發區建設發展有限公司).
March 2023	Pursuant to the Reply of the Mogan Mountain of Huzhou Hi-tech Industry Development Zone Management Committee on agreeing to the equity adjustment of related companies of the High-tech Group (湖州莫干山高新區管委會關於同意高新集團相關公司股權調整事項的批復), Deqing Lianchuang Science and Technology New City Construction Co., Ltd. (德清聯創科技新城建設有限公司) transferred its 100.0 per cent. of the equity interest it held in Deqing Intelligent Innovation Industrial Park Construction and Development Co., Ltd. (德清智創產業園建設發展有限公司) to the MHTZ Management Committee. Deqing Intelligent Innovation Industrial Park Construction and Development Co., Ltd. (德清智創產業園建設發展有限公司) changed its name to Huzhou Moganshan State-owned Capital Holding Group Co., Ltd. (湖州莫干山國有資本控股集團有限公司). The registered capital of the Guarantor was increased to RMB10.0 billion.

Year	Milestone Events
	The MHTZ Management Committee transferred 100.0 per cent. of the equity interest it held in the Issuer, and 100.0 per cent. of the equity interests the Issuer held in Huzhou Moganshan High-tech Industry Investment and Development Group Co., Ltd. (湖州莫干山高新產業投資發展集團有限公司), Huzhou Moganshan High-tech Talent Development Group Co., Ltd. (湖州莫干山高新人才發展集團有限公司) and Huzhou Moganshan High-tech Tourism Development Group Co., Ltd. (湖州莫干山高新旅遊發展集團有限公司) to the Guarantor.

DESCRIPTION OF THE ISSUER GROUP'S BUSINESS

Overview

The Issuer was established in January 2018 by the MHTZ Management Committee and is a state-owned enterprise directly and wholly owned by the Guarantor. The Issuer Group has a diversified business portfolio and is primarily engaged in (i) land development business, (ii) infrastructure construction business, (iii) resettlement housing business, (iv) industrial park business and (v) materials trading business. The Issuer Group also engages in other businesses, such as leasing business, housing leasing business, property management business, labour dispatch business and other ancillary business.

The following table sets forth a breakdown of the total operating revenue from each business segment of the Issuer Group for the periods indicated:

Business Segments	For the year ended 31 December					
	2020		2021		2022	
	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total
	(RMB in millions)		(RMB in millions)		(RMB in millions)	
Land Development	360.6	18.1	343.1	16.4	244.1	10.6
Infrastructure Construction	309.1	15.5	225.9	10.8	325.5	14.1
Resettlement Housing	–	–	–	–	–	–
Industrial Park Development	139.2	7.0	54.7	2.6	–	–
Materials Trading	1,052.6	52.8	1,329.6	63.4	1,328.9	57.7
Other Businesses	130.5	6.6	145.3	6.9	402.8	17.5
Total	1,992.0	100.0	2,098.6	100.0	2,301.4	100.0

Land Development

Overview

The Issuer Group is a key entity designated by the Deqing County Government and the Deqing NRPB to undertake land development projects in MHTZ, which generally involve land levelling and construction of basic supporting facilities. For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from the Issuer Group's land development business was approximately RMB360.6 million, RMB343.1 million and RMB244.1 million, respectively, representing 18.1 per cent., 16.4 per cent., and 10.6 per cent. of the Issuer Group's total operating revenue for the same periods, respectively.

Business Model

For the business model of the Issuer Group's land development business, see “*Description of the Group – Description of the Group's Business – Land Development – Business Model*”.

Project Description

For the project description of the Issuer Group's land development business, see “*Description of the Group – Description of the Group's Business – Land Development – Project Description*”.

Infrastructure Construction

Overview

The Issuer Group undertakes the infrastructure construction business in Huzhou. For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from the Issuer Group's infrastructure construction business was approximately RMB309.1 million, RMB225.9 million and RMB325.5 million respectively, representing approximately 15.5 per cent., 10.8 per cent. and 14.1 per cent. of the Issuer Group's total operating revenue for the same periods, respectively.

Business Model

For the business model of the Issuer Group's land development business, see "*Description of the Group – Description of the Group's Business – Infrastructure Construction – Business Model*".

Project Description

For the project description of the Issuer Group's land development business, see "*Description of the Group – Description of the Group's Business – Infrastructure Construction – Project Description*".

Resettlement Housing

Overview

The Issuer Group undertakes resettlement housing business. For the years ended 31 December 2020, 2021 and 2022, the resettlement housing projects under this business segment has not been recognised, no operating revenue was generated for the same periods.

Business Model

For the business model of the Issuer Group's resettlement housing business, see "*Description of the Group – Description of the Group's Business – Resettlement Housing – Business Model*".

Project Description

For the project description of the Issuer Group's resettlement housing business, see "*Description of the Group – Description of the Group's Business – Resettlement Housing – Project Description*".

Industrial Park Development

Overview

The Issuer Group undertakes the industrial park development business in Huzhou. For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from the Issuer Group's industrial park development business was approximately RMB139.2 million, RMB54.7 million and nil, respectively, representing approximately 7.0 per cent., 2.6 per cent. and nil, of the Issuer Group's total operating revenue for the same periods, respectively.

Business Model

For the business model of the Issuer Group's land development business, see "*Description of the Group – Description of the Group's Business – Industrial Park Development – Business Model*".

Project Description

For the project description of the Issuer Group's land development business, see "*Description of the Group – Description of the Group's Business – Industrial Park Development – Project Description*".

Materials Trading

Overview

The Issuer Group undertakes the materials trading business in Huzhou. For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from the Issuer Group's materials trading business was approximately RMB1,052.6 million, RMB1,329.6 million and RMB1,328.9 million respectively, representing approximately 52.8 per cent., 63.4 per cent. and 57.7 per cent. of the Issuer Group's total operating revenue for the same periods, respectively.

Business Model

For the business model of the Issuer Group's land development business, see "*Description of the Group – Description of the Group's Business – Material Trading – Business Model*".

Project Description

For the project description of the Issuer Group's land development business, see "*Description of the Group – Description of the Group's Business – Material Trading – Project Description*".

Other Businesses

Overview

The Issuer Group also engages in other businesses, such as leasing business, housing leasing business, property management business and other ancillary business. For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from the Issuer Group's other businesses was approximately RMB130.5 million, RMB145.3 million, and RMB402.8 million, respectively, representing approximately 6.6 per cent., 6.9 per cent., and 17.5 per cent. of the Issuer Group's total operating revenue for the same periods, respectively.

Business Model

Leasing Business

The leasing business is a newly established business of the Issuer Group in 2022, primarily managed by the Issuer Group's former subsidiary, Moganshan Financial Leasing (Tianjin) Co., Ltd. (莫干山融資租賃(天津)有限公司), who has been spun off from the Issuer Group's consolidated scope as of March 2023. The Issuer Group's will no longer generate any income related to the leasing business after the first quarter of 2023. For the year ended 31 December 2022, the operating revenue generated from the Issuer Group's leasing business was approximately RMB101.4 million.

Housing Leasing Business, Property Management Business

For housing leasing business and property management business income, it mainly comes from the subsidiaries of the Issuer Group, Deqing Lianchuang Science and Technology New City Construction Co., Ltd. (德清聯創科技新城建設有限公司) and Deqing Hengfeng Construction and Development Co., Ltd. (德清恒豐建設發展有限公司). For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from the Issuer Group's housing leasing business was approximately RMB62.8 million, RMB76.6 million, and RMB70.1 million, respectively. For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from the Issuer Group's property management business was approximately RMB2.8 million, RMB1.9 million, and RMB0.4 million, respectively.

The housing leasing business of the Issuer Group premises mainly involve selling or leasing factory buildings and office spaces within the self-built industrial park to start-up enterprises, in order to support the development of high-tech industries. The current average rental price for the Issuer Group's industrial buildings is RMB0.7-1.0 per square meter per day, while the average rental price for shops is

RMB2.0 per square meter per day. Considering that the operation of the industrial buildings is in the stage of attracting investment, the Issuer Group provides significant rental discounts to the occupying companies, resulting in relatively small rental income and gross profit scale.

Other Ancillary Business

This operating revenue primarily comes from service income generated by the Issuer Group's subsidiary, Deqing International Conference Centre Co., Ltd. (德清國際會議中心有限公司), which hosts large-scale conferences. This revenue also includes property utility fees from the Issuer Group's subsidiary, Deqing Lianchuang Science and Technology New City Construction Co., Ltd. (德清聯創科技新城建設有限公司), as well as sales revenue from building stone materials from the subsidiary Deqing Tongchuang Construction Development Co., Ltd. (德清同創建設發展有限公司).

In addition to the aforementioned revenue, the Issuer Group's other businesses income also includes operating revenue from labour dispatch and factoring services. However, the operating revenue from these other businesses activities constitutes a relatively small proportion of the Issuer Group's total operating revenue during the reporting period.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE ISSUER

DIRECTORS

The board of directors of the Issuer consists of five directors, including two employee directors. The table below sets forth certain information regarding directors of the Issuer as at the date of this Offering Circular.

Name	Year of Birth	Position
YAO Huanliang (姚歡亮)	1976	Chairman of the board of directors of the Issuer and general manager
PENG Miaobin (彭苗斌)	1978	Director and deputy general manager
SHEN Jing (沈靜)	1986	Director
SHEN Aili (沈艾麗)	1990	Employee director
NI Ting (倪婷)	1990	Employee director

Mr. YAO Huanliang (姚歡亮), born in 1976, has been the chairman of the board of directors of the Issuer and the general manager of the Issuer since September 2023. Mr. Yao previously served as the head of the Planning and Construction Department of Deqing County Science and Technology New Town Management Committee (德清縣科技新城管理委員會), the section chief and deputy head of the Land, Planning and Construction Bureau of the MHTZ Management Committee (湖州莫干山高新技術產業開發區管理委員會國土與規劃建設局).

Mr. PENG Miaobin (彭苗斌), born in 1978, has been a director of the Issuer since April 2023. Mr. Peng also serves as a deputy general manager and a member of the party committee of the Issuer. Mr. Peng previously served in the Planning and Construction Bureau of the MHTZ Management Committee at Deqing Economic Development Zone (德清經濟開發區管委會規劃建設局), Deqing Economic Development Zone Construction Development Co., Ltd. (德清經濟開發區建設發展有限公司) and Deqing Lianchuang Science and Technology New City Construction Co., Ltd. (德清聯創科技新城建設有限公司).

Ms. SHEN Jing (沈靜), born in 1986, has been a director of the Issuer since September 2023. Ms. Shen previously served as the director of Deqing Hengfeng Construction Development Co., Ltd. (德清恒豐建設發展有限公司). She previously served in the Deqing Recruitment and Exchange Market (德清縣人才交流市場) and the Zhejiang branch office of Industrial and Commercial Bank of China (中國工商銀行浙江省分行).

Ms. SHEN Aili (沈艾麗), born in 1990, has been an employee director of the Issuer since September 2023. Ms. Shen previously served in Deqing Ruida English Training School (德清睿達英語培訓學校) and Deqing Hushang Rural Bank (德清湖商村鎮銀行).

Ms. NI Ting (倪婷), born in 1990, has been an employee director of the Issuer since September 2023. Ms. Ni previously served in Zhejiang Weikang Pharmaceutical Co., Ltd. (浙江維康藥業有限公司) and Zhejiang Zuoli Pharmaceutical Co., Ltd. (浙江佐力藥業股份有限公司).

SUPERVISORS

The board of supervisors of the Issuer currently consists of five supervisors, including two employee supervisors. The table below sets forth certain information regarding supervisors of the Issuer as at the date of this Offering Circular.

Name	Year of Birth	Position
CHEN Xiaofeng (陳曉峰)	1978	Chairman of the board of supervisors of the Issuer
PAN Jing (潘靚)	1985	Supervisor
SHEN Hao (沈豪)	1987	Supervisor
FEI Cong (費聰)	1990	Employee supervisor
YANG Lihong (楊麗紅)	1987	Employee supervisor

Mr. CHEN Xiaofeng (陳曉峰), born in 1978, has been the chairman of the board of supervisors of the Issuer since November 2021. Mr. Chen previously served as a leader of the Xihushan station control team of the air force fourth radar brigade, an instructor of the military teaching and research office of the air force radar training base, a section chief of special care and settlement section of the Civil Affairs Bureau of Deqing County (德清縣民政局) and an office manager of Deqing County Culture Tourism Development Group Co., Ltd. (德清縣文化旅遊發展集團有限公司).

Ms. PAN Jing (潘靚), born in 1985, has been a supervisor of the Issuer since May 2023. Ms. Pan previously served in the Zhejiang Deqing Rural Commercial Bank Co., Ltd. (浙江德清農村商業銀行), the Suzhou branch of the Bank of East Asia (東亞銀行蘇州分行), Deqing Small and Medium Enterprises Financial Services Centre Co., Ltd. (德清縣中小企業金融服務中心有限公司) and the Deqing branch of the Bank of Shaoxing (紹興銀行德清支行).

Mr. SHEN Hao (沈豪), born in 1987, has been a supervisor of the Issuer since September 2023. Mr. Shen previously served in Deqing Construction Management Co., Ltd. (德清縣建設監理有限公司).

Ms. FEI Cong (費聰), born in 1990, has been an employee supervisor of the Issuer since September 2023. Ms. Fei previously served in the Deqing branch of the People's Bank of China (中國人民銀行德清縣支行), the Finance Bureau of MHTZ Management Committee (湖州莫干山高新區管理委員會財政局) and Zuoli Innovation Small Loan Co., Ltd. (佐力科創小額貸款股份有限公司).

Ms. YANG Lihong (楊麗紅), born in 1987, has been an employee supervisor of the Issuer since May 2023. Ms. Yang previously served in the Taxation Bureau of Deqing County (德清縣稅務局).

SENIOR MANAGEMENT

The following table sets forth certain information regarding members of the senior management of the Issuer as at the date of this Offering Circular:

Name	Year of Birth	Position
YAO Huanliang (姚歡亮)	1976	Chairman of the board of directors of the Issuer and general manager
PENG Miaobin (彭苗斌)	1978	Director and deputy general manager

Mr. YAO Huanliang (姚歡亮), has been the general manager of the Issuer since September 2023. For Mr. Yao's biography, see "*Directors*" above.

Mr. PENG Miaobin (彭苗斌), has been a deputy general manager of the Issuer since April 2023. For Mr. Peng's biography, see "*Directors*" above.

DESCRIPTION OF THE GROUP

OVERVIEW

The Guarantor is the primary investment, financing and construction entity for infrastructure in the MHTZ, which was established by the MHTZ Management Committee to integrate regional state-owned resources as a regional investment and financing platform, and is a core platform designated by the MHTZ Management Committee to implement its infrastructure construction and state-owned asset management plans. Leveraging strong government support, the Group has played an important role in furthering the social and economic development of MHTZ by undertaking and completing a number of strategically important infrastructure projects in MHTZ. As at the date of this Offering Circular, the Guarantor is directly and wholly owned by the MHTZ Management Committee, which is a government organ of the Huzhou Municipal People's Government and share the same working staff and management team with the Deqing County Government.

The Group primarily conducts its business within the MHTZ, a national-level high-tech industry development zone with a total planned area of approximately 6.65 sq.km. in Deqing County. The Deqing County is located in Huzhou City, Zhejiang Province. Located in the interior of the Yangtze River Delta and abutting on Tai Lake (太湖), the Deqing County is well connected to neighbouring major cities such as Shanghai and Hangzhou, and thus serves as an important transportation hub of Huzhou. The MHTZ, formerly known as Deqing Economic Development Zone (德清經濟開發區), was established with the approval of Zhejiang Provincial Government (浙江省人民政府) in June 2010. With a friendly environment for technology and innovation businesses, the MHTZ has attracted a large number of enterprises to set up facilities, branches or offices. The Deqing County and the MHTZ have achieved a rapid economic and societal growth in recent years, which has provided opportunities and needs for the development of infrastructure and supporting facilities in MHTZ and in turn driven the growth of the Group's business.

The Group has a diversified business portfolio. As at the date of this Offering Circular, the Group's main businesses are (i) land development business, (ii) infrastructure construction business, (iii) resettlement housing business, (iv) industrial park business, (v) materials trading business and (vi) other businesses including finance leasing business, housing leasing business, property management business, labour dispatch business, leasing business and other ancillary businesses. The Group's principal business segments are as follows:

- Land Development

The Group is a key entity designated by the Deqing NRPB to undertake land development projects in MHTZ, which generally involve land levelling and construction of supporting facilities. For the years ended 31 December 2020, 2021 and 2022 and for the three months ended 31 March 2023, the operating revenue generated from the Group's land development business was approximately RMB360.6 million, RMB343.1 million, RMB244.1 million and nil, respectively, representing approximately 18.1 per cent., 16.4 per cent., 10.6 per cent. and nil, respectively, of the Group's total operating revenue for the same periods.

- Infrastructure Construction

As a key municipal infrastructure construction and operation entity in MHTZ designated by the MHTZ Management Committee and other local government agencies, the Group has undertaken a number of infrastructure construction projects within Deqing County. For the years ended 31 December 2020, 2021 and 2022 and for the three months ended 31 March 2023, the operating revenue generated from the Group's infrastructure construction business was approximately RMB309.1 million, RMB225.9 million, RMB325.5 million and RMB14.5 million, respectively, representing approximately 15.5 per cent., 10.8 per cent., 14.1 per cent. and 3.0 per cent., respectively, of the Group's total operating revenue for the same periods.

- Resettlement Housing

The Group's resettlement housing business is aimed at completing the government-ordered construction tasks of sheltered housing and resettlement housing. For the years ended 31 December 2020, 2021 and 2022 and for the three months ended 31 March 2023, the resettlement housing projects under this business segment has not been recognised, and no operating revenue was generated for the same periods.

- Industrial Park Development

The Group develops and leases or sells commercial properties in industrial parks in Deqing County. For the years ended 31 December 2020, 2021 and 2022 and for the three months ended 31 March 2023, the operating revenue generated from the Group's industrial park development business was approximately RMB139.2 million, RMB54.7 million, nil and nil, respectively, representing approximately 7.0 per cent., 2.6 per cent., nil and nil, respectively, of the Group's total operating revenue for the same periods.

- Materials Trading

The Group's materials trading business mainly involves the procurement and sale of various products, including steel, cosmetics and construction materials. For the years ended 31 December 2020, 2021 and 2022 and for the three months ended 31 March 2023, the operating revenue generated from the Group's industrial park development business was approximately RMB1,052.6 million, RMB1,329.6 million, RMB1,328.9 million and RMB357.0 million, respectively, representing approximately 52.8 per cent., 63.4 per cent., 57.7 per cent. and 73.4 per cent., respectively, of the Group's total operating revenue for the same periods.

- Other Businesses

The Group also engages in other businesses, such as finance leasing business, housing leasing business, property management business, labour dispatch business, leasing business and other ancillary businesses. For the years ended 31 December 2020, 2021 and 2022 and for the three months ended 31 March 2023, the operating revenue generated from the Group's other businesses was approximately RMB130.5 million, RMB145.3 million, RMB402.8 and RMB115.1 million, respectively, representing approximately 6.6 per cent., 6.9 per cent., 17.5 per cent. and 23.6 per cent., respectively, of the Group's total operating revenue for the same periods.

The following table sets forth a breakdown of the total operating revenue from each business segment of the Group for the periods indicated:

Business Segments	For the year ended 31 December						For the three months ended 31 March	
	2020		2021		2022		2023	
	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total
	(RMB in millions)		(RMB in millions)		(RMB in millions)		(RMB in millions)	
Land Development	360.6	18.1	343.1	16.4	244.1	10.6	–	–
Infrastructure Construction . .	309.1	15.5	225.9	10.8	325.5	14.1	14.5	3.0
Industrial Park Development .	139.2	7.0	54.7	2.6	–	–	–	–
Resettlement Housing	–	–	–	–	–	–	–	–
Materials Trading .	1,052.6	52.8	1,329.6	63.4	1,328.9	57.7	357.0	73.4
Other Businesses .	130.5	6.6	145.3	6.9	402.8	17.5	115.1	23.6
Total	1,992.0	100.0	2,098.6	100.0	2,301.4	100.0	486.6	100.0

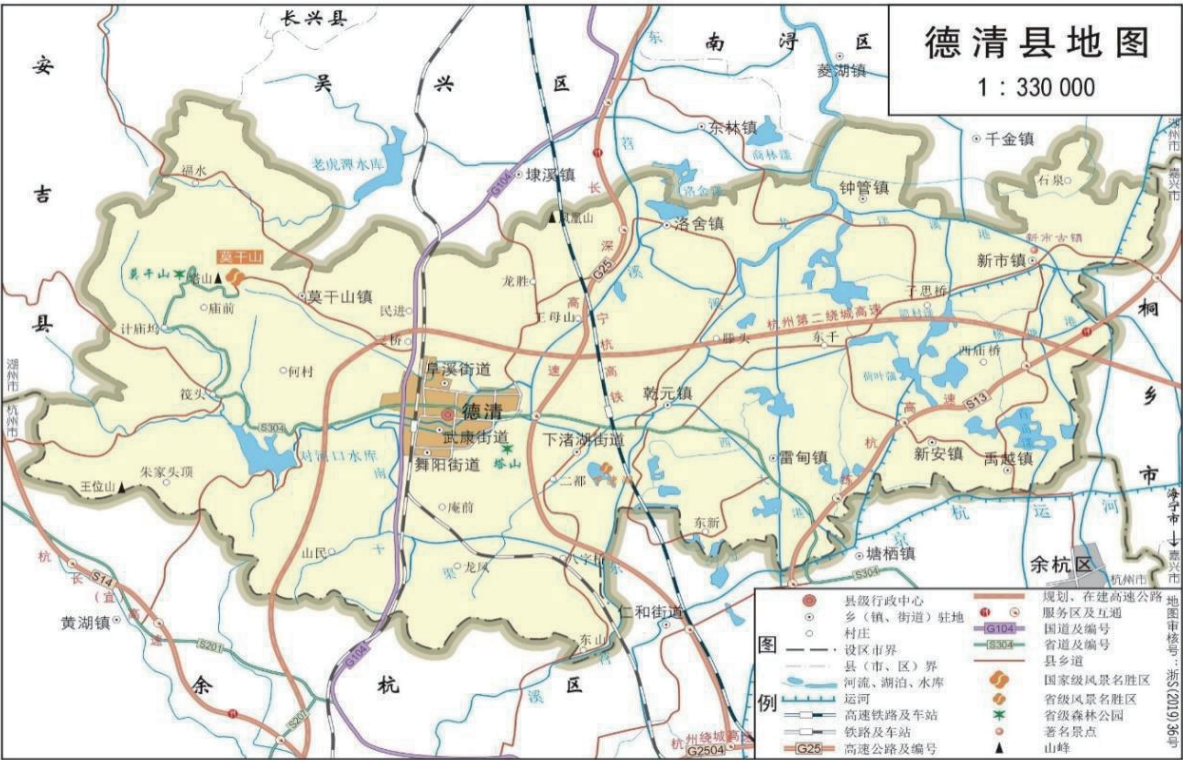
COMPETITIVE STRENGTHS

The Group believes that the following strengths are important to its success and future development:

Strong growth potential benefiting from rapid local economic growth and excellent location.

Huzhou City is a prefecture-level city located in northern Zhejiang province. Positioned in the heart of the Yangtze River Economic Belt, the city borders Jiaxing to the east, Hangzhou to the south and the provinces of Anhui and Jiangsu provinces to the west and north. Huzhou City is also a key city to the Hangzhou Great Bay Area, which achieved a GDP of approximately RMB385.0 billion in 2022, representing a growth rate of 5.6 per cent. as compared to 2021.

Deqing County is an important contributor to the social and economic growth of Huzhou City. In 2022, Deqing County achieved a GDP of approximately RMB65.8 billion, representing a growth rate of 3.8 per cent. comparing to 2021. With a balanced development in its primary, secondary and tertiary industries, Deqing County has attracted a large number of modern industries, including advance equipment manufacturing, biopharmaceutical, geographic information, general aviation, artificial intelligence and big data. The region where the Deqing County is situated is shown in the map below:



The Group is the sole infrastructure construction and state-owned capital operation platform in the MHTZ, which was established by the MHTZ Management Committee to integrate regional state-owned resources as a regional investment and financing platform, and is a core platform designated by the MHTZ Management Committee to implement its infrastructure construction and state-owned asset management plans. The MHTZ of Deqing County, formerly the Deqing Economic Development Zone, has been approved as a national-level high-tech industry development zone (國家高新技術產業開發區) in Deqing County by the State Council in September 2015. The MHTZ has been deemed as an important anchor for a number of regional development strategies and has experienced significant development during the past few years, which in turn has driven the Group’s business growth. With the aim of building a nation-leading innovative development zone, the MHTZ focuses on the cultivation of high-tech enterprises and new industries, and aims to drive development with innovation and secure a stable and sustainable economic growth.

In 2022, the MHTZ achieved an industrial output value of approximately RMB78.9 billion by enterprises above the designated size. The approved planning area of the park is 6.7 square kilometers, and the total jurisdiction area is 74.7 square kilometers, including Chengbei High-tech Zone (城北高新區), Kangqian Science and Education Zone (康乾科教區), Geographic Information Industry Park (地理信息產業園) and General Aviation Industry Park (通用航空產業園). The dominant industries in Chengbei High-tech Zone are biopharmaceuticals, green homes, and electronic information, with representative companies including Zhejiang Jolly Pharmaceutical (佐力藥業)(stock code 300181), Zhejiang Wolwo Biopharmaceutical (我武生物)(stock code 300357), Chiatel Qingchunbao (正大青春寶), Taipusen (泰普森), Dehua Tubao (德華兔寶寶), and Huaying Electronics (華瑩電子), among others. The dominant industry in the Geographic Information Industry Park is geographic information manufacturing and satellite remote sensing, with representative companies including SuperMap Software (超圖軟件)(stock code 300036), XGEOMATICS (極飛地理), and Qianxun Spatial Intelligence (千尋位置), among others. The dominant industry in the General Aviation Industry Park is general aviation and high-end equipment manufacturing. The composition of MHTZ is shown in the following picture:



As the sole infrastructure construction and state-owned capital operation platform in the MHTZ, the Group is responsible for infrastructure construction, affordable house development and land development in the MHTZ. The Group serves as an important role in the social and economic development of the MHTZ and enjoys an unparalleled position on the regional market. The Group believes that such unique advantage, along with the economic growth in Huzhou City and Deqing County as well as the development of the MHTZ, will continue to generate considerable business opportunities to the Group.

Leading municipal development entity serving local government development strategies.

As the sole infrastructure construction and state-owned capital operation platform in the MHTZ, the Group plays a leading role in the urban development and infrastructure construction in the MHTZ. The Group's land development, infrastructure construction, affordable house development and industrial park development businesses are critical to the urban development of the MHTZ. The Group is designated by the Deqing County Government and Deqing NRPB to undertake land development and infrastructure construction projects. It is commissioned to explore the development potentials for, and optimise the layout of, the developed land in the MHTZ through reasonable flow of land between urban and rural areas, thus meeting the demand for land arising from social and economic development. Over the years, the Group has participated in a number of strategically important projects in the MHTZ, including the General Aviation Airport (通航機場), Industrial Park Building (產業園大樓), Geographic Information Town (地理信息小鎮) and North City High-tech Zone Land Development (城北高新區土地整理).

The Group believes that its operations will continue to resonate with local government development strategies of the MHTZ, Deqing County and Huzhou City, and as a result will continue to bring significant business opportunities for the Group.

Strong support from local governments.

As the sole infrastructure construction and state-owned capital operation platform in the MHTZ, the Group is directly and wholly owned by the MHTZ Management Committee, a government organ of the Huzhou Municipal People's Government. The MHTZ Management Committee and Deqing County Government share the same working staff and management team, which can make administrative decisions on behalf of both authorities as the situation requires.

The Group has been commissioned by the MHTZ Management Committee and other local governmental entities in Deqing County to participate in a number of high-profile projects in the MHTZ with a vision to implement local government's plans for infrastructure construction and state-owned asset management. The Group believes that its close relationship with the MHTZ Management Committee will enable it closely align its business with, and to benefit from the business opportunities emerging from, the social and economic development of the MHTZ.

In addition, the Group has also received strong support from the MHTZ Management Committee and other governmental authorities in the form of, among others, government subsidies and grants, asset and capital injections and favourable policies. For the years ended 31 December 2020, 2021 and 2022 and for the three months ended 31 March 2023, the Group received government grant of approximately RMB415.3 million, RMB608.9 million, RMB577.9 million and RMB110.7 million, respectively. Since the establishment of the Issuer, the MHTZ Management Committee has made capital contributions to the Issuer in various forms, including equity interests in other enterprises, including:

- equity interest in Deqing Economic Development Zone Municipal Service Co. Ltd. (德清經濟開發區市政服務有限公司), which has a registered capital of RMB650.0 million and primarily engages in municipal maintenance and engineering businesses;
- equity interest in Deqing Kechuang Property Management Co. Ltd. (德清科創物業管理有限公司), which has a registered capital of RMB101.0 million and primarily engages in property management business;
- equity interest in Zhejiang Linhang Logistic Development Co., Ltd. (浙江臨杭物流發展有限公司), which has a registered capital of RMB100.0 million and primarily engages in logistic park development, public infrastructure construction and land development businesses;
- equity interest in Deqing County New Countryside Investment Development Co., Ltd. (德清縣新農村投資開發有限公司), which has a registered capital of RMB100.0 million and primarily engages in new countryside construction, investment and development businesses;
- equity interest in Deqing Lianchuang Modern Agricultural Technology Development Co., Ltd. (德清聯創現代農業科技開發有限公司), which has a registered capital of RMB100.0 million and primarily engages in agricultural technology development business; and
- equity interest in Deqing County Technological Venture Services Co., Ltd. (德清縣科技創業服務有限公司), which has a registered capital of RMB20.0 million and primarily engages in the incubation of technological projects.

In 2019, the Group also received from Deqing County State-owned Assets Supervision and Administration Office (德清縣國有資產監督管理辦公室) equity interest in Deqing Economic Development Zone Construction Development Co., Ltd. (德清經濟開發區建設發展有限公司), which has a registered capital of RMB200.0 million and primarily engages in urban infrastructure construction

business. In 2020, the Group received from the Deqing Government mine resources to the Issuer, increasing the Issuer's capital reserves by approximately RMB1.8 billion. In the same year, the Group received from the Deqing Government the right to charge several parking lots to Deqing Kechuang Property Management Co., Ltd. (德清科創物業管理有限公司), increasing Deqing Kechuang Property Management Co., Ltd.'s capital reserves by approximately RMB1.1 billion.

In addition, the MHTZ Management Committee and other governmental authorities in Deqing County made several rounds of capital injections in cash to the Group. In 2019, the Group received from the Deqing County Finance Bureau (德清縣財政局) cash injections of approximately RMB288.2 million to Deqing County New Countryside Investment Development Co., Ltd., approximately RMB700.0 million to Zhejiang Deqing General Aviation Airport Management Co., Ltd. (浙江德清通航機場管理有限公司), approximately RMB170.0 million to Deqing Hengfeng Construction Development Co., Ltd. (德清恒豐建設發展有限公司) and approximately RMB35.0 million to the Issuer. In 2020, the Group received from the Deqing County Finance Bureau cash injections of approximately RMB96.1 million to Deqing Hengfeng Construction Development Co., Ltd. (德清恒豐建設發展有限公司).

The strong and continued support from the MHTZ Management Committee and other governmental authorities in Deqing County has greatly increased the financial stability, creditability and overall competitiveness of the Group, which has in turn contributed to the growth of the Group.

Sufficient capital from diversified channels.

The Group has access to diversified financing channels, such as bank loans and issuance of debt securities. As a state-owned enterprise, the Group is in good credit standing and has established long-term cooperative relationship with various financial institutions. As at 31 March 2023, the Group had credit facilities from financial institutions of approximately RMB29.8 billion, of which approximately RMB5.3 billion was not utilised. The Group also leverages its excellent financial performance and creditworthiness to access direct financing from capital markets through issuance of debt securities on the PRC capital markets in both public offerings and private placements. The Issuer received a credit rating of "AA+" with a stable outlook from China Lianhe Credit Rating Co., Ltd. (聯合資信評估股份有限公司), a credit rating agency in the PRC, in June 2023, and the Guarantor received a credit rating of "AAA" with a stable outlook from Dagong Global Credit Rating Co., Ltd. (大公國際資信評估有限公司), a credit rating agency in the PRC, in July 2023.

The Group has been exploring other financing channels, such as issuing bonds on international capital markets to further diversify its source of funds and lower its cost of capital. The Group carefully manages the duration of its indebtedness to ensure its liquidity. As at 31 March 2023, the Group's total indebtedness (comprising short-term borrowings, non-current liabilities maturing within one year, other current liabilities, long-term borrowings, bonds payable, interest-bearing portion of long-term payables and other non-current liabilities) amounted to approximately RMB58.9 billion, representing 58.8 per cent. of the Group's total assets as at the same date.

The Group believes that, leveraging on its strong financial performance, credit and diversified financing channels, it will continue to have access to sufficient capital to support its business operations and expansions in the future.

Sound corporate governance structure and experienced senior management team.

The Group has established a sound corporate governance structure. The Group has set up an internal management framework to oversee different aspects of the Group's operations. Under this framework, the sole shareholder of the Group, the MHTZ Management Committee, participates in and closely monitors the Group's decision-making process for key projects, reviews the Group's development strategy and investment plans, and appoints and conducts annual performance review on the senior management personnel and a majority of the directors and supervisors of the Group. The Group's senior

management and the MHTZ Management Committee also have regular in-depth discussions regarding key investment projects, and substantive reviews are conducted before any such investment decision is made.

In addition, the directors and senior management personnel of the Group have extensive experience in the operation and management of relevant industries of the Group's business and are supported by quality employees. See *"Directors, Supervisors and Senior Management of the Issuer"* and *"Directors, Supervisors and Senior Management of the Guarantor"* for more detail. With an experienced senior management team, the Group has been able to achieve efficient management of its businesses and operations.

BUSINESS STRATEGIES

The Group intends to focus on the following business strategies:

Continue to grow its core businesses and increase operating income.

The Group intends to maintain a strong foothold in the MHTZ and continue to play a crucial role in the overall development of the MHTZ by focusing on its core businesses that are aligned with the development strategies of the MHTZ. Over the years, through participating and successfully delivering a number of land development, infrastructure construction and industrial park development projects, the Group has built up a strong presence and achieved a leading market position in the MHTZ. The Group plans to continue to actively leverage the strategic location of MHTZ and its extensive industry and execution experience, and continue to focus on land development, infrastructure construction and industrial park development business in the MHTZ and further enhance its core competitive advantages. The Group intends to continue to work closely with the MHTZ Management Committee to explore innovative models to participate in municipal development projects in the evolving PRC regulatory environment. Through consolidating resources of infrastructure construction, land development, project construction and ancillary services in Deqing County, the Group aims to further strengthen its competitiveness and improve its business and financial performance to achieve sustainable growth.

Continue to enhance its corporate governance and internal control.

The Group considers effective management at all organisational levels and among members of the Group to be critical to optimising its overall operational efficiency. The Group has established a robust corporate government framework which defines the role of shareholder, the board of directors, the board of supervisors and senior management, and clearly delineates their respective duties and rights. The Group will continue to follow good corporate governance practices and streamline its management so as to further improve its corporate governance and internal control. The Group will continue to improve its capital management, supervision and operation frameworks, and adopt prudent financial and risk management policies to control costs and risks. The Group will also continue to invest in its employees and maintain a spirit of partnership with its employees to optimise the structure of its talent pool, so as to support its business goals and enhance its competitive advantages. The Group aims to further strengthen its market-oriented business operation system to realise value preservation and appreciation of assets and improve its comprehensive competitiveness.

Strengthen risk management and internal control systems.

The Group believes that a prudent financial management system can reduce operational and financial risks and help achieve long-term sustainable growth. The Group will continue to implement and enhance its prudent financial management system with well-defined policies and procedures. For instance, the Group will continue to strengthen its stringent financial management and control system which emphasises centralised management and administration, consistent control policies and compliance with legal and regulatory requirements. The Group will also continue to work on establishing a standardised

capital and risk management mechanism to monitor capital, capital efficiency and capital risk prevention. The Group aims to effectively and prudently manage its finances while fulfilling its investment and development needs to drive profitability.

Attract and cultivate high-quality talent.

The Group believes that talents are one of the most important assets and the Group's continued ability to compete effectively in existing businesses and expand into new business areas depends on its ability to attract, motivate and retain talent. The salaries and benefits of the Group's employees depend primarily on their type of work, position, length of service and local market conditions. The Group believes that the remuneration offered to its employees is in line with industry standards. The Group intends to further enhance its training programmes to improve the skills and knowledge base of its employees. The Group also seeks to motivate and retain high-quality talent through a performance-related salary mechanism, reinforce their commitment to the Group's enterprise culture and create a cohesive work environment.

RECENT DEVELOPMENTS

Acquisition of Zhejiang Founder

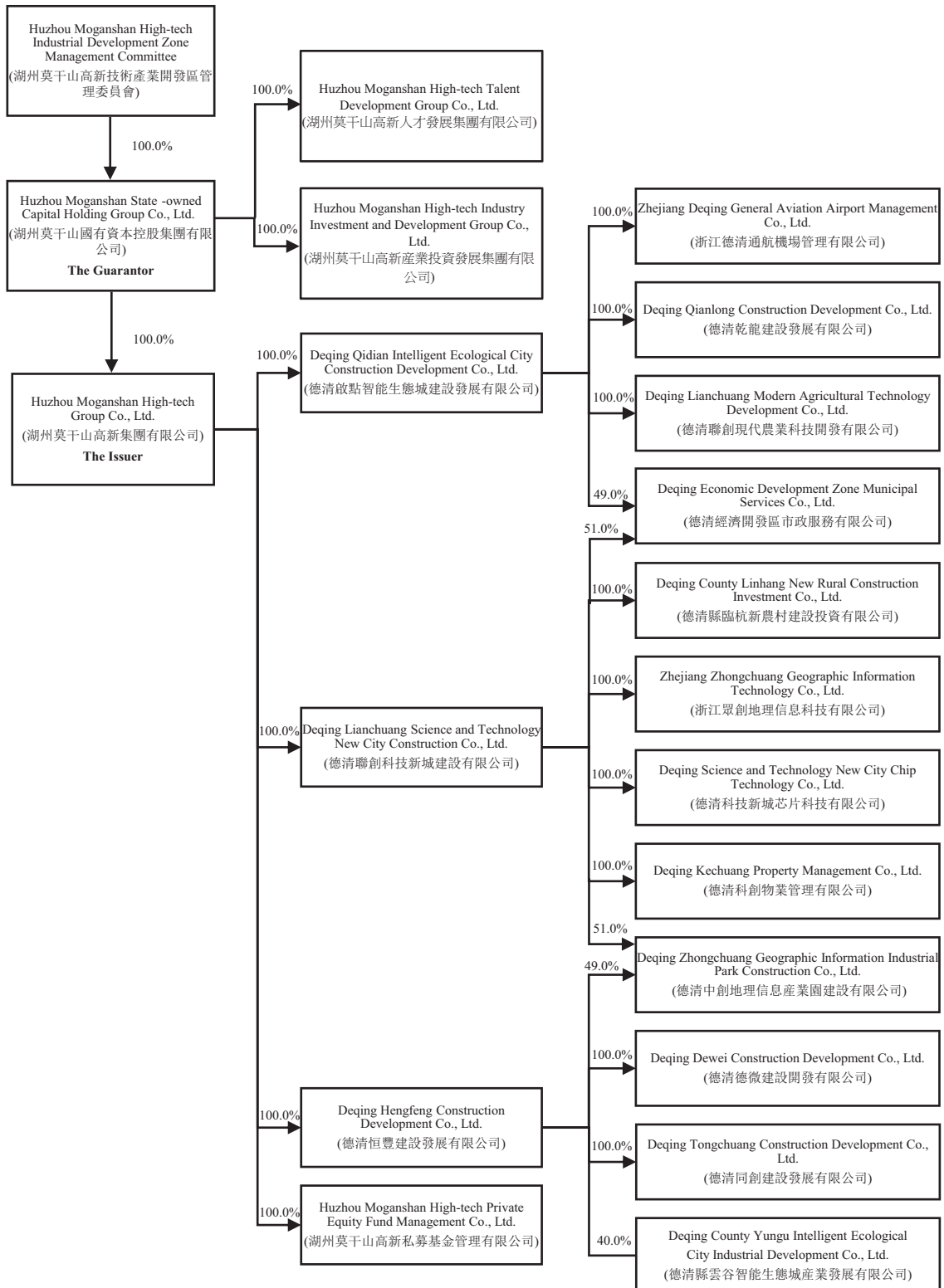
On 6 March 2023, the Guarantor's subsidiary Huzhou Zhiqu Technology Industry Development Co., Ltd. (湖州智驅科技產業發展有限公司) (“**Huzhou Zhiqu**”) completed the acquisition (the “**Acquisition**”) of 9.02 per cent. of the issued share capital of Zhejiang Founder Motor Co., Ltd. (浙江方正電機股份有限公司) (“**Zhejiang Founder**”) and was entrusted 3.01 per cent. of the voting rights of Zhejiang Founder held by Zhuoyue Automobile Co., Ltd. (卓越汽車有限公司) (the “**Entrustment**”). After the completion of the Acquisition and the Entrustment, Huzhou Zhiqu held 12.03 per cent. of the voting rights of Zhejiang Founder and became the controlling shareholder of Zhejiang Founder.

Zhejiang Founder primarily engages in the research and development, production and sales of sewing machine products, automotive products (including new energy vehicle motors and powertrain control products) and intelligent controllers.

Zhejiang Founder's audited financial reports and unaudited half year and quarterly financial information can be downloaded free of charge from the website at <https://www.fdm.com.cn/report.html>. Such financial statements are available in the Chinese language only and are not included in and do not form part of this Offering Circular. The information contained on the website at <https://www.fdm.com.cn/report.html> is subject to change from time to time. No presentation is made by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them and none of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them takes any responsibility for any information contained on the website at <https://www.fdm.com.cn/report.html>.

CORPORATE STRUCTURE

The following charts illustrate the Guarantor's corporate structure in a simplified form, the purpose of which is to illustrate the holding company of the Guarantor and the Guarantor's equity interests in its major subsidiaries as at the date of this Offering Circular:



HISTORY AND DEVELOPMENT

The Guarantor was established in December 2014 by the MHTZ Management Committee with an initial registered capital of RMB120.0 million. As at the date of this Offering Circular, the MHTZ Management Committee is the sole shareholder of the Guarantor and the Guarantor has a registered capital of RMB10.0 billion.

The following table sets forth selected milestone events in the course of development of the Guarantor:

Year	Milestone Events
December 2014	The Guarantor was established by the MHTZ Management Committee with an initial registered capital of RMB120.0 million under the name of Deqing Intelligent Innovation Industrial Park Construction and Development Co., Ltd. (德清智創產業園建設發展有限公司).
March 2018	The MHTZ Management Committee transferred its 100.0 per cent. of the equity interest it held in the Guarantor to Deqing Lianchuang Science and Technology New City Construction Co., Ltd. (德清聯創科技新城建設有限公司), a subsidiary of the Issuer.
March 2023	Pursuant to the Reply of the Mogan Mountain of Huzhou Hi-tech Industry Development Zone Management Committee on agreeing to the equity adjustment of related companies of the High-tech Group (湖州莫干山高新區管委會關於同意高新集團相關公司股權調整事項的批復), Deqing Lianchuang Science and Technology New City Construction Co., Ltd. (德清聯創科技新城建設有限公司) transferred its 100.0 per cent. of the equity interest it held in Deqing Intelligent Innovation Industrial Park Construction and Development Co., Ltd. (德清智創產業園建設發展有限公司) to the MHTZ Management Committee. Deqing Intelligent Innovation Industrial Park Construction and Development Co., Ltd. (德清智創產業園建設發展有限公司) changed its name to Huzhou Moganshan State-owned Capital Holding Group Co., Ltd. (湖州莫干山國有資本控股集團有限公司). The registered capital of the Guarantor was increased to RMB10.0 billion. The MHTZ Management Committee transferred 100.0 per cent. of the equity interest it held in the Issuer, and 100.0 per cent. of the equity interests the Issuer held in Huzhou Moganshan High-tech Industry Investment and Development Group Co., Ltd. (湖州莫干山高新產業投資發展集團有限公司), Huzhou Moganshan High-tech Talent Development Group Co., Ltd. (湖州莫干山高新人才發展集團有限公司) and Huzhou Moganshan High-tech Tourism Development Group Co., Ltd. (湖州莫干山高新旅遊發展集團有限公司) to the Guarantor.

RELATIONSHIP WITH THE MHTZ MANAGEMENT COMMITTEE AND THE DEQING COUNTY GOVERNMENT

The Guarantor is wholly and directly owned by the MHTZ Management Committee, which is a government organ of the Huzhou Municipal People's Government and share the same working staff and management team with the Deqing County Government. As a leading state-owned company based in MHTZ, the Group has extensive connections with other entities directly or indirectly controlled by the Deqing County Government. The Group has been commissioned by the Deqing County Government and other local government entities and agencies to participate in numerous business operations, such as land development, infrastructure construction, industrial park development and materials trading businesses.

Notwithstanding the Group's extensive relationships with the Deqing County Government and other entities controlled by it, the various social and community functions performed by the Group and the financial support received by the Group, the Group is not part of any government. It is operationally and financially separated from the MHTZ Management Committee and the Deqing County Government. Its functions and departments are separated from those of the government and do not share any premises with the MHTZ Management Committee and the Deqing County Government. The directors and the senior management of the Guarantor are not government officers. The Group has its own budget and financial reporting system, and its assets and liabilities are separated from those of the MHTZ Management Committee and the Deqing County Government. The MHTZ Management Committee, as the shareholder of the Guarantor, is only responsible for the liability of the Guarantor up to the limit of its equity contributions to the Guarantor. Neither the MHTZ Management Committee, the Deqing County Government nor any other PRC governmental entity has any payment or other obligations under the Bonds, and they will not provide guarantee of any kind for the Bonds. The Bondholders do not have any recourse against the MHTZ Management Committee, the Deqing County Government or any other PRC governmental entities in respect of any obligation arising out of or in connection with the Bonds. The Bonds are solely to be repaid by the Issuer or the Guarantor, if the Guarantee were called, and the obligations of the Issuer and the Guarantor under the Bonds shall solely be fulfilled by the Issuer and the Guarantor as independent legal persons. Investments in the Bonds are on the credit risk of the Issuer and the Guarantor, rather than that of the MHTZ Management Committee, the Deqing County Government or any other PRC governmental entity. In the event that the Issuer and the Guarantor does not fulfil its obligations under the Bonds, investors will only be able to claim as an unsecured creditor against the Issuer and the Guarantor and its respective assets, and not any other person, including the MHTZ Management Committee, the Deqing County Government nor any other PRC governmental entity.

This position has been reinforced by Circular 23, Circular 706 and Circular 666. However, neither of these Circulars prohibits the PRC government from providing support (in various forms including capital injection and subsidies, but excluding injecting any kinds of public assets and land reserves as the Group's assets) to the Group in its ordinary course of business in compliance with PRC laws and regulations. The detailed description of the relationships between the Group and the MHTZ Management Committee, the Deqing County Government in this Offering Circular does not imply in any way any explicit or implicit credit support of the MHTZ Management Committee or the Deqing County Government in respect of the Bonds, the repayment of which remains the sole responsibility of the Issuer or the Guarantor. See also *"Risk Factors – Risks Relating to the Group's Business – A reduction or discontinuance of government support could materially and adversely affect the Group's business, financial condition, results of operations and prospects"*, *"Risk Factors – Risks Relating to the Group's Business – MHTZ Management Committee, the Deqing County Government and the Huzhou City 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 that may not be in the Group's best interest"* and *"Risk Factors – Risks Relating to the Group's Business – The Group may cease to enjoy shareholder support, the loss of which, or a reduction in which, could adversely affect the business and results of operations of the Group"*.

DESCRIPTION OF THE GROUP'S BUSINESS

Overview

The Guarantor is the primary investment, financing and construction entity for infrastructure in the MHTZ, which was established by the MHTZ Management Committee to integrate regional state-owned resources as a regional investment and financing platform, and is a core platform designated by the MHTZ Management Committee to implement its infrastructure construction and state-owned asset management plans.

The Group has a diversified business portfolio. As at the date of this Offering Circular, the Group's main businesses are (i) land development business, (ii) infrastructure construction business, (iii) resettlement housing business, (iv) industrial park business, (v) materials trading business and (vi) other businesses including finance leasing business, housing leasing business, property management business, labour dispatch business, leasing business and other ancillary businesses.

The following table sets forth a breakdown of the total operating revenue from each business segment of the Group for the periods indicated:

Business Segments	For the year ended 31 December						For the three months ended 31 March	
	2020		2021		2022		2023	
	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total
	(RMB in millions)		(RMB in millions)		(RMB in millions)		(RMB in millions)	
Land Development	360.6	18.1	343.1	16.4	244.1	10.6	–	–
Infrastructure Construction . .	309.1	15.5	225.9	10.8	325.5	14.1	14.5	3.0
Resettlement Housing	–	–	–	–	–	–	–	–
Industrial Park Development .	139.2	7.0	54.7	2.6	–	–	–	–
Materials Trading .	1,052.6	52.8	1,329.6	63.4	1,328.9	57.7	357.0	73.4
Other Businesses .	130.5	6.6	145.3	6.9	402.8	17.5	115.1	23.6
Total	1,992.0	100.0	2,098.6	100.0	2,301.4	100.0	486.6	100.0

Land Development

Overview

The Group is a key entity designated by the Deqing County Government and the Deqing NRPB to undertake land development projects, infrastructure construction and asset management in MHTZ. In particular, the land development business of the Group generally involves land levelling and construction of basic supporting facilities. The Group conducts its land development business mainly through its subsidiaries, namely Deqing Lianchuang Science and Technology New City Construction Co., Ltd. (德清聯創科技新城建設有限公司) (“**Lianchuang Technology**”), Deqing Hengfeng Construction Development Co., Ltd. (德清恒豐建設發展有限公司) (“**Hengfeng Construction**”), Deqing Tongchuang Construction Development Co., Ltd. (德清同創建設發展有限公司) (“**Tongchuang Construction**”) and Zhejiang Deqing General Aviation Airport Management Co., Ltd. (浙江德清通航機場管理有限公司) (“**Zhejiang Deqing General Aviation**”). The Group derives its operating revenue from the land development fees paid by the Deqing NRPB. For the years ended 31 December 2020, 2021 and 2022 and for the three months ended 31 March 2023, the operating revenue generated from the Group's land development business was approximately RMB360.6 million, RMB343.1 million, RMB244.1 million and nil, respectively, representing 18.1 per cent., 16.4 per cent., 10.6 per cent. and nil of the Group's total operating revenue for the same periods, respectively.

Business Model

Each of Lianchuang Technology, Hengfeng Construction, Tongchuang Construction and Zhejiang Deqing General Aviation enters into a land development cooperation agreements with the Deqing County Government and the Deqing NRPB, whereby the Deqing County Government and the Deqing NRPB jointly delegate the following land development responsibilities to the Group's subsidiaries: (i) Lianchuang Technology is responsible for the land development of the towns at MHTZ; (ii) Hengfeng Construction is responsible for the land development at Deqing Economic Development Zone; (iii) Tongchuang Construction is responsible for the land development of the closed mining site at Shacun of Deqing County; and Zhejiang Deqing General Aviation is responsible for the land development of Leidian town of Deqing County.

The Deqing County Government and the Deqing NRPB are responsible for the expropriation of the land, demolition of existing buildings and resettlement of residents, whilst the Group's subsidiaries are responsible for taking up the capital injection of the land development business, land levelling and construction of basic supporting facilities at its own costs. Upon completion, the Group will hand over the land to the Deqing NRPB and the Deqing NRPB will assign the land via public tender, auction and listing. The Deqing NRPB will then settle the land development fees in accordance with the land development cooperation agreements after the land is assigned.

The Group's revenue from the land development business for the year ended 31 December 2022 is set forth below:

Lot Location	Land Type	Area (sq.m.)	Recognised Income (RMB in millions)	Recognised Cost (RMB in millions)	Company
Wuyang Street Yuping Road western side, Muqiao Port eastern side (舞陽街道玉屏路西 側、木橋港東側)	Common commodity housing land	49,822.0	97.8	81.5	Deqing Lianchuang Science and Technology New City Construction Co., Ltd. (德 清聯創科技新城建設有 限公司)
Mogan Mountain of Huzhou High-tech Industry Development Zone Shacun Block Fenghuang Road southern side (湖州莫干山高新區砂村區 塊鳳凰路南側)	Industrial land	52,504.0	66.0	44.0	Deqing Tongchuang Construction Development Co., Ltd. (德清同創建設發 展有限公司)
Mogan Mountain of Huzhou High-tech Industry Development Zone Shacun Block Fenghuang Road southern side (湖州莫干山高新區砂村區 塊鳳凰路南側)	Industrial land	45,716.0			
Mogan Mountain of Huzhou High-tech Industry Development Zone Shacun Block Fenghuang Road southern side (湖州莫干山高新區砂村區 塊鳳凰路南側)	Industrial land	48,721.0			
North of Mogan Mountain of Huzhou High-tech Industry Development Zone General Aviation Industrial Park Xingye Road (湖州莫干山高新 區通航產業園興業路以北)	Industrial land	18,815.0	23.4	19.5	Zhejiang Deqing General Aviation Airport Management Co., Ltd. (浙 江德清通航機場管理有 限公司)
Leidianzhen Qihang Avenue southern side, West Dagang eastern side (雷甸鎮啟航大道南側、西 大港東側)	Industrial land	27,689.0	34.4	28.7	
South of Mogan Mountain of Huzhou High-tech Industry Development Zone General Aviation Industrial Park Qihang Avenue (湖州莫干山高 新區通航產業園啟航大道以南)	Industrial land	18,078.0	22.5	18.7	
Total		261,345.0	244.1	192.5	

The Group's revenue from the land development business for the year ended 31 December 2021 is set forth below:

Lot Location	Land Type	Area (sq.m.)	Recognised Income (RMB in millions)	Recognised Cost (RMB in millions)	Company
South of Mogan Mountain of Huzhou High-tech Industry Development Zone Dixin Industrial Park Chengshen Street, east of Quyuan South Road (莫干山高新區地信產業園城山街以南、曲園南路以東)	Commercial and service land	42,533.0	147.6	123.0	Deqing Lianchuang Science and Technology New City Construction Co., Ltd. (德清聯創科技新城建設有限公司)
South of Mogan Mountain of Huzhou High-tech Industry Development Zone Dixin Industrial Park Chengshen Street, east of Hetu Road (莫干山高新區地信產業園城山街以南、河圖路以東)	Retail commercial land	7,332.0			
Mogan Mountain of Huzhou High-tech Industry Development Zone Hetu Road western side, Dongqiao Street northern side (莫干山高新區地信產業園河圖路西側、東樵街北側)	Residential land	51,734.0			
Mogan Mountain of Huzhou High-tech Industry Development Zone Shacun Block Fazhan Avenue and Longtou Road intersection (湖州莫干山高新區砂村區塊發展大道與龍頭路交叉口)	Industrial land	55,440.0	95.4	63.6	Deqing Tongchuang Construction Development Co., Ltd. (德清同創建設發展有限公司)
North of Mogan Mountain of Huzhou High-tech Industry Development Zone Shacun Block Longtou Road southern side, Wangluo road western side (湖州莫干山高新區砂村區塊龍頭路南側、望洛路西側)	Industrial land	61,070.0			
Mogan Mountain of Huzhou High-tech Industry Development Zone Chengbei High-tech Park Shacun Block Wangluo road western side (湖州莫干山高新區城北高新園砂村區塊望洛路西側)	Industrial land	33,357.0			
Mogan Mountain of Huzhou High-tech Industry Development Zone Chengbei High-tech Park Shacun Block second branch road southern side (湖州莫干山高新區城北高新園砂村區塊支路二南側)	Industrial land	28,746.0			
Mogan Mountain of Huzhou High-tech Industry Development Zone Shacun Block Longtou Road southern side, Wangluo road western side (湖州莫干山高新區砂村區塊龍頭路南側、望洛路西側)	Industrial land	5,623.0			
Mogan Mountain of Huzhou High-tech Industry Development Zone Shacun Block Longtou Road southern side, Wangluo road western side (湖州莫干山高新區砂村區塊龍頭路南側、望洛路西側)	Industrial land	69,713.0			
Mogan Mountain of Huzhou High-tech Industry Development Zone General Aviation Industrial Park Qihang Avenue and Ciqian Road Sixth intersection (湖州莫干山高新區通航產業園啟航大道與次乾路六交叉口)	Industrial land	26,487.0	17.2	14.3	Zhejiang Deqing General Aviation Airport Management Co., Ltd. (浙江德清通航機場管理有限公司)

Lot Location	Land Type	Area (sq.m.)	Recognised Income (RMB in millions)	Recognised Cost (RMB in millions)	Company
Leidian Town Qihang Avenue northern side, West Dagang eastern side (雷甸鎮啟航大道北 側、西大港東側)	Industrial land	106,484.0	69.1	57.6	
Mogan Mountain of Huzhou High-tech Industry Development Zone General Aviation Industrial Park Yunhe Road western side (湖州莫干山高 新區通航產業園運河路西側)	Industrial land	21,383.0	13.9	11.6	
Total		509,902.0	343.1	270.0	

Project Description

• Completed and Transferred Projects

As at 31 March 2023, the Group had completed a number of land development projects with a total investment amount of approximately RMB936.3 million and an aggregate site area of approximately 1.5 million sq.m. The particulars of some major land development projects are set out below:

Projects	Site Area (sq.m.)	Total Investment (RMB in millions)
1. Parcels of 2019-010, 2018-407 and 2017-395-1	108,045.0	125.3
2. Parcels of 2020-006, 2019-068 and 2020-029	101,599.0	123.0
3. Parcel of 2021-003-1	49,822.0	81.5
4. Parcel of 2021-003-2	46,726.0	68.8
5. Parcels of 2020-008, 2020-011 and 2020-007	237,155.0	62.9
6. Parcels of 2020-017, 2021-020, 2021-019, 2021-036, 2021-038 and 2021-037	253,949.0	63.6
7. Parcels of G2022-011, G2022-012 and G2022-014	146,941.0	44.0
8. Parcels of (2022) 014, (2022) 022, (2023) 001 and (2020) 007-1	46,364.0	56.4
9. Parcel of 2019-002	36,626.0	19.2
10. Parcel of 2018-503	49,800.0	26.1
11. Parcel of 2019-044	40,070.0	21.0
12. Parcel of (2020) 002	23,089.0	12.1
13. Parcel of (2018) 234	34,371.0	18.0
14. Parcel of 2020-052	26,487.0	14.3
15. Parcel of 2020-048	106,484.0	57.6
16. Parcel of 2020-053-2	21,383.0	11.6
17. Parcel of 2020-049	18,815.0	19.5
18. Parcel of 2021-013	27,689.0	28.7
19. Parcel of 2021-033	18,078.0	18.7
20. Parcels of 2022-009, 2022-011 and 2022-007-1	63,878.0	64.0

- *Projects under Development*

As at 31 March 2023, the Group had five land development projects under development, with an aggregate site area of 199,365.0 mu and a total estimated investment amount of approximately RMB44.4 billion. The particulars of these projects as at 31 March 2023 are set forth as below:

Projects		Development Period	Site Area	Total Estimated Investment⁽¹⁾
			<i>(mu)</i>	<i>(RMB in billions)</i>
1.	Deqing Intelligent Ecological City (德清智能生態城)	2018-2038	18,000.0	7.2
2.	Deqing Qianyuan Area (德清乾元區域).	2014-2029	23,550.0	5.2
3.	Deqing Leidian Area (德清雷甸區域)	2014-2034	87,435.0	8.5
4.	Geographic Information Town City (地信智慧城市)	2014-2034	22,830.0	11.0
5.	Deqing North City Area (德清城北園區)	2014-2034	47,550.0	12.5

Note:

- (1) Represents the estimated total cost of the Group would incur for the project based on the Group's internal records. The actual cost incurred upon completion may differ from such estimation.

- *Projects under Planning*

As at 31 March 2023, the Group has no land development projects under planning.

Infrastructure Construction

Overview

The Group undertakes the infrastructure construction business in Huzhou. For the years ended 31 December 2020, 2021 and 2022 and for the three months ended 31 March 2023, the operating revenue generated from the Group's infrastructure construction business was approximately RMB309.1 million, RMB225.9 million, RMB325.5 million and RMB14.5 million, respectively, representing approximately 15.5 per cent., 10.8 per cent., 14.1 per cent. and 3.0 per cent. of the Group's total operating revenue for the same periods respectively.

Business Model

The Group operates its infrastructure construction business primarily through its subsidiaries, Lianchuang Technology, Hengfeng Construction and Deqing Qidian Intelligent Ecological City Construction and Development Co., Ltd. (德清啟點智能生態城建設發展股份有限公司) (“**Qidian Intelligent**”).

As the most important urban infrastructure construction and operation entity in Moganshan High-tech Zone, the Group is responsible for the infrastructure construction projects in the corresponding area according to the entrustment of the MHTZ Management Committee and other government agencies. The Group mainly undertakes preliminary design, construction, construction settlement, construction check, post-project evaluation and other works. After the projects are completed, the Group will hand over to the client.

The MHTZ Management Committee and other relevant government departments entrust the company to construct projects through agreements, and the Group recognises revenue based on the progress of the agreement by adding a certain percentage of approximately 1.5 per cent. to 5.0 per cent. to the cost.

Project Description

• Completed Projects

The particulars of the Group's major completed infrastructure construction projects as at 31 March 2023 are set forth below:

No.	Project Name	Entrusted Party	Entrusting Party	Construction Period	Invested Amount (RMB in millions)	Amount Received (RMB in millions)
1.	Science and Technology New City Road Engineering (Phase I) Project (Quyuan South Road) (科技新城道路工程(第一期)工程(曲園南路))	Lianchuang Technology	MHTZ Management Committee	2011-2015	16.2	17.0
2.	Science and Technology New Town Road Engineering (Phase I) Project (Yunxiu South Road) (科技新城道路工程(第一期)工程(雲秀南路))	Lianchuang Technology	MHTZ Management Committee	2011-2015	61.7	64.8
3.	Dixin Town Rainwater Pumping Station Project (地信小鎮雨水抽水站工程)	Lianchuang Technology	MHTZ Management Committee	2018-2019	18.2	19.2
4.	Development Zone Huancheng North Road Extension Project (開發區環城北路延伸段工程)	Deqing Economic Development Zone Construction and Development Co., Ltd.	MHTZ Management Committee	2011-2018	14.1	14.3
5.	Huancheng North Road Connection Project (環城北路貫通工程)	Deqing Economic Development Zone Construction and Development Co., Ltd.	MHTZ Management Committee	2014-2017	7.1	7.2
6.	Linhang Industrial Zone New Materials Park Nobel Avenue Road Project (臨杭工業區新材料園區諾貝爾大道道路工程)	Deqing Qianlong Construction Development Co., Ltd.	Deqing County Qianyuan Urban Construction Development Co., Ltd.	2011-2019	28.5	29.9
7.	Linhang Industrial Zone New Materials Park Wuniu Mountain Ring Project (臨杭工業區新材料園區烏牛山環線工程)	Deqing Qianlong Construction Development Co., Ltd.	Deqing County Qianyuan Urban Construction Development Co., Ltd.	2011-2019	20.4	21.4
8.	Changhong East Street Greening Project (長虹東街綠化工程)	Hengfeng Construction	MHTZ Management Committee	2011-2014	7.2	7.3
9.	Changhong East Street Second Bid Section Project (長虹東街二標段工程)	Hengfeng Construction	MHTZ Management Committee	2007-2009	7.3	7.5
10.	Shuangshan greening and landscape project (雙山綠化景觀工程)	Hengfeng Construction	MHTZ Management Committee	2012-2016	6.4	6.5
11.	Longshan Resettlement Community Hall Project (龍山安置小區會館工程)	Hengfeng Construction	MHTZ Management Committee	2017-2019	19.1	19.4
12.	The sea of flowers project around the Deqing United Nations World Geographic Information Conference site (德清聯合國世界地理資訊大會會址週邊花海工程)	Lianchuang Technology	MHTZ Management Committee	2018-2018	35.4	37.2
13.	Deqing Science and Technology New Town Road (Phase III) Project Second Bid Section (Zhongxing Road, Chengshan Street) (德清科技新城道路(三期)工程二標段(中興路、城山街))	Lianchuang Technology	MHTZ Management Committee	2011-2019	72.5	76.2

No.	Project Name	Entrusted Party	Entrusting Party	Construction Period	Invested Amount (RMB in millions)	Amount Received (RMB in millions)
14.	Deqing Science and Technology New Town Road Project (Phase III) Zhiyi Road (Jinzha Road) (德清科技新城道路工程(第三期)支一路(金召路))	Lianchuang Technology	MHTZ Management Committee	2016-2017	6.9	7.3
15.	Deqing Science and Technology New Town Road Project (Phase II) Tashan 2nd Street (Xingkang South Road-Yingxi South Road) (德清科技新城道路工程(第二期)塔山二街(興康南路-英溪南路)) . .	Lianchuang Technology	MHTZ Management Committee	2014-2019	18.4	19.3
16.	Deqing Qianyan Regional Infrastructure Project (德清乾元區域基礎建設工程項目)	Deqing Qianlong Construction Development Co., Ltd.	Deqing County Qianyan Urban Construction Development Co., Ltd.	2011-2020	73.4	77.1
Total					413.0	431.5

• *Projects under Construction*

The particulars of the Group's major infrastructure construction projects under construction as at 31 March 2023 are set forth below:

No.	Project Name	Construction Period	Entrusted Party	Entrusting Party	Plan of Investment (RMB in millions)	Invested Amount (RMB in millions)
1.	Chengbei High-tech Park Changhong West Street (104 National Highway – Yingxi North Road East) Renovation Project (former Xuanhang Railway Bridge and Culvert Project) (城北高新園長虹西街(104國道-英溪北路東)改造工程(原宣杭鐵路橋涵工程))	2018-2023	Hengfeng Construction	Committee	180.0	241.1
2.	The Iconic Portal of the Innovation Valley of the High-tech Zone (2030 Science and Technology Innovation Centre) (高新區創新谷(2030科創中心)標誌性門戶)	2019-2023	Tongchuang Construction	Committee	55.0	51.1
3.	Channelisation Project of the Main Intersection of Changhong East Street (長虹東街主要交叉口渠化工程) . .	2022-2023	Hengfeng Construction	Committee	19.0	12.3
4.	Kaixuan Road Renovation Project (凱旋路改造工程)	2022-2023	Hengfeng Construction	Committee	50.0	16.2
5.	Renovation and Expansion Project of Weiye Road, Chengbei High-tech Park, High-tech Zone (高新區城北高新園偉業路改擴建工程)	2022-2023	Hengfeng Construction	Committee	19.8	9.6
6.	Huancheng North Road East Extension (Qingchun Road – Weiye Road) Project (環城北路東延(青春路-偉業路)工程)	2023-2025	Hengfeng Construction	Committee	85.0	4.6
7.	Infrastructure Improvement and Renovation Project in Old Industrial Park (老舊工業園區基礎建設提升改造工程)	2023-2025	Hengfeng Construction	Committee	130.0	7.1

No.	Project Name	Construction Period	Entrusted Party	Entrusting Party	Plan of Investment (RMB in millions)	Invested Amount (RMB in millions)
8.	Environmental improvement project around the Dixin Town meeting site (地信小鎮會址週邊環境整治項目)	2018-2023	Lianchuang Technology	Committee	70.0	86.4
9.	Dixin Town Drainage Box Culvert Extension Project (地信小鎮排水箱涵延伸工程項目)	2018-2023	Lianchuang Technology	Committee	130.0	103.8
10.	Deqing Science and Technology New Town Road Engineering (Phase II) Project (德清科技新城道路工程(第二期)計劃).....	2013-2023	Lianchuang Technology	Committee	111.4	54.7
11.	Deqing Science and Technology New Town Road Engineering (Phase III) Project (德清科技新城道路工程(第三期)專案).....	2014-2023	Lianchuang Technology	Committee	370.0	225.1
12.	Deqing Science and Technology New Town Road Engineering (Phase IV) Project (德清科技新城道路工程(四期)專案).....	2018-2023	Lianchuang Technology	Committee	1060.0	836.2
13.	Municipal Road Improvement Project at the intersection of Youzi Street, Zhongxing South Road and Yunxiu South Road in Dixin Town (地信小鎮遊子街與中興南路、雲岫南路交叉口市政道路提升工程) .	2020-2023	Lianchuang Technology	Committee	4.0	3.2
14.	Dixin Town No. 3 Rainwater Pumping Station (地信小鎮三號雨水泵站).....	2022-2023	Lianchuang Technology	Committee	19.0	7.9
15.	Miaohua Street and Qiaotou Road Project (廟花街、橋頭路道路工程).....	2022-2023	Lianchuang Technology	Committee	23.0	7.6
16.	Planning Branch Three Road Project (規劃支路三道路工程).....	2022-2023	Lianchuang Technology	Committee	28.0	15.8
17.	Deqing Lily Community Building Space Upgrading and Renovation Project (德清百合社區建築空間提升改造計劃).....	2022-2023	Lianchuang Technology	Committee	10.3	3.3
18.	Deqing County Overall Intelligent Governance Characteristic Industrial Style Zone Construction Project (德清縣整體智治特色產業風貌區建設項目).....	2022-2023	Lianchuang Technology	Committee	21.0	7.3
19.	Lion Rock Kindergarten (獅子山幼兒園).....	2023-2025	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Deqing County Education Bureau	50.0	8.9
20.	Qihang Avenue West Extension Project and West Dagang Bridge Project (啟航大道西延工程及過西大港橋工程).....	2019-2023	Deqing County Linhang New Rural Construction Investment Co., Ltd.	Committee	36.2	29.8
21.	Cigan Road 9 Project (次幹路九道路工程).....	2021-2023	Zhejiang Deqing General Aviation	Committee	94.5	39.1
22.	Construction project of west extension of Qihang Road in General Aviation Industrial Park (to the west of Xidagang) (通航產業園啟航路西延(西大港向西)建設工程).....	2021-2023	Zhejiang Deqing General Aviation	Committee	109.3	49.9

No.	Project Name	Construction Period	Entrusted Party	Entrusting Party	Plan of Investment (RMB in millions)	Invested Amount (RMB in millions)
23.	General Aviation Industrial Park road surface and sewage pipe network repair and construction project (通航產業園區路面及污水管網修復建設工程)	2022-2024	Zhejiang Deqing General Aviation	Committee	85.0	40.4
24.	General Aviation Industrial Park Road Project Phase I (通航產業園道路工程第一期). . . .	2022-2026	Zhejiang Deqing General Aviation	Committee	270.0	49.3
25.	Leidian Primary School Expansion Project (雷甸小學擴建工程).	2023-2025	Zhejiang Deqing General Aviation	Leidian Town Central Primary School, Deqing County	110.0	3.2
26.	General Aviation Industrial Park Fenghua Road North Extension Upgrading and Renovation Project (通航產業園區豐華路北延提昇改造工程)	2023-2024	Zhejiang Deqing General Aviation	Committee	10.0	2.2
27.	Deqing Intelligent Eco-City Road Phase I (Western District) Project (德清智慧生態城道路第一期(西區)工程)	2020-2023	Qidian Intelligent	Committee	156.5	65.8
28.	Kangqian New District Planning Fourth Road Project (康乾新區規劃四路工程項目). . . .	2022-2024	Qidian Intelligent	Committee	60.0	9.2
29.	Kangqian Street (Hushan Road – Gongda Road) Project (康乾街(虎山路-工大路)工程). . . .	2022-2025	Qidian Intelligent	Committee	100.0	32.7
30.	Smart Eco-City Road (Phase I) East District Road Project (智慧生態城道路(第一期)東區道路工程)	2022-2025	Qidian Intelligent	Committee	98.0	26.8
31.	Qianyuan Town Industrial Park Infrastructure Improvement Project I Standard (乾元鎮工業園區基礎建設工程 I 標)	2023-2025	Deqing Qianlong Construction Development Co., Ltd.	People's Government of Qianyuan Town, Deqing County	196.1	36.3
32.	Qianyuan Town Millennium Ancient City Revitalisation All-region Tourism Improvement Project Phase I Standard I (乾元鎮千禧年古城復興全域旅遊提升計畫第一期I標)	2023-2026	Deqing Qianyuan Tourism Development Co., Ltd.	People's Government of Qianyuan Town, Deqing County	400.1	3.1
Total		-	-	-	4,161.1	2,063.9

• *Projects under Planning*

The particulars of the Group's major infrastructure construction projects under planning as at 31 March 2023 are set forth below:

No.	Project Name	Entrusted Party	Whether the Group has signed the agreement	Entrusting Party	Proposed Construction Period	Planned Investment (RMB in millions)
1.	Dixin Town Road Traffic Renovation Project (地信小鎮道路交通改造工程)	Lianchuang Technology	Yes	Committee	2023-2024	10.0
2.	Central city parking lot construction and supporting facilities improvement project (Phase I) – Wuyang Street community facility renovation (中心城區停車場建設及配套設施提升工程(第一期))	Qidian Intelligent	Yes	Committee	2023-2024	11.8
3.	Smart Eco-City Shushan Street (Fuyun Road – Zhanqian Road) Road Project Smart Eco-City Yungu Road (Changhong Street – Kangqian Street) Road Project (智慧生態城述善街(撫雲路-站前路)道路工程)	Qidian Intelligent	Yes	Committee	2023-2024	57.6
4.	Smart Eco-City Yungu Road (Changhong Street – Kangqian Street) Road Project (智慧生態城述善街(撫雲路-站前路)道路工程)	Qidian Intelligent	Yes	Committee	2023-2025	120.0
5.	General Aviation Industrial Park sets sail and passes by the Xidagang sewage lifting pumping station project (通航產業園啟航路過西大港污水提升泵站工程)	Deqing Aviation	Yes	Committee	2023-2025	16.0
6.	Road and landscape reconstruction project from Zhongxing North Road 09 Provincial Road to Huancheng North Road (中興北路09省道至環城北路段道路及景觀改造項目)	Tongchuang Construction	Yes	Committee	2023-2025	120.0
7.	Changhong West Street (104 National Highway – Flood Control Canal Section) Pipe Network Renovation Project (長虹西街(104國道-防洪渠段)管網改造工程)	Hengfeng Construction	Yes	Committee	2023-2025	30.0
8.	North extension of No. 10 Road in Chengbei High-tech Park (Shangtang Street – Dipu Port) project (城北高新園十號路北延(上唐街-地鋪港)工程)	Hengfeng Construction	Yes	Committee	2023-2024	10.0
9.	East Extension Project of Zishan Street, Chengbei High-tech Park, High-tech Zone (高新區城北高新園紫山街東延工程)	Hengfeng Construction	Yes	Committee	2023-2025	31.0
Total		–	–	–	–	406.4

Resettlement Housing

Overview

The Group's resettlement housing business is mainly conducted through its subsidiaries, Lianchuang Technology Co., Ltd (聯創科技有限公司) and Hengfeng Construction Co., Ltd. (恒豐建設有限公司). The Group has been entrusted by the Gaoxin District Administrative Committee (高新區管委會) and other governmental agencies to undertake resettlement housing construction projects. For the years ended 31 December 2020, 2021 and 2022 and for the three months ended 31 March 2023, the resettlement housing projects under this business segment has not been recognised, and no operating revenue was generated for the same periods.

Business model

The Group's resettlement housing business is aimed at completing the government-ordered construction tasks of sheltered housing and resettlement housing. The Group mainly uses its own capital and debt financing for the construction of sheltered housing and resettlement housing projects.

For the business model, the Group builds resettlement houses with its own funds in accordance with the resettlement tasks given by the Gaoxin District Administrative Committee (高新區管委會) and other governmental agencies. Some of the resettlement houses are targeted for resettlement household and some of the resettlement houses are sold at market price. After the completion of the resettlement houses construction, the Group would sell the resettlement houses to the resettled households at a designated price and sells the remaining houses at the market price.

The pre-investment costs of the resettlement housing project are self-financed by the Group. After the completion of the project, the Group earn profits through the sale of resettlement housing and the auction of the surplus part of the resettlement housing. The Group's resettlement housing project does not involve government repurchase, and adopts the mode of directional resettlement combined with partial sale (定向安置結合部分銷售模式). Among which, the directional resettlement part takes the housing ticket resettlement approach, i.e. the compensation area of housing for directional resettlement personnel is calculated according to the building area recorded in the house ownership certificate or other legal property certificates of the houses. If there is remaining houses after the resettlement, the houses and parking spaces will be sold to the public by auction through the Deqing County Public Resources Trading Centre (德清縣公共資源交易中心).

Project Description

The Group's resettlement housing projects are constructed in two modes, including "outsourcing" mode and "self-constructed" mode.

For the "outsourcing" mode, the Group entrusts the construction party to carry out the construction and development of resettlement houses. Then, the Group will repurchase the houses according to the repurchase contract signed upon the completion and finalisation of the project. The completed resettlement housing projects using the "outsourcing mode" include the Science and Technology New Town Demolition and Rehousing Area (Phase I) (科技新城拆遷安置小區(一期)) and the Qianyuan Golden Goose Hill Jiuqu Longting Project (乾元金鵝山九曲龍庭項目).

Apart from the above projects, the Group's other resettlement housing projects are constructed in a "self-constructed" mode, with funds raised by the Group itself and the land for construction obtained through "auction and listing" (招拍掛). Upon completion and acceptance of the projects, the Group plans to balance the capital invested through the sale of resettlement houses, shops and car parking spaces. After the completion and acceptance of the project, the Group will sell the resettlement houses, shops and car parking spaces to balance the input capital. The completed resettlement housing projects using the "self-constructed" mode include Science and Technology New Town Demolition and Rehousing Area Phase II (科技新城拆遷安置小區二期), Geographic Information Town Demolition and Rehousing Area Phase III (地理信息小鎮拆遷安置小區三期), and Geographic Information Town Demolition and Rehousing Area Phase IV (地理信息小鎮拆遷安置小區四期項目).

Industrial Park Development

Overview

The Group develops and leases or sells commercial properties in industrial parks in Deqing County. The Group conducts its industrial park development business through its subsidiaries, Deqing Hengfeng Construction Development Co., Ltd., Deqing Lianchuang and Qidian Intelligent.

For the year ended 31 December 2020, 2021 and 2022 and for the three months ended 31 March 2023, the operating revenue generated from the Group's industrial park development business was approximately RMB139.2 million, RMB54.7 million, nil and nil, respectively, representing approximately 7.0 per cent., 2.6 per cent., nil and nil, respectively, of the Group's total operating revenue for the same periods.

Business Model

As the sole infrastructure construction and state-owned capital operation platform in the MHTZ, the Group conducts its construction and sale of factories and commercial properties in accordance with the development plans of the relevant local governments. For example, the Group normally offers a sale price of a commercial property with special discount to qualified enterprises under the investment promotion policies of Deqing County. The Group funds its construction of factory and commercial property with its own working capital and obtains the land use rights for further development through public bidding, auction and listing procedure. The Group outsources the construction work to third party construction contractors and enters into construction agreements with the third party. The Group pays to the third party construction contractors according to the project progress as stipulated in the construction agreements. Upon completion, inspection and acceptance, the Group would, for a large portion of industrial park projects, operate such industrial parks and enter into leasing contracts or, for certain industrial park projects, enter into sales contracts with the start-up enterprises at the negotiated price with a reference to market price.

Project Description

- Completed Projects

The particulars of Group's major completed industrial park development projects as at 31 March 2023 are set forth as below:

No.	Projects	Total Investment (RMB in millions)	GFA (sq.m.)
1.	Geographic Information Industrial Park Supporting Complex Building (地理信息產業園配套綜合樓)	88.0	13,385.0
2.	Guoyuan Industrial Building (國遙產業大樓)	280.0	38,738.3
3.	Chip Technology Building (芯片科技大樓)	49.0	69,573.7
4.	China Fishery Industry Building (中漁產業大樓)	290.0	40,762.0
5.	Zhengyuan Land Industrial Building (正元地塊產業大樓)	298.0	41,231.8
6.	Technology Transfer Centre Building (技術轉移中心大樓)	420.0	68,013.0
7.	China Innovation Science and Technology Park (中創科技園)	490.0	70,258.2
8.	Zhongke Industrial Building (中科產業大樓)	356.2	39,069.8
9.	Geographic Information Innovation Park (地理信息創新園)	438.4	46,049.4
10.	Yunchuang Technology Building, Information Technology Building (雲創科技大廈、信息科技大廈)	825.6	184,577.5
11.	Science and Technology New City Talent Apartment (科技新城人才公寓)	1130.0	166,963.0
12.	Science and Technology Park (科創園)	—	73,722.0
13.	Smart Eco-City Urban Living Room (智能生態城城市客廳)	296.6	10,547.0
14.	General Aviation Industrial Park Talent Apartment (通航產業園人才公寓)	106.7	24,250.8
15.	General Aviation Incubator Supporting Industry Building (通航孵化器配套產業大樓)	115.2	14,927.4
Total		5,183.6	902,068.9

• *Projects under Construction*

The particulars of Group's major industrial park development projects under construction as at 31 March 2023 are set forth as below:

	Projects	Year of Commencement	Expected Year of Completion	Total Estimated Investment <i>(RMB in millions)</i>
1.	Deqing International Exhibition Centre (Phase II) (德清國際展覽中心(二期))	2020	2023	861.0
2.	Geographic Information Town Sports Centre (地理信息小鎮運動中心)	2021	2023	633.4
3.	Zhejiang Turbomachinery and Propulsion System Research Institute and Industry-Academic-Research Base Project (Phase I) (浙江省渦輪機械與推進系統研究院及產學研基地項目(一期))	2019	2023	300.0
4.	Zhejiang Turbomachinery and Propulsion System Research Institute and Industry-Academic-Research Base Project (Phase II) (浙江省渦輪機械與推進系統研究院及產學研基地項目(二期))	2021	2023	120.0
5.	Geographic Information Town Wuyang Office Building (地理信息小鎮舞陽寫字樓)	2020	2023	85.0
6.	Geographic Information Technology Park (Phase I) (地理信息科技園(一期))	2020	2024	1,122.0
7.	Geographic Information Town Neighbourhood Centre (地理信息小鎮鄰裏中心)	2022	2024	160.0
8.	Geographic Information Industry Centre (地理信息產業中心)	2021	2024	800.0
9.	Geographic Information Incubator (Phase I) (地理信息孵化園(一期))	2022	2026	1,013.0
10.	Six-span standard factory building in General Aviation Industrial Park (通航產業園六跨標準廠房)	2018	2023	218.4
11.	Deqing County General Aviation Airport Construction Project (德清縣通用航空機場建設工程)	2015	2023	408.8
12.	General Aviation Intelligent Manufacturing Town Living Room, Visitor Centre Exhibition and Hangar Phase I Project (通航智造小鎮客廳、遊客中心布展和機庫一期工程)	2019	2022	202.6
13.	Chengbei High-tech Park New Generation Auto Parts Industrial Park Project (Phase I) (城北高新園新一代汽車零部件產業園項目(一期))	2020	2024	900.0
14.	Chengbei High-tech Park Internet of Vehicles Laboratory and Testing Centre Project (Phase I) (城北高新園車聯網實驗室及檢測中心項目(一期))	2020	2024	650.0
15.	High-end electronics manufacturing plant phase one (高端電子製造廠房一期)	2022	2024	350.0
16.	Fuxi Street Neighbourhood Centre (阜溪街道鄰裏中心)	2022	2025	173.0
17.	Chengbei High-tech Park Biomedical R&D Factory Project (城北高新園生物醫療研發廠房項目)	2022	2024	105.0
18.	Intelligent Connected Vehicle Closed Test Site (Phase I and II) (智能網聯汽車封閉測試場(一期和二期))	2019	2025	645.0
19.	Chengbei High-tech Park Advanced Special-purpose Chip System Packaging and Module Manufacturing Base Factory Construction Project (城北高新園先進專用芯片系統封裝和模組製造基地廠房建設項目)	2019	2023	905.0
20.	Benma Science and Technology Innovation Centre (本碼科創中心)	2019	2023	1,170.0
21.	Shuimu Moganshan Urban Agricultural Complex Modern Agricultural Science and Technology Innovation Centre (水木莫干山都市農業綜合體現代農業科技創新中心)	2020	2023	68.0

	Projects	Year of Commencement	Expected Year of Completion	Total Estimated Investment (RMB in millions)
22.	Deqing County Common Wealth Housing Project Construction Innovation and Entrepreneurship Industrial Park Construction Project (德清縣共同富裕安居工程項目建設創新創業產業園建設項目)	2023	2026	1,030.0
23.	Innovation and Entrepreneurship Industrial Park Construction Project (創新創業產業園建設項目)	2019	2025	3,621.6
Total.				15,541.8

• *Projects under Planning*

The particulars of Group's major industrial park development projects under planning as at 31 March 2023 are set forth as below:

	Projects	Expected Year of Commencement	Expected Year of Completion	Total Estimated Investment (RMB in millions)
1.	Deqing County Welfare Institute Relocation and Expansion Project (Phase II) (德清縣福利院遷擴建項目(二期))	2023	2025	305.0
2.	Dixin Town Geographic Information Technology Park Construction Project (Phase II) (地信小鎮地理信息科技園建設項目(二期))	2023	2028	1,950.0
3.	Dixin Town Geographic Information Incubator Construction Project (Phase II) (地信小鎮地理信息孵化園建設項目(二期))	2023	2028	2,259.0
4.	Deqing Lianchuang Science and Technology New City Construction Co., Ltd. (德清聯創科技新城建設有限公司)	2023	2025	11.9
5.	Renovation and Upgrading Project of Benma Science and Technology Innovation Centre (Building 2# and Building 3#) (本碼科創中心改造提升(2#樓、3#樓)項目)	2023	2024	200.0
6.	General Aviation Industrial Park Standard Factory Building (Phase II) (通航產業園標準廠房(二期))	2023	2026	250.0
7.	General Aviation Industrial Park Neighbourhood Centre Construction Project (通航產業園鄰里中心建設項目)	2023	2026	310.0
8.	Six-span Standard Factory Building Communication Road and Ancillary Projects in the High-tech Zone General Aviation Industrial Park (高新區通航產業園六跨標準廠房聯絡道路及附屬工程)	2023	2024	18.6
Total.				5,304.5

Materials Trading

Overview

The Group undertakes the materials trading business in Huzhou. For the years ended 31 December 2020, 2021 and 2022 and for the three months ended 31 March 2023, the operating revenue generated from the Group's materials trading business was approximately RMB1,052.6 million, RMB1,329.6 million, RMB1,328.9 million and RMB357.0 million, respectively, representing approximately 52.8 per cent., 63.4 per cent., 57.7 per cent. and 73.4 per cent. of the Group's total operating revenue for the same periods respectively.

Business Model

The Group operates its materials trading business through its subsidiaries, Deqing Hengchuang Trading Co., Ltd. (德清恆創商貿有限公司), Deqing Science and Technology New City Chip Technology Co., Ltd. (德清科技新城晶片科技有限公司), Deqing County Qitong Trade Development Co., Ltd. (德清縣啟通貿易發展有限公司) and Deqing Liantuo Environmental Protection Technology Co., Ltd. (德清聯拓環保科技有限公司). The Group is mainly responsible for operations, with the main products of steel, cosmetics, scrap steel and non-ferrous metals.

The Group adopts two main modes for good circulation. For trading of building materials, it adopts a sales-based ordering model. The Group enters into purchase and sales agreements with upstream suppliers and downstream customers respectively and purchases goods from suppliers according to the order made by downstream customers. Upstream suppliers transports the goods to the warehouse and downstream customers inspects the goods. After the inspection, customers will confirm the order and sign the bill. The Group and downstream customers generally complete reconciliation, invoicing and payment before the 10th of the following month. If the downstream customer fails to pay within the time limit, the issuer will charge a certain interest to the downstream customer. For trading of other materials, the account period is generally shorter. The Group charges advance payments from downstream customers and purchases the goods from suppliers. The physical delivery of goods is generally done in the warehouse after the suppliers transport the goods to the warehouse.

Project Description

As at 31 March 2023, the five major suppliers of the Group's materials trading business are set forth below:

No.	Name of the Supplier	Products	Sales Amount (RMB in million)	Proportion of Current Purchase Amount (Per Cent.)	Whether it is the associated party
1.	Zhejiang Lijin Trading Co., Ltd. (浙江麗錦商貿有限公司)	Aluminum ingot	402.0	29.5	No
2.	Hanggang Huixin (Zhejiang) International Trading Co., Ltd. (杭鋼匯鑫(浙江)國際貿易有限公司)	Aluminum ingot	401.3	29.4	No
3.	Zhejiang Metallurgical Materials Co., Ltd. (浙江省冶金物資有限公司)	Steel, aluminum ingot	390.3	28.6	No
4.	Weifang Chengtou Junhe International Trading Co., Ltd. (濰坊市城投均和國際貿易有限公司)	Zinc ingot	81.3	6.0	No
5.	Shaoxing Xiaoyang New Materials Co., Ltd. (紹興霄揚新材料有限公司)	Steel	42.8	3.1	No
Total		–	1,317.7	96.6	–

As at 31 March 2023, the five major customers of the Group's materials trading business are set forth below:

No.	Name of the Customer	Products	Sales Amount (RMB in million)	Proportion of Current Purchase Amount (Per Cent.)	Whether it is the associated party
1.	Suichang Jinhe Trading Co., Ltd. (遂昌縣金和貿易有限責任公司).....	Aluminum ingot	304.0	22.2	No
2.	Longpiao Group Co., Ltd. (龍票集團有限公司).....	Aluminum ingot	134.6	9.8	No
3.	Ningbo Suirong Trading Co., Ltd. (寧波歲榮貿易有限公司).....	Steel	90.9	6.6	No
4.	Hainan Xingmin Supply Chain Management Co., Ltd. (海南星民供應鏈管理有限公司).....	Aluminum ingot	88.9	6.5	No
5.	Zhejiang Southeast Trading Co., Ltd. (浙江東南商貿有限公司).....	Aluminum ingot	88.3	6.5	No
Total		—	706.7	51.6	—

Other Businesses

Overview

The Group engages in other business, such as property such as finance leasing business, housing leasing business, property management business, labour dispatch business, leasing business and other ancillary businesses. For the years ended 31 December 2020, 2021 and 2022 and for the three months ended 31 March 2023, the operating revenue generated from the Group's other businesses was approximately RMB130.5 million, RMB145.3 million, RMB402.8 and RMB115.1 million, respectively, representing approximately 6.6 per cent., 6.9 per cent., 17.5 per cent. and 23.6 per cent., respectively, of the Group's total operating revenue for the same periods.

Business Model

Financial Leasing Business

The leasing business is a newly established business of the Group in 2022, primarily managed by the Issuer Group's former subsidiary, Moganshan Financial Leasing (Tianjin) Co., Ltd. (莫干山融資租賃(天津)有限公司), which has been spun off from the Issuer Group's consolidated scope as of March 2023.

The Group's financial leasing business operates under a leaseback model, which is a special form of leasing where the lessee sells its own items to the lessor. While at the same time signing a lease contract to lease the items back to from the lessor. Thus, the lessee and the seller are the same person.

The Group formulates industry access and target customer access standards and requirements, the business manager screens the customer base, and carries out customer project due diligence. The business process is mainly divided according to business operation processes, which includes project prequalification, project initiation, project due diligence, risk control review, project review, decision-making approval, project implementation, post lease management and file management. The whole business process is operated in accordance with the Group's management system.

The following sets forth the Group's major customers under its financial leasing business for the year ended 31 December 2022:

Name of Client	Project Amount (RMB in millions)	Duration of Contract	Associated Party
Huzhou Zhili Children's Clothing Park Management Co., Ltd. (湖州織裏童裝園區經營管理有限公司)	100.0	1 year	no
Huzhou Shentai Construction Development Co., Ltd. (湖州申太建設發展有限公司)	100.0	1 year	no
Huzhou Nanxun Tourism Investment Development Group Co., Ltd. (湖州南潯旅遊投資發展集團有限公司)	100.0	1 year	no
Huzhou Wuxing Beauty Town Construction Management Co., Ltd. (湖州吳興美粧小鎮建設管理有限公司)	100.0	1 year	no

Housing Leasing Business, Property Management Business

For housing leasing business and property management business income, it mainly comes from the subsidiaries of the Group, Deqing Lianchuang Science and Technology New City Construction Co., Ltd. (德清聯創科技新城建設有限公司) and Deqing Hengfeng Construction and Development Co., Ltd. (德清恒豐建設發展有限公司).

The housing leasing business of the Group premises mainly involve selling or leasing factory buildings and office spaces within the self-built industrial park to start-up enterprises, in order to support the development of high-tech industries. The average rental price for the Group's industrial buildings is RMB0.7 to RMB1.0 per square meter per day, while the average rental price for shops is RMB2.0 per square meter per day. Considering that the operation of the industrial buildings is in the stage of attracting investment, the Group provides significant rental discounts to the occupying companies, resulting in relatively small rental income and gross profit scale.

Set forth below are the rental information of the housing leasing business of the Group as at 31 March 2023:

Project	Operation Type	Percentage Being Rented Out	Rentable Area as at 31 March 2023 (sq.m.)	Duration of Tenancy Agreement
Geographic Information Industrial Park Supporting Complex Building (地理信息產業園配套綜合樓)	Lease and sale	70%	Reserved for Gaoxin District Management Committee	1-5 years
Guoyuan Industrial Building (國遙產業大樓) ..	Lease and sale	70%	993.4	1-10 years
Chip Technology Building (芯片科技大樓) ..	Lease and sale	70%	1522.3	1-5 years
China Fishery Industry Building (中漁產業大樓)	Lease and sale	70%	2,329.7	1-5 years
Zhengyuan Land Industrial Building (正元地塊產業大樓)	Lease and sale	70%	3,437.6	1-10 years
Technology Transfer Centre Building (技術轉移中心大樓)	Lease and sale	70%	10,337.1	1-5 years
China Innovation Science and Technology Park (中創科技園)	Lease and sale	70%	13,542.9	1-5 years
Zhongke Industrial Building (中科產業大樓) ..	Lease and sale	70%	11,803.3	1-5 years
Geographic Information Innovation Park (地理信息創新園)	Lease and sale	70%	6,646.1	1-5 years
Yunchuang Technology Building, Information Technology Building (雲創科技大廈、信息科技大廈)	Lease and sale	70%	184,577.5	1-5 years
Science and Technology New City Talent Apartment (科技新城人才公寓)	Lease	30%	111,504.8	1-5 years
Science and Technology Park (科創園)	Lease	80%	70,561.1	1-5 years
Smart Eco-City Urban Living Room (智能生態城城市客廳)	Lease	70%	9,199.1	1-5 years
General Aviation Industrial Park Talent Apartment (通航產業園人才公寓)	Lease	0%	24,250.8	1-5 years
General Aviation Incubator Supporting Industry Building (通航孵化器配套產業大樓)	Lease	0%	14,927.4	1-5 years

Other Ancillary Business

This comprises of the Group's other revenue from its main business segments, as well as the other revenue from its ancillary businesses.

This operating revenue primarily comes from service income generated by the Group's subsidiary, Deqing International Conference Centre Co., Ltd. (德清國際會議中心有限公司), which hosts large-scale conferences. As at the end of 2023, Deqing International Conference Centre Co., Ltd. had been spun off from the Group's consolidated scope. By being involved in helping the local government in organising a series of conferences and events, such as the first United Nations World Geospatial Information Congress (聯合國世界地理信息大會), the Asian conference on remote sensing (亞洲遙感大會), etc., the service income formed by the Issuer's assistance in organising relevant meetings constitutes other income in the main business.

This revenue also includes property utility fees from the Group's subsidiary, Deqing Lianchuang Science and Technology New City Construction Co., Ltd. (德清聯創科技新城建設有限公司), as well as sales revenue from building stone materials from the subsidiary Deqing Tongchuang Construction Development Co., Ltd. (德清同創建設發展有限公司).

In addition to the aforementioned revenue, the Group's other businesses income also includes operating revenue from its labour dispatch business, which is operated by Deqing Leibo Human Resources Service Co., Ltd. (德清雷博人力資源服務有限公司), a subsidiary of the issuer, as well as factoring services. However, the operating revenue from these other businesses activities constitutes a relatively small proportion of the Group's total operating revenue during the reporting period.

ENVIRONMENT MATTERS

The Group is subject to environmental laws and regulations governing air pollution, noise emissions, hazardous substances, water and waste discharge and other environmental matters issued by the governmental authorities in the PRC. The Group 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 material environmental proceedings or investigations to which it is or might become a party.

INSURANCE

The Group maintains insurance policies, which the Group believes to be consistent with the relevant law and industry and business practice in the PRC. The Group maintains insurance coverage in the types which it believes are commensurate with its risk of loss and industry practice. Consistent with what the Group believes to be customary practice in the PRC, it does not carry any business interruption insurance, key-man insurance or insurance covering potential environmental damage claims. Such insurance is not mandatory under the laws and regulations of the PRC, and such insurance is either unavailable in the PRC or requires substantial cost.

EMPLOYEES

As at 31 March 2023, the Group had approximately 109 full-time employees. In accordance with the applicable regulations of local governments in regions where the Group has business operations, the Group makes contributions to its employee's social insurance, including the statutory pension plan, medical insurance, unemployment insurance, maternity insurance and workers' compensation insurance. The amount of contributions is based on the specified percentages of employees' aggregate salaries as required by relevant PRC authorities. The Group also makes contributions to an employee housing fund according to applicable PRC regulations. In addition to statutory contributions, the Group provides annual bonuses to employees. The Group enters into an employment contract with each of its employees

in accordance with applicable PRC laws. Such contracts include provisions on wages, vacation, employee benefits, training programmes, health and safety, confidentiality obligations and grounds for termination.

GOVERNMENTAL REGULATIONS AND LICENSES

The Group's operations are subject to a variety of laws and regulations promulgated by the governments in which it operates. See the section headed "PRC Regulations".

The Group believes that it is in compliance in all material respects with the applicable governmental regulations, rules and executive orders in each jurisdiction in which it operates. The Group is not aware of any governmental proceedings or investigations to which it might become a party and which may have a material adverse effect on its properties and operations.

The Group maintains regular communication with local governments and regulatory authorities through its management team or representatives, ensuring compliance with the requirements and conditions for obtaining and maintaining the aforementioned licenses, concessions, permits, or certificates.

LEGAL PROCEEDINGS

From time to time, the Issuer, the Guarantor, together with their respective subsidiaries, may be involved in legal proceedings or other disputes in the ordinary course of its business. See also "*Risk Factors – Risks Relating to the Group's Business – The Group may be involved in disputes, legal and other proceedings arising out of its operations from time to time and may face significant liabilities as a result*" and "*Risk Factors – Risks Relating to the Group's Business – Failure to comply with laws, regulations and rules applicable to the Group's subsidiary as a listed company on the Shenzhen Stock Exchange could lead to regulatory investigations and result in disciplinary actions and penalty against the Group's subsidiary or its directors and senior management*".

As at the date of this Offering Circular, the Group is not aware of any legal proceedings, claims, disputes, penalties or liabilities currently pending or threatened against the Group that may have a material adverse change on its business, financial condition or results of operations.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE GUARANTOR

DIRECTORS

The board of directors of the Guarantor consists of five directors, including one employee director. The table below sets forth certain information regarding directors of the Guarantor as at the date of this Offering Circular.

Name	Year of Birth	Position
SHEN Zhigang (沈志剛)	1970	Chairman of the board of directors of the Guarantor
YAO Huanliang (姚歡亮)	1976	Director and general manager
DING Man (丁曼)	1987	Director
PENG Miaobin (彭苗斌)	1978	Director
TANG Yanhong (唐燕紅)	1973	Employee director

Mr. SHEN Zhigang (沈志剛), born in 1970, has been the chairman of the board of directors of the Guarantor since June 2023. Mr. Shen previously served as a member of the Party Committee of Zhongguan Town (鐘管鎮黨委), the secretary of the Commission for Discipline Inspection of Zhongguan Town (鐘管鎮紀委), a standing deputy mayor of Zhongguan Town (鐘管鎮) and the head of the Economic Development Bureau of the MHTZ Management Committee (湖州莫干山高新技術產業開發區管理委員會經發局).

Mr. YAO Huanliang (姚歡亮), born in 1976, has been a director of the Guarantor and the general manager of the Guarantor since June 2023. For Mr. Yao's biography, see "*Directors, Supervisors and Senior Management of the Issuer – Directors*" above.

Ms. DING Man (丁曼), born in 1987, has been a director of the Guarantor since June 2023. Ms. Ding previously served in the Housing and Urban-Rural Development Bureau of Deqing County (德清縣住房和城鄉建設局), Deqing Chengjian Development Company (德清縣城市建設發展總公司) and Deqing Construction Development Group Co., Ltd. (德清縣建設發展集團有限公司).

Mr. PENG Miaobin (彭苗斌), born in 1978, has been a director of the Guarantor since June 2023. For Mr. Peng's biography, see "*Directors, Supervisors and Senior Management of the Issuer – Directors*" above.

Ms. TANG Yanhong (唐燕紅), born in 1973, has been an employee director of the Guarantor since June 2023. Ms. Tang previously served in Love Kindergarten of Luoshe Town, Deqing County (德清縣洛舍愛心幼兒園), the Urban Flood Control Project Management Office of the Water Authority of Deqing County (德清縣水利局城市防洪工程管理所), the Comprehensive Section (Labour Security Section) of the Economic Development Bureau of the MHTZ Management Committee (湖州莫干山高新技術產業開發區管理委員會經發局).

SUPERVISORS

The board of supervisors of the Guarantor currently consists of five supervisors, including two employee supervisors. The table below sets forth certain information regarding supervisors of the Guarantor as at the date of this Offering Circular.

Name	Year of Birth	Position
CHEN Xiaofeng (陳曉峰)	1978	Chairman of the board of supervisors of the Guarantor
PAN Jing (潘靚)	1985	Supervisor
SHEN Aili (沈艾麗)	1990	Employee supervisor
YAN Yunfei (嚴芸菲)	1987	Supervisor
YANG Lihong (楊麗紅)	1987	Employee supervisor

Mr. CHEN Xiaofeng (陳曉峰), has been the chairman of the board of supervisors of the Guarantor since June 2023. For Mr. Chen’s biography, see “*Directors, Supervisors and Senior Management of the Issuer – Supervisors*” above.

Ms. PAN Jing (潘靚), has been a supervisor of the Guarantor since June 2023. For Ms. Pan’s biography, see “*Directors, Supervisors and Senior Management of the Issuer – Supervisors*” above.

Ms. SHEN Aili (沈艾麗), has been an employee supervisor of the Guarantor since June 2023. For Ms. Shen’s biography, see “*Directors, Supervisors and Senior Management of the Issuer – Directors*” above.

Ms. YAN Yunfei (嚴芸菲), born in 1987, has been a supervisor of the Guarantor since June 2023. Ms. Yan previously served in the People’s Hospital of Deqing County (德清縣人民醫院) and Deqing Lianchuang Science and Technology New City Construction Co., Ltd.

Ms. YANG Lihong (楊麗紅), has been an employee supervisor of the Guarantor since June 2023. For Ms. Yang’s biography, see “*Directors, Supervisors and Senior Management of the Issuer – Supervisors*” above.

SENIOR MANAGEMENT

The following table sets forth certain information regarding members of the senior management of the Guarantor as at the date of this Offering Circular:

Name	Year of Birth	Position
YAO Huanliang (姚歡亮)	1976	Chairman of the board of directors of the Guarantor and general manager

Mr. YAO Huanliang (姚歡亮), has been the general manager of the Guarantor since June 2023. For Mr. Yao’s biography, see “*Directors, Supervisors and Senior Management of the Issuer – Directors*” above.

PRC REGULATIONS

This section is a high-level overview of the principal PRC laws and regulations which are relevant to the issue of the Bonds by the Issuer's, the Guarantor's and the Group's business and operations. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations, nor does it intend to be an exhaustive list of all the principal laws and regulations affecting the Issuer, the Guarantor and the Group.

THE PRC LEGAL SYSTEM

China's legal system covers laws that fall under seven categories and three different levels. The seven categories are the Constitution and Constitution-related, civil and commercial, administrative, economic, social, and criminal laws and the law on lawsuit and non-lawsuit procedures. The three different levels are state laws, administrative regulations and local statutes. In general, court judgments do not constitute binding precedents. However, certain court judgments are used for the purposes of judicial reference and guidance.

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

The State Council is the highest organ of the State administration and has the power to enact administrative rules and regulations. The ministries and commissions under the State Council are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. All administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC and the Standing Committee of the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul administrative rules, regulations, directives and orders. The People's Congresses or their standing committees of the comparatively larger cities may, in light of the specific local conditions and actual needs, formulate local regulations, provided that they do not contradict the PRC Constitution, the national laws, the administrative regulations and the local regulations of their respective provinces or autonomous regions, and they shall submit the regulations to the standing committees of the people's congresses of the provinces or autonomous regions for approval before implementation.

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

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

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

THE PRC JUDICIAL SYSTEM

Under the PRC Constitution and the Law of Organisation of the People's Courts, the PRC Judicial System is made up of the Supreme People's Court, the local courts, military courts and other special court. The local courts are comprised of the basic courts, the intermediate courts and the higher courts. The basic courts are organised into civil, criminal, administrative and other divisions. The intermediate courts are organised into divisions similar to those of the basic courts, and are further organised into other special divisions, such as the intellectual property division. The higher level courts supervise the basic and intermediate courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the administration of justice by all other courts. The Supreme People's Court has established circuit courts to accept relevant cases within the regions under their circuit jurisdictions. Circuit courts are hearing organs dispatched by the Supreme People's Court. The judgments, rulings and decisions rendered by circuit courts are judgments, rulings and decisions by the Supreme People's Court.

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

The Civil Procedure Law of the PRC, which was adopted on 9 April 1991, amended on 28 October 2007, 31 August 2012, 27 June 2017, 24 December 2021 and 1 September 2023, sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant is domiciled. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract, the place of the object of the contract or otherwise connected with the contract or its performance.

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

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

basic legal principles of the PRC, or damage its sovereignty or security, or is not in the interests of the society and public at large, the PRC court will not recognise and enforce the judgment made by a foreign court.

MAIN REGULATORY AUTHORITIES AND CONTENTS OF SUPERVISION

China's building and construction industry implements a regulatory system with the combination of comprehensive supervision and professional supervision. Government supervision over the building and construction industry mainly includes three aspects: the management of the competency and qualification of market players, the management of the entire process of the construction projects, and the management of the economic and technical standards of construction projects. The main regulatory authorities include:

MOHURD and the competent local departments of MOHURD at various levels are responsible for the comprehensive supervision over the construction industry as well as real estate development qualifications. Such management mainly includes: management of the competency and qualification of market players, approval and verification of the qualifications of various construction enterprises for access to the market, examination and approval of occupational qualifications of individuals in the construction industry, supervision over and management of construction projects, and establishment of industrial standards.

- Ministry of Transport of the PRC (the “**MOT**”) and the competent local departments of MOT at various levels are responsible for the construction projects of ports, airports and highways nationwide.
- NDRC and the local development and reform commissions at various levels are responsible for the investment planning, examination and approval of city infrastructure construction projects.
- Ministry of Ecology and Environment of the PRC (former State Environmental Protection Administration, the “**SEPA**”) and the competent local departments of environmental protection at various levels are responsible for the environmental protection management of construction projects.

NDRC registration

On 14 September 2015, the NDRC issued 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**”), 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. The NDRC issued the NDRC Measures on 5 January 2023, which came into effect from 10 February 2023 and replaced the NDRC Circular.

For the purposes of the NDRC Measures, the medium- and long-term foreign debts of enterprises mentioned in the NDRC Measures refer to debt instruments with a tenor of more than one year that are borrowed from overseas by enterprises within the territory of the PRC and by overseas companies or branches controlled by them, denominated in local or foreign currency, and of which principal and interest on the foreign debts are repaid as agreed. Debt instruments include, but are not limited to, senior debts, perpetual debts, capital debts, medium-term notes, convertible bonds, exchangeable bonds, financial leasing, and 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 Measures.

According to the NDRC Measures, domestic enterprises and their overseas controlled entities prior to issuing any foreign debts with a tenor of more than one year shall obtain from the NDRC a certificate of review and registration of enterprise borrowing of foreign debts (企業借用外債審核登記證明)(the “**Certificate of Review and Registration**”) and shall report certain details of the foreign debts to the NDRC within ten working days upon the completion of issuance through the online system for the review, registration, management and service of enterprise foreign debts established by the NDRC (the “**NDRC Online Reporting System**”). An enterprise shall, with the Certificate of Review and Registration, go through the relevant procedures of foreign exchange registration, account opening, proceeds receipt, payment and remittance, and use of proceeds in accordance with the applicable laws and regulations.

Moreover, pursuant to the NDRC Measures, an enterprise shall, among other things, (i) report certain details of the foreign debts to the NDRC within ten working days upon the completion of issuance; (ii) within ten working days after expiry of the NDRC Certificate or the Certificate of Review and Registration, report the foreign debts borrowing information through the NDRC Online Reporting System; (iii) within five working days before the end of January and end of July of each year that any of the foreign debts remains outstanding, report the information relating to, *inter alia*, use of proceeds, repayment of principal and interest and related plans, and major business indicators, through the NDRC Online Reporting System; and (iv) so long as any of the foreign debts remains outstanding, submit relevant information to the NDRC upon the occurrence of any material event that may affect the due performance of debt obligations, such as liquidity issue or significant assets restructuring, and take measures to isolate such risks to prevent cross default risks. If the enterprise fails to report the relevant information described above in accordance with the NDRC Measures, the NDRC may direct the enterprise to make corrections within a prescribed time period and if the violation is serious or if the enterprise fails to correct within the prescribed time period, the NDRC may give a warning to the relevant enterprise and its main responsible persons.

As the NDRC Measures were issued recently, certain detailed aspects of its interpretation and application remain subject to further clarification.

Regulation on fiscal debts of local governments

In accordance with Guidance on Further Strengthening Adjustment of the Credit Structure to Promote the Fast and Smooth Development of the 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 CBRC 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, Circular 19 and Circular 2881 were separately promulgated in June 2010 and November 2010, respectively. In accordance with Circular 19, all levels of local governments shall clear up the debts of their respective financing platform. In accordance with Circular 2881, the indebtedness of local governments will impact their financing platform’s issuance of enterprise bonds.

On 21 September 2014, Circular 43 was promulgated by the State Council. Circular 43 aims to regulate the financing system of local governments and presents four channels. In accordance with Circular 43, financing platforms shall no longer serve the fiscal financing functions or incur new government debts. Public interest projects may be funded by the PRC government through issuing government bonds since the new Budget Law of the PRC (the “**New Budget Law**”), which took effect on 29 December 2018, empowers local governments to issue government bonds and carry out public interest projects with the capital generated, such as city infrastructure construction which may be operated independently by social investors or jointly by the PRC 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 PRC

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 11 May 2015, Notice on Forwarding the Opinion of the MOFCOM, the PBOC and the CBRC on the Proper Solution of the Follow-up Financing Issues for Projects under Construction of Financing Platform of Local Governments (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**”) was promulgated by the General Office of the State Council of the PRC. In accordance with Circular 40, 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 the relevant regulations by competent investment authorities before the date on which Circular 43 was promulgated.

The key tasks of local governments and banking financial institutions are as follows:

- Support stock financing needs for projects under construction. Local governments at all levels and banking financial institutions shall ensure the orderly development of projects under construction. For the loans to the projects under construction of financing platform companies, if the loan contracts with legal effect had been signed before 31 December 2014 and the loans had been granted but the contracts have not yet expired, banking financial institutions shall, under the premise of fully controlling risks and implementing credit conditions, continue to grant loans as agreed in the contracts, and shall not call in loans in advance, delay or suspend the granting of loans.
- Regulate increment financing for projects under construction. Local governments at all levels shall pay close attention to the incremental financing needs which are expected to be given for the projects under construction of the financing platform companies, and shall, under the premise of compliance with laws and regulations and standard administration, make overall arrangements for various kinds of capital such as fiscal capital and social capital and ensure the continuation and completion of projects under construction. For the projects under construction of financing platform companies for which the loan amount in the contracts that have been signed fails to meet the construction needs, if it is suitable for them to adopt a government and social capital cooperation mode, they shall prioritise the adaptation of such a mode to make up the construction needs. If they are in compliance with the relevant PRC regulations without any other funding sources for construction, but the PRC government and social capital cooperation mode is not suitable temporarily, the increment financing needs shall be incorporated into government budget management and solved through issuing government bonds by local governments as required by law and the relevant regulations.
- Administer in an effective and proper manner to follow-up financing for projects under construction. Banking financial institutions shall carefully check the destinations of the loans, and focus on supporting the projects under construction of financing platform companies such as farmland water conservancy facilities, affordable housing projects and urban railway systems etc.
- Improve supporting measures. Under the premise of ensuring fiscal expenditure needs, in the regions where there are corresponding limits of amount of government bonds issuance and where the treasury balances exceed the treasury payment for one and a half months, the local financial departments are allowed to, within the limit of the amount of government bonds issuance, make

more effort to effectively use the fiscal funds in the previous years and use the surplus amount of the treasury for capital flow before government bond issuance, so as to address the time difference between the financing for projects under construction and government bonds issuance.

On 28 March 2018, MOFCOM announced the MOFCOM Circular, pursuant to which the offering circular for any local state-owned enterprise's bond issuance should not include any explicit or implied suggestion of government credit support, such as inclusion of the revenue and expenditure of the local government or its debt levels, and should not make misleading marketing of the bond by reference to the local government's credit, and shall clearly state in the offering circular that the local government only bears limited liability to the extent of its amount of contribution in such a state-owned enterprise, and that the debt should be repaid by the local state-owned enterprise itself. On 11 May 2018, the Joint Circular was released which reiterates the PRC government's position to isolate the debt of local government financing vehicles from the relevant local government and to control the increase of the local governments' debt. The Joint Circular requires companies that plan to borrow medium and long-term foreign debt to establish a sound and standardised corporate governance structure, management decision-making mechanism and financial management system. It further requires that the assets owned by such companies should be of good quality and clear ownership and it is forbidden to use public interest assets to be included in corporate assets.

Regulation on real estate developers

Establishment of a real estate developer

Under the Law of the PRC on Administration of Urban Real Estate (中華人民共和國城市房地產管理法)(“**Urban Real Estate Law**”), which was implemented by the Standing Committee of the National People's Congress on 1 January 1995 and was amended on 30 August 2007, 27 August 2009 and 26 August 2019, a “real estate developer” refers to an enterprise which engages in the development and sale of real estate for profit-making purposes. Urban Real Estate Law, together with the Regulations on Administration of Development of Urban Real Estate (城市房地產開發經營管理條例)(“**Development Regulations**”), which was promulgated by the State Council on July 20, 1998 and amended on 24 March 2019, 27 March 2020 and 29 November 2020, stipulate that a real estate developer must meet the following requirements: (1) registered capital must be RMB1 million or more; and (2) it must employ four or more full-time real estate or construction professionals and two or more full-time accounting officers, each of whom must hold the relevant qualification certificate.

Qualifications of a real estate developer

Pursuant to the Provisions on Administration of Qualifications of Real Estate Developers (房地產開發企業資質管理規定)(“**Provisions on Administration of Qualifications**”), last amended by MOHURD on 22 December 2018 and was amended on 2 March 2022, a real estate developer shall apply for registration of its qualifications. An enterprise is not permitted to engage in the development and sale of properties without a qualification classification certificate. The construction administration authorities of the State Council are responsible for monitoring the qualifications of all real estate developers nationwide, and local real estate development authorities at or above the county level are responsible for monitoring the qualifications of local real estate developers. The Provisions on Administration of Qualifications divide real estate developers into two classes.

Class 1 qualifications are subject to approval of the construction administration authorities of the State Council, while Class qualifications is regulated by the housing and urban-rural development authorities at the provincial level or the housing and urban-rural development authorities of a districted city determined by it. A Class 1 real estate developer is not restricted with respect to the scale of its real estate projects. A real estate developer with Class 2 or lower qualifications may only undertake a project with a gross floor area of less than 250,000 sq.m.

Under the Provisions on Administration of Qualifications, the real estate development authorities will examine applications for registration of qualifications submitted by real estate developers from different aspects including the registered capital and financial condition of developers, lengths of time they have conducted real estate development business, the number of professionals they employ, performance and operating results from past real estate operations and their quality control systems. The qualification examination authority will grant the qualification certificate of the relevant class to the real estate developer that passes the qualification examination. A real estate developer shall only conduct the real estate development pursuant to the approved class of qualification.

Regulations on land and the development of real estate projects

Land grants

In April 1988, the NPC passed an amendment to the Constitution of the PRC. The amendment allowed the transfer of land use rights for value to prepare for reforms of the legal regime governing the use of land and transfer of land use rights. In December 1988, the Standing Committee of the NPC amended the Land Administration Law of the PRC (中華人民共和國土地管理法) to permit the transfer of land use rights for value.

Under the Provisional Regulations of the People's Republic of China on Grant and Transfer of the Land Use Rights of State-owned Urban Land (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例)(the “**Provisional Regulations on Grant and Transfer**”) implemented by the State Council on 19 May 1990, a system of grant and transfer of the right to use state-owned land was adopted. A land user shall pay land premium to the government as consideration for the grant of the right to use a land site within a certain term, and the land user may transfer, lease out, mortgage or otherwise commercially exploit the land use rights within the term of use. Under the Urban Real Estate Law, the land administration authority under the local government of the relevant city or county shall enter into a grant contract with the land user to provide for the grant of land use rights. The land user shall pay the land premium as provided by the grant contract. The Development Regulations provide that the land use rights for a land parcel intended for real estate development shall be obtained through grant except for land use rights which may be obtained through appropriation pursuant to PRC laws or the stipulations of the State Council.

Under the Regulations regarding the Grant of State-Owned Land Use Rights by Way of Public Bidding, Auction and Listing Procedure (招標拍賣掛牌出讓國有土地使用權規定) issued by the MNR on 9 May 2002 and implemented on 1 July 2002 (the “**2002 Regulations**”) and revised on 28 September 2007 with the name Regulations regarding the Grant of State-Owned Construction Land Use Rights by Way of Public Bidding, Auction and Listing Procedure (招標拍賣掛牌出讓國有建設用地使用權規定)(the “**2007 Regulations**”) effective on 1 November 2007, land for industry (except land for mining), commercial use, tourism, entertainment and commercial residential properties, and land for which there are two or more intended users must be granted by way of the public bidding, auction and listing procedure. A number of measures in the 2007 Regulations ensure such grants of land use rights for commercial purposes are conducted openly and fairly. For instance, the local land and resources administration authorities must take into account various social, economic and planning considerations when deciding on the use of a certain piece of land, and its decision regarding land use designation is subject to the approval of the local government. The grantee shall apply for land registration and obtain the land use rights certificate upon full payment of the land premium for the land according to the land grant contract. In the event that the land premium for the land is not paid in full, the grantee will not receive the land use rights certificate. In addition, the announcement of public bidding, auction and listing procedure must be made 20 days prior to the date on which such competitive process begins.

Further, the 2007 Regulations stipulate that for listings on a land exchange, the time period for accepting bids must be no less than ten days. Following the 2002 Regulations, the MNR and the Ministry of Supervision issued the Notice on Continuing the Review of the Implementation of the Grant of Land Use Rights for Commercial Uses By Soliciting Public Bidding, Auction and Listing Procedure

on a Land Exchange (關於繼續開展經營性土地使用權招標拍賣出讓情況執法監察工作的通知) on 31 March 2004, which requires all local land administration authorities to strictly enforce the 2002 Regulations. In addition, the MNR and the Ministry of Supervision required that beginning from 31 August 2004, no land use rights for commercial uses granted by way of agreement shall be dealt with due to reasons stemming from historical legal legacy issues. In the Urgent Notice of the General Office of the State Council on Intense Regulation and Rectification of the Land Market and Strict Administration of Land (國務院辦公廳關於深入開展土地市場治理整頓嚴格土地管理的緊急通知), issued by the General Office of the State Council on 29 April 2004, the approval process for the change of use from agricultural land to non-agricultural land for development was suspended for a certain period so that the PRC government could rectify irregularities in land development in China. On 13 May 2011, the MNR implemented the Opinions on Upholding and Improving the System for the Transfer of Land by Public Bidding, Auction and Listing Procedure (國土資源部關於堅持和完善土地招標拍賣掛牌出讓制度的意見), which provides, among other things (i) how to correctly implement the land grant policy through the public bidding, auction and listing procedure; (ii) an explanation of improvements in the transparency of the public bidding, auction and listing procedure for housing land; (iii) an explanation of adjustments and improvements to the land grant policy through the public bidding, auction and listing procedure; (iv) promotion of online operation of the grant of land use rights; and (v) improvement in contracts for land grants through the public bidding, auction and listing procedure.

On 1 August 2003, the MNR implemented the Regulations on the Grant of State-owned Land Use Rights by Agreement (協議出讓國有土地使用權規定), According to which if there is only one interested entity interested in using the land, the land use rights (excluding profit-oriented land for commercial use, tourism, entertainment and commercial residential properties etc.) may be granted by way of agreement. If two or more entities are interested in the land use rights to be granted, such land use rights shall be granted by means of public bidding, auction and listing.

On 18 November 2009, the MOFCOM, the MNR, the PBOC, the National Audit Office and the Ministry of Supervision issued the Notice on Further Strengthening the Land Grant Revenue and Expenditure Management (關於進一步加強土地出讓收支管理的通知) jointly, which stipulates:

- The land and resources administration authorities at municipality and county level must specify the land transfer price, rent and the total sum of the allocated land price, payment time and payment mode in the state-owned land grant contract, lease contract and letter of decision on appropriation. If the land use conditions have been changed upon approval according to law, land and resources administration authorities at municipality and county level must specify the additional price of the land that shall be paid in the land grant and lease contracts and the payer shall pay the sum of money as stipulated by the contract. If a unit or individual fails to pay up the land price as required, the land and resources administration authorities at municipality and county level must neither approve nor issue the state-owned land use rights certificate nor issue any severed certificate according to the proportion of the land price paid.
- In principle, the term for paying the full land grant price by instalments agreed between the land and resources administration authorities at municipality and county level and land transferee pursuant to law shall not exceed one year. The proportion of first payment shall not be less than 50.0 per cent. of the total land grant price.

Planning of construction projects

On 1 January 2008, the Standing Committee of the NPC implemented the PRC City and Countryside Planning Law (中華人民共和國城鄉規劃法) which was amended on 24 April 2015 and 23 April 2019, pursuant to which a construction planning permit must be obtained from the relevant urban and rural planning government authorities at municipality and county level or the township government designated by the government of the province, autonomous region, or centrally-administered municipality for building any structure, fixture, road, pipeline or other engineering project within an urban or rural planning area. After obtaining the construction works planning permit, a construction project developer

shall apply for a construction work permit from the housing and urban-rural development authorities under the government at the county or a higher level where the project is located in accordance with the Measures for the Administration of Construction Permit for Construction Projects (建築工程施工許可管理辦法) implemented by MOHURD on 1 December 1999 and was last amended on 30 March 2021. According to the Notice Regarding Strengthening and Regulating the Administration of Newly-commenced Projects (國務院辦公廳關於加強和規範新開工項目管理的通知) issued by the General Office of the State Council on 17 November 2007, before commencement of construction, all kinds of investment projects shall fulfil certain conditions, including, among others, compliance with national industrial policies, development construction plans, land supply policy and market access standards, completion of all approval, examination and filing procedures, compliance with zoning plans in terms of siting and layout, completion of proper land use procedures and obtaining proper environmental valuation approvals, completion of energy saving evaluation and examination and completion of construction work commencement permits or construction start-up reports.

In accordance with the Development Regulations and the Regulation on the Quality Management of Construction Projects (建設工程質量管理條例)(“**Quality Management Regulations**”) implemented by the State Council on 30 January 2000 and amended on 7 October 2017 and 23 April 2019, the Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and City Infrastructure (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) implemented by MOHURD on 4 April 2000 and amended on 19 October 2009 and the Rules for the Confirmation of the Completion of Housing Construction and City Infrastructure Projects (房屋建築和市政基礎設施工程竣工驗收規定) implemented by MOHURD on 2 December 2013, after the completion of construction of a project, the construction project must undergo inspection and receive the relevant approvals from local authorities which include approvals from planning bureau, police and fire authorities and environmental protection authorities.

Lease of buildings

The Administration Measures for Commodity Housing Tenancy (商品房屋租賃管理辦法) was issued on 1 December 2010 and came into effect on 1 February 2011. The parties to a real estate lease shall go through the lease registration formalities with the competent construction (real estate) administration authorities of the centrally-administered municipality, city or county where the housing is located, within 30 days after the lease contract is signed. Failure to comply with above provision, there will be a fine below RMB1,000 on individuals who fail to make corrections within the specified time limit, and a fine between RMB1,000 and RMB10,000 on units which fail to make corrections within the specified time limit.

Real estate registration

According to the Interim Regulations on Real Estate Registration (不動產登記暫行條例)(“**Interim Regulations**”) issued by the State Council on 24 November 2014 and effective on 1 March 2015, and was amended on 24 March 2019 and which amendment became effective on the same date, the PRC applies a uniform registration system over real estate. Under this system, ownership of buildings and land use right shall be registered in accordance with the provisions of the Interim Regulations. If registration is applied by reasons of transfer or settlement of mortgage, the application for registration shall be made jointly by both parties. However, the first registration application for the real estate without registration record could be filed by either party involved. Any interested party could apply to inquire about and obtain the real estate registration materials in accordance with the law. The real estate registration authorities shall provide the information as required. Furthermore, the Interim Regulations confirmed that various types of real estate ownership certificates issued prior to the implementation of the Interim Regulations shall remain valid.

The MNR implemented the Implementing Rules of the Interim Regulations on Real Estate Registration (不動產登記暫行條例實施細則)(the “**Implementing Rules**”) on 1 January 2016 and was amended on 13 August 2019. The Implementing Rules stipulate that after first filing the application for real estate

registration, the real estate registration authority shall perform a site inspection. The owners and interested parties may inquire about and obtain the relevant real estate registration information. The Implementing Rules also clarify that real estate registration information shall be managed by the relevant real estate registration authorities, which shall establish a real estate registration information management system and an information safety and confidentiality system. No individual or entity shall disclose such real estate registration information.

Regulation on idle land

The Notice on Promoting the Saving and Intensive Use of Land (國務院關於促進節約集約用地的通知), issued by the State Council on 3 January 2008, aims at optimising the utilisation of land. It provides that if a piece of land has been idle for two years or more, it must be taken back without any compensation resolutely and rearranged for other uses; if a piece of land has been idle for more than one year but less than two years, the real estate developer shall pay the idle land surcharge at 20 per cent. Of the land grant premium.

Bidding and tendering management

Bidding and tendering for various construction projects have been provided for in the Bidding and Tendering Law of the PRC (中華人民共和國招標投標法) promulgated by the Standing Committee of the NPC on 30 August 1999 which became effective on 1 January 2000 and was amended on 27 December 2017, Regulation on the Implementation of the Bidding and Tendering Law of the PRC (中華人民共和國招標投標法實施條例) promulgated by the State Council on 20 December 2011 which became effective on 1 February 2012 and was amended on 1 March 2017 and 2 March 2019 and which amendment became effective on the same date, 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, MOC, MOR, MOT, Ministry of Information Industry of the PRC, Ministry of Water Resources of the PRC, and Civil Aviation Administration of China promulgated on 8 March 2003 which became effective on 1 May 2003 and was amended on 11 March 2013 and which amendment became effective on 1 May 2013, Administrative Measures for the Bidding and Tendering of Design of Construction Projects (建築工程設計招標投標管理辦法) issued by MOHURD on 24 January 2017 and became effective on 1 May 2017 and Administrative Measures for the Bidding and Tendering of Housing Construction and City 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 and became effective on the same date, and was amended on 28 September 2018 and 13 March 2019 and which amendment became effective on the same date.

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

The process of bidding and tendering consists of five stages including bid invitation, tendering, bid opening, bid evaluation and bid award. The principles of openness, fairness, fair competition and principle of honesty and credibility 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 Measures for the Construction Bidding and Tendering of Construction Projects, if any project that should undergo bidding as required by law fails to go through the bidding process or the bidding process 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 1.0 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 directly 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 Building Projects (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) issued by the Supreme People's Court of the PRC on 25 October 2004 and which became effective on 1 January 2005, and the Supreme People's Court on Issues of Law Application during the Trial of Construction Contracts for Building Projects (1) (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 of the PRC on 29 December 2020 and which became effective on 1 January 2021, the Supreme People's Court on Issues of Law Application during the Trial of Construction Contracts for Building Projects (2) (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(二)) issued by the Supreme People's Court of the PRC on 29 December 2018 and which became effective on 1 February 2019, 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 be deemed void.

Quality management

Laws and regulations on project quality mainly include Construction Law of the PRC (建築法) which became effective on 1 March 1998 and amended on 22 April 2011 which amendment became effective on 1 July 2011, and was amended on 23 April 2019 and which amendment became effective on the same date, Quality Management Regulations (建設工程質量管理條例) which became effective on 30 January 2000 and last amended on 23 April 2019 which amendment became effective on the same date, 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 1 April 2021, Administrative Measures for Completion Acceptance Record of Building Construction and City 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 MOHURD 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, Regulations on the Construction of Port Projects (港口工程建設管理規定) promulgated by MOT on 15 January 2018 which became effective on 1 March 2018, and was amended on 28 November 2018 and 28 November 2019, 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 its implementation rules (公路工程竣(交)工驗收辦法實施細則) which was promulgated on 27 January 2010 and Measures for the Management of Construction Project Quality Deposits (建設工程質量保證金管理辦法) issued by the MOHURD and the Ministry of Finance on 20 June 2017 and became effective on 1 July 2017.

According to the Quality Management Regulations, all the building, surveying, designing, construction and supervision units shall be responsible for the quality of 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 PRC (中華人民共和國環境保護法) amended by the Standing Committee of the NPC on 24 April 2014 which became effective on 1 January 2015, Law on Environmental Impact Assessment of the PRC (中華人民共和國環境影響評價法) promulgated by the Standing Committee of the NPC on 28 October 2002 which became effective on 1 September 2003 and last amended 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 amended on 16 July 2017 and became effective on 1 October 2017. The Ministry of Ecology and Environment of the PRC (the "MEE") supervises environmental

protection work in the PRC and establishes national standards for the discharge of pollutants. Each of the local environmental protection bureaus is responsible for the environmental protection work within their respective jurisdictions.

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 with respect to construction projects. After the completion of a construction project, the competent administrative department of environmental protection will undergo an environmental protection acceptance process and assess whether the construction project has met the requirements for environmental protection.

Air pollution

The Air Pollution Prevention Law (中華人民共和國大氣污染防治法), promulgated on 5 September 1987 by the Standing Committee of the NPC, which became effective on 1 June 1988 and was last amended on 26 October 2018 and became effective on the same date, establishes the legal framework for air pollution prevention in the PRC. The MEE formulates national air quality standards. Each of the local environmental protection bureaus is authorised to regulate air pollution within each of their respective jurisdictions by formulating specific local standards and may impose penalties for violation.

Water pollution

The Water Pollution Prevention Law (中華人民共和國水污染防治法), promulgated on 11 May 1984 by the Standing Committee of the NPC, which became effective on 1 November 1984, and last amended on 27 June 2017, establishes the legal framework for water pollution prevention in the PRC. The MEE formulates national waste discharge standards. Enterprises that discharge waste into water shall pay a treatment fee. Each of the local environmental protection bureaus is authorised to regulate water pollution within each of its respective jurisdictions by formulating more specific local standards, and may impose penalties for violation, including suspending operations.

Noise pollution

The Noise Pollution Prevention Law of the PRC (中華人民共和國環境噪聲污染防治法), promulgated by the Standing Committee of the NPC on 29 October 1996, which became effective on 1 March 1997, and was amended on 29 December 2018 and which amendment became effective on the same date, establishes the framework for noise pollution prevention in the PRC and was replaced by the Law of the People's Republic of China on Noise Pollution Prevention and Control (中華人民共和國噪聲污染防治法) which was promulgated on 24 December 2021 and implemented on 5 June 2022. Under the Noise Pollution Prevention Law, any person undertaking a construction, decoration or expansion project which might cause environmental noise pollution, shall prepare and submit an environmental impact report to the environmental protection authority for approval. Facilities for prevention and control of environmental noise pollution shall be designed and approved by the environmental protection authority prior to the commencement of the project, and be built and put into use simultaneously with the project works. Facilities for prevention and control of environmental noise pollution may not be dismantled or suspended without the approval of the environmental protection authority.

Construction projects

The Environmental Impact Appraisal Law of the PRC (中華人民共和國環境影響評價法), promulgated by the Standing Committee of the NPC on 28 October 2002, which became effective on 1 September 2003 and was last amended on 29 December 2018 and which amendment became effective on the same date, Administrative Regulations on Environmental Protection of Construction Projects (建設項目環境保護管理條例), promulgated by the State Council on 29 November 1998, which became effective on 29 November 1998 and was amended on 16 July 2017, require enterprises planning construction projects to engage qualified professionals to provide assessment reports on the environmental impact of such projects. The assessment report shall be filed with and approved by the relevant environmental

protection bureau prior to the commencement of any construction work. The construction project shall not commence operation, unless inspected and approved by the relevant environmental protection bureau.

Labour

Employment contracts

The Labour Contract Law of the PRC (中華人民共和國勞動合同法) (“**Labour Contract Law**”), promulgated by the Standing Committee of the NPC on 29 June 2007, which became effective on 1 January 2008 and was amended on 28 December 2012 and became effective on 1 July 2013, governs the relationship between employers and employees and provides for specific provisions in relation to the terms and conditions of an employee contract. The Labour Contract Law stipulates that employee contracts shall be in writing and signed. It imposes more stringent requirements on employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees. Pursuant to the Labour Contract Law, employment contracts lawfully concluded prior to the implementation of the Labour Contract Law and continuing as at the date of its implementation shall continue to be performed. Where an employment relationship was established prior to the implementation of the Labour Contract Law but no written employment contract was concluded, a contract shall be concluded within one month after its implementation.

Employee funds

Under applicable PRC laws, regulations and rules, including the Social Insurance Law (社會保險法), promulgated by the Standing Committee of the NPC on 28 October 2010, which became effective on 1 July 2011, and was amended 29 December 2018 and which amendment became effective on the same date, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), promulgated by the State Council on 22 January 1999, which became effective on 22 January 1999, and was amended 24 March 2019 and which amendment became effective on the same date, and Administrative Regulations on the Housing Provident Fund (住房公積金管理條例), promulgated by the State Council on 3 April 1999, which became effective on 3 April 1999 and as amended on 24 March 2002 and 24 March 2019, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance and to housing provident funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to pay the outstanding amount within a stipulated time period.

Regulations on work safety

According to the Work Safety Law of the PRC (中華人民共和國安全生產法) effective from 1 November 2002 and last amended on 10 June 2021, if anything relating to work safety shall be subject to examination and approval according to the provisions of the relevant laws and regulations (including approval, verification, permission, registration, certification, granting licences, and etc.), the departments responsible for work safety supervision and administration must carry out the examination and approval by strictly following the relevant laws and regulations as well as the conditions and procedures for safe production as required by national or industrial standards. In the event that the administrative department in charge of examination and approval discovers or receives reports that any entity has unlawfully engaged in relevant activities without obtaining approval or without passing the examinations for acceptance, it shall revoke the unlawful act without delay and handle the case according to the law.

Regulations regarding overseas investment, financing and acquisition activities

NDRC supervision

According to the Administrative Measures for the Outbound Investment by Enterprises (企業境外投資管理辦法) promulgated by the NDRC on 26 December 2017, which became effective on 1 March 2018. Projects subject to approval are sensitive projects to be carried out by investors either directly or

through overseas enterprises controlled by them. The approval authority is the NDRC. Projects subject to filing are non-sensitive projects directly carried out by investors, namely the non-sensitive projects involving the direct investment of assets and equities or the provision of financing or guarantees.

Specifically, for a project requiring filing, the authority in charge of filing is (i) the NDRC, if the investor is a centrally administered enterprise (a centrally administered financial enterprise or an enterprise directly subordinate to the administration by the State Council or its subordinate organ); (ii) the NDRC, if the investor is a local enterprise and the amount of Chinese investment is USD 0.3 billion or above; and (iii) the provincial development and reform authority at the place where the investor is registered, if the investor is a local enterprise and the amount of Chinese investment is less than USD 0.3 billion.

These Measures apply *mutatis mutandis* to investments in Hong Kong, Macao or Taiwan made by investors directly or through enterprises under their control.

For a project that falls within the scope of projects subject to approval and filing, the investor shall obtain the approval documents or filing notice for the project prior to the implementation of the project.

Pursuant to the Notice of the National Development and Reform Commission on Pushing Forth Administrative Reform for Filing and Registration for Issuance of Foreign Debt by Enterprises, which was promulgated by the NDRC and became effective on 14 September 2015, where domestic enterprises, overseas enterprises controlled by them or their overseas branches issue foreign debts, which are debt instruments of not less than one year that are denominated in domestic currency or foreign currency with the capital repaid and interest paid as agreed, including bonds issued overseas and long and medium-term international commercial loans, the enterprises shall apply to the NDRC for dealing with the formalities of record-filing and registration before issuance. The NDRC shall decide to accept it or not within five working days upon the receipt of the application and provide the Record-filing and Registration Certification of Issuance of Foreign Debts by Enterprises within seven working days after acceptance. The enterprises shall submit the issuance information to the NDRC within 10 working days of the end of issuance each time. Effective from 10 February 2023, the NDRC Administrative Measures superseded the NDRC Circular. Similar to the requirement under the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issued outside the PRC with a maturity term of one year or longer with the NDRC prior to the issue of the securities and obtain an examination and registration certificate for borrowing foreign debts (企業借用外債審核登記證明). The enterprises are required to file with NDRC the requisite information and documents of the relevant issues through the network system within ten PRC working days after both the completion of the issue of the securities and the expiration date of the examination and registration certificate obtained from the NDRC. In addition, so long as any of such securities issued remain outstanding, such enterprise should file with the NDRC the requisite information, including among others, use of proceeds, plan and arrangement of payment of interest and principal and major business and financial indicators within five PRC working days prior to the end of January and July each year. In case of any material circumstance which may adversely affect the enterprises' due performance of its debts, the enterprises are required to report to the NDRC and take proper measures to control risks.

MOFCOM supervision

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

An enterprise that intends to invest in a sensitive country or region or a sensitive industry shall apply for the verification by MOFCOM. “Sensitive countries and regions” refer to those countries without a diplomatic relationship with the PRC, or subject to the UNSC sanctions or otherwise under the list of verified countries and regions published by MOFCOM from time to time. “Sensitive industries” refer to those industries involving the products and technologies which are restricted from being exported, or affecting the interests of more than one country (or region). In accordance with the New Overseas Investment Rules, a central enterprise shall apply to MOFCOM for verification and MOFCOM shall, within 20 working days after accepting such application, decide whether or not the verification is granted. For a local enterprise, it shall apply through the provincial department of commerce to MOFCOM for such verification. The provincial department of commerce shall give a preliminary opinion within 15 working days after accepting such local enterprise’s application, and submit all application documents to MOFCOM. MOFCOM shall decide whether or not to grant the verification within 15 working days of receipt of such preliminary opinion from the provincial department of commerce. Upon verification, the Enterprise Overseas Investment Certificate shall be issued to the investing enterprise by MOFCOM.

All overseas investments other than those subject to MOFCOM verification as described above are subject to a filing procedure. The investing enterprise shall complete the filing form through the Overseas Investment Management System, an online system maintained by MOFCOM, print out a copy of such filing form for stamping with the company chop, and then submit such stamped filing form together with a copy of its business licence for filing at MOFCOM (for a central enterprise (中央企業)) or the provincial department of commerce (for a local enterprise) respectively.

MOFCOM or the provincial department of commerce shall accept the filing and issue the Enterprise Overseas Investment Certificate within three working days upon receipt of such filing form, if the filing form meets all the relevant requirements.

The investing enterprise must carry out the investment within two years of the date of the relevant Enterprise Overseas Investment Certificate, otherwise such certificate will automatically become invalid and a new filing or verification application has to be made by the investing enterprise. In addition, if any item specified in such certificate is changed, the investing enterprise shall make the change of registration at MOFCOM or the provincial department of commerce (as the case may be).

If an overseas invested company carries out a re-investment activity offshore, the investing enterprise shall report such re-investment activity to MOFCOM or the provincial department of commerce (as the case may be) after the legal process of the investment is completed offshore. The investing enterprise shall complete and print out a copy of the Overseas Chinese-invested Enterprise Re-investment Report Form (境外中資企業再投資報告表) from the Overseas Investment Management System and stamp and submit such form to MOFCOM or the provincial department of commerce.

Foreign exchange administration

According to Regulation of the People’s Republic of China on Foreign Exchange Administration (中華人民共和國外匯管理條例) and Provisions on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (境內機構境外直接投資外匯管理規定), corporations, enterprises or other economic organisations (domestic investors) that have been permitted to make outbound investment shall go through the procedures of registration to the Foreign Exchange Bureau (外匯管理機構). The Foreign Exchange Bureau shall issue the Foreign Exchange Registration Certificate (外匯登記證) for overseas direct investment or an IC card to the domestic institution. The domestic institution shall go through the formalities for outward remittance of funds for overseas direct investment at a designated foreign exchange bank by presenting the approval document issued by the department in charge of overseas direct investment and the Foreign Exchange Registration Certificate for overseas direct investment. The scope of foreign exchange funds for overseas direct investment of domestic institutions includes their own foreign exchange funds, domestic loans in foreign currencies in compliance with relevant provisions, foreign exchange purchased with Renminbi, material objects,

intangible assets and other foreign exchange funds approved by the Foreign Exchange Bureaus for overseas direct investment. The profits gained from overseas direct investment of domestic institutions may be deposited in overseas banks and used for overseas direct investment.

According to the Administrative Measures for Foreign Debt Registration and its operating guidelines, effective as at 13 May 2013, issuers of foreign debts are required to register with the SAFE. Issuers other than banks and financial departments of the government shall go through registration or record filing procedures with the local branch of the SAFE within 15 business days of entering into a foreign debt agreement. If the receipt and payment of funds related to the foreign debt of such issuer is not handled through a domestic bank, the issuer shall, in the event of any change in the amount of money withdrawn, principal and interest payable or outstanding debt, go through relevant record-filing procedures with the local branch of the SAFE.

On 12 January 2017, the PBOC issued the Notice of the People's Bank of China on matters concerning the Macro-Prudential Management of Full-Covered Cross-Border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知)(the “**Cross-Border Financing Notice**”), which came into effect on the same day. The Cross-Border Financing Notice established a mechanism aimed at regulating cross border financing activities based on the capital or net asset of the borrowing entities using a prudent management principle on a macro nationwide scale. The Cross-Border Financing Notice applies to non-financial enterprises, excluding financing platforms of the government and real estate corporations.

State-owned assets supervision

The Interim Measures for Administration of Overseas State-owned Property Rights of Central Enterprises (中央企業境外國有產權管理暫行辦法) and the Interim Measures for the Supervision and Administration of Overseas State-owned Assets of Central Enterprises (中央企業境外國有資產監督管理暫行辦法) also apply to overseas investment projects. Where overseas enterprises wholly owned or controlled by central enterprises or their subsidiaries at all levels conduct economic activities such as transferring or acquiring properties, making non-monetary contribution, changing the state-owned shareholding in non-listed companies, consolidation, division, dissolution or liquidation, they shall appoint a professional agency with the corresponding qualifications, professional experiences and good reputation to evaluate or assess the subject matters, and the evaluation items or valuation results shall be submitted to SASAC for record-filing or approval (as the case may be).

Pursuant to the Interim Measures for Administration of Overseas State-owned Property Right of Central Enterprises, the central enterprise shall, in a unified way, apply for property right registration with the SASAC, where any of the following events take place in connection with a central enterprise or its subsidiaries at all levels:

1. where an overseas enterprise is established by way of investment, division or consolidation, or the property right of an overseas enterprise is obtained for the first time by way of acquisition or equity investment;
2. where any change occurs to an overseas enterprise's basic information including its name, registration place, registered capital and the main business scope, or the overseas enterprise's property right information changes due to any changes in the capital contributors, amount of capital contributions and proportions of capital contributions;
3. where an overseas enterprise no longer keeps state-owned property right due to dissolution, bankruptcy, or property right transfer and capital reduction; or
4. other circumstances in which property right registration needs to be made.

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.

HONG KONG

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Bonds.

Stamp Duty

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

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.

Income Tax

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

Such income tax shall be withheld by the Issuer or the Guarantor (as the case may be) that is acting as the obligatory withholder and such PRC enterprise shall withhold the tax amount from each payment or payment due. To the extent that the PRC has entered into arrangements relating to the avoidance of double taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified non-PRC resident enterprise Bondholders.

Under the EIT Law and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a “non-resident enterprise” means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which

has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by enterprise holders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, under the IIT Law, any individual who has no domicile and does not live within the territory of the PRC or who has no domicile but has lived within the territory of China for less than 183 days in aggregate shall pay individual income tax for any income obtained within the PRC. There is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied.

VAT

Under Circular 36 which introduced a new VAT from 1 May 2016 to replace business tax, VAT is applicable where the entities or individuals provide services within the PRC. The revenues generated from the provision of taxable sale of services by entities and individuals, such as financial services, shall be subject to PRC VAT if the seller or buyer of the services is within the PRC. In the event that non-PRC entities or individuals do not have a business establishment in the PRC, the purchaser of services shall act as the withholding agent. According to the Explanatory Notes to Sale of Services, Intangible Assets and Real Property attached to Circular 36, financial services refer to the business activities of financial and insurance operation, including loan processing services, financial services of direct charges, insurance services and the transfer of financial instruments, and the VAT rate is 6 per cent. Accordingly, the interest and other interest like earnings received by a non-PRC resident Bondholder from the Issuer or the Guarantor (as the case may be) is likely to be subject to PRC VAT at the rate of 6 per cent., and consequently, the Issuer will be obligated to withhold VAT of 6 per cent. and certain surcharges on payments of interest and certain other amounts on the Bonds paid by the Issuer or the Guarantor (as the case may be) to Bondholders that are non-resident enterprises or individuals. As the withholding agent, the Issuer or the Guarantor (as the case may be) shall calculate the withholding tax according to the following formula: $\text{withholding tax} = \text{price paid by the purchaser} \div (1 + \text{tax rate}) \times \text{tax rate}$. According to the Circular of the State Council on the Unification of the System of Urban Maintenance and Construction Tax (the “UMCT”) and Education Surcharges (the “**Education Surcharges**”) for Domestic and Foreign Enterprises and Individual (Guofa [2010] No. 35)(國務院關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知), foreign-invested enterprises, foreign enterprises and foreign individuals will be subject to the UMCT and Education Surcharges effective from 1 December 2010. Therefore, while withholding VAT, domestic issuers should withhold UMCT and Education Surcharges on the basis of VAT tax. The rates of UMCT is 7 per cent. Therefore, the amount of interest payable by the Issuer or the Guarantor (as the case may be) to any non-PRC resident Bondholder may be subject to certain local levies of 12.5 per cent. of the VAT payment, so consequently the combined rate of the VAT and such local levies would be around 6.75 per cent. However, there is uncertainty as to whether gains derived from a sale or exchange of Bonds consummated outside of the PRC between non-PRC resident Bondholders will be subject to PRC VAT. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. Circular 36 together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties. However, despite the withholding of PRC tax by the Issuer or the Guarantor (as the case may be), each of them has agreed to

pay additional amounts to holders of the Bonds so that holders of the Bonds would receive the full amount of the scheduled payment, as further set out in “*Terms and Conditions of the Bonds – 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 of the PRC.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold tax on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer or the Guarantor may be a foreign financial institution for these purposes. A number of jurisdictions (including Hong Kong and the PRC) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change.

Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, and Bonds characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Bonds, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with the Joint Lead Managers dated 11 April 2024 (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 the Bonds to be subscribed
	<i>U.S.\$</i>
China International Capital Corporation Hong Kong Securities Limited	104,996,000
Huatai Financial Holdings (Hong Kong) Limited	104,996,000
BOSC International Securities Limited	1,000
China Securities (International) Corporate Finance Company Limited	1,000
CLSA Limited	1,000
CMBC Securities Company Limited	1,000
Industrial Bank Co., Ltd. Hong Kong Branch	1,000
Maxwealth Global Asset Management Company Limited	1,000
SPDB International Capital Limited	1,000
TFI Securities and Futures Limited	1,000
Total	<u>210,000,000</u>

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 may perform certain investment banking and advisory services for, and enter into certain commercial banking transactions with, the Issuer, the Guarantor and/or their respective subsidiaries, from time to time, for which they may receive 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 their respective 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 its own account and may take up Bonds in the offering and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Issuer and/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. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Bonds. If this is the case, liquidity of trading in the Bonds may be constrained (see “*Risk Factors – Risks Relating to the Bonds and the Guarantee – An active trading market for the Bonds may not develop*”). The Issuer, the Guarantor and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Bonds among individual investors.

In connection with the issue of the Bonds, any of the Joint Lead Managers appointed and acting in its capacity as a Stabilisation Manager or any person acting on behalf of the Stabilisation Manager may, to the extent permitted by applicable laws and directives, over-allot the 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 or the Guarantor and any loss resulting

from over-allotment and stabilisation will be borne, and any profit arising therefrom shall be beneficially retained, by the Stabilisation Manager or, as the case may be, the Joint Lead Managers in the manner agreed by them. 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 Bonds is made and, if begun, may be ended at any time, but must end after a limited period. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Stabilisation Manager.

IMPORTANT NOTICE TO CAPITAL MARKET INTERMEDIARIES (INCLUDING PRIVATE BANKS)

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

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

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

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

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

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

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

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

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

Underlying investor information in relation to omnibus orders should consist of:

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

Underlying investor information in relation to omnibus order should be sent to: IB_mountain_2023@cicc.com.cn; dcm@htsc.com; DCM_HK@csci.hk; Ib.dcm.eastchina@clsa.com; ficcsyndicate@citiclsa.com; dcm@cmbccap.com; cmd_dcm@cibhk.com and dcm@tfisec.com.

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

By placing an order, prospective investors (including any underlying investors in relation to omnibus orders) are deemed to represent to the Joint Lead Managers that it is not a Sanctions Restricted Person. A “Sanctions Restricted Person” means an individual or entity (a “**Person**”): (a) that is, or is directly or indirectly owned or controlled by a Person that is, described or designated in (i) the most current “Specially Designated Nationals and Blocked Persons” list (which as of the date hereof can be found at: <http://www.treasury.gov/ofac/downloads/sdnlist.pdf>) or (ii) the Foreign Sanctions Evaders List (which as at the date of this Offering Circular can be found at: <http://www.treasury.gov/ofac/downloads/fse/fselist.pdf>) or (iii) the most current “Consolidated list of persons, groups and entities subject to EU financial sanctions” (which as at the date of this Offering Circular can be found at: https://eeas.europa.eu/headquarters/headquartershomepage_en/8442/Consolidated%20list%20of%20sanctions); or (b) that is otherwise the subject of any sanctions administered or enforced by any Sanctions Authority, other than solely by virtue of: (i) their inclusion in the most current “Sectoral Sanctions Identifications” list (which as at the date of this Offering Circular can be found at: <https://www.treasury.gov/ofac/downloads/ssi/ssilist.pdf>) (the “**SSI List**”), (ii) their inclusion in Annexes 3, 4, 5 and 6 of Council Regulation No. 833/2014, as amended by Council Regulation No. 960/2014 (the “**EU Annexes**”), (iii) their inclusion in any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes, (iv) them being the subject of restrictions imposed by the U.S. Department of Commerce’s Bureau of Industry and Security (“**BIS**”) under which BIS has restricted exports, re-exports or transfers of certain controlled goods, technology or software to such individuals or entities; (v) them being an entity listed in the Annex to the new Executive Order of 3 June 2021 entitled “Addressing the Threat from Securities Investments that Finance Certain Companies of the People’s Republic of China” (known as the Non-SDN Chinese Military-Industrial Complex Companies List), which amends the Executive Order 13959 of 12 November 2020 entitled “Addressing the threat from Securities Investments that Finance Chinese Military Companies”; or (vi) them being subject to restrictions imposed on the operation of an online service, Internet application or other information or communication services in the United States directed at preventing a foreign government from accessing the data of U.S. persons; or (c) that is located, organised or a resident in a comprehensively sanctioned country or territory, including Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, the Donetsk’s People’s Republic or Luhansk People’s Republic. “Sanctions Authority” means: (a) the United States government; (b) the United Nations; (c) the European Union (or any of its member states); (d) the United Kingdom; (e) any other equivalent governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions; and (f) the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury, the United States Department of State, the United States Department of Commerce and His Majesty’s Treasury.

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 or 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 with any securities regulatory authority of any state or other jurisdiction of the United States 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.

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

- (i) it and its affiliates has not offered or sold, and agrees that it and its affiliates will not offer or sell, any Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S; and
- (ii) none of it, its affiliates or any persons acting on its or their behalf have engaged or will engage in any “directed selling efforts” (as defined in Regulation S) with respect to the Bonds or the Guarantee.

UNITED KINGDOM

Each of the Joint Lead Managers has represented and agreed that:

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

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public 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 under the SFO.

PRC

Each of the Joint Lead Managers has represented, warranted and undertaken that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including Hong Kong and the Macau or Taiwan), except as permitted by applicable laws of the PRC.

SINGAPORE

Each of the Joint Lead Managers has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each 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 Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

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

JAPAN

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each of the Joint Lead Managers has represented, warranted and undertaken that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) 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 and regulations of Japan.

MACAU

The Bonds have not been and will not be promoted, distributed, sold or delivered in Macau, or any document relating to the Bonds be distributed or circulated in Macau, except under the terms of and in compliance with the Macau Financial System Act and any other laws and regulations in Macau that may apply to the offer and sale of the Bonds in Macau. The Bonds have not been and will not be registered or otherwise authorised for public offer under the Financial System Act of Macau and applicable regulations, thus may not be offered or sold in Macau, unless such offer is made by Macau licensed entities according to the Macau Financial System Act and upon their communication to the Macau Monetary Authority and Chongwa (Macao) Financial Asset Exchange Co., Ltd., in observation of the guidelines and recommendations issued by the Macau local regulatory authority from time to time.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

The audited consolidated financial statements of the Issuer and the Guarantor included in this Offering Circular were prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications between PRC GAAP and IFRS. The following is a general summary of certain differences between PRC GAAP and IFRS on recognition and presentation as applicable to the Issuer and the Guarantor. The differences identified below are limited to those significant differences that are appropriate to the Issuer's and the Guarantor's consolidated financial statements. The Issuer and the Guarantor are responsible for preparing the summary below. Since the summary is not meant to be exhaustive, there is no assurance regarding the completeness of the financial information and related footnote disclosure between PRC GAAP and IFRS and no attempt has been made to quantify such differences. Had any such quantification or reconciliation been undertaken by the Issuer and/or the Guarantor, other potentially significant accounting and disclosure differences may have required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate PRC GAAP and IFRS have significant ongoing projects that could affect future comparisons or events that may occur in the future. Accordingly, no assurance is provided that the following summary of differences between PRC GAAP and IFRS is complete.

In making an investment decision, each investor must rely upon its own examination of the Issuer and the Guarantor, the terms of the offering and other disclosure contained herein. Each investor should consult its own professional advisers for an understanding 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.

ACCOUNTING YEAR

Under the PRC GAAP, the accounting year shall run from 1 January to 31 December.

IFRS requires financial statements to be presented at least annually. However, it does not specify the start or end of the financial reporting period and permits an entity to change its reporting date.

REVERSAL OF AN IMPAIRMENT LOSS

Under PRC GAAP, once an impairment loss is recognised for a long-term asset (including investment property valued under 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.

CLASSIFICATION OF EXPENSES IN THE INCOME STATEMENT/STATEMENT OF COMPREHENSIVE INCOME

Under the PRC GAAP, expenses must be classified based on their function in the income statement.

Under IFRS, enterprises may classify expenses either based on the nature of the expenses or their function in the statement of comprehensive income, depending on which format is considered reliable and more relevant.

RELATED PARTY DISCLOSURES

Under PRC GAAP, only state-controlled without other related party relationship companies are not treated as related parties; government-related entities are not treated as related parties.

Under IFRS, state-controlled companies are not treated as related parties; government-related entities may still be treated as related parties if such government-related entities can exercise significant influence over the reporting entity.

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.

GOVERNMENT GRANT

Under PRC GAAP, an assets-related government grant is only required to be recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. However, under IFRS, such assets-related government grants are allowed to be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Under PRC GAAP, the relocation compensation for public interests is required to be recognised as special payables. The income from compensation attributable to losses of fixed assets and intangible assets, related expenses, losses from production suspension incurred during the relocation and reconstruction period and purchases of assets after the relocation are 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, assets-related government grants are allowed to be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Under IFRS, if an entity relocates for reasons of public interests, the compensation received shall be recognised in profit or loss.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Under PRC GAAP, an enterprise shall measure available-for-sale financial assets at their fair values. If the available-for-sale financial assets do not have a quoted market price in an active market, and their fair value cannot be reliably measured, cost model shall be applied.

Under IFRS, available-for-sale financial assets are measured at fair value.

NON-CONTROLLING INTEREST/MINORITY INTEREST

Under PRC GAAP, the acquirer should always recognise the minority interest at the minority shareholders' proportionate interest in the acquiree's identifiable net assets.

Under IFRS, the acquirer can choose, on an acquisition by acquisition basis, whether to measure components of non-controlling interest in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

IMPAIRMENT OF ASSETS (INCLUDING LONG-TERM ASSETS MEASURED AT HISTORICAL COST, SUCH AS FIXED ASSETS AND INTANGIBLE ASSETS, AND ASSETS HELD FOR SALE)

Under PRC GAAP, once an impairment loss is recognised, it shall not be reversed in a subsequent period (except for the current assets impairment loss).

Under IFRS, impairment losses recognised in prior periods for an asset other than goodwill should be reversed when the recoverable amount of the asset increases as a result of a change in estimates.

STATEMENT OF CASH FLOWS

Under PRC GAAP, the direct method together with a supporting note reconciling operating results to cash flows arising from operations is the only permitted method.

Under IFRS, enterprises can choose whether to present cash flows from operating activities using the direct method or indirect method. Typically, entities reporting under IFRS use the indirect method.

REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 – Revenue from Contracts with Customers (“**IFRS 15**”) is effective for the annual reporting period commencing 1 January 2018. On 5 July 2017, the MOF issued revised the Accounting Standards for Business Enterprises No. 14 – Revenue (the “**new PRC Revenue Standards**”). According to the transition requirements of the new PRC Revenue Standards, as the Company is not listed overseas, the Company is not required to implement the new PRC Revenue Standards till 1 January 2021.

There is no substantive difference between the new PRC Revenue Standards and IFRS 15 except for the effective date illustrated as above.

Under the new PRC Revenue Standards and IFRS 15, the core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

Step one: Identify the contract(s) with a customer.

Step two: Identify the performance obligations in the contract.

Step three: Determine the transaction price.

Step four: Allocate the transaction price to the performance obligations in the contract.

Step five: Recognise revenue when (or as) the entity satisfies a performance obligation.

Application of this guidance will depend on the facts and circumstances present in a contract with a customer and will require the exercise of judgment.

By reviewing the sales contracts which had not been performed as of 1 January 2021, the Company estimates that the adoption of the new PRC Revenue Standards does not affect the financial statements of the Company significantly, mainly because the transfer of risks and rewards and the realization of the performance obligation of the sales contract are usually synchronous. Besides, generally only one performance obligation is identified in each sales contract of the Company. The adoption of the new PRC Revenue Standards has no significant impact on the company’s revenue, net profit and shareholders’ equity.

LEASES

IFRS 16 – Leases (“**IFRS 16**”) is effective for the annual reporting period commencing 1 January 2019. On 7 Dec 2018, the MOF issued revised the Accounting Standards for Business Enterprises No. 21 – Leases (the “**New PRC Leases Standards**”). According to the transition requirements of the new PRC Leases Standards, as the Company is not listed overseas, the Company is not required to implement the new PRC Revenue Standards till 1 January 2021.

There is no substantive difference between the new PRC Leases Standards and IFRS 16 except for the effective date illustrated as above.

Under the new PRC Leases Standards and IFRS 16, upon lease commencement a lessee recognises a right-of-use asset and a lease liability other than the two exemptions: leases with a lease term of 12 months or less and containing no purchase options; and leases where the underlying asset has a low value.

BUSINESS COMBINATIONS UNDER THE COMMON CONTROL

Under PRC GAAP, there are specific provisions for a business combination under common control and the recognition and measurement of the investment.

Under IFRS, there is no such specific provision for a business combination under common control and the recognition and measurement of the investment.

GENERAL INFORMATION

1. **Clearing System:** The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 279807669 and the ISIN for the Bonds is XS2798076696. The Legal Entity Identifier of the Issuer is 655600UIE6ET2H22QE27.
2. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorised by a resolution of board of directors of the Issuer dated 15 January 2024 and a shareholder resolution of the Issuer dated 22 January 2024. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the giving 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 Guarantee Approval Form of the Guarantor passed on 22 January 2024.
3. **No Material and Adverse Change:** There has been no material adverse change, or any development or event involving a prospective change, in the condition (financial or other), prospects, results of operations or general affairs of the Issuer, the Guarantor or the Group since 31 December 2022.
4. **Litigation:** None of the Issuer, the Guarantor or any member of the Group is involved in any litigation or arbitration proceedings which could have a material and adverse effect on their businesses, results of operations and financial condition nor is the Issuer or the Guarantor aware that any such proceedings are pending or threatened.
5. **Available Documents:** Copies of the Trust Deed, the Deed of Guarantee and the Agency Agreement relating to the Bonds will be available for inspection by the Bondholders at all reasonable times during normal business hours (being between 9:00 a.m. and 3:00 p.m., (Hong Kong time)) from the Issue Date at the specified office of the Principal Paying Agent, being at the date of issue of the Bonds at 3/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong) upon prior written request and proof of holding and identity to the satisfaction of the Principal Paying Agent, or may be provided by email to such Bondholder.
6. **Financial Statements:** The Issuer's Audited Financial Statements and the Guarantor's Audited Financial Statements have been audited by RSM China.
7. **Listing of Bonds:** Approval in-principal has been obtained from the SGX-ST for the listing of and quotation for the Bonds on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission of the Bonds 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, its subsidiaries, its associated companies or the Bonds. The Bonds will be traded on the SGX-ST in a minimum trading 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. For so long as any Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that definitive certificates are issued for Bonds, the Issuer shall appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption. In addition, in the event that definitive certificates are issued for Bonds, 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 definitive certificates, including details of the paying agent in Singapore.

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Auditor's Report

Huzhou Moganshan High-tech Group Co., Ltd.

RSM SZ [2023] NO.310Z0347

RSM CHINA CPA LLP

CHINA·BEIJING

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Auditor's Report

RSM SZ [2023] No.310Z0347

To the Shareholders of Huzhou Moganshan High-tech Group Co., Ltd.:

I. Opinion

We have audited the financial statements of Huzhou Moganshan High-tech Group Co., Ltd. (hereafter referred to as "**High-tech Group Corporation**"), which comprises the consolidated and the parent company's statement of financial position as at 31 December 2022, 31 December 2021 and 31 December 2020, the consolidated and the parent company's statement of profit or loss and other comprehensive income, the consolidated and the parent company's statement of cash flows, the consolidated and the parent company's statement of changes in equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying **High-tech Group Corporation's** financial statements present fairly, in all material respects, the consolidated and the company's financial position as at 31 December 2022, 31 December 2021 and 31 December 2020, and their financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises and China Accounting System for Business Enterprises.

II. Basis for Opinion

We conducted our audit in accordance with Chinese Standards on Auditing ("**CSAs**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of **High-tech Group Corporation** in accordance with the Code of Ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical

responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management of **High-tech Group Corporation** (hereafter referred to as "**Management**") is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards of Business Enterprises, and for the design, implementation and maintenance of such internal control as **Management** determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, **Management** is responsible for assessing **High-tech Group Corporation'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 **High-tech Group Corporation** or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing **High-tech Group Corporation's** financial reporting process.

IV. Auditor's Responsibilities for the Audit of the Financial Statements

Our Objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with **CSAs** 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 part of an audit in accordance with **CSAs**, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- i) 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, intentional omissions, misrepresentations, or the override of internal control.
- ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by **Management**.
- iv) Conclude on the appropriateness of **Management's** use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on **High-tech Group Corporation's** ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to 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 **High-tech Group Corporation** to cease to continue as a going concern.
- v) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- vi) Obtain sufficient appropriate audit evidence regarding the financial information of

the entities or business activities within **High-tech Group Corporation** to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(There is no text below, which is the signature and stamp page of RSM SZ [2023] NO.310Z0347, Huzhou Moganshan High-tech Group Co., Ltd.'s audit report.)

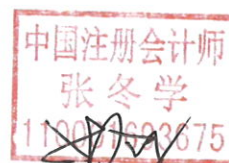


China·Beijing



Name of CPA: 叶帮芬

China Certified Public Accountant



Name of CPA: 张冬学

China Certified Public Accountant

Date: 27 April 2023



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Prepared by: Fuzhou Mogan Shan High-tech Group Co., Ltd.

Unit: Yuan Currency: CNY

Item	Note	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020	Item	Note	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020
Current assets:					Current liabilities:				
Cash and cash equivalents	5.1	6,961,583,658.31	6,499,301,203.20	4,128,783,416.47	Short-term borrowings	5.20	3,878,103,883.00	2,719,783,447.77	2,928,600,000.00
Held-for-trading financial assets				Not applicable	Held-for-trading financial liabilities				Not applicable
Financial assets at fair value through profit or loss		Not applicable	Not applicable		Financial liabilities at fair value through profit or loss		Not applicable	Not applicable	
Derivative financial assets					Derivative financial liabilities				
Notes receivable		145,221.40		4,250.00	Notes payable	5.21	6,650,000.00	201,176,638.60	40,390,783.60
Accounts receivable	5.2	792,850,827.62	88,835,378.25	261,176,852.89	Accounts payable	5.22	232,816,043.35	383,335,330.42	391,986,768.80
Accounts receivable financing				Not applicable	Advances from customers	5.23	13,143,810.40	15,069,100.69	530,062,878.30
Prepayments	5.3	67,983,000.63	493,980,623.45	486,819,123.47	Contract liabilities	5.24	1,414,138,375.85	795,859,837.81	Not applicable
Other receivables	5.4	9,964,336,750.33	8,752,417,035.28	8,981,800,823.05	Employee benefits payable	5.25	537,728.62	1,628,770.10	9,273,923.26
Including: Interest receivable				21,932,137.72	Taxes payable	5.26	48,033,675.50	43,704,709.28	22,509,262.55
Dividend receivable		1,672,047.20	19,231.25		Other payables	5.27	1,404,972,638.88	1,253,549,313.90	1,827,448,238.83
Inventories	5.5	47,780,591,320.18	38,149,986,480.57	30,948,657,929.95	Including: Interest payable				466,845,507.71
Contract assets	5.6	38,919,760.23	34,971,425.71	Not applicable	Dividend payable				
Assets classified as held for sale					Liabilities classified as held for sale				
Non-current assets maturing within one year	5.7	65,349,000.00	46,885,000.00		Non-current liabilities maturing within one year	5.28	10,739,888,328.96	9,482,665,054.75	7,979,150,067.65
Other current assets	5.8	421,768,580.47	396,249,838.07	369,600,301.58	Other current liabilities	5.29	717,695,981.91	51,752,512.61	
Total current assets		65,193,758,119.17	54,462,626,984.53	45,176,842,697.41	Total current liabilities		18,455,985,471.47	14,948,524,715.93	13,729,421,922.97
Non-current assets:					Non-current liabilities:				
Debt investments	5.9	7,412,814.23	73,000,000.00	Not applicable	Long-term borrowings	5.30	17,557,028,637.76	12,338,846,367.38	10,731,212,977.82
Available-for-sale financial assets		Not applicable	Not applicable	2,323,404,856.74	Bonds payable	5.31	16,663,427,725.42	14,882,513,628.93	8,044,976,718.40
Other debt investments				Not applicable	Including: Preference shares				
Held-to-maturity investments		Not applicable	Not applicable		Perpetual bonds				
Long-term receivables				250,669,000.00	Lease liabilities				Not applicable
Long-term equity investments	5.10	471,238,185.55	442,498,193.10	559,996,830.23	Long-term payables	5.32	183,552,965.47	15,238,890.28	19,650,980.10
Other equity instrument investments	5.11	2,577,454,507.84	2,516,715,151.20	Not applicable	Long-term employee benefits payable				
Other non-current financial assets	5.12	415,616,900.00	312,020,000.00	Not applicable	Estimated liabilities				
Investment properties	5.13	8,581,981,300.00	4,541,910,084.52	3,473,646,500.00	Deferred income	5.33	3,484,982.42		
Property, plant and equipment	5.14	3,249,259,578.81	461,111,504.67	478,939,085.53	Deferred tax liabilities	5.18	956,411,421.00	711,592,579.91	588,222,665.36
Construction in progress	5.15	792,905,681.89	1,353,013,114.41	1,031,321,899.58	Other non-current liabilities	5.34	620,000,000.00	1,696,940,000.00	2,929,210,000.00
Productive biological assets					Total non-current liabilities		35,983,905,732.07	29,645,131,466.50	22,313,273,341.68
Oil and gas assets					Total liabilities		54,439,891,203.54	44,593,656,182.43	36,042,695,264.65
Right-of-use assets				Not applicable	Owners' equity:				
Intangible assets	5.16	8,700,462,646.49	7,673,481,897.17	3,510,240,005.27	Paid-in capital	5.35	10,000,000,000.00	10,000,000,000.00	10,000,000,000.00
Research and development expenditure					Other equity instruments				
Goodwill					Including: Preference shares				
Long-term deferred expenses	5.17	135,520,507.16	192,973,636.40	164,943,396.23	Perpetual bonds				
Deferred tax assets	5.18	18,934,449.09	17,580,067.62	4,784,485.51	Capital reserves	5.36	21,260,191,708.30	13,832,737,831.99	7,574,123,639.64
Other non-current assets	5.19	388,264,474.84	224,280,000.00		Less: Treasury stock				
Total non-current assets		25,339,051,045.90	17,808,583,649.09	11,797,946,059.09	Other comprehensive income	5.37	2,440,392,997.70	1,732,800,736.06	1,391,158,367.41
					Specific reserves				
					Surplus reserves	5.38	155,662,095.03	155,662,095.03	155,662,095.03
					Retained earnings	5.39	2,148,196,959.20	1,946,178,630.75	1,733,210,367.22
					Total owner's equity attributable to parent company		36,004,443,760.23	27,667,379,293.83	20,854,154,469.30
					Non-controlling interests		88,474,201.30	10,175,157.36	77,939,022.55
					Total owners' equity		36,092,917,961.53	27,677,554,451.19	20,932,093,491.85
Total assets		90,532,809,165.07	72,271,210,633.62	56,974,788,756.50	Total liabilities and owners' equity		90,532,809,165.07	72,271,210,633.62	56,974,788,756.50

Legal Representative:

Chief Financial Officer:

Finance Manager:

刚决
印志

丁岚

费聪

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER**

Prepared by: Huzhou Mogushan High-tech Group Co., Ltd.

Unit: Yuan Currency: CNY

Item	Note	2022	2021	2020
I. Revenue	5.40	2,301,366,694.75	2,098,637,436.38	1,991,951,302.92
Less: Costs of sales	5.40	2,150,169,598.83	1,954,893,470.59	1,903,699,835.61
Taxes and surcharges	5.41	57,542,075.68	49,628,359.14	29,631,442.77
Selling and distribution expenses		8,431,143.60	6,397,330.24	9,821,430.28
General and administrative expenses		300,923,712.33	319,753,241.39	162,524,676.56
Research and development expenses				
Finance costs	5.42	208,114,757.64	122,501,527.72	344,695,770.67
Including: Interest expenses		317,365,773.92	245,752,727.41	419,337,226.25
Interest income		182,752,324.83	119,327,240.95	85,380,246.14
Add: Other income	5.43	574,413,607.90	605,202,632.96	415,283,366.68
Investment income/(losses)	5.44	55,361,182.60	3,564,394.95	178,199,118.91
Including: Investment income from associates and joint ventures		31,196,875.39	-13,103,165.83	-5,628,195.69
Derecognition income of financial assets measured at amortized cost				Not applicable
Income/(losses) from net exposure hedging				Not applicable
Gains/(losses) from changes in fair values	5.45	35,819,015.48	37,956,500.00	69,778,500.00
Credit impairment losses	5.46	-10,017,525.83	-9,695,457.51	Not applicable
Asset impairment losses		-	-	-979,221.02
Gains/(losses) from disposal of assets		130,542.32	103,296.93	20,985.47
II. Profit/(loss) from operations		231,892,229.14	282,594,874.63	203,880,897.07
Add: Non-operating income	5.47	5,197,877.99	10,533,392.84	23,305,559.99
Less: Non-operating expenses	5.48	50,487.95	37,803,796.05	5,091.25
III. Profit/(loss) before tax		237,039,619.18	255,324,471.42	227,181,365.81
Less: Income tax expenses	5.49	18,936,146.78	7,159,579.39	16,204,567.79
IV. Net profit/(loss) for the year		218,103,472.40	248,164,892.03	210,976,798.02
(I) Net profit/(loss) by continuity				
Net profit/(loss) from continuing operation		218,103,472.40	248,164,892.03	210,976,798.02
Net profit/(loss) from discontinued operation				
(II) Net profit/(loss) by ownership attribution				
Attributable to owners of the parent		216,881,445.40	247,707,118.17	212,618,105.44
Attributable to non-controlling interests		1,222,026.99	457,773.86	-1,641,307.42
V. Other comprehensive income for the year, after tax		707,592,261.64	341,642,368.65	3,772,374.18
(a) Attributable to owners of the parent		707,592,261.64	341,642,368.65	3,772,374.18
(i) Items that will not be reclassified subsequently to profit or loss				
1. Remeasurement of the net defined benefit liability (asset)				
2. Share of the other comprehensive income of the investee accounted for using the equity method which will not be reclassified subsequently to profit and loss				
3. Changes in fair value of other equity instrument investments			Not applicable	Not applicable
4. Changes in fair value of the enterprise's own credit risk			Not applicable	Not applicable
(ii) Items that may be reclassified subsequently to profit or loss		707,592,261.64	341,642,368.65	3,772,374.18
1. Share of the other comprehensive income of the investee accounted for using the equity method which will be reclassified subsequently to profit or loss				
2. Changes in fair value of other debt investments			Not applicable	Not applicable
3. Gains/(losses) arising from changes in fair value of available-for-sale financial assets		Not applicable		
4. Amount of financial assets reclassified and included in other comprehensive income			Not applicable	Not applicable
5. Gains/(losses) arising from reclassification of held-to-maturity investment as available-for-sale financial assets		Not applicable		
6. Credit impairment reserves of other debt investments			Not applicable	Not applicable
7. The effective portion of the gains/losses on cash flow hedge				
8. Exchange differences on translating foreign operations				
9. The non-investment properties are transformed into the investment properties which adopt the fair value model for subsequent measurement	5.37	707,592,261.64	341,642,368.65	3,772,374.18
(b) Attributable to non-controlling interests				
VI. Total comprehensive income for the year		925,695,734.03	589,807,260.68	214,749,172.20
Attributable to owners of the parent		924,473,707.04	589,349,486.82	216,390,479.62
Attributable to non-controlling interests		1,222,026.99	457,773.86	-1,641,307.42
VII. Earnings per share:				
Basic earnings per share				
Diluted earnings per share				

For business combination under common control, net profit of the acquiree before the combination in 2022 is CNY0.00, net profit of acquiree in 2021 is CNY5,688,483.38, net profit of acquiree in 2020 is CNY273,516.10.

Legal Representative:

Chief Financial Officer:

Finance Manager:

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

Prepared by: Huzhou Jogan Shan High-tech Group Co., Ltd.

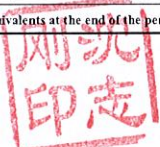
Unit: Yuan Currency: CNY

Items	Note	2022	2021	2020
I. Cash flows from operating activities				
Cash received from sale of goods or rendering of services		3,178,731,756.72	3,008,120,055.82	2,059,252,335.90
Refund of tax and levies		125.00	161,921,172.09	35,146,139.63
Other cash received relating to operating activities		1,527,846,728.97	2,086,075,063.04	2,460,278,740.74
Sub-total of cash inflows from operating activities		4,706,578,610.69	5,256,116,290.95	4,554,677,216.27
Cash paid for received commodities or labor		10,123,307,645.83	6,767,127,865.45	4,682,119,295.52
Cash paid to and for employees		39,442,205.67	130,502,086.64	91,970,810.09
Payments of all types of taxes		70,114,575.17	74,848,418.12	41,580,158.17
Other cash paid relating to operating activities		2,166,968,073.66	1,272,206,720.67	2,675,830,875.23
Sub-total of cash outflows from operating activities		12,399,832,500.33	8,244,685,090.88	7,491,501,139.01
Net cash flows from operating activities		-7,693,253,889.64	-2,988,568,799.93	-2,936,823,922.74
II. Cash flows from investing activities				
Cash received from disposal of investments		116,788,040.97	196,330,869.54	1,937,335,594.46
Cash received from returns on investments		27,165,754.07	11,018,676.00	189,545,456.27
Net cash received from disposals of property, plant and equipment, intangible assets and other long-term assets		208,519.68	385,331.33	21,173,395.75
Net cash received from disposals of subsidiaries or other business units		-	-	-
Other cash received relating to investing activities		1,659,272.55	-	-
Sub-total of cash inflows from investing activities		145,821,587.27	207,734,876.87	2,148,054,446.48
Cash paid to acquire property, plant and equipment, intangible assets and other long-term assets		390,460,332.32	1,323,613,833.94	750,250,099.28
Cash paid to acquire investments		366,762,814.23	815,516,000.00	2,591,976,000.00
Net cash paid to acquire subsidiaries and other business units		-	-	170,087,793.61
Other cash payments relating to investing activities		-	242,867.87	310,684,619.46
Sub-total of cash outflows from investing activities		757,223,146.55	2,139,372,701.81	3,822,998,512.35
Net cash flows from investing activities		-611,401,559.28	-1,931,637,824.94	-1,674,944,065.87
III. Cash flows from financing activities				
Cash received from capital contributions		74,413,900.00	9,800,000.00	37,500,000.00
Including: Cash receipts from minority shareholders' investments absorbed by subsidiaries		74,413,900.00	9,800,000.00	37,500,000.00
Cash received from borrowings		26,154,289,872.00	20,913,257,906.46	19,470,468,348.61
Other cash received relating to financing activities		3,347,353,914.72	3,255,154,300.09	561,588,058.86
Sub-total of cash inflows from financing activities		29,576,057,686.72	24,178,212,206.55	20,069,556,407.47
Cash repayments of amounts borrowed		17,254,496,133.02	12,904,717,491.09	11,171,996,975.71
Cash payments for dividends, distribution of profit or interest expenses		2,907,846,733.54	2,115,957,526.11	2,200,828,107.82
Including: Cash payments for dividends and distribution of profit to minority shareholders		-	-	-
Other cash payments relating to financing activities		809,675,425.20	1,565,948,395.25	1,078,205,688.88
Sub-total of cash outflows from financing activities		20,972,018,291.76	16,586,623,412.45	14,451,030,772.41
Net cash flows from financing activities		8,604,039,394.96	7,591,588,794.10	5,618,525,635.06
IV. Effect of foreign exchange rate changes on cash and cash equivalents		69,453,449.37	-21,680,064.53	
V. Net increase/(decrease) in cash and cash equivalents	5.50	368,837,395.41	2,649,702,104.70	1,006,757,646.45
Plus: Cash and cash equivalents at the beginning of the period		4,910,326,262.90	2,260,624,158.20	1,253,866,511.75
VI. Cash and cash equivalents at the end of the period		5,279,163,658.31	4,910,326,262.90	2,260,624,158.20

Legal Representative:

Chief Financial Officer:

Finance Manager:



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER

Unit: Yuan Currency: CNY

2022													
	Owners' equity attributable to the parent company											Non-controlling interests	Total owners' equity
	Paid-up capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Sub-total		
	Preference shares	Perpetual bonds	Others										
I. Balance at 31 December 2021	10,000,000,000.00	-	-	13,673,237,831.99	-	1,742,484,738.74	-	155,556,698.00	1,998,522,878.24	27,569,802,146.97	10,175,157.36	27,579,977,304.33	
Add: Changes in accounting policy												-	
Correction of prior period errors												-	
Business combination under common control				159,500,000.00		-9,684,002.68			-55,582,098.28	-65,266,100.96		-65,266,100.96	
Others								105,397.03	3,237,850.79	162,843,247.82		162,843,247.82	
II. Balance at 1 January 2022	10,000,000,000.00	-	-	13,832,737,831.99	-	1,732,800,736.06	-	155,662,095.03	1,946,178,630.75	27,667,379,293.83	10,175,157.36	27,677,554,451.19	
III. Changes in equity during the reporting period	-	-	-	7,427,453,876.31	-	707,592,261.64	-	-	202,018,328.45	8,337,064,466.40	78,299,043.94	8,415,363,510.34	
(i) Total comprehensive income									216,881,445.40	924,473,707.04	1,222,026.99	925,695,734.03	
(ii) Capital contributions or withdrawals by owners	-	-	-	7,427,453,876.31	-	707,592,261.64	-	-	-11,163,116.95	7,416,290,759.36	77,077,016.95	7,493,367,776.31	
1. Ordinary shares contributed by owners											74,413,900.00	74,413,900.00	
2. Capital contributed by holders of other equity instruments												-	
3. Share-based payments recognised in owners' equity												-	
4. Others												-	
(iii) Profit distribution	-	-	-	7,427,453,876.31	-			-	-11,163,116.95	7,416,290,759.36	2,663,116.95	7,418,953,876.31	
1. Withdrawal of surplus reserves								-	-3,700,000.00	-3,700,000.00	-	-3,700,000.00	
2. Profit distribution to investors (or shareholders)													
3. Others													
(iv) Transfer between equity	-	-	-	-	-	-	-	-	-	-	-	-	
1. Capital reserves transfer to paid-in capital													
2. Surplus reserves transfer to paid-in capital													
3. Surplus reserves used to cover accumulated deficits													
4. Defined benefit plan transfer to retained earnings													
5. Other comprehensive income transfer to retained earnings													
6. Others													
(v) Specific reserves	-	-	-	-	-	-	-	-	-	-	-	-	
1. Withdrawal during the reporting period													
2. Usage during the reporting period													
(vi) Others													
IV. Balance at 31 December 2022	10,000,000,000.00	-	-	21,260,191,708.30	-	2,440,392,997.70	-	155,662,095.03	2,148,196,959.20	36,004,443,760.23	88,474,201.30	36,092,917,961.53	

Legal Representative:

Chief Financial Officer:

Finance Manager:

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER

Unit: Yuan Currency: CNY

2021													
	Owners' equity attributable to the parent company											Non-controlling interests	Total owners' equity
	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Sub-total		
		Preference shares	Perpetual bonds	Others									
I. Balance at 31 December 2020	10,000,000,000.00	-	-	-	7,414,623,639.64	-	1,391,158,367.41	-	155,556,698.00	1,751,524,959.90	20,712,863,664.95	77,939,022.55	20,790,802,687.50
Add: Changes in accounting policy													
Correction of prior period errors													10,670,614.19
Business combination under common control													-60,539,240.62
Others					159,500,000.00				105,397.03	445,179.11	160,050,576.14	-	160,050,576.14
II. Balance at 1 January 2021	10,000,000,000.00	-	-	-	7,574,123,639.64	-	1,391,158,367.41	-	155,662,095.03	1,702,101,512.58	20,823,045,614.66	77,939,022.55	20,900,984,637.21
III. Changes in equity during the reporting period	-	-	-	-	6,258,614,192.35	-	341,642,368.65	-	-	244,077,118.17	6,844,333,679.17	-67,763,865.19	6,776,569,813.98
(i) Total comprehensive income													
(ii) Capital contributions or withdrawals by owners	-	-	-	-	6,258,614,192.35	-	341,642,368.65	-	-	247,707,118.17	589,349,486.82	457,773.86	589,807,260.68
1. Ordinary shares contributed by owners													
2. Capital contributed by holders of other equity instruments													
3. Share-based payments recognised in owners' equity													
4. Others					6,258,614,192.35						6,258,614,192.35	-78,021,639.05	6,180,592,553.30
(iii) Profit distribution	-	-	-	-	-	-	-	-	-	-3,630,000.00	-3,630,000.00	-	-3,630,000.00
1. Withdrawal of surplus reserves													
2. Profit distribution to investors (or shareholders)											-3,630,000.00		-3,630,000.00
3. Others											-		
(iv) Transfer between equity	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital reserves transfer to paid-in capital													
2. Surplus reserves transfer to paid-in capital											-		-
3. Surplus reserves used to cover accumulated deficits											-		-
4. Defined benefit plan transfer to retained earnings											-		-
5. Other comprehensive income transfer to retained earnings											-		-
6. Others											-		-
(v) Specific reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawal during the reporting period											-		-
2. Usage during the reporting period											-		-
(vi) Others											-		-
IV. Balance at 31 December 2021	10,000,000,000.00	-	-	-	13,832,737,831.99	-	1,732,800,736.06	-	155,662,095.03	1,946,178,630.75	27,667,379,293.83	10,175,157.36	27,677,554,451.19

Finance Manager:

Chief Financial Officer:

Legal Representative:

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER

Unit: Yuan Currency: CNY

2020													
Owners' equity attributable to the parent company													
	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Sub-total	Non-controlling interests	Total owners' equity
		Preference shares	Perpetual bonds	Others									
I. Balance at 31 December 2019	10,000,000,000.00	-	-	-	3,026,914,702.72	-	1,387,385,993.23	-	155,556,698.00	1,530,860,869.29	16,100,718,263.24	1,235,228,733.13	17,335,946,996.37
Add: Changes in accounting policy										41,739,493.83	41,739,493.83		41,739,493.83
Correction of prior period errors										-48,907,436.69	-48,907,436.69		-48,907,436.69
Business combination under common control					159,500,000.00				105,397.03	199,335.35	159,804,732.38		159,804,732.38
Others											-		
II. Balance at 1 January 2020	10,000,000,000.00	-	-	-	3,186,414,702.72	-	1,387,385,993.23	-	155,662,095.03	1,523,892,261.78	16,253,355,052.76	1,235,228,733.13	17,488,583,785.89
III. Changes in equity during the reporting period													
(i) Total comprehensive income													
(ii) Capital contributions or withdrawals by owners													
1. Ordinary shares contributed by owners													
2. Capital contributed by holders of other equity instruments													
3. Share-based payments recognised in owners' equity													
4. Others													
(iii) Profit distribution													
1. Withdrawal of surplus reserves													
2. Profit distribution to investors (or shareholders)													
3. Others													
(iv) Transfer between equity													
1. Capital reserves transfer to paid-in capital													
2. Surplus reserves transfer to paid-in capital													
3. Surplus reserves used to cover accumulated deficits													
4. Declined benefit plan transfer to retained earnings													
5. Other comprehensive income transfer to retained earnings													
6. Others													
(v) Specific reserves													
1. Withdrawal during the reporting period													
2. Usage during the reporting period													
(vi) Others													
IV. Balance at 31 December 2020	10,000,000,000.00	-	-	-	7,574,123,639.64	-	1,391,158,367.41	-	155,662,095.03	1,733,210,367.22	20,854,154,469.30	77,939,022.55	20,932,093,491.85

Finance Manager:

Chief Financial Officer:

Legal Representative:

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STATEMENT OF FINANCIAL POSITION

Prepared by: Huzhou Mowushan High-tech Group Co., Ltd.

Unit: Yuan Currency: CNY

Item	Note	31 Dec. 2023	31 Dec. 2021	31 Dec. 2020	Item	Note	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020
Current assets:					Current liabilities:				
Cash and cash equivalents		2,116,918,950.68	1,542,591,111.08	315,667,269.11	Short-term borrowings		93,119,563.89	-	200,000,000.00
Held-for-trading financial assets				Not applicable	Held-for-trading financial liabilities				Not applicable
Financial assets at fair value through profit or loss		Not applicable	Not applicable		Financial liabilities at fair value through profit or loss		Not applicable	Not applicable	
Derivative financial assets					Derivative financial liabilities				
Notes receivable					Notes payable		-	6,979,513.00	
Accounts receivable			21,796,315.82		Accounts payable		46,465.13	726,796.52	14,788.84
Accounts receivable financing				Not applicable	Advances from customers		-	50,000.00	34,778,169.00
Prepayments		874,563.25	117,663.15	103,376,845.67	Contract liabilities			-	-
Other receivables	13.1	18,968,507,222.25	14,994,947,919.60	13,273,560,901.34	Employee benefits payable			-	-
Including: Interest receivable					Taxes payable		85,359.17	310,855.69	14,719.83
Dividend receivable		120,000,000.00	61,737,499.18	63,347,976.00	Other payables		3,961,285,421.53	4,617,943,178.18	8,996,598,443.34
Inventories		990.29	12,898.09	148,256,231.01	Including: Interest payable				
Contract assets				Not applicable	Dividend payable				
Assets classified as held for sale					Liabilities classified as held for sale				
Non-current assets maturing within one year					Non-current liabilities maturing within one year		4,789,410,607.19	3,302,711,612.67	596,000,000.00
Other current assets		3,853,304.52	4,263,266.29	16,011,885.23	Other current liabilities				
Total current assets		21,090,155,030.99	16,563,729,174.03	13,856,873,132.36	Total current liabilities		8,843,947,416.91	7,928,721,956.06	9,827,406,121.01
Non-current assets:					Non-current liabilities:				
Debt investments				Not applicable	Long-term borrowings		-	200,000,000.00	-
Available-for-sale financial assets		Not applicable	Not applicable	45,230,000.00	Bonds payable		14,645,152,694.86	9,888,042,173.32	3,898,627,638.76
Other debt investments				Not applicable	Including: Preference shares				
Held-to-maturity investments		Not applicable	Not applicable		Perpetual bonds				
Long-term receivables					Lease liabilities				Not applicable
Long-term equity investments	13.2	14,742,084,869.22	13,985,396,708.56	12,706,644,466.81	Long-term payables				
Other equity instrument investments		60,000,000.00	60,000,000.00	Not applicable	Long-term employee benefits payable				
Other non-current financial assets		2,870,000.00	870,000.00	Not applicable	Estimated liabilities				
Investment properties					Deferred income				
Property, plant and equipment		587,305.64	468,190.82	341,898.77	Deferred tax liabilities				
Construction in progress					Other non-current liabilities		620,000,000.00	1,077,000,000.00	1,490,000,000.00
Productive biological assets					Total non-current liabilities		15,265,152,694.86	11,165,042,173.32	5,388,627,638.76
Oil and gas assets					Total liabilities		24,109,100,111.77	19,093,764,129.38	15,216,033,759.77
Right-of-use assets				Not applicable	Owners' equity:				
Intangible assets		455,926.76	505,925.81	475,128.38	Paid-in capital		10,000,000,000.00	10,000,000,000.00	10,000,000,000.00
Research and development expenditure					Other equity instruments		-	-	-
Goodwill					Including: Preference shares		-	-	-
Long-term deferred expenses		-	-	6,401,166.19	Perpetual bonds		-	-	-
Deferred tax assets		1,037,723.89	167,349.58		Capital reserves		1,911,524,161.49	1,606,882,066.32	1,486,882,066.32
Other non-current assets					Less: Treasury stock				
Total non-current assets		14,807,035,825.51	14,047,408,174.77	12,759,092,660.15	Other comprehensive income				
					Specific reserves				
					Surplus reserves				
					Retained earnings		-123,433,416.76	-89,508,786.90	-86,949,973.58
					Total owners' equity		11,788,090,744.73	11,517,373,219.42	11,399,932,032.74
Total assets		35,897,190,856.50	30,611,137,348.80	26,615,965,792.51	Total liabilities and owners' equity		35,897,190,856.50	30,611,137,348.80	26,615,965,792.51

Legal Representative:



Chief Financial Officer:



Finance Manager:





**STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER**

Prepared by: Fuzhou Moganshan High-tech Group Co., Ltd.

Unit: Yuan Currency: CNY

Item	Note	2022	2021	2020
I. Revenue		141.60	22,371.68	283.19
Less: Costs of sales		-	-	-
Taxes and surcharges		319,777.92	3,874.62	1,382,797.40
Selling and distribution expenses		-	-	-
General and administrative expenses		37,377,126.71	44,709,558.51	25,047,029.50
Research and development expenses		-	-	-
Finance costs		109,570,161.20	62,470,822.87	134,061,966.17
Including: Interest expenses		70,729,496.87	90,013,732.43	133,230,290.20
Interest income		30,943,807.07	12,489,165.16	4,548,991.24
Add: Other income		64,720.80	44,631,786.06	99,985,380.29
Investment income/(losses)	13.3	119,546,005.49	64,145,774.35	61,160,494.85
Including: Investment income from associates and joint ventures		-453,994.51	-212,070.02	-2,187,574.15
Derecognition income of financial assets measured at amortized cost				Not applicable
Income/(losses) from net exposure hedging				Not applicable
Gains/(losses) from changes in fair values				
Credit impairment losses		-3,481,497.22	-611,721.28	Not applicable
Asset impairment losses		-	-	-300.00
Gains/(losses) from disposal of assets				
II. Profit/(loss) from operations		-31,137,695.16	1,003,954.81	654,065.26
Add: Non-operating income		42,690.99	5,959.54	44,273.76
Less: Non-operating expenses		-	48,400.20	
III. Profit/(loss) before tax		-31,095,004.17	961,514.15	698,339.02
Less: Income tax expenses		-870,374.31	-152,930.32	
IV. Net profit/(loss) for the year		-30,224,629.86	1,114,444.47	698,339.02
Net profit/(loss) from continuing operation		-30,224,629.86	1,114,444.47	698,339.02
Net profit/(loss) from discontinued operation				
V. Other comprehensive income for the year, after tax				
(i) Items that will not be reclassified subsequently to profit or loss				
1. Remeasurement of the net defined benefit liability (asset)				
2. Share of the other comprehensive income of the investee accounted for using the equity method which will not be reclassified subsequently to profit and loss				
3. Changes in fair value of other equity instrument investments			Not applicable	Not applicable
4. Changes in fair value of the enterprise's own credit risk			Not applicable	Not applicable
(ii) Items that may be reclassified subsequently to profit or loss				
1. Share of the other comprehensive income of the investee accounted for using the equity method which will be reclassified subsequently to profit or loss				
2. Changes in fair value of other debt investments			Not applicable	Not applicable
3. Gains/(losses) arising from changes in fair value of available-for-sale financial assets		Not applicable		
4. Amount of financial assets reclassified and included in other comprehensive income			Not applicable	Not applicable
5. Gains/(losses) arising from reclassification of held-to-maturity investment as available-for-sale financial assets		Not applicable		
6. Credit impairment reserves of other debt investments			Not applicable	Not applicable
7. The effective portion of the gains/losses on cash flow hedge				
8. Exchange differences on translating foreign operations				
VI. Total comprehensive income for the year		-30,224,629.86	1,114,444.47	698,339.02

Legal Representative:

刚沈
印志

Chief Financial Officer:

丁岗

Finance Manager:

费聪

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

Prepared by: Huzhou Moganshan High-tech Group Co., Ltd.

Unit: Yuan Currency: CNY

	Note	2022	2021	2020
I. Cash flows from operating activities				
Cash received from sale of goods or rendering of services		21,749,802.88	111,398,268.80	34,795,997.96
Refund of tax and fees		-	2,476,920.47	
Other cash received relating to operating activities		5,066,455,194.22	2,635,289,354.99	7,551,544,168.72
Sub-total of cash inflows from operating activities		5,088,204,997.10	2,749,164,544.26	7,586,340,166.68
Cash paid for received commodities or labor		7,998,220.38	3,110,786.53	1,799,296.10
Cash paid to and for employees		13,929,127.94	12,764,305.30	10,685,778.59
Payments of all types of taxes		271,457.21	40,798.57	1,437,862.69
Other cash paid relating to operating activities		9,489,665,759.67	8,257,567,974.93	11,726,653,969.64
Sub-total of cash outflows from operating activities		9,511,864,565.20	8,273,483,865.33	11,740,576,907.02
Net cash flows from operating activities		-4,423,659,568.10	-5,524,319,321.07	-4,154,236,740.34
II. Cash flows from investing activities				
Cash received from disposal of investments		-	429,230,000.00	20,000.00
Cash received from returns on investments		61,737,499.18	63,504,009.42	93.00
Net cash received from disposals of property, plant and equipment, intangible assets and other long-term assets		-	-	-
Net cash received from disposals of subsidiaries or other business units		-	-	-
Other cash received relating to investing activities		-	-	-
Sub-total of cash inflows from investing activities		61,737,499.18	492,734,009.42	20,093.00
Cash paid to acquire property, plant and equipment, intangible assets and other long-term assets		477,407.39	487,099.69	1,172,519.00
Cash paid to acquire investments		454,500,000.00	1,721,370,000.00	385,790,000.00
Net cash paid to acquire subsidiaries and other business units		-	-	-
Other cash payments relating to investing activities		-	-	-
Sub-total of cash outflows from investing activities		454,977,407.39	1,721,857,099.69	386,962,519.00
Net cash flows from investing activities		-393,239,908.21	-1,229,123,090.27	-386,942,426.00
III. Cash flows from financing activities				
Cash received from capital contributions		-	-	-
Cash received from borrowings		9,044,235,000.00	8,976,650,000.00	5,320,000,000.00
Other cash received relating to financing activities		6,979,513.00	120,000,000.00	-
Sub-total of cash inflows from financing activities		9,051,214,513.00	9,096,650,000.00	5,320,000,000.00
Cash repayments of amounts borrowed		3,462,000,000.00	936,000,000.00	402,000,000.00
Cash payments for dividends, distribution of profit or interest expenses		260,461,133.46	131,272,882.02	62,030,677.87
Other cash payments relating to financing activities		-	34,310,313.14	-
Sub-total of cash outflows from financing activities		3,722,461,133.46	1,101,583,195.16	464,030,677.87
Net cash flows from financing activities		5,328,753,379.54	7,995,066,804.84	4,855,969,322.13
IV. Effect of foreign exchange rate changes on cash and cash equivalents		69,453,449.37	-21,680,064.53	
V. Net increase/(decrease) in cash and cash equivalents		581,307,352.60	1,219,944,328.97	314,790,155.79
Plus: Cash and cash equivalents at the beginning of the period		1,535,611,598.08	315,667,269.11	877,113.32
VI. Cash and cash equivalents at the end of the period		2,116,918,950.68	1,535,611,598.08	315,667,269.11

Legal Representative:

Chief Financial Officer:

Finance Manager:

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER

Unit: Yuan Currency: CNY

Prepared by Huizhou Wansheng Light Industry Group Co., Ltd.

Item	2022						Total owners' equity
	Paid-in capital	Preference shares	Perpetual bonds	Others	Capital reserves	Less: Treasury stock	
I. Balance at 31 December 2021	10,000,000,000.00	-	-	-	1,606,882,006.32	-	11,517,373,219.42
Add: Changes in accounting policy							
Correction of prior period errors							
Others							
II. Balance at 1 January 2022	10,000,000,000.00	-	-	-	1,606,882,006.32	-	11,517,373,219.42
III. Changes in equity during the reporting period							
(i) Total comprehensive income					304,642,155.17	-	270,717,525.31
(ii) Capital contributions or withdrawals by owners							-30,224,629.86
1. Ordinary shares contributed by owners					304,642,155.17	-	304,642,155.17
2. Capital contributed by holders of other equity instruments							
3. The amount of share-based payments recorded in owners' equity							
4. Others					304,642,155.17		304,642,155.17
(iii) Profit distribution							-3,700,000.00
1. Withdrawal of surplus reserves							
2. Profit distribution to investors (or shareholders)							-3,700,000.00
3. Others							
(iv) Transfer between equity							-3,700,000.00
1. Capital reserves transfer to paid-in capital							
2. Surplus reserves transfer to paid-in capital							
3. Surplus reserves used to cover accumulated deficits							
4. Defined benefit plan transfer to retained earnings							
5. Other comprehensive income transfer to retained earnings							
6. Others							
(v) Specific reserves							
1. Withdrawal during the reporting period							
2. Usage during the reporting period							
(vi) Others							
IV. Balance at 31 December 2022	10,000,000,000.00	-	-	-	1,911,524,161.49	-	11,788,090,744.73

Legal Representative

Chief Financial Officer

Finance Manager



费聪

丁岚

Prepared by: Puzhonor Mogan Shan High-Tech Group Co., Ltd.

Unit: Yuan Currency: CNY

term

Item	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Total owners' equity
		Preference shares	Perpetual bonds	Others							
I. Balance at 31 December 2020	10,000,000,000.00	-	-	-	1,486,882,006.32	-	-	-	-	-86,949,973.58	11,399,932,032.74
Add: Changes in accounting policy											
Corrected of prior period errors										-43,257.79	-43,257.79
Others											
II. Balance at 1 January 2021	10,000,000,000.00	-	-	-	1,486,882,006.32	-	-	-	-	-86,993,231.37	11,399,888,774.95
III. Changes in equity during the reporting period											
(i) Total comprehensive income					120,000,000.00					-2,515,555.53	117,484,444.47
(ii) Capital contributions or withdrawals by owners										1,114,444.47	1,114,444.47
1. Ordinary shares contributed by owners					120,000,000.00					-	120,000,000.00
2. Capital contributed by holders of other equity instruments											
3. The amount of share-based payments recorded in owners' equity											
4. Others					120,000,000.00						120,000,000.00
(iii) Profit distribution										-3,630,000.00	-3,630,000.00
1. Withdrawal of surplus reserves											
2. Profit distribution to investors (or shareholders)										-3,630,000.00	-3,630,000.00
3. Others											
(iv) Transfer between equity											
1. Capital reserves transfer to paid-in capital											
2. Surplus reserves transfer to paid-in capital											
3. Surplus reserves used to cover accumulated deficits											
4. Defined benefit plan transfer to retained earnings											
5. Other comprehensive income transfer to retained earnings											
6. Others											
(v) Specific reserves											
1. Withdrawal during the reporting period											
2. Usage during the reporting period											
(vi) Others											
Balance at 31 December 2021	10,000,000,000.00	-	-	-	1,606,882,006.32	-	-	-	-	-89,508,786.90	11,517,373,219.42

Legal Representative:

Chief Financial Officer:

Finance Manager:

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Prepared by: Huizhou Mojianshe High-tech Group Co., Ltd.

Item

1. Balance as of December 2019

Add: Changes in accounting policy

Unit: Yuan Currency: CNY

2020	2020

Item	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Total owners' equity
		Preference shares	Perpetual bonds	Others							
I. Balance at 31 December 2019	10,000,000,000.00				1,486,882,006.32					-84,348,312.60	11,402,533,693.72
Add: Changes in accounting policy											
Correction of prior period errors											
Others											
II. Balance at 1 January 2020	10,000,000,000.00	-	-	-	1,486,882,006.32	-	-	-	-	-84,348,312.60	11,402,533,693.72
III. Changes in equity during the reporting period	-	-	-	-	-	-	-	-	-	-2,601,660.98	-2,601,660.98
(i) Total comprehensive income										698,339.02	698,339.02
(ii) Capital contributions or withdrawals by owners	-	-	-	-	-	-	-	-	-	-	-
1. Ordinary shares contributed by owners											
2. Capital contributed by holders of other equity instruments											
3. The amount of share-based payments recorded in owners' equity											
4. Others											
(iii) Profit distribution	-	-	-	-	-	-	-	-	-	-3,300,000.00	-3,300,000.00
1. Withdrawal of surplus reserves											
2. Profit distribution to investors (or shareholders)											
3. Others											
(iv) Transfer between equity	-	-	-	-	-	-	-	-	-	-	-
1. Capital reserves transfer to paid-in capital											
2. Surplus reserves transfer to paid-in capital											
3. Surplus reserves used to cover accumulated deficits											
4. Defined benefit plan transfer to retained earnings											
5. Other comprehensive income transfer to retained earnings											
6. Others											
(v) Specific reserves	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawal during the reporting period											
2. Usage during the reporting period											
(vi) Others											
IV. Balance at 31 December 2020	10,000,000,000.00	-	-	-	1,486,882,006.32	-	-	-	-	-86,949,973.58	11,399,932,032.74

Finance Manager:

總帶

Huzhou Moganshan High-tech Group Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2022, 31 December 2021 and 31 December 2020

(All amounts are expressed in Chinese Yuan ("CNY") unless otherwise stated)

1. BASIC INFORMATION ABOUT THE COMPANY

1.1 Corporate Information

Huzhou Moganshan High-tech Group Co., Ltd. (hereinafter referred to as "the **Company**"), was invested and established by the Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone on 17 January 2018. It has obtained the business license of enterprise legal person with the registration number of 33052100016446 issued by Deqing County Market Supervision and Administration Bureau. The registered capital was CNY10,000.00 million, and the **Company's** unified social credit code was 91330521MA2B3X7M1G.

Legal representative: Zhigang Shen.

Residence of the **Company**: Room 801, Building 2, No.707, Quyuan South Road, Wuyang Street, Deqing County, Huzhou City, Zhejiang Province.

Scope of business: Urban construction and public service investment, project investment and asset management, industrial investment, equity investment, property management and asset leasing, real estate development and management, and business operations. (Projects that are subject to approval in accordance with the law can be only carried out after being approved by relevant departments.)

Ultimate controlling owners: Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone.

The financial statements were approved and authorized to be issued on 27 April 2023.

1.2 Scope of Consolidation

(a) The Company's subsidiaries consolidated:

During the reporting period, subsidiaries of the **Company** were as follows:

Sequence number	Name of subsidiaries	Hierarchy	Abbreviation of subsidiaries	Proportion of ownership interest (%)		Consolidated period
				Direct	Indirect	
1	Huzhou Mogan Mountain High-tech Tourism Development Co., Ltd.	First	Hi-tech Tourism	100.00		From 1 Jan. 2020 to 31 Dec. 2022

Sequence number	Name of subsidiaries	Hierarchy	Abbreviation of subsidiaries	Proportion of ownership interest (%)		Consolidated period
				Direct	Indirect	
2	Deqing International Conference Center Co., Ltd.	Second ^(iv)	International Conference Center		100.00	From 1 Jan. 2020 to 31 Dec. 2022
3	Huzhou Moganshan Hi-tech Industry Investment Development Group Co., Ltd.	First ⁽ⁱ⁾	Hi-tech Industry Investment	100.00		From 1 Jan. 2020 to 31 Dec. 2022
4	Moganshan Finance Leasing (Tianjin) Co., Ltd.	Second ⁽ⁱⁱⁱ⁾	Moganshan Leasing		100.00	From 1 Oct. 2021 to 31 Dec. 2022
5	Moganshan Commercial Factoring (Tianjin) Co., Ltd.	Second ⁽ⁱⁱ⁾	Commercial Factoring		100.00	From 1 Nov. 2021 to 31 Dec. 2022
6	Deqing County Industrial Development Investment Fund Co., Ltd.	Second	Industrial Development Investment		40.00	From 1 Jan. 2022 to 31 Dec. 2022
7	Huzhou Zhiqu Technology Industry Development Co., Ltd.	Third	Zhiqu Technology		97.69	From 1 Oct. 2022 to 31 Dec. 2022
8	Huzhou Moganshan Hi-tech Zone Dixin Smart City Industrial Fund Co., Ltd.	Third	Dixin Smart City		100.00	From 1 Jan. 2020 to 31 Dec. 2022
9	Huzhou Moganshan High-Tech Talent Development Group Co., Ltd.	First	Talent Development Group	100.00		From 1 Dec. 2021 to 31 Dec. 2022
10	Deqing Qisheng Labor Service Co., Ltd.	Second	Qisheng Labor Service		100.00	From 1 May 2021 to 31 Dec. 2022
11	Deqing Leibo Human Resources Service Co., Ltd.	Second	Leibo Human		100.00	From 1 Dec. 2022 to 31 Dec. 2022
12	Huzhou Moganshan Hi-tech Private Equity Fund Management Co., Ltd.	First	Fund Management	100.00		From 1 Dec. 2021 to 31 Dec. 2022
13	Deqing Qihang Construction Development Co., Ltd.	First	Qihang Construction	51.00	49.00	From 1 Jan. 2020 to 30 Nov. 2022

Sequence number	Name of subsidiaries	Hierarchy	Abbreviation of subsidiaries	Proportion of ownership interest (%)		Consolidated period
				Direct	Indirect	
14	Deqing Qidian Intelligent Eco-City Construction Development Co., Ltd.	First	Qidian Eco-City	100.00		From 1 Jan. 2020 to 31 Dec. 2022
15	Zhejiang Deqing General Aviation Airport Management Co., Ltd.	Second	General Aviation Airport		100.00	From 1 Jan. 2020 to 31 Dec. 2022
16	Deqing Mogan Mountain Airport Management Co., Ltd.	Third	Mogan Mountain Airport		100.00	From 1 Jan. 2020 to 31 Dec. 2022
17	Deqing Qianlong Construction Development Co., Ltd.	Second	Qianlong Construction		100.00	From 1 Jan. 2020 to 31 Dec. 2022
18	Deqing Qianyuan Tourism Development Co., Ltd.	Third	Qianyuan Tourism		100.00	From 1 Jan. 2020 to 31 Dec. 2022
19	Deqing Lianchuang Modern Agricultural Technology Development Co., Ltd.	Second	Modern Agricultural		100.00	From 1 Jan. 2020 to 31 Dec. 2022
20	Deqing County New Countryside Investment Development Co., Ltd.	Second	New Countryside Investment		100.00	From 1 Jan. 2020 to 31 Dec. 2022
21	Zhejiang Huiyan Artificial Intelligence Technology Co., Ltd.	Second	Huiyan Technology		100.00	From 1 Jan. 2020 to 31 Mar. 2021
22	Deqing Kangchuang City Technology Co., Ltd.	Second	Kangchuang Technology		100.00	From 1 Jul. 2020 to 31 Dec. 2022
23	Deqing County Qitong Trade Development Co., Ltd.	Second	QitongTrade		100.00	From 1 Oct. 2020 to 31 Dec. 2021
24	Qicheng (Huzhou) Real Estate Co., Ltd.	Second	Qicheng Real Estate		51.00	From 1 Jul. 2021 to 31 Jul. 2022
25	Deqing Hengfeng Construction Development Co., Ltd.	First	Hengfeng	100.00		From 1 Jan. 2020 to 31 Dec. 2022
26	Deqing Tongchuang Construction Development Co., Ltd.	Second	Tongchuang		100.00	From 1 Jan. 2020 to 31 Dec. 2022

Sequence number	Name of subsidiaries	Hierarchy	Abbreviation of subsidiaries	Proportion of ownership interest (%)		Consolidated period
				Direct	Indirect	
27	Deqing Hengchuang Construction Development Co., Ltd.	Second	Hengchuang		100.00	From 1 Jan. 2020 to 31 Dec. 2022
28	Deqing Economic Development Zone Construction Development Co., Ltd.	Second	Economic Development Zone		100.00	From 1 Jan. 2020 to 30 Sept. 2020
29	Deqing County Technology Entrepreneurship Service Co., Ltd.	Second	Technology Entrepreneurship		100.00	From 1 Jan. 2020 to 30 Sept. 2020
30	Deqing Dewei Construction Development Co., Ltd.	Second	Dewei		100.00	From 1 Jan. 2020 to 31 Dec. 2022
31	Deqing Hengmei Construction Co., Ltd.	Second	Hengmei		100.00	From 1 Jan. 2020 to 31 Dec. 2022
32	Deqing County Dongfanghong Cultural Media Co., Ltd.	Second	Dongfanghong		60.00	From 1 Aug. 2020 to 30 Sept. 2021
33	Deqing Hongchuang Construction Development Co., Ltd.	Third	Hongchuang Construction		100.00	From 1 Apr. 2020 to 31 Dec. 2022
34	Deqing Yunchuang Real Estate Co., Ltd.	Second	Yunchuang Real Estate		100.00	From 1 Nov. 2021 to 31 Dec. 2021
35	Zhejiang Lixin Yuan'ao Microelectronics Technology Co., Ltd.	Second	Lixin Yuan'ao		99.00	From 1 Jul. 2022 to 31 Dec. 2022
36	Deqing Chebai High-Tech Intelligent Vehicle Demonstration Zone Operation Co., Ltd.	Second	Chebai High-Tech		100.00	From 1 Feb. 2022 to 31 Dec. 2022
37	Deqing Tongfu Construction Development Co., Ltd.	Second	Tongfu		100.00	From 1 Jan. 2021 to 31 Dec. 2022
38	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	First	Lianchuang Xincheng	100.00		From 1 Jan. 2020 to 31 Dec. 2022

Sequence number	Name of subsidiaries	Hierarchy	Abbreviation of subsidiaries	Proportion of ownership interest (%)		Consolidated period
				Direct	Indirect	
39	Deqing Technology New Town Chip Technology Co., Ltd.	Second	Chip Technology		100.00	From 1 Jan. 2020 to 31 Dec. 2022
40	Deqing Zhichuang Industrial Park Construction Development Co., Ltd.	Second	Zhichuang Industrial Park		100.00	From 1 Jan. 2020 to 31 Dec. 2022
41	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Second	Zhongchuang Industrial Park		100.00	From 1 Jan. 2020 to 31 Dec. 2022
42	Deqing County Linhang New Countryside Construction Investment Co., Ltd.	Second	Linhang New Countryside		100.00	From 1 Jan. 2020 to 31 Dec. 2022
43	Zhejiang Zhongchuang Geographic Information Technology Co., Ltd.	Second	Zhongchuang Technology		100.00	From 1 Jan. 2020 to 31 Dec. 2022
44	Deqing Kechuang Property Management Co., Ltd.	Second	Kechuang Property		100.00	From 1 Jan. 2020 to 31 Dec. 2022
45	Deqing Liantuo Environmental Protection Technology Co., Ltd.	Second	Liantuo Environment Protection		51.00	From 1 May 2021 to 31 Dec. 2021
46	Deqing Economic Development Zone Municipal Services Co., Ltd.	Second ^(v)	Municipal Service		100.00	From 1 Jan. 2020 to 31 Dec. 2022
47	Huzhou Moganshan High-Tech Energy Development Co., Ltd.	Second	High-Tech Energy		100.00	From 1 Jan. 2022 to 31 Dec. 2022

Notes: In 2022,

- (i) Deqing Hengfeng Construction Development Co., Ltd. and Deqing Lianchuang Technology New City Construction Co., Ltd. gratuitously transferred their 49.00% and 51.00% equities of Huzhou Moganshan Hi-tech Industry Investment Development Group Co., Ltd. to the **Company**, therefore, Huzhou Moganshan High-tech Industry Investment Development Group Co., Ltd. was adjusted to the first level subsidiary of the **Company**.
- (ii) Moganshan Commercial Factoring (Tianjin) Co., Ltd., which was held by Huzhou Moganshan Hi-tech Industry Investment Development Group Co., Ltd., has been adjusted to the second level subsidiary of the **Company**.

- (iii) The **Company** gratuitously transferred the 100.00% equity of Moganshan Finance Leasing (Tianjin) Co., Ltd. to Huzhou Moganshan Hi-tech Industry Investment Development Group Co., Ltd., therefore, Moganshan Finance Leasing (Tianjin) Co., Ltd. was adjusted to the second level subsidiary of the **Company**.
- (iv) The **Company** made the equity investment in Huzhou Moganshan High-Tech Tourism Development Co., Ltd. by holding 100.00% of the equity of Deqing International Conference Center Co., Ltd., therefore, Deqing International Conference Center Co., Ltd. has been adjusted to the secondary subsidiary of the **Company**.
- (v) The **Company** gratuitously transferred the 51.00% equity of Deqing Economic Development Zone Municipal Services Co., Ltd. to Deqing Lianchuang Technology New City Construction Co., Ltd., therefore, Deqing Economic Development Zone Municipal Services Co., Ltd. was adjusted to the secondary subsidiary of the **Company**.
- (vi) Deqing Qidian Intelligent Eco City Construction Development Co., Ltd. gratuitously transferred the 100.00% equity of Deqing Qisheng Labor Service Co., Ltd. to Huzhou Moganshan High-Tech Talent Development Group Co., Ltd.

For details of the subsidiaries mentioned above, please refer to *Note 7 INTERESTS IN OTHER ENTITIES*.

(b) Change of the scope of consolidation

The newly incorporated subsidiaries during the reporting period of year 2022 are as follows:

Sequence number	Name of subsidiaries	Abbreviation of subsidiaries	Reason of incorporation
1	Huzhou Zhiqu Technology Industry Development Co., Ltd.	Zhiqu Technology	Newly established
2	Deqing Chebai High-Tech Intelligent Vehicle Demonstration Zone Operation Co., Ltd.	Chebai High-Tech	Business combination not under common control
3	Huzhou Moganshan High-Tech Energy Development Co., Ltd.	High-Tech Energy	Business combination not under common control
4	Zhejiang Lixin Yuan'ao Microelectronics Technology Co., Ltd.	Lixin Yuan'ao	Newly established
5	Deqing County Industrial Development Investment Fund Co., Ltd.	Industrial Development Investment	Business combination under common control
6	Huzhou Moganshan Hi-tech Zone Dixin Smart City Industrial Fund Co., Ltd.	Dixin Smart City	Business combination under common control
7	Deqing Leibo Human Resources Service Co., Ltd.	Leibo Human Resources	Business combination under common control

The subsidiaries not consolidated during the reporting period of year 2022 are as follows:

Sequence number	Name of subsidiaries	Abbreviation of subsidiaries	Reason of incorporation
1	Qicheng (Huzhou) Real Estate Co., Ltd.	Qicheng Real Estate	Cancelled

The newly incorporated subsidiaries during the reporting period of year 2021 are as follows:

Sequence number	Name of subsidiaries	Abbreviation of subsidiaries	Reason of incorporation
1	Deqing Qisheng Labor Service Co., Ltd.	Qisheng Labor Service	Newly established
2	Qicheng (Huzhou) Real Estate Co., Ltd.	Qicheng Real Estate	Newly established
3	Deqing Yunchuang Real Estate Co., Ltd.	Yunchuang Real Estate	Newly established
4	Deqing Tongfu Construction Development Co., Ltd.	Tongfu	Newly established
5	Deqing Liantuo Environmental Protection Technology Co., Ltd.	Liantuo Environmental Protection	Newly established
6	Moganshan Commercial Factoring (Tianjin) Co., Ltd.	Commercial Factoring	Newly established
7	Huzhou Moganshan High-tech Talent Development Group Co., Ltd.	Talent Development Group	Newly established
8	Moganshan Finance Leasing (Tianjin) Co., Ltd.	Moganshan Leasing	Newly established
9	Huzhou Moganshan High-tech Private Equity Fund Management Co., Ltd.	Fund Management	Newly established

The subsidiaries not consolidated during the reporting period of year 2021 are as follows:

Sequence number	Name of subsidiaries	Abbreviation of subsidiaries	Reason of incorporation
1	Zhejiang Huiyan Artificial Intelligence Technology Co., Ltd.	Huiyan Technology	Cancelled
2	Deqing Qihang Construction Development Co., Ltd.	Qihang Construction	Absorbed
3	Deqing County Dongfanghong Cultural Media Co., Ltd.	Dongfanghong	Loss of control

The newly incorporated subsidiaries during the reporting period of year 2020 are as follows:

Sequence number	Name of subsidiaries	Abbreviation of subsidiaries	Reason of incorporation
1	Deqing Kangchuang City Technology Co., Ltd.	Kangchuang City Technology	Newly established
2	Deqing County Qitong Trade Development Co., Ltd.	Qitong Trade	Newly established
3	Deqing Yawei Cosmetics Co., Ltd.	Yawei	Business combination not under common control

Sequence number	Name of subsidiaries	Abbreviation of subsidiaries	Reason of incorporation
4	Deqing County Dongfanghong Cultural Media Co., Ltd.	Dongfanghong	Business combination not under common control

The subsidiaries not consolidated during the reporting period of year 2020 are as follows:

Sequence number	Name of subsidiaries	Abbreviation of subsidiaries	Reason of incorporation
1	Deqing Economic Development Zone Construction Development Co., Ltd.	Economic Development Zone	Absorbed
2	Deqing County Technology Entrepreneurship Service Co., Ltd.	Technology Entrepreneurship	Absorbed
3	Zhejiang Linhang Logistics Development Co., Ltd.	Linhang Logistics	Loss of control
4	Deqing Linhang Investment Development Co., Ltd.	Linhang Investment	Loss of control
5	Deqing Shenghang Building Materials Co., Ltd.	Shenghang Building Materials	Loss of control
6	Deqing Linhang Building Materials Co., Ltd.	Linhang Building Materials	Loss of control

For the detail of the change of consolidation scope, please refer to *Note 6 CHANGES IN THE SCOPE OF CONSOLIDATION*.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Preparation

Based on going concern, according to actually occurred transactions and events, the **Company** prepares its financial statements in accordance with the *Accounting Standards for Business Enterprises - Basic Standards and Concrete Accounting Standards*, *Accounting Standards for Business Enterprises - Application Guidelines*, *Accounting Standards for Business Enterprises - Interpretations and Other Relevant Provisions* (collectively known as "*Accounting Standards for Business Enterprises*", issued by Ministry of Finance of PRC).

2.2 Going Concern

The **Company** has evaluated its capacity to continually operate in the next twelve months from the end of the reporting period, and no other matters that may result in doubt on its ability as a going concern were noted. Therefore, it is reasonable for the **Company** to prepare financial statements on the going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The following important accounting policies and accounting estimates of the **Company** are formulated in accordance with the *Accounting Standards for Business Enterprises*. Business not mentioned in the *Accounting Standards for Business Enterprises* relevant

accounting policies.

3.1 Statement of Compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the **Company** meet the requirements of the Accounting Standards for Business Enterprises and truly and completely reflect the **Company's** financial position, operating results, changes in equity, cash flows and other related information.

3.2 Accounting Period

The accounting year of the **Company** is from January 1 to December 31 in calendar year. The accounting period for the financial information contained in this financial statement is from 1 January 2020 to 31 December 2022.

3.3 Operating Cycle

The normal operating cycle of the **Company** is one year.

3.4 Functional Currency

The **Company** takes Chinese Yuan ("CNY") as the functional currency.

3.5 Accounting Treatment of Business Combinations under and not under Common Control

(a) Business combinations under common control

The assets and liabilities that the **Company** obtains in a business combination under common control shall be measured at their carrying amount of the acquired entity at the combination date. If the accounting policy adopted by the acquired entity is different from that adopted by the acquiring entity, the acquiring entity shall, according to accounting policy it adopts, adjust the relevant items in the financial statements of the acquired party based on the principal of materiality. As for the difference between the carrying amount of the net assets obtained by the acquiring entity and the carrying amount of the consideration paid by it, the capital reserve (capital premium or share premium) shall be adjusted. If the capital reserve (capital premium or share premium) is not sufficient to be offset, the retained earnings shall be adjusted.

(b) Business combinations not under common control

The assets and liabilities that the **Company** obtains in a business combination not under common control shall be measured at their fair value at the acquisition date. If the accounting policy adopted by the acquired entity is different from that adopted by the acquiring entity, the acquiring entity shall, according to accounting policy it adopts, adjust the relevant items in the financial statements of the acquired entity based on the principal of materiality. The acquiring entity shall recognize the positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquired entity as goodwill. The acquiring entity shall, pursuant to the following provisions,

treat the negative balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquired entity:

- It shall reexamine the measurement of the fair value of the identifiable assets, liabilities and contingent liabilities it obtains from the acquired entity as well as the combination costs;
- If, after the reexamination, the combination costs are still less than the fair value of the identifiable net assets it obtains from the acquired entity, the balance shall be recognized in profit or loss of the reporting period.

3.6 Method of Preparing the Consolidated Financial Statements

(a) Scope of consolidation

The scope of consolidated financial statements shall be determined on the basis of control. It not only includes subsidiaries determined based on voting power (or similar) or other arrangement, but also structured entities under one or several contract arrangements.

Control exists when the **Company** has all the following: power over the investee; exposure, or rights to variable returns from the **Company's** involvement with the investee; and the ability to use the **Company's** power over the investee to affect the amount of the investor's returns. Subsidiaries are the entities that the **Company** has the power to govern (including enterprise, a divisible part of the investee, and structured entity controlled by the enterprise). A structured entity (sometimes called a Special Purpose Entity) is an entity designed not determining its controlling party based on the voting power (or similar).

(b) Method of preparing the consolidated financial statements

The consolidated financial statements shall be prepared by the **Company** based on the financial statements of the **Company** and its subsidiaries and using other related information.

When preparing consolidated financial statements, the **Company** shall consider the entire group as an accounting entity, adopt uniform accounting policies and apply the requirements of Accounting Standard for Business Enterprises related to recognition, measurement and presentation. The consolidated financial statements shall reflect the overall financial position, operating results and cash flows of the group:

- Combine items of assets, liabilities, owner's equity, income, expenses and cash flows of the **Company** with those of the **Company's** subsidiaries.
- Offset the carrying amount of the **Company's** long-term equity investment in the subsidiaries and the **Company's** share of owner's equity of the subsidiaries.
- Eliminate the impact of intragroup transactions between the **Company** and the subsidiaries or between subsidiaries, and when intragroup transactions indicate an impairment of related assets, the losses shall be recognized in full.

- Make adjustments to special transactions from the perspective of the group.

(c) Method of preparation of the consolidated financial statements when subsidiaries are acquired or disposed in the reporting period

(c.1) Addition of subsidiaries or business

(c.1.1) Addition of subsidiaries or business through business combination under common control:

- When preparing consolidated statements of financial position, the beginning balance of the consolidated balance sheet shall be adjusted. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.
- Incomes, expenses and profits of the subsidiary incurred from the beginning of the reporting period to the end of the reporting period shall be included into the consolidated statement of profit or loss. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.
- Cash flows from the beginning of the reporting period to the end of the reporting period shall be included into the consolidated statement of cash flows. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.

(c.1.2) Addition of subsidiaries or business through business combination not under common control:

- When preparing the consolidated statements of financial position, the beginning balance of the consolidated statements of financial position shall not be adjusted.
- Incomes, expenses and profits of the subsidiary incurred from the acquisition date to the end of the reporting period shall be included into the consolidated statement of profit or loss.
- Cash flows from the acquisition date to the end of the reporting period shall be included into the consolidated statement of cash flows.

(c.2) Disposal of subsidiaries or business

(c.2.1) When preparing the consolidated statements of financial position, the beginning balance of the consolidated statements of financial position shall not be adjusted.

(c.2.2) Incomes, expenses and profits incurred from the beginning of the subsidiary to the disposal date shall be included into the consolidated statement of profit or loss.

(c.2.3) Cash flows from the beginning of the subsidiary to the disposal date shall be included into the consolidated statement of cash flows.

(d) Special consideration in consolidation elimination

- (d.1) Long-term investment held by the subsidiaries to the **Company** shall be recognized as treasury stock of the **Company**, which is offset with the owner's equity, represented as "Less: Treasury stock" under owner's equity in the statement of financial position.

Investment held by subsidiaries between each other is accounted for taking long-term investment held by the **Company** to its subsidiaries as reference. That is, the long-term investment is eliminated with the share of the corresponding subsidiary's equity.

- (d.2) Due to not belonging to paid-in capital and capital reserve, and being different from retained earnings and undistributed profit, "Specific reserves" and "General risk provision" shall be recovered at the share of the parent after long-term investment to the subsidiaries is eliminated with the subsidiaries' equity.
- (d.3) If temporary timing difference between the book value of the assets and liabilities in the consolidated balance sheet and their tax basis is generated as a result of unrealized inter-company transaction profit or loss elimination, deferred tax assets of deferred tax liabilities shall be recognized, and adjusting income expense simultaneously, excluding deferred taxes related to transactions or events recognized in owner's equity or business combination.
- (d.4) Unrealized inter-company transactions profit or loss generated from the **Company** selling assets to its subsidiaries shall be eliminated with "Net profit attributed to the owners of the parent company" in full. Unrealized inter-company transactions profit or loss generated from the subsidiaries selling assets to the **Company** shall be eliminated with "Net profit attributed to the owners of the parent company" and "Non-controlling interests" pursuant to the proportion that the related subsidiaries distribute to the **Company**. Unrealized inter-company transactions profit or loss generated from the assets sales between the subsidiaries shall be eliminated with "Net profit attributed to the owners of the parent company" and "Non-controlling interests" pursuant to the proportion that the selling subsidiaries distribute to the **Company**.
- (d.5) If loss attributed to the minority shareholders of a subsidiary in current period is more than the minority shareholders' share of this subsidiary's owner's equity at the beginning of the period, non-controlling interest is still written down.

(e) Accounting for special transactions

(e.1) Purchasing of non-controlling interests

Where, the **Company** purchases non-controlling interests of its subsidiary, in the individual financial statements of the **Company**, the cost of the long-term investment obtained in purchasing non-controlling interests is measured at the fair value of the consideration paid. In the consolidated financial statements, difference between the cost of the long-term investment newly obtained in purchasing non-controlling interests and share

of the subsidiary's net assets from the purchasing date or combination date continually calculated pursuant to the newly acquired shareholding proportion shall be adjusted in capital reserve (capital premium or share premium). If capital reserve is not enough to be offset, surplus reserve and undistributed profit shall be offset in turn.

(e.2) Gaining control over the subsidiary in stages through multiple transactions

(e.2.1) Business combination under common control in stages through multiple transactions

If it belongs to "a package deal", the **Company** treats the transaction as a transaction that takes control of the subsidiary. In individual financial statements, in each transaction prior to the combination date, the equity investment is recognized as a long-term equity investment, the initial investment cost of which is determined according to the share of book value of the acquiree's net assets in the ultimate controller's consolidated financial statements calculated at the corresponding shareholding percentage. The difference between the initial cost of long-term equity investment and the book value of consideration paid is adjusted in the capital reserve (capital premium or share premium). If the capital reserve (capital premium or share premium) is not enough to be offset, surplus reserve and undistributed profit shall be offset in turn. In the subsequent measurement, the long-term equity investment is accounted in accordance with the cost method, but it does not involve the preparation of consolidated financial statements. At the combination date, preliminary cost of the long-term investment is determined according to the share of book value of the acquiree's net assets in the ultimate controlling entity's consolidated financial statements calculated at the accumulated shareholding percentage. The difference between the preliminary cost of the long-term investment and the carrying amount of the long-term investment prior of control is gained plus book value of additional consideration paid at consolidation date is adjusted in capital reserve (capital premium or share premium). If the capital reserve (capital premium or share premium) is not enough to be offset, surplus reserve and undistributed profit shall be offset in turn. At the same time, the consolidated financial statements of the combination date shall be prepared and adjusted regarding that the the parties involved in the combination exist in their present state when the ultimate controlling party begins to control.

If one or more of the following situations exist in trade terms, conditions and economic effect, the multiple transactions are usually accounted for as "a package deal":

- These transactions are made at the same time or under the condition of considering the influence of each other.
- These transactions as a whole can achieve a complete business result.
- The occurrence of one transaction depends on occurrence of at least another transaction.

- One transaction is not economic when considered separately, but economic when considered together with other transactions.

If it not belongs to "a package deal", in each transaction prior to the combination date, each transaction occurred in the **Company** is recognized as the financial assets (Financial assets at fair value through profit or loss or available-for-sale financial assets) according to the fair value of the consideration paid, or the long-term equity investments measured at equity method. At the combination date, in individual financial statements, the initial investment cost of long-term equity investments is determined according to the share of book value of subsidiary's net assets in the ultimate controlling party's consolidated financial statements after the combination. The difference between the preliminary cost of the long-term investment and the carrying amount of the long-term investment prior of control is gained plus book value of additional consideration paid at consolidation date is adjusted in capital reserve (capital premium or share premium). If the capital reserve (capital premium or share premium) is not enough to be offset, surplus reserve and undistributed profit shall be offset in turn.

In the consolidated financial statements, the **Company** shall adjust the consolidated financial statements regarding that parties involved in the combination exist in their present state when the ultimate controlling party begins to control. When preparing the consolidated financial statements, no earlier than when the acquiring party and the acquired party are under the control of the ultimate controlling party, the **Company** shall incorporate the acquired entity's relevant assets and liabilities into the comparable statements of the acquiring entity's consolidated financial statements and adjust the amount of net assets increased due to relevant owner's equity item in the comparable statements. If the acquired entity's retained earnings attributable to the acquiring entity realized prior to the combination are not fully recovered in the consolidated financial statements due to the insufficient capital reserve (capital premium or equity premium) of acquiring entity, the **Company** shall explain this situation in the notes to financial statement, including the amount of retained earnings of the acquired entity realized prior to the combination, the amount of retained earnings attributable to the **Company** and the amount not transferred to the consolidated statement of financial position due to the insufficient balance of capital reserves.

If the acquiring entity holds equity investment in the acquired entity prior of the combination date and the equity investment is accounted for on equity method, related income or loss, other comprehensive income and other equity movement which have been recognized during the period from the later of the date of the **Company** obtaining original equity interest and both the acquirer and the acquiree being common controlled by the same ultimate controlling entity to combination date should be offset with the retained earnings at the beginning of the period of the comparative financial statements.

(e.2.2) Business combination not under common control in stages through multiple transactions

If it belongs to "a package deal", the **Company** treats the transaction as a transaction that takes control of the subsidiary. In individual financial statements, equity investment is always recognized as long-term investment in each transaction prior of the combination date, and the preliminary cost of the investment is determined according to the fair value of the consideration paid. In the subsequent measurement, the long-term equity investment is accounted in accordance with the cost method, but it does not involve the preparation of consolidated financial statements. At the combination date, in the individual financial statements, the sum of book value of long-term equity investment originally held and the newly additional investment cost (the fair value of consideration paid for further obtaining shares) is recognized as the preliminary cost of the investment of long-term equity investments at the combination date. In the consolidated financial statements, the preliminary cost of investment is offset from the share enjoyed by the fair value of the identifiable net assets of the subsidiary, and the difference is recognized as goodwill or included in the consolidated profit or loss.

If it does not belong to "a package deal", in each transaction prior to the combination date, each transaction occurred in the **Company** is recognized as the financial assets (Financial assets at fair value through profit or loss or available-for-sale financial assets) according to the fair value of the consideration paid, or the long-term equity investments measured at equity method. At the combination date, in individual financial statements, the sum of the book value of the originally held equity investments (financial assets or long-term equity investments measured at equity method) and newly additional investment costs is recognized as the preliminary cost of long-term equity measured at cost method. In the consolidated financial statements, the share of the acquired entity's equity held prior of the acquisition date shall be re-measured at its fair value at the acquisition date. Difference between the fair value of the equity share and its book value is recognized as investment income. If other comprehensive income is recognized concerning the equity interest held prior of the acquisition date, the other comprehensive income should be transferred to investment income of reporting period which the acquisition belongs to, excluding other comprehensive income recognized due to the movement of net assets or net liabilities under the circumstances of beneficiary plan being re-defined. The **Company** shall disclose in the note the fair value at the acquisition date of the equity interest held by it prior of the acquisition date, and the amounts of related gains or losses due to re-measurement at fair value.

(e.3) Disposing investment in subsidiaries with no controlling right lost

For partial disposal of the long-term investment in the subsidiaries with no controlling right lost, when the **Company** prepares consolidated financial statements, difference between

consideration received for the disposal and the corresponding subsidiary's net assets continually calculated from the acquisition date or combination date shall be adjusted in capital reserve (capital premium or share premium). If the balance of capital reserve is not enough, retained earnings shall be adjusted.

(e.4) Disposing investment in subsidiaries with controlling right lost

(e.4.1) Disposal through one transaction

For partial disposal of the long-term investment in the subsidiaries with controlling right lost, when the **Company** prepares consolidated financial statements, the remaining equity interest shall be re-measured at its fair value at the date when the controlling right is lost. Consideration received for disposal of the equity interest, plus the fair value of the remaining equity interest, minus share of the former subsidiary's net assets continually calculated from the acquisition date or combination date, shall be recognized in investment income of the period when the controlling right is lost.

Moreover, other comprehensive income and other equity movement related to the equity investment in the original subsidiary shall be transferred to investment income of the consolidation date, excluding other comprehensive income recognized due to the movement of net assets or net liabilities under the circumstances of beneficiary plan being re-defined.

(e.4.2) Disposal in stages

In business combination, first of all, disposal in stages should be assessed whether they should be classified as "a package deal".

If the disposal in stages should not be classified as "a package deal", the transaction before the loss of control of the subsidiary shall be accounted for according to related policy in "Disposing investment in subsidiaries with no controlling right lost".

If the disposal in stages should be classified as "a package deal", these transactions should be considered as a single transaction and accounted for according to related policy in "Disposing investment in subsidiaries with controlling right lost". In the individual financial statements, for transactions prior of the date when controlling right is lost, difference between consideration received and share of corresponding subsidiary's net assets is recognized as other comprehensive income in the consolidated financial statements, which as a whole is recognized as profit or loss when the controlling right is lost. In the consolidated financial statements, for transactions prior of the date when controlling right is lost, difference between consideration received and share of corresponding subsidiary's net assets is recognized as other comprehensive income in the consolidated financial statements, which as a whole is recognized as profit or loss when the controlling right is lost.

(e.5) Diluting equity share of parent company in its subsidiaries due to additional capital

injection by the subsidiaries' minority shareholders.

Other shareholders (minority shareholders) of the subsidiaries inject additional capital in the subsidiaries, which resulted in the dilution of equity interest of parent company in these subsidiaries. In the consolidated financial statements, difference between share of the corresponding subsidiaries' net assets calculated based on the parent's equity interest before and after the capital injection shall be adjusted in capital reserve (capital premium and share premium). If the balance of capital reserve (capital premium and share premium) is not enough, retained earnings should be adjusted.

3.7 Classification of Joint Arrangements and Accounting for Joint Operation

A joint arrangement is an arrangement of which two or more parties have joint control.

A joint arrangement of the **Company** is classified as either a joint operation or a joint venture.

(a) Joint operation

A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The **Company** shall recognize the following items in relation to its interest in a joint operation, and account for them in accordance with relevant accounting standards:

- its solely held assets, and its share of any assets held jointly;
- its solely assumed liabilities, and its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its solely incurred expenses, and its share of any expenses incurred jointly.

(b) Joint venture

A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement.

The **Company** accounts for its investment in the joint venture by using the long-term equity investment equity method.

3.8 Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits with banks and other financial institutions. Cash equivalents include short-term (generally within three months of maturity at acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.9 Foreign Currency Transactions and Foreign Currency Financial Statements Translation

(a) Selection of foreign exchange rate when foreign currency transactions occur

Foreign currency transactions are converted into reporting currency at spot exchange rates prevailing on the day when the transactions occur or the exchange rate similar to the spot exchange rate on the date of transaction determined in a systematic and reasonable way (hereinafter referred to as the approximate spot exchange rate).

(b) Translation of foreign currency monetary items on the balance sheet date

On the balance sheet date, foreign currency monetary items shall be converted at the spot rates prevailing on the balance sheet date. Foreign exchange difference resulted from the difference of the spot rates prevailing on the balance sheet date and the spot rates prevailing on the day when the transactions occur or the sport rate prevailing on the last balance sheet date is recognized as profit or loss of the reporting period. For foreign currency non-monetary items measured at historical cost, the spot exchange rate on the transaction date shall still be used for translation; For foreign currency non-monetary items measured at fair value, the spot exchange rate on the fair value determination date shall be used for translation, and the difference between the converted amount of the functional currency and the original functional currency is included in the current profit or loss.

(c) Foreign currency financial statements translation

Before translating the financial statements of foreign entities, the accounting period and accounting policy shall be adjusted so as to conform to that of the **Company**. The adjusted foreign entities' financial statements shall be converted in accordance with the following method:

- The asset and liability items in the statement of financial position shall be converted at the spot exchange rates prevailing on the balance sheet date. The owners' equity items except "Retained earnings" shall be converted at the spot exchange rates on the occurrence date.
- The income and expense items in the statement of profit and other comprehensive income shall be converted at the spot exchange rates on the occurrence date or other approximate exchange rate.
- Foreign currency cash flows and foreign entity's statement of cash flows shall be converted at the spot exchange rate on the occurrence date or other approximate exchange rate. Effect on cash due to exchange rate fluctuation shall be presented separately in the statement of cash flows as an adjustment item.
- The differences arising from the conversion of financial statements denominated in foreign currency in compliance with the aforesaid principle shall be presented separately as "Other comprehensive income" under the owners' equity of the consolidated statement of financial position.

When disposing of an overseas operation and losing control, the foreign currency statement translation difference related to the overseas operation listed under the owner's equity item

in the statement of financial position shall be transferred to the current profit or loss of the disposal of the overseas operation in full or in proportion to the disposal of the overseas operation.

3.10 Financial Instruments

Applicable from 1 January 2021.

Financial instrument is any contract which gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Recognition and derecognition of financial instrument

A financial asset or a financial liability should be recognized in the statement of financial position when, and only when, an entity becomes party to the contractual provisions of the instrument.

A financial asset can only be derecognized when meets one of the following conditions:

- The rights to the contractual cash flows from a financial asset expire;
- The financial asset has been transferred and meets one of the following derecognition conditions.

Financial liabilities (or part thereof) are derecognized only when the liability is extinguished - i.e., when the present obligation specified in the contract is discharged or cancelled or expires. An exchange of the **Company** (borrower) and lender of debt instruments that carry significantly different terms or a substantial modification of the terms of an existing liability are both accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Purchase or sale of financial assets in a conventional way shall be recognized and derecognized using trade-date accounting. A conventional way purchase or sale of financial assets is a transaction under a contract whose terms require delivery of the asset within the time frame established generally by regulations or convention in the market place concerned. Trade date is the date at which the entity commits itself to purchase or sell an asset.

(b) Classification and measurement of financial assets

At initial recognition, the **Company** classified its financial asset based on both the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset: financial asset at amortized cost, financial asset at fair value through profit or loss (**FVTPL**) and financial asset at fair value through other comprehensive income (**FVTOCI**). Reclassification of financial assets is permitted if, and only if, the objective of the entity's business model for managing those financial assets changes. In this circumstance, all affected financial assets shall be reclassified on the first day of the first reporting period after the changes in business model; otherwise, the financial assets cannot

be reclassified after initial recognition.

Financial assets shall be measured at initial recognition at fair value. For financial assets measured at **FVTPL**, transaction costs are recognized in current profit or loss. For financial assets not measured at **FVTPL**, transaction costs should be included in the initial measurement. Notes receivable or accounts receivable that arise from sales of goods or rendering of services are initially measured at the transaction price defined in the accounting standard of revenue where the transaction does not include a significant financing component.

Subsequent measurement of financial assets will be based on their categories:

- Financial asset at amortized cost

The financial asset at amortized cost category of classification applies when both the following conditions are met: the financial asset is held within the business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding. These financial assets are subsequently measured at amortized cost by adopting the effective interest rate method. Any gain or loss arising from derecognition according to the amortization under effective interest rate method or impairment are recognized in current profit or loss.

- Financial asset at fair value through other comprehensive income (**FVTOCI**)

The financial asset at **FVTOCI** category of classification applies when both the following conditions are met: the financial asset is held within the business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding. All changes in fair value are recognized in other comprehensive income except for gain or loss arising from impairment or exchange differences, which should be recognized in current profit or loss. At derecognition, cumulative gain or loss previously recognized under OCI is reclassified to current profit or loss. However, interest income calculated based on the effective interest rate is included in current profit or loss.

The **Company** make an irrevocable decision to designate part of non-trading equity instrument investments as measured through **FVTOCI**. All changes in fair value are recognized in other comprehensive income except for dividend income recognized in current profit or loss. At derecognition, cumulative gain or loss are reclassified to retained earnings.

- Financial asset at fair value through profit or loss (**FVTPL**)

Financial asset except for above mentioned financial asset at amortized cost or financial

asset at fair value through other comprehensive income (**FVTOCI**), should be classified as financial asset at fair value through profit or loss (**FVTPL**). These financial assets should be subsequently measured at fair value. All the changes in fair value are included in current profit or loss.

(c) Classification and measurement of financial liabilities

The **Company** classified the financial liabilities as financial liabilities at fair value through profit or loss (**FVTPL**), loan commitments at a below-market interest rate and financial guarantee contracts at amortized cost.

Subsequent measurement of financial liabilities will be based on the classification:

- Financial liabilities at fair value through profit or loss (**FVTPL**)

Held-for-trading financial liabilities (including derivatives of financial liabilities) and financial liabilities designated at **FVTPL** are classified as financial liabilities at **FVTPL**. After initial recognition, any gain or loss (including interest expense) are recognized in current profit or loss except for those hedge accounting is applied. For financial liability that is designated as at **FVTPL**, changes in the fair value of the financial liability that is attributable to changes in the own credit risk of the issuer shall be presented in other comprehensive income. At derecognition, cumulative gain or loss previously recognized under OCI is reclassified to retained earnings.

- Loan commitments and liabilities of financial guarantee contracts

Loan commitment is a commitment by the **Company** to provide a loan to customer under specified contract terms. The provision of impairment losses of loan commitments shall be recognized based on expected credit losses model.

Financial guarantee contract is a contract that requires the **Company** to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contracts liability shall be subsequently measured at the higher of: The amount of the loss allowance recognized according to the impairment principles of financial instruments; and the amount initially recognized less the cumulative amount of income recognized in accordance with the revenue principles.

- Financial liabilities at amortized cost

After initial recognition, the **Company** measured other financial liabilities at amortized cost using the effective interest method.

Except for special situation, financial liabilities and equity instrument should be classified in accordance with the following principles:

- If the **Company** has no unconditional right to avoid delivering cash or another financial instrument to fulfill a contractual obligation, this contractual obligation meets

the definition of financial liabilities. Some financial instruments do not comprise terms and conditions related to obligations of delivering cash or another financial instrument explicitly, they may include contractual obligation indirectly through other terms and conditions.

- If a financial instrument must or may be settled in the **Company's** own equity instruments, it should be considered that the **Company's** own equity instruments are alternatives of cash or another financial instrument, or to entitle the holder of the equity instruments to sharing the remaining rights over the net assets of the issuer. If the former is the case, the instrument is a liability of the issuer; otherwise, it is an equity instrument of the issuer. Under some circumstances, it is regulated in the contract that the financial instrument must or may be settled in the **Company's** own equity instruments, where, amount of contractual rights and obligations are calculated by multiplying the number of the equity instruments to be available or delivered by its fair value upon settlement. Such contracts shall be classified as financial liabilities, regardless that the amount of contractual rights and liabilities is fixed, or fluctuate totally or partially with variables other than market price of the entity's own equity instruments (such as interest rate, price of some kind of goods or some kind of financial instrument).

(d) Derivatives and embedded derivatives

At initial recognition, derivatives shall be measured at fair value at the date of derivative contracts are signed and subsequently measured at fair value. The derivative with a positive fair value shall be recognized as an asset, and with a negative fair value shall be recognized as a liability.

Gains or losses arising from the changes in fair value of derivatives shall be recognized directly into current profit or loss except for the effective portion of cash flow hedges which shall be recognized in other comprehensive income and reclassified into current profit or loss when the hedged items affect profit or loss.

An embedded derivative is a component of a hybrid contract with a financial asset as a host, the **Company** shall apply the requirements of financial asset classification to the entire hybrid contract. If a host that is not a financial asset and the hybrid contract is not measured at fair value with changes in fair value recognized in profit or loss, and the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host, and a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, the embedded derivative shall be separated from the hybrid instrument and accounted for as a separate derivative instrument. If the **Company** is unable to measure the fair value of the embedded derivative at the acquisition date or subsequently at the balance sheet date, the entire hybrid contract

is designated as financial assets or financial liabilities at fair value through profit or loss.

(e) Impairment of financial instrument

The **Company** shall recognize a loss allowance based on expected credit losses on a financial asset that is measured at amortized cost, a debt investment at fair value through other comprehensive income, a contract asset, a lease receivable, a loan commitment and a financial guarantee contract.

(e.1) Measurement of expected credit losses

Expected credit losses are the weighted average of credit losses of the financial instruments with the respective risks of a default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the **Company** in accordance with the contract and all the cash flows that the **Company** expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate or credit-adjusted effective interest rate for purchased or originated impaired credit financial assets.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date (or the expected lifetime, if the expected life of a financial instrument is less than 12 months).

At each reporting date, the **Company** classifies financial instruments into three stages and makes provisions for expected credit losses accordingly. A financial instrument of which the credit risk has not significantly increased since initial recognition is at stage 1. The **Company** shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be impaired credit is at stage 2. The **Company** shall measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses. A financial instrument is considered to be credit impaired as at the end of the reporting period is at stage 3. The **Company** shall measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses.

The **Company** may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date and measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

For financial instrument at stage 1, stage 2 and those have low credit risk, the interest revenue shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset (i.e., impairment loss not been deducted). For financial

instrument at stage 3, interest revenue shall be calculated by applying the effective interest rate to the amortized cost after deducting of impairment loss.

For notes receivable, accounts receivable, accounts receivable financing and contract assets, no matter it contains a significant financing component or not, the **Company** shall measure the loss allowance at an amount equal to the lifetime expected credit losses.

(e.1.1) Receivables/Contract assets

For the notes receivable, accounts receivable, other receivables, accounts receivable financing, contract asset and long-term receivables which are demonstrated to be impaired by any objective evidence, or applicable for individual assessment, the **Company** shall individually assess for impairment and recognise the loss allowance for expected credit losses. If the **Company** determines that no objective evidence of impairment exists for notes receivable, accounts receivable, other receivables, accounts receivable financing, contract asset and long-term receivables, or the expected credit loss of a single financial asset cannot be assessed at reasonable cost, such notes receivable, accounts receivable, other receivables, accounts receivable financing, contract asset and long-term receivables shall be divided into several groups with similar credit risk characteristics and collectively calculated the expected credit loss. The determination basis of groups is as following:

- Determination basis of notes receivable is as following:

Portfolio 1: Commercial acceptance bills

Portfolio 2: Bank acceptance bills

For each portfolio, the **Company** calculates expected credit losses through default exposure and the lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

- Determination basis of accounts receivable is as following:

Portfolio 1: Accounts receivable from related parties

Portfolio 2: Receivables due from government customers, state-owned enterprise customers.

Portfolio 3: Accounts receivable except for portfolio 1 and portfolio 2

For each portfolio, the **Company** calculates expected credit losses through preparing comparison table of accounts receivable age and the expected credit loss rate of the whole duration with the lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

- Determination basis of other receivables is as following:

Portfolio 1: Interest receivable

Portfolio 2: Dividend receivable

Portfolio 3: Other receivables from related parties

Portfolio 4: Other receivables from government agencies and other state-owned enterprises

Portfolio 5: Other receivables except for portfolio 3 and portfolio 4

For each portfolio, the **Company** calculates expected credit losses through default exposure and the 12-month or lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

- Determination basis of accounts receivable financing is as following:

For accounts receivable financing, the **Company** calculates expected credit losses through default exposure and the lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

- Determination basis of contract assets is as following:

For contract assets, the **Company** calculates expected credit losses through default exposure and the lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

- Determination basis of long-term receivables is as following:

For long-term receivables, the **Company** calculates expected credit losses through default exposure and the lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

(e.1.2) Debt investments and other debt investments

For debt investments and other debt investments, the **Company** shall calculate the expected credit loss through the default exposure and the 12-month or lifetime expected credit loss rate based on the nature of the investment, counterparty and the type of risk exposure.

(e.2) Low credit risk

If the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

(e.3) Significant increase in credit risk

The **Company** shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition, using the change in the risk of a default occurring over the expected life of the financial instrument, through the comparison of the risk of a default occurring on the financial instrument as at the reporting date with the risk of a

default occurring on the financial instrument as at the date of initial recognition.

To make that assessment, the **Company** shall consider reasonable and supportable information, that is available without undue cost or effort, and that is indicative of significant increases in credit risk since initial recognition, including forward-looking information. The information considered by the **Company** are as following:

- Significant changes in internal price indicators of credit risk as a result of a change in credit risk since inception;
- Existing or forecast adverse change in the business, financial or economic conditions of the borrower that results in a significant change in the borrower's ability to meet its debt obligations;
- An actual or expected significant change in the operating results of the borrower; An actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to make scheduled contractual payments or to otherwise influence the probability of a default occurring;
- Significant change that are expected to reduce the borrower's economic incentive to make scheduled contractual payments;
- Expected changes in the loan documentation including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the instrument;
- Significant changes in the expected performance and behavior of the borrower;
- Contractual payments are more than 30 days past due.

Depending on the nature of the financial instruments, the **Company** shall assess whether the credit risk has increased significantly since initial recognition on an individual financial instrument or a group of financial instruments. When assessed based on a group of financial instruments, the **Company** can group financial instruments on the basis of shared credit risk characteristics, for example, past due information and credit risk rating.

Generally, the **Company** shall determine the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. The **Company** can only rebut this presumption if the **Company** has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due.

(e.4) Impaired credit financial asset

The **Company** shall assess at each reporting date whether the credit impairment has occurred for financial asset at amortized cost and debt investment at fair value through other comprehensive income. A financial asset is impaired credit when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is impaired credit include observable data about the following events:

Significant financial difficulty of the issuer or the borrower; a breach of contract, such as a default or past due event; the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; the disappearance of an active market for that financial asset because of financial difficulties; the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

(e.5) Presentation of impairment of expected credit loss

In order to reflect the changes of credit risk of financial instrument since initial recognition, the **Company** shall at each reporting date remeasure the expected credit loss and recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses addition (or reversal). For financial asset at amortized cost, the loss allowance shall reduce the carrying amount of the financial asset in the statement of financial position; for debt investment at fair value through other comprehensive income, the loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

(e.6) Write-off

The **Company** shall directly reduce the gross carrying amount of a financial asset when the **Company** has no reasonable expectations of recovering the contractual cash flow of a financial asset in its entirety or a portion thereof. Such write-off constitutes a derecognition of the financial asset. This circumstance usually occurs when the **Company** determines that the debtor has no assets or sources of income that could generate sufficient cash flow to repay the write-off amount.

Recovery of financial asset written off shall be recognized in profit or loss as reversal of impairment loss.

(f) Transfer of financial assets

Transfer of financial assets include below situations:

- the contractual rights to receive cash flows from the asset are transferred to another entity; or

- the financial assets are totally or partially transferred to another entity, while the rights to receive cash flows from the asset or obligations to pay the received cash flows to one or several payees are retained.

(f.1) Derecognition of transferred financial assets

The financial assets should be derecognized if the **Company** has transferred substantially all the risks and rewards of the asset, or the **Company** has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When judging whether control of the asset has been transferred or not, the **Company** shall lay emphasis on the transferee's substantial capability to sell the financial asset. If the transferee itself can sell the financial asset as a whole to a third party that has no relationship with it, without any restrictions on this sale through supplemental terms, it is shown that the control of the asset has been given up.

The principle of substance over form is adopted to determine whether the transfer of a financial asset satisfies the criteria described above for derecognition of a financial asset.

If the entire transfer of financial asset satisfies the criteria for derecognition, the difference between the amounts of the following two items shall be included in the current profit or loss:

- The book value of the transferred financial asset;
- The sum of the consideration received, and the part derecognized of the cumulative changes in fair value previously recognized in other comprehensive income (The financial assets involved in the transfer are classified as financial assets at fair value through other comprehensive income in accordance with Article 18 of the *Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments*).

If the partial transfer of financial asset satisfies the criteria for derecognition, the entire book value of the transferred financial asset shall be split into the derecognized and recognized part according to their respective fair value and the difference between the amounts of the following two items shall be included in the current profit or loss:

- The book value of derecognized part;
- The sum of the consideration received for the part derecognized and part derecognized of the cumulative changes in fair value previously recognized in other comprehensive income (The financial assets involved in the transfer are classified as financial assets at fair value through other comprehensive income in accordance with Article 18 of the *Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments*).

(f.2) Continue to involve in the transferred financial assets

Where neither transfer nor retention of substantially all risks and rewards of ownership of a financial asset and control of the financial asset has not been abandoned, the relevant financial asset shall be recognized in accordance with the degree of its continuous involvement in the transferred financial asset, and the relevant liability shall be recognized accordingly.

The degree of continuous involvement in the transferred financial assets refers to the level of risk that the **Company** faces when the value of the financial assets' changes.

(f.3) Continue to Continue to confirm the transferred financial assets

If the ownership of the transferred financial asset still retains almost all the risks and rewards, the entire transferred financial asset shall continue to be recognized, and the consideration received will be recognized a financial liability.

The financial assets and the related financial liabilities recognized cannot offset each other. In the subsequent accounting period, the **Company** should continue to confirm the income (gain) generated by the financial assets and the expenses incurred by the financial liabilities.

(g) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities shall be presented separately in the statement of financial position and shall not be offset. When meets the following conditions, financial assets and financial liabilities shall be offset and the net amount presented in the statement of financial position:

The **Company** currently has a legally enforceable right to set off the recognized amounts; The **Company** intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the **Company** shall not offset the transferred asset and the associated liability.

(h) Determination of fair value of financial instruments

Determination of financial assets and financial liabilities please refer to *Note 3.11 Measured at Fair Value*.

The following financial instruments accounting policies are applicable to 2020 and before

(a) Classification of financial assets

(a.1) Financial assets at fair value through profit or loss

This category comprises financial assets defined as held for trading, or those designated as at fair value through profit or loss. The former mainly includes shares, bonds, funds, and derivative financial instruments investment that are not designated effective hedging instruments that are acquired principally for the purpose of sale in the near future. Such financial assets are initially recognized at fair values when acquired. Relevant transaction

expenses are included in the current profit or loss. Cash dividends that have been declared but not distributed and bond interests that have matured but not been drawn included in the consideration paid are recognized as receivables separately. The interests or cash dividends to be received during the holding period are recognized as investment income. On the balance sheet date, this category of financial assets is measured at fair value and change in fair values is included in the current profit or loss. Difference between the fair value and initial measurement amount is recognized as investment income upon disposal; meanwhile, gains or losses from changes in fair values are written-off.

(a.2) Held-to-maturity investments

This category of financial assets comprises non-derivative financial assets with fixed or determinable payments and fixed maturity, other than loans and receivables, for which there is a positive intention and ability to hold to maturity. Held-to-maturity investments are initially measured at fair values plus the related transaction costs when acquired. Bond interests that have matured but not been drawn included in the consideration paid is recognized as a receivable separately. The interest income calculated at amortization cost and effective interest rate during the holding period is recognized as investment income. The difference between the amount received and the book value of the investment is included in the investment profit or loss upon disposal.

(a.3) Receivables

Receivables include accounts receivable, other receivables, etc. Accounts receivable arise from external sales of goods or rendering of service by the **Company**. They are recognized initially at the contract price or agreement price receivable from the purchasing party.

(a.4) Available-for-sale financial assets

This category of financial assets comprises those financial assets that cannot be classified as financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables. Available-for-sale financial assets are initially recognized at fair values plus the related transaction costs when acquired. Cash dividends that have been declared but not distributed and bond interests that have matured but not been drawn included in the consideration paid are recognized as receivables separately. The interests or cash dividends to be received during the holding period are recognized as investment income.

If the available-for-sale financial assets are foreign currency monetary financial assets, the exchange gains and losses arising therefrom shall be included in the profits and losses of the current period. Interest on available-for-sale debt instrument investments calculated using the actual interest rate method is included in profit or loss for the current period. The cash dividends of available-for-sale equity instrument investments are included in the current profit or loss when the investee declares the distribution of dividends. It is measured

at fair value at the end of the period and change in fair value is included in other comprehensive income at the end of the period. The difference between the amount received and the book value of the financial asset is included in the investment profit or loss upon disposal. Meanwhile, the corresponding accumulated change in fair value recognized in other comprehensive income is transferred into investment profit or loss.

(b) Classification of financial liabilities

(b.1) Financial liabilities at fair value through profit or loss

This category of financial liabilities comprises financial liabilities that are defined as held for trading, or those that are designated as at fair value through profit or loss. This category of financial liabilities is initially measured at fair value. Relevant transaction costs are included in the current profit or loss. On the balance sheet date, change in fair values is included in the current profit or loss.

(b.2) Other financial liabilities

Other financial liabilities are those financial liabilities excluding financial liabilities at fair value through profit or loss.

(c) Reclassification of financial assets

An investment will be reclassified as available-for-sale if, as a result of a change in intention or ability, it fails to meet the requirements for classification as held-to-maturity. After the reclassification, it will be subsequently measured at fair value. If the held-to-maturity investment is partially disposed, or a large part of it has been reclassified, and not included in the exceptions illustrated in provision 16 of "*Enterprise and Business Accounting Standards No.22 - Recognition and Measurement of Financial Instruments*", as a result of which, the remaining of the investment fails to meet the requirements for classification as held-to-maturity, any remaining held-to-maturity investments should also be reclassified as available-for-sale, and subsequently measured at fair value. However, it is prohibited that the above available-for-sale is reclassified back to held-to-maturity within current fiscal year and the following two fiscal years.

On the date of reclassification, difference between carrying value of the investment and its fair value is recorded in other comprehensive income, which shall be transferred out and recognized as profit or loss upon incurrence of impairment or de-recognition of the investment.

Due to changes in holding intention or ability, or the fair value can no longer be reliably measured, or the held-to-maturity investment is reclassified as available-for-sale financial assets and the holding period has exceeded two complete accounting years, the financial assets are not when it is again suitable to be measured at fair value, the **Company** will change available-for-sale of financial assets to be measured at cost or amortized cost. Cost or amortized cost is the fair value or book value of the financial asset on the reclassification

date.

If the financial asset has a fixed maturity date, the gain or loss related to the financial asset that was directly included in other comprehensive income shall be amortized by the effective interest rate method during the remaining period of the financial asset and recorded into the current profit and loss; The difference between the amortized cost of the financial asset and the amount at maturity shall be amortized by the effective interest rate method during the remaining period of the financial asset and recorded into the current profit and loss. If there is no fixed maturity date for the financial asset, the gains or losses related to the financial asset that were directly recorded in other comprehensive income will remain in the owner's equity, and will be transferred out when the financial asset is disposed of and recorded in the current profit or loss.

(d) Classification of financial liabilities and equity instruments

Except for special situation, financial liabilities and equity instrument should be classified in accordance with the following principles:

- If the **Company** has no unconditional right to avoid delivering cash or another financial instrument to fulfill a contractual obligation, this contractual obligation meets the definition of financial liabilities. Some financial instruments do not comprise terms and conditions related to obligations of delivering cash or another financial instrument explicitly, they may include contractual obligation indirectly through other terms and conditions.
- If a financial instrument must or may be settled in the entity's own equity instruments, it should be considered that the entity's own equity instruments are alternatives of cash or another financial instrument, or to entitle the holder of the equity instruments to sharing the remaining rights over the net assets of the issuer. If the former is the case, the instrument is a liability of the issuer, otherwise, it is an equity instrument of the issuer. Under some circumstances, it is regulated in the contract that the financial instrument must or may be settled in the entity's own equity instruments, where, amount of contractual rights and obligations are calculated by multiplying the number of the equity instruments to be available or delivered by its fair value upon settlement. Such contracts shall be classified as financial liabilities, regardless that the amount of contractual rights and liabilities is fixed or fluctuate totally or partially with variables (such as the interest rate, the price of a good or a financial instrument) other than market price of the entity's own equity instruments.

(e) Transfer of financial assets

Transfer of financial assets include below situations:

- The contractual rights to receive cash flows from the asset are transferred to another entity; or

- The financial assets are totally or partially transferred to another entity, while the rights to receive cash flows from the asset or obligations to pay the received cash flows to one or several payees are retained.

(e.1) Cease to confirm the transferred financial assets

The financial assets should be derecognized if the **Company** has transferred substantially all the risks and rewards of the asset, or the **Company** has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When judging whether control of the asset has been transferred or not, the **Company** shall lay emphasis on the transferee's substantial capability to sell the financial asset. If the transferee itself can sell the financial asset as a whole to a third party that has no any relationship with it, without any restrictions on this sale through supplemental terms, it is shown that the control of the asset has been given up.

The principle of substance over form is adopted to determine whether the transfer of a financial asset satisfies the criteria described above for derecognition of a financial asset.

If the entire transfer of financial asset satisfies the criteria for derecognition, the difference between the amounts of the following two items shall be included in the current profit or loss:

- The book value of the transferred financial asset;
- The sum of the consideration received from the transfer and the accumulated amount of the changes in fair value originally and directly included in owners' equity (where the financial asset transferred is an available-for-sale financial asset).

If the partial transfer of financial asset satisfies the criteria for derecognition, the entire book value of the transferred financial asset shall be split into the derecognized and recognized part according to their respective fair value and the difference between the amounts of the following two items shall be included in the current profit or loss:

- The book value of derecognized part;
- The sum of the consideration for the derecognized part and the portion of derecognition corresponding to the accumulated amount of the changes in fair value originally and directly included in owners' equity (where the financial asset transferred is an available-for-sale financial asset).

(e.2) Continue to involve the transferred financial assets

If the transfer of financial assets does not meet the derecognition criteria, the financial assets shall continue to be recognized, and the consideration received will be recognized as a financial liability.

The extent to which the transferred financial assets continue to be involved refers to the level of risk the enterprises are exposed to due to the changes in the value of the financial

assets.

(e.3) Continue to confirm the transferred financial assets

If the ownership of the transferred financial asset still retains almost all the risks and rewards, the entire transferred financial asset shall continue to be recognized, and the consideration received will be recognized a financial liability.

The financial assets and confirmed related financial liabilities shall not offset each other. In the subsequent accounting period, the **Company** should continue to confirm the income generated by the financial assets and the expenses incurred by the financial liabilities. If the transferred financial assets are measured at amortized cost, the related liabilities that are recognized may not be designated as financial liabilities at fair value through profit or loss.

(f) Derecognition of financial liability

A financial liability shall be totally or partly derecognized if its present obligations are totally or partly dissolved.

If the assets to be used to settle a financial liability is transferred to another institute or establish a trust, where the present obligations still exist, either the financial liability or the assets transferred shall not be derecognized.

Where the **Company** enters into an agreement with a creditor so as to substitute the existing financial liabilities with any new financial liability, and the new financial liability is substantially different from the contractual stipulations regarding the existing financial liability, it shall derecognize the existing financial liability, and shall at the same time recognize a new financial liability.

Where substantial revisions are made to some or all of the contractual stipulations of the existing financial liability, the **Company** shall derecognize the existing financial liability totally or partly, and at the same time recognize the financial liability with revised contractual stipulations as a new financial liability.

Upon total or partial derecognition of financial liabilities, the difference between the book value of the financial liabilities derecognized and the consideration paid (including non-cash assets surrendered or new financial liabilities assumed) shall be included in the current profit or loss.

(g) Offsetting financial assets and liabilities

Financial assets and liabilities shall be presented separately in the statement of financial position and shall not be offset. However, they shall be presented on a net basis after offset if the following criteria are both satisfied:

- The **Company** has a legal right to offset the recognized amounts, and the right is executable at present; and

- The **Company** has an intention to settle on a net basis or liquidate the asset and settle the liability simultaneously.

Asset transfer that does not satisfy the criteria for derecognition of this asset, the transferor shall not offset the asset and the liability.

(h) Impairment testing and impairment provision of financial assets

(h.1) Objective evidence for the impairment of the financial assets:

- The issuer or debtor encounters serious financial difficulties;
- The debtor violates the terms of contract, for example, it cannot repay the interest or the principal of the loan on schedule;
- The creditor makes concessions to the debtor in financial difficulties from the respect of economy or law;
- The creditor is possible to bankrupt or execute other financial restructuration;
- The financial asset is no longer traded in the active market since the issuer encounters significant financial difficulties;
- It is unrecognizable whether cash flows from an asset in one group of financial assets has Decreased, however, it is identifiable that the estimated future cash flows of the group of financial assets has Decreased and measurable since they are initially recognized through overall assessment on them on the basis of public data;
- The debtor's technological, market, economic or legal environment encounters significant unfavorable change, as a result of which investment cost may not be recovered;
- A serious or prolonged decline in the fair value of equity instrument, for example, the fair value of an equity instrument invested on the balance sheet date is less than its initial investment cost of more than 50.00% (including 50.00%) or less than its initial investment cost lasting for more than 12 months (including 12 months). The duration of its initial investment cost is more than 12 months (including 12 months) means that the monthly average fair value of equity instrument investment is lower than its initial investment cost for 12 consecutive months; and
- Other objective evidence that indicates impairment of financial assets.

(h.2) Impairment provision of the financial assets (excluding receivables)

(h.2.1) Financial assets measured at amortized cost

If there is objective evidence that the financial asset is impaired, the carrying amount of the financial asset shall be written down to the present value of its expected future cash flows (excluding future credit loss that have not occurred), the amount written down shall be recognized as impairment loss in current profit or loss.

The present value of the estimated future cash flows is determined by discounting at the original effective rate of the financial asset, considering the value of related guaranty (deducting expense incurred for obtaining or selling this guaranty). The original effective rate is the effective rate calculated when the financial asset is initially recognized. For the financial asset with variable interest rates, the current effective interest rate as stipulated in the contract may be used as the discount rate in calculating the present value of future cash flows.

The **Company** was carried out on the amortized cost measurement of financial assets impairment test, the amount is greater than or equal to CNY5.00 million of financial assets as a single large sum of financial assets, under this standard as a single amount is not significant financial assets.

The **Company** shall conduct impairment tests on a single financial asset with a significant amount separately. If there is objective evidence that such asset has experienced impairment, the impairment loss shall be recognized and recorded into the current profit and loss; For single amount is not significant financial assets, impairment test alone or include in combination of financial assets with similar credit risk characteristics in the impairment test.

Separately test the financial assets that have not suffered any impairment (including the financial assets with significant or insignificant amount of a single item), including conducting a further impairment test in the financial asset portfolio with similar credit risk characteristics; Financial assets that have recognized impairment losses separately shall not be included in the impairment test of financial asset portfolios with similar credit risk characteristics.

After the **Company** recognizes the impairment loss of a financial asset measured at the amortized cost, if there is objective evidence that the value of the financial asset has been restored and is objectively related to the events occurred after the recognition of the loss, the previously recognized impairment loss will be reversed and recorded into the current profit and loss. However, the carrying value after the reversal does not exceed the amortized cost of the financial asset on the day of the reversal assuming no provision for impairment.

(h.2.2) Impairment provision of available-for-sale financial assets

When recognizing impairment loss, the cumulative loss due to decreases in fair value shall be removed from equity to profit or loss. After impairment loss related to an available-for-sale debt instrument has been recognized, interest income of the instrument is calculated at the discount rate used in determining present value of the future cash flows when calculating impairment provision of the instrument.

If, in a subsequent period, the carrying amount of available-for-sale debt instruments

investments increases and the increase is related objectively to an event occurring after the impairment was recognized, the previously recognized impairment losses are reversed, and included in current profit or loss. The impairment losses of available-for-sale equity instruments cannot be reversed through profit or loss.

(i) Method of determining the fair value of financial assets and financial liabilities

Method of determining the fair value of financial assets and financial liabilities, please refer to *Note 3.11 Measured at Fair Value*.

3.11 Measured at Fair Value

Fair value refers to the price that market participants can receive from the sale of an asset or pay for the transfer of a liability in an orderly transaction that occurs on the measurement date.

The **Company** determines fair value of the related assets and liabilities based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The **Company** using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The principal market refers to the market with the largest trading volume and the highest trading activity of related assets or liabilities; The most advantageous market refers to the market that can sell related assets for the maximum amount or transfer related liabilities for the minimum amount after considering transaction costs and transportation costs.

Where there are financial assets or financial liabilities in an active market, the **Company** shall determine their fair value by quoting from the active market. If there is no active market for financial instruments, the **Company** shall use valuation technology to determine their fair value.

At fair value measurement of financial assets, the ability of a market participant to generate economic benefits by using the asset for the best use, or by selling the asset to another market participant who can use it for the best use, is taken into account.

● **Valuation techniques**

The **Company** uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, including the market method, the revenue method and the cost method. The **Company** uses fair value measurement in accordance with one or more of the valuation techniques to measure fair value. When using various techniques to measure fair value, the **Company** shall consider the reasonableness of each valuation result and select the most representative the amount of fair value as the fair value.

In the application of valuation techniques, the **Company** will give priority to the relevant observable inputs and only use unobservable inputs if the relevant observable inputs cannot be obtained or made impracticable. Observable inputs can be acquired from the market data, which reflect the assumptions used by market participants in pricing the underlying assets or liabilities. Unobservable inputs cannot be acquired from the market data, but it is based on the best available information from market participants on the assumptions used in pricing the underlying asset or liability.

- Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly;

Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3.12 Receivables

The following receivables accounting policies are Applicable to 2020 and before

(a) Receivable with individually significant balance and recognized provision for bad debts individually

Assessment basis or standard of amount individually significant: The amounts of accounts receivable over CNY1.00 million and other receivables over CNY5.00 million is assessed individually significant.

Method of provision for bad debts of receivables that are individually significant: After separate impairment test, if there is objective evidence of impairment, the impairment loss of receivables that are individually significant shall be measured at the difference between the individual receivable's carrying amount and the present value of estimated future cash flows, and shall be included in current profit or loss.

Where there is a small difference between the estimated future cash flows of the short-term accounts receivable and its present value, the estimated future cash flows may not be discounted when determining the related impairment losses.

(b) Receivables with provision for bad debts recognized on the basis of similar credit risk characteristics

- Determine the basis of the portfolio:

Portfolio 1: According to the combination of credit risk characteristics after the combination of the smaller risk, a separate test does not indicate a significant impairment in receivables.

Portfolio 2: Remaining accounts receivable excluding portfolio 1

- Accrual method for bad debt provision by portfolio:

Portfolio 1: No provision for bad debts will be made due to very little possibility of bad debt losses

Portfolio 2: Aging analysis method.

The proportion of bad debt provision in the receivables portfolio of each aging section is as follows:

Aging	Proportion of provision for accounts receivable (%)	Proportion of provision for other receivables (%)
Within 1 year (including 1 year)	5.00	5.00
1 to 2 years	20.00	20.00
2 to 3 years	50.00	50.00
Over 3 years	100.00	100.00

(c) Receivables that are individually insignificant but with bad debt provided on an individual basis

For receivables that are individually insignificant with objective evidence of impairment, they shall be separated from relevant portfolios and separately assessed for impairment to recognize the impairment losses. Bad debts are provided at the difference between the present value of estimated future cash flows of the receivable and its carrying value.

3.13 Inventories

(a) Classification of inventories

Inventories include the land assets held for sale or consume in the process of development and operation, development products, development products temporarily leased out for sale, revolving room, stock materials, inventory equipments, or low-value consumables, etc., as well as the development cost in the development process and consumptive biological assets.

(b) Measurement method of cost of inventories sold or used

The cost of inventories used or sold is determined on the weighted average basis, in which the cost of construction project is determined on the actual cost of each project:

- Development land is accounted for at the actual cost at the time of acquisition. During the development of the project, the development cost of the project shall be apportioned according to the area occupied by the developed products.
- The development cost is recorded according to the actual cost, and will be transferred

to the development product according to the actual cost after the project is completed and accepted.

- The developed products are accounted for according to the actual cost, and the issued products are accounted for according to the average building area method.
- The development products temporarily leased out for sale and revolving houses shall be recorded at actual cost and amortized evenly by stages according to the estimated service life of similar property, plant and equipment of the company.
- Public facilities are accounted for at actual cost. If the public supporting facilities are completed earlier than the relevant development products, they shall be included in the development costs of the relevant development projects according to the actual development costs of the relevant development projects after the completion of the final accounts of the public supporting facilities; If the public supporting facilities are later than the completion of the relevant development products, the public supporting facilities fee shall be accrued from the relevant development products first, and the cost of the relevant development products shall be adjusted according to the difference between the actual amount and the accrued amount after the completion of the public supporting facilities.

(c) Inventory system

The perpetual inventory system is adopted. The inventories should be counted at least once a year, and surplus and losses of inventory counting shall be included in current year profit and loss.

(d) Provision for impairment of inventory

Inventories are stated at the lower of cost and net realizable value. The excess of cost over net realizable value of the inventories is recognized as provision for impairment of inventory and recorded in profit or loss.

Net realizable value of the inventory should be determined on the basis of reliable evidence obtained, and factors such as purpose of holding the inventory and events occur after balance sheet date shall be considered:

- In normal operation process, for merchandise inventories for direct sale, including stock commodities and materials for sale, their net realizable values are determined at estimated selling prices less estimated selling expenses and relevant taxes and surcharges; for inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories specified in sales contracts are less than the quantities held by the **Company**, the net realizable value of the excess portion of inventories shall be based on general selling prices.

- In the course of normal production and operation, the estimated price of the finished product shall be deducted from the estimated cost of the finished product, the estimated sales cost and the amount of the relevant taxes and fees to determine the net realizable value. If the net realizable value of the finished product is higher than the cost, the material is measured at cost. If the decrease of the material price indicates that the net realizable value of the finished product is lower than the cost, the material is measured on the net realizable value and is prepared according to its difference.
- At the end of the period, provisions for inventory impairment are determined on an individual basis. For inventories with large quantity and low unit price, the provisions for inventory impairment are determined on a category basis.
- If any factor rendering write-downs of the inventories has been eliminated, the amounts written down are recovered and reversed from the inventory impairment, which has been provided for. The reversed amounts are included into the current profit or loss.

(e) Amortization method of low-value consumables

(e.1) One-off writing off method is adopted in amortization of low-value consumables.

(e.2) One-off writing off method is adopted in amortization of wrappages.

3.14 Contract Assets and Contract Liabilities

Applicable from 1 January 2021

The **Company** shall present contract assets or contract liabilities in the statement of financial position, depending on the relationship between the **Company's** satisfying a performance obligation and the customer's payment. A contract asset shall be presented if the **Company** has the right to consideration in exchange for goods or services that the **Company** has transferred to a customer when that right is conditioned on something other than the passage of time. A contract liability shall be presented if the **Company** has the obligation to transfer goods or services to a customer for which the **Company** has received consideration (or the amount is due) from the customer.

Method of determination and accounting for expected credit loss for contract assets please refer to *Note 3.10 Financial Instruments*.

Contract assets and contract liabilities shall be presented separately in the statement of financial position. The contract asset and contract liability for the same contract shall be presented on a net basis. A net balance shall be listed in the item of "Contract assets" or "Other non-current assets" according to its liquidity; a credit balance shall be listed in the item of "Contract liabilities" or "Other non-current liabilities" according to its liquidity. Contract assets and contract liabilities for different contracts cannot be offset.

3.15 Contract Costs

Applicable from 1 January 2021

Contract costs include costs to fulfill a contract and the costs to obtain a contract.

The **Company** shall recognise an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract, including: direct labour, direct materials, manufacturing costs (or similar costs), costs that are explicitly chargeable to the customer under the contract and other costs that are incurred only because an entity entered into the contract;
- the costs enhance resources of the **Company** that will be used in satisfying performance obligations in the future; and
- the costs are expected to be recovered.

The incremental costs of obtaining a contract shall be recognised as an asset if the **Company** expects to recover them.

An asset related to contract costs shall be amortised on a systematic basis that is consistent with the revenue recognition of the goods or services to which the asset relates. The **Company** recognises the contract acquisition costs as an expense when incurred if the amortisation period of the asset that the **Company** otherwise would have recognised is one year or less.

The **Company** shall accrue the provision for impairment, recognise an impairment loss in profit or loss to the extent that the carrying amount of an asset related to the contract cost exceeds the difference of below two items, and further consider whether the estimated liability related to the onerous contract needs to be accrued:

- the remaining amount of consideration that the **Company** expects to receive in exchange for the goods or services to which the asset relates; less
- the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

The **Company** shall recognise in profit or loss a reversal of some or all of an impairment loss previously recognised when the impairment conditions no longer exist or have improved. The increased carrying amount of the asset shall not exceed the amount that would have been determined (net of amortisation) if no impairment loss had been recognised previously.

Providing that the costs to fulfil a contract satisfy the requirement to be recognised as an asset, the **Company** shall present them in the account "Inventories if the contract has an original expected duration of one year (or a normal operating cycle) or less, or in the account "Other non-current assets" if the contract has an original expected duration of more than one year (or a normal operating cycle).

Providing that the costs to obtain a contract satisfy the requirement to be recognised as an asset, the **Company** shall present them in the account "Other current asset" if the contract has an original expected duration of one year (or a normal operating cycle) or less, or in the account "Other non-current assets" if the contract has an original expected duration of more than one year (or a normal operating cycle).

3.16 Non-current Assets (or Disposal Groups) Held for Sale

(a) Classification of non-current assets (or disposal groups) as held for sale

The **Company** classifies a non-current asset (or disposal group) as held for sale if the following requirements are met simultaneously:

- The asset or disposal group must be available for immediate sale in its present condition subject only to the terms that are usual and customary for sales of such asset components.
- Its sale must be highly probable, i.e, the **Company** must be committed to a plan to sell the asset (or disposal group) and obtain definite purchase commitment, and the sale is expected to complete within one year.

When the **Company** acquires a non-current asset (or disposal group) exclusively with a view to its subsequent disposal, it shall classify the non-current asset (or disposal group) as held for sale at the acquisition date only if the one-year requirement is met and it is highly probable that any other criteria that are not met at that date will be met within a short period following the acquisition (usually within three months).

The **Company** that is committed to dispose its equity investment in a subsidiary which will lead to its loss of control of the subsidiary shall classify the investment as held for sale in the separate financial statements of the **Company**, and classify all the assets and liabilities of that subsidiary as held for sale in the consolidated financial statements of the group, when the above criteria are met, regardless of whether the **Company** will remain part of equity investment in the subsidiary.

(b) Measurement of non-current assets (or disposal groups) held for sale

The principal of measurement of non-current assets (or disposal groups) held for sale does not apply to the following assets: investment properties that are measured in accordance with the fair value model, biological assets that are measured at fair value less costs to sell, assets arising from employee benefits, deferred tax assets, financial assets within the scope of relevant accounting standards related to financial instruments and contractual rights under insurance contracts as defined in accounting standards related to insurance contracts.

When the non-current assets (or disposal groups) are initially measured or subsequently measured at balance sheet date, if the carrying value of the asset (or disposal group) is higher than the fair value less cost to sell, it shall be written-down to its fair value, and the

difference shall be recognized as impairment loss of the reporting period, and provision for asset impairment shall be recognized simultaneously. If on the subsequent balance sheet date, the net amount of the non-current assets held for sale or the fair value of the disposal group minus the selling expenses increases, the previously written-down amount shall be restored, and the assets shall be recognized after being classified as held for sale. The impairment loss is reversed within the amount of asset impairment loss recognized after being classified as held for sale, and the reversed amount is included in the current profit or loss. The book value of goodwill that has been deducted cannot be reversed.

When the assets (or disposal groups) cease to be classified as held for sale or the non-current assets are removed from disposal groups since the criteria for held for sale are no longer met, the assets shall be measured at the lower of:

- its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization or revaluations that would have been recognized had the asset (or disposal group) not been classified as held for sale, and
- its recoverable amount at the date of the subsequent decision not to sell.

(c) Presentation

An entity shall present a non-current asset classified as held for sale and the assets of a disposal group classified as held for sale separately from other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale shall be presented separately from other liabilities in the statement of financial position. Those assets and liabilities shall not be offset and presented as a single amount.

3.17 Long-term Equity Investments

Long-term equity investments refer to equity investments where an investor has control of, or significant influence over, an investee, as well as equity investments in joint ventures. Associates of the Company are those entities over which the Company has significant influence.

(a) Determination basis of joint control or significant influence over the investee

Joint control is the relevant agreed sharing of control over an arrangement, and the arranged relevant activity must be decided under unanimous consent of the parties sharing control. In determining whether there is a common control, it is first determined whether all parties or combinations of parties have collective control of the arrangement. If all parties or a group of parties must act in unison to determine the relevant activities of an arrangement, it is considered that all parties or a group of participants collectively control the arrangement. Secondly, it is necessary to decide whether the decision-making related to the arrangement must be unanimously approved by the participants who collectively control the arrangement. If there is a combination of two or more parties that can collectively control an arrangement, it does not constitute a common control. To determine

whether there is common control, not to consider the protection of the rights.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but not be able to exercise control or joint control over those policies. When indenting an investing enterprise whether can exercise significant influences over the investee, it shall consider the effects of the voting shares directly or indirectly held by the investee and the current enforceable voting rights held by the investee and other parties on the assumption of conversion to the equity of the investee, including the issuance by the investee current convertible warrants, share options and convertible corporate bonds and so on.

When the **Company** indirectly owns more than 20.00% (including 20.00%) but less than 50.00% of the voting shares of the investee directly or through its subsidiaries, it is generally considered to have a material impact on the investee unless there is clear evidence that such circumstances cannot participate in the decision of production and operation of the invested unit. Under this circumstance, it does not have a significant impact.

(b) Determination of initial investment cost

(b.1) Long-term equity investments generated in business combinations

For a business combination involving enterprises under common control, if the **Company** makes payment in cash, transfer non-cash assets or bear debts and issues equity securities as the consideration for the business combination, book value of the owners' equity of the acquiree obtained is recognized as the initial cost of the long-term equity investment on the combination date. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred, liabilities assumed and par value of share issued shall be adjusted to the stock premium in the capital reserve; if there is no sufficient premium in the capital reserve for write-downs, the retained earnings shall be adjusted.

For a business combination under common control, if the acquirer issues equity securities as the consideration for the combination, the initial investment cost of the long-term equity investment shall be the share of the book value of the owner's equity of the merged party in the consolidated financial statements of the ultimate controlling party on the combination date. Take the total par value of the issued shares as the share capital, and adjust the capital reserve according to the difference between the initial investment cost of the long-term equity investment and the total par value of the issued shares; if the capital reserve is not sufficient to offset, the retained earnings shall be adjusted.

For a business combination not under common control, the initial investment cost of a long-term equity investment is determined by the fair value of the assets paid, liabilities incurred or assumed and equity securities issued on the acquisition date to obtain control over the acquiree. The intermediary expenses such as audit, legal services, evaluation and consultation and other related administrative expenses incurred by the acquirer for business

combination shall be included in the current profit or loss when incurred.

(b.2) Long-term equity investments acquired by other means

For long-term equity investments acquired by payments in cash, the initial cost is the actually paid purchase cost. The initial investment cost includes expenses directly related to obtaining long-term equity investment, taxes and other necessary expenses.

For long-term equity investments acquired through issuance of equity securities, the initial cost is the fair value of the issued equity securities.

For the long-term equity investments obtained through exchange of non-monetary assets, if the exchange has commercial substance, and the fair value of assets traded out and traded in can be measured reliably, the initial cost of long-term equity investments traded in with non-monetary assets are determined based on the fair value of the assets traded out together with relevant taxes. Difference between fair value and book value of the assets traded out is recorded in profit or loss. If the exchange of non-monetary assets does not meet the above criteria, the book value of the assets traded out and relevant taxes are recognized as the initial cost of long-term equity investments traded in.

For long-term equity investments acquired through debt restructuring, the book value is determined by the fair value of the abandoned creditor's rights and other costs such as taxes directly attributable to the asset, and the difference between the fair value of the abandoned creditor's rights and the book value is recorded into the current profit or loss.

(c) Subsequent measurement and recognition of profit or loss

Long-term equity investment to an entity over which the **Company** has ability of control shall be accounted for at cost method. Long-term equity investment to a joint venture or an associate shall be accounted for at equity method.

(c.1) Cost method

For Long-term equity investment at cost method, cost of the long-term equity investment shall be adjusted when additional amount is invested or a part of it is withdrawn. The **Company** recognizes its share of cash dividends or profits which have been declared to distribute by the investee as current investment income.

(c.2) Equity method

Generally, for long term equity investment with equity method, accounting practice is as below:

If the initial cost of the investment is in excess of the share of the fair value of the net identifiable assets in the investee at the date of investment, the difference shall not be adjusted to the initial cost of long-term equity investment; if the initial cost of the investment is in short of the share of the fair value of the net identifiable assets in the investee at the date investment, the difference shall be included in the current profit or loss

and the initial cost of the long-term equity investment shall be adjusted accordingly.

The **Company** recognizes the share of the investee's net profits or losses, as well as its share of the investee's other comprehensive income, as investment income or losses and other comprehensive income respectively. Meanwhile the **Company** adjusts the carrying amount of the investment accordingly. The carrying amount of the investment shall be reduced by the share of any profit or cash dividends declared to distribute by the investee. The investor's share of the investee's owners' equity changes, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, would be recognized in the investor's equity, and the carrying amount of the long-term equity investment shall be adjusted accordingly. The **Company** recognizes its share of the investee's net profits or losses after making appropriate adjustments based on the fair value of the investee's identifiable net assets at the investment date. If the accounting policy and accounting period adopted by the investee is not in consistency with the **Company**, the financial statements of the investee shall be adjusted according to the **Company's** accounting policies and accounting period, based on which, investment income or loss and other comprehensive income, etc., shall be adjusted. The unrealized profits or losses resulting from inter-company transactions between the **Company** and its associate or joint venture are eliminated in proportion to the **Company's** equity interest in the investee, based on which investment income or losses shall be recognized. Any losses resulting from inter-company transactions between the investor and the investee, which are attributable to asset impairment, shall be recognized in full.

Where the **Company** obtains the power of joint control or significant influence, but not control, over the investee, due to additional investment or other reason, the relevant long-term equity investment shall be accounted for by using the equity method, initial cost of which shall be the fair value of the original investment plus the additional investment. Where the original investment is classified as available-for sale investment, difference between its fair value and its carrying value, in addition to the cumulated fair value fluctuation recorded in other comprehensive income, shall be recognized as current profit or loss.

Due to the disposal of part of the equity investment and other reasons lost the joint control or significant impact on the investee, the remaining after the disposal of equity measured at fair value, the difference between the proceeds actually received and the carrying amount shall be recognized in profit or loss for the reporting period. For a long-term equity investment accounted for using the equity method, any other comprehensive income previously recognized shall be accounted for on the same basis as would have been required if the investee had directly disposed the related assets or liabilities on a pro-rata basis upon the disposal of the equity investment.

3.18 Investment Properties

(a) Classification of investment properties

Investment properties are properties to earn rentals or for capital appreciation or both, including:

- Land use right leased out;
- Land held for transfer upon appreciation;
- Buildings leased out.

(b) The measurement model of investment property

The **Company** adopts the fair value model for subsequent measurement of investment properties.

The **Company's** investment properties have an active properties transaction market, and the **Company** can obtain market prices and other relevant information of similar or similar properties from the property's transaction market, so that it can make a reasonable estimate of the fair value of the investment properties. Therefore, the **Company** can make a reasonable estimate of the fair value of the investment properties. The company adopts the fair value model for subsequent measurement of investment properties, and changes in fair value are included in the current profit and loss.

When determining the fair value of investment properties, refer to the current market price of similar or similar properties in the active market; if the current market price of the same or similar properties cannot be obtained, refer to the recent transaction price of the same or similar or similar properties in the active market, and Considering factors such as transaction status, transaction date, location, etc., to make a reasonable estimate of the fair value of investment properties; or determine its fair value based on the estimated future rental income and the present value of relevant cash flows.

In rare cases, if the evidence shows that when the **Company** first acquires a certain non-construction investment property (or an existing property first becomes an investment property after the construction or development activities or change of use), the fair value of the investment property can not be continuously and reliably obtained, the investment property shall be measured at cost mode until disposal, and be assumed there is no residual value.

3.19 Property, Plant and Equipment

Property, plant and equipment refer to the tangible assets held for the purpose of producing commodities, rendering services, renting or business management with useful lives exceeding one year.

(a) Recognition criteria of property, plant and equipment

Property, plant and equipment will only be recognized at the actual cost paid when obtaining when all the following criteria are satisfied:

- it is probable that the economic benefits relating to the property, plant and equipment will flow into the **Company**;
- the costs of the property, plant and equipment can be measured reliably.

Subsequent expenditure for property, plant and equipment shall be recorded in cost of property, plant and equipment, if above criteria are satisfied, whereas, recorded in current profit or loss if the above criteria cannot be satisfied.

(b) Depreciation methods of property, plant and equipment

From the next month when the property, plant and equipment reaches the expected useable state, the **Company** shall calculate the depreciation according to the method of straight-line depreciation and determine the depreciation life and annual depreciation rate according to the categories of property, plant and equipment, estimated economic service life and estimated net salvage value rate as follows:

Categories of property, plant, and equipment	Depreciation methods	Estimated useful life (years)	Residual rates (%)	Annual depreciation rates (%)
Buildings and constructions	Straight-line method	40	5.00	2.38
Office equipment and electrical equipment	Straight-line method	5	5.00	19.00
Vehicle	Straight-line method	5	5.00	19.00
Machinery equipment	Straight-line method	5	5.00	19.00
Others	Straight-line method	5 to 40	5.00	19.00 to 2.38

For the property, plant and equipment with impairment provided, the impairment provision should be excluded from the cost before calculating depreciation.

At the end of reporting period, the **Company** shall review the useful life, estimated net residual value and depreciation method of the property, plant and equipment. Estimated useful life of the property, plant and equipment shall be adjusted if it is changed.

(c) Criteria, valuation and depreciation methods of property, plant and equipment obtained through a finance lease.

The following accounting policies are applicable to 2020 and before

If the entire risk and rewards related to the leased assets have been transferred, the lease shall be a finance lease. The cost of the property, plant and equipment obtained through a finance lease is determined at the lower of the present value of the fair value of the leased assets and the minimum lease payment on the day of the lease. The property, plant and equipment obtained by a finance lease are depreciated in the method which is in consistency with the property, plant and equipment owned by the **Company** itself. For property, plant and equipment obtained through a finance lease, if it is reasonably certain that the ownership of the leased assets will be transferred to the lessee by the end of the

lease term, they shall be depreciated over their remaining useful lives; otherwise, the leased assets shall be depreciated over the shorter of the lease terms or their remaining useful lives.

3.20 Construction in Progress

(a) Construction in progress is measured on an individual project basis.

(b) Criteria and timing of transfer from construction in progress to property, plant and equipment

The initial book values of the property, plant and equipment are stated at total expenditures incurred before they are ready for their intended use, including construction expenses, original value of equipment, other necessary expenditures incurred to bring construction in progress to an intended usable condition, and specific borrowings and general borrowings incurred for the purpose of borrowing money for the project before the asset reaches its intended usable condition. The company will transfer construction in progress to property, plant and equipment when the project's installation or construction is completed and ready for use. For construction in progress that has been ready for intended use but relevant budgets for the completion of projects have not been completed, the estimated values of project budgets, prices, or actual costs should be included in the costs of relevant property, plant and equipment, and depreciation should be provided according to relevant policies of the **Company** when the property, plant and equipment are ready for intended use. After the completion of budgets needed for the completion of projects, the estimated values should be substituted by actual costs, but depreciation already provided is not adjusted.

3.21 Borrowing Costs

(a) Recognition criteria for capitalization of borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets form part of the costs of those assets and satisfy the following factors could be capitalized:

- expenditures are being incurred, which comprise disbursements incurred in the form of payments of cash, transfer of non-monetary assets or assumption of interest-bearing debts;
- borrowing costs are being incurred, and;
- acquisition, construction or production activities that are necessary to prepare the assets for their intended use or sale have commenced.

Interest on bank overdrafts and borrowings, amortization of discounts or premiums on borrowings, finance charges on finance leases and exchange differences on foreign currency borrowings where they are regarded as an adjustment to interest costs are recognized as expenses and charged to profit or loss in the reporting period.

Capitalization of borrowing costs is suspended during periods in which the acquisition,

construction or production of a qualifying asset is interrupted abnormally and when the interruption is for a continuous period of more than 3 months, until the acquisition, construction or production is resumed.

Capitalization of such borrowing costs ceases when the qualifying assets being acquired, constructed or produced become ready for their intended use or sale. The expenditure incurred subsequently shall be recognized as expenses.

(b) Measurement of capitalized amounts of borrowing costs

Where funds are borrowed specifically for purchase, construction or manufacturing of assets eligible for capitalization, costs eligible for capitalization are the actual costs incurred less any income earned on the temporary investment of such borrowings.

Where funds allocated for purchase, construction or manufacturing of assets eligible for capitalization are part of a general pool, the eligible amounts are determined by applying a capitalization rate to the weighted average excess of accumulated capital expenditures over those on specific borrowings. The capitalization rate will be the weighted average of the borrowing costs applicable to the general pool.

3.22 Intangible Assets

(a) Measurement method of intangible assets

Intangible assets are stated at actual cost at acquisition.

(b) The useful life and amortization of intangible assets

(b.1) The estimated useful lives of the intangible assets with limited useful lives are as follows:

Category	Useful life (years)	Basis
Land use right	37.67 to 50	Legal right to use
Software use rights	2 to 10	The useful life of the asset is determined according to the period during which it can bring economic benefits to the Company.
Right to charge for road parking spaces	35	The useful life of the asset is determined according to the period during which it can bring economic benefits to the Company.
Mining operation and management usufruct	/	The useful life is determined by reference to the expected consumption pattern of economic benefits associated with intangible assets.
Franchise rights for advertising spaces	50	The useful life of the asset is determined according to the period during which it can bring economic benefits to the Company.

For intangible assets with finite useful life, the estimated useful life and amortization method are reviewed annually at the end of each reporting period and adjusted when

necessary. No change incurs in current year in the estimated useful life and amortization method upon review.

(b.2) Assets of which economic benefits are unforeseeable are regarded as intangible assets with indefinite useful lives. The **Company** reassesses the useful lives of those assets at every year end. If the useful lives of those assets are still indefinite, impairment test should be performed on those assets at the balance sheet date.

(b.3) Amortization of the intangible assets

For intangible assets with finite useful lives, their useful lives should be determined upon their acquisition. They are amortized on a straight-line basis over the period during which they can bring economic benefits to the **Company**. The amount to be amortized is cost deducting residual value. For intangible assets which has impaired, the cumulated impairment provision shall be deducted as well, with a residual value of nil. For intangible assets which are not expected to bring economic benefits to the **Company**, they are deemed as intangible assets with uncertain useful lives and are not amortized.

Intangible assets with indefinite useful lives shall not be amortized. The **Company** reassesses the useful lives of those assets at every year end. If there is evidence to indicate that the useful lives of those assets become finite, the useful lives shall be estimated, and the intangible assets shall be amortized systematically and reasonably within the estimated useful lives.

(c) Criteria of classifying expenditures on internal research and development projects into research phase and development phase

(c.1) The **Company** shall take the information and related preparatory activities for further development activities as the research stage, and the expenditure of the intangible assets research stage shall be recorded into the current profit and loss when incurred.

(c.2) The development activities that are carried out after the **Company** has completed the research phase shall be considered as the development phase.

(d) Criteria for capitalization of qualifying expenditures during the development phase

Expenditures arising from development phase on internal research and development projects must be capitalized if the **Company** can satisfy all of the following criteria:

- there is technical feasibility of completing the intangible assets (so that they will be available for use or sale);
- there is intention to complete and use or sell the assets;
- the method that the intangible assets generate economic benefits, including existence of a market for products produced by the intangible assets or for the intangible assets

themselves, shall be proved. Or, if to be used internally, the usefulness of the assets shall be proved;

- adequate technical, financial, and other resources are available to complete the assets, and the **Company** has the ability to use or sell the assets; and
- the costs of the assets can be measured reliably.

3.23 Biological Assets

(a) Recognition criteria of biological assets

A biological asset is a living animal or plant. The **Company** recognise a biological asset when all of the following criteria are satisfied:

- The **Company** owns or controls the asset as a result of past events;
- It is probable that future economic benefits associated with the asset will flow to the **Company**; and;
- The fair value or cost of the asset can be measured reliably.

(b) Classification of biological assets

Biological assets of the **Company** include consumptive biological assets. The **Company** subsequently measures the biological assets using cost method.

(b.1) The consumptive biological assets

The consumptive biological assets refer to the biological assets held for sale, or biological assets to be harvested as agricultural products in the future, consisting of growing field crops, vegetables, commercial forests, livestock on hand, etc. The consumptive biological assets are initially measured at cost. The costs of any consumptive biological assets by way of self-planting, self-cultivating, self-breeding shall be determined as necessary expenses directly attributable to the assets incurred prior to the sale, including borrowing cost eligible for capitalisation. The further expenses of consumptive biological assets after harvest including management and feeding expenses are recorded as current profit or loss. The cost of a consumptive biological asset shall, at the time of harvest or sale, be carried over in accordance with its book value using special cost identification method.

(b.2) The productive biological assets

The productive biological assets refer to the biological assets held on the purpose of producing agricultural products, rendering labor services, renting, and etc., consisting of the economic forests, fuel forests, productive livestock, draught animals, etc. The productive biological assets are initially measured at cost. The costs of any productive biological assets by way of self-cultivating or self-breeding shall be determined as necessary expenses directly attributable to the assets incurred before accomplishing the expected objective of production and operation, including borrowing cost eligible for capitalisation.

The subsequent expenses for the management and protection or for the breeding for productive biological asset after canopy closure or after the accomplishment of the expected objective of production and operation shall be included in current profit or loss. For a productive biological asset, when such conditions such as sale, inventory loss, death, damage or destroy appear, a gain or loss shall be recognised in profit or loss by offsetting the disposal income with the carrying amount and the related taxes and expenses.

(b.3) The public welfare biological assets

The public welfare biological assets refer to the biological assets for the main purpose of prevention or environmental protection, consisting of wind break and sand fixation forests, water and soil conservation forests, water conservation forests, etc. The costs of self-cultivating public welfare biological assets shall be determined as necessary expenses directly attributable to the assets incurred before canopy closure, including borrowing cost eligible for capitalisation.

The subsequent expenses for the management and protection or for the breeding of public welfare biological assets after canopy closure shall be included in profit or loss.

The public welfare biological assets are subsequently measured at cost. There is no provision for impairment of the public welfare biological assets.

For a public welfare biological asset, when such conditions such as sale, inventory loss, death, damage or destroy appear, a gain or loss shall be recognised in profit or loss by offsetting the disposal income with the carrying amount and the related taxes and expenses.

(c) Estimated useful lives and depreciation method of productive biological assets

The depreciation of productive biological assets is calculated using the straight-line basis and the depreciation rates determined according to the estimated useful lives and residual rate by category.

The **Company** reviews the useful lives, estimated net residual values and depreciation methods of the productive biological assets at each year end and any variance shall be adjusted by the **Company** as part of changes in accounting estimates.

3.24 Impairment of Long-term Assets

Impairment of the long-term equity investments of subsidiaries, or associates and joint ventures, property, plant and equipment, construction in progress, productive biological assets measured at cost model, intangible assets, goodwill, etc. (inventories, deferred tax assets and financial assets are excluded), according to the following methods:

On the balance sheet date, the **Company** makes a judgment on each asset. If there is evidence of impairment and the estimated recoverable amount is lower than its book value, impairment test assets should be performed. The impairment test shall be performed at least annually on the goodwill acquired in a business combination, intangible assets with

indefinite useful lives or intangible assets that have not yet reached usable state of whether there is any indication of impairment.

The recoverable amount is determined by the higher value between the net value of the asset after deducting the disposal expense and the present value of the asset's expected future cash flow. The **Company** estimates the recoverable amount on the basis of a single asset; If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group shall be determined on the basis of the asset group to which the asset belongs. The determination of an asset group is based on whether the main cash inflow generated by the asset group is independent of other assets or the cash inflow generated by the asset group.

When the recoverable amount of an asset or asset group is lower than its book value, the **Company** shall reduce to the recoverable amount, the amount shall be recognized in the current profit and loss, while making provision for the corresponding asset impairment.

As for the impairment test of goodwill, the book value of the goodwill formed by business combination shall be allocated to the relevant asset group in a reasonable way from the date of purchase; difficult to spread to the relevant asset groups of goodwill, should divide it to related to the combination of group assets. The relevant asset groups or combination of asset groups, it is able to benefit from the enterprise merger synergies of the asset group or combination of group assets, and not greater than the portion of the report determined by the **Company**.

During the impairment test, if impairment indication exists in the assets or a group of assets, firstly, impairment testing for asset or assets group excluding goodwill shall be conducted. Impairment loss is recognized through comparing the recoverable amount of the assets and assets group with their carrying amount; then, impairment testing for assets or assets group including goodwill shall be conducted. The excess of the carrying amount of the assets or assets group (including goodwill allocated to the assets or assets group) over their recoverable amount is recognized as impairment loss.

Once the asset impairment loss is confirmed, it will not be reversed in subsequent accounting periods.

3.25 Long-term Deferred Expenses

Long-term deferred expenses are various expenses already incurred, which shall be amortized over current and subsequent periods with the amortization period exceeding one year.

The **Company's** long-term unamortized expenses are averagely amortised during the benefit period. The amortization period of various expenses is as follows:

Items	Amortization period (years)
Decoration fund	5
Consulting service fee	2 to 20
Preliminary expenses of General Aviation Airport	3 to 5
Others	3 to 5

3.26 Employee Benefits

Employee benefits refer to all forms of consideration or compensation given by an enterprise in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to an employee's spouse, children, dependents, family members of deceased employees, or other beneficiaries are also employee benefits.

(a) Short-term employee benefits accounting method

(a.1) Basic salary of employees (salaries, bonuses, allowances and subsidies)

The **Company** recognizes, in the accounting period in which an employee provides service, actually occurred short-term employee benefits as a liability, with a corresponding charge to current profit or loss or relevant cost of assets.

(a.2) Employee benefit expenses

Employee benefit expenses incurred by the **Company** are charged to the profits and losses of the current period or the related asset costs, according to the actual amount actually occurred. Employee benefits are non-monetary benefits measured at their fair value.

(a.3) Social insurance including health insurance, injury insurance and birth insurance, housing accumulation fund, and labor union funds and employee education funds

Payments made by the **Company** of social security contributions for employees, such as premiums or contributions on medical insurance, pensions, work injury insurance and maternity insurance, payments of housing funds, and union running costs and employee education costs provided in accordance with relevant requirements, in the accounting period in which employees provide services, is calculated according to prescribed bases and percentages of provision in determining the amount of employee benefits.

(a.4) Short-term absence pay

Paid absences are classified into accumulating paid absences and non-accumulating paid absences. The **Company** shall recognize the related employee benefits arising from accumulating paid absences when the employees render service that increases their entitlement to future paid absences. The additional payable amounts shall be measured at the expected additional payments as a result of the unused entitlement that has accumulated.

(a.5) Short-term profit-sharing plan

The **Company** shall recognize the related employee benefits payable under a profit-sharing plan when all of the following conditions are satisfied:

- the **Company** has a present legal or constructive obligation to make such payments as a result of past events; and
- a reliable estimate of the amounts of employee benefits obligation arising from the profit-sharing plan can be made.

(b) Post-employment benefits accounting method

(b.1) Defined contribution plans

The **Company** shall recognize, in the accounting period in which an employee provides service, the contribution payable to a defined contribution plan as a liability, with a corresponding charge to the profit or loss for the reporting period or the cost of a relevant asset.

Post-employment benefits falling due for more than 12 months after the end of the reporting period are discounted to their present values, the amount recognized should be discounted, to reflect the time value of money (Determined based on the market rate of return on the government bonds or high-quality corporate bonds in an active market that match the maturity schedule and currency of the defined benefit plan on the balance sheet date).

(b.2) Defined benefit plans

(b.2.1) Determining the present value of defined benefit plan obligations and current service costs

Based on the expected unit benefit method, the unbiased and mutually consistent actuarial assumptions are used to estimate the relevant demographic variables and financial variables, etc., to measure the obligations arising from the defined benefit plans and to determine the vesting period of the relevant obligations. The **Company** will set a benefit plan based on the corresponding discount rate (based on the market rate of return of government bonds or high-quality corporate bonds in active markets that match the maturity and currency of the defined benefit plan at the balance sheet date) of the obligation to be discounted to determine the present value of the defined benefit plan obligations and current service costs.

(b.2.2) Determining the net liabilities or net assets of defined benefit plan

If there is any asset in the defined benefit plan, the **Company** will recognize the deficit or surplus as a net debt or net asset of the defined benefit plan, which caused from the current value of the defined benefit plan obligations less of the fair value of the defined benefit plan assets.

If there is a surplus in the defined benefit plan, the **Company** measures the net profit of the

defined benefit plan based on the lower of the surplus of the defined benefit plan and the upper limit of the asset.

(b.2.3) Determining the amount that should be included in the cost of assets or current profits and losses

Service costs include current service costs, past service costs and settlement gains or losses. Except for the current service costs that are required or permitted to be included in the cost of an asset by other accounting standards, other service costs are included in the profit or loss for the current period.

Net interest on the net liabilities or net assets of the defined benefit plan, including the interest income of the scheme assets, the interest expenses of the defined benefit plan obligations and the interest rates affected by the asset cap, shall be included in the profits and losses of the current period.

(b.2.4) Determine the amount that should be included in other comprehensive income

Changes arising from the remeasurement of net liabilities or net assets of defined benefit plans, including:

- actuarial gains or losses: the increase or decrease in the present value of the previously defined benefit plan obligations as a result of actuarial assumptions and experience adjustments.
- Planned return on assets: deducing the amount of net interest included in the net liabilities or net assets of defined benefit plans.
- Changes in the upper limit of assets: deducing the amount of net interest included in the net liabilities or net assets of defined benefit plans.

The above changes in the net liabilities or net assets of the re-measured defined benefit plan are directly charged to other comprehensive income and are not permitted to be reversed to profit or loss in subsequent accounting periods, but the **Company** can transfer these changes in other comprehensive income within the scope of equity.

(c) Termination benefits accounting method

The **Company** providing termination benefits to employees shall recognize an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss of the reporting period, at the earlier of the following dates:

- when the **Company** cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal.
- when the **Company** recognizes costs or expenses related to a restructuring that involves the payment of termination benefits.

Termination benefits falling due for more than 12 months after the end of the reporting period are discounted to their present values (based on the market rate of return of

government bonds or high-quality corporate bonds in active markets that match the maturity and currency of the defined benefit plan at the balance sheet date).

(d) Other long-term employee benefits accounting method

(d.1) Other long-term employee benefits fit the Defined Contribution Plan

If other long-term employee benefits provided by the **Company** meet the conditions of the established withdrawal plan, the total amount due for deposit shall be calculated as the discounted amount to pay the employee remuneration.

(d.2) Other long-term employee benefits fit the Defined Benefit Plans

At the end of the reporting period, the **Company** recognized employee compensation costs arising from other long-term employee benefits as the following components:

- Service costs;
- Net interest on the other long-term employee benefits liability (asset);
- Remeasurement of changes in net liabilities or net assets of other long-term employee benefits.

In order to simplify the relevant accounting treatment, the total net amount of the above items is included in the profit or loss of the reporting period or the cost of a relevant asset.

3.27 Estimated Liabilities

(a) Recognition criteria of estimated liabilities

The **Company** recognizes the estimated liabilities when obligations related to contingencies satisfy all the following conditions:

- that obligation is a current obligation of the **Company**;
- it is likely to cause any economic benefit to flow out of the **Company** as a result of performance of the obligation;
- the amount of the obligation can be measured reliably.

(b) Measurement method of estimated liabilities

The estimated liabilities of the **Company** are initially measured at the best estimate of expenses required for the performance of relevant present obligations. The **Company**, when determining the best estimate, has had a comprehensive consideration of risks with respect to contingencies, uncertainties and the time value of money. The carrying amount of the estimated liabilities shall be reviewed at the end of every reporting period. If conclusive evidence indicates that the carrying amount fails to be the best estimate of the estimated liabilities, the carrying amount should be adjusted based on the updated best estimate.

3.28 Revenue

Applicable from 1 January 2021

(a) General principle

Revenue is defined as the gross inflow of economic benefits arising in the course of the ordinary activities of the **Company** when those inflows result in the increases in shareholders' equity, other than increases relating to contributions from shareholders.

The **Company** shall recognise revenue when it satisfies a performance obligation in the contract as the customer obtains control of a good or service. Control of a good or service refers to the ability to direct the use of, and obtain substantially all of the remaining economic benefits from, the good or service.

When the contract has two or more obligation performances, the **Company** shall allocate the transaction price to each performance obligation in proportion to a relative stand-alone selling price at contract inception of the promised good or service underlying each performance obligation in the contract and recognize revenue based on the transaction price allocated to each performance obligation.

The transaction price is the amount of consideration to which the **Company** expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. When determining the transaction price of the contract, if the contract includes a variable consideration, the **Company** shall determine the best estimate of the variable consideration based on the expected value or the most likely amount and include in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. If the contract contains a significant financing component, the **Company** shall determine the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the transaction price and the promised consideration shall be amortized using the effective interest method within the contract period. The **Company** need not consider the effects of a significant financing component if the period between when the **Company** transfers control of a good or service to a customer and when the customer pays for that good or service will be one year or less.

The **Company** satisfies a performance obligation over time, if one of the following criteria is met; otherwise, a performance obligation is satisfied at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the **Company's** performance as the **Company** performs;
- the **Company's** performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced;
- the **Company's** performance does not create an asset with an alternative use to the

Company and the **Company** has an enforceable right to payment for performance completed to date.

For each performance obligation satisfied over time, the **Company** shall recognize revenue over time by measuring the progress towards complete satisfaction of that performance obligation, unless those progress cannot be reasonably measured. The **Company** measures the progress of a performance obligation for the service rendered using input methods (or output method). In some circumstances, the **Company** cannot be able to reasonably measure the progress of a performance obligation, but the **Company** expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the **Company** shall recognize revenue only to the extent of the costs incurred until such time that it can reasonably measure the progress of the performance obligation.

The **Company** shall recognize revenue at the point in which a customer obtains control of a promised good or service if a performance obligation is satisfied at a point in time. To determine the point in time at which a customer obtains control of a promised good or service, the **Company** shall consider indicators of the transfer of control, which include, but are not limited to, the followings:

- The **Company** has a present right to payment for the good or service - a customer is presently obliged to pay for the good or service;
- The **Company** has transferred legal title of an asset to a customer - the customer has legal title to the asset;
- The **Company** has transferred physical possession of an asset to a customer - the customer has physical possession of the asset;
- The **Company** has transferred the significant risks and rewards of ownership of the asset to a customer - the customer has the significant risks and rewards of ownership of the asset;
- The customer has accepted the asset.

(a.1) Sale return clause

For sale return clause, when the customer obtains the control of a product, the **Company** shall recognize revenue for the transferred products in the amount of consideration to which the **Company** expects to be entitled and a refund liability at the amounts receivable for which the **Company** does not expect to be entitled; meanwhile, an asset shall be recognized as receivables on the cost of return measured at the former carrying amount of the product expected to be returned less any expected costs to recover those products (including potential decreases in the value to the entity of returned products), and the net amount of the former carrying amount of the product when transferred to the customer less above mentioned cost shall be recorded into the cost of sales. At the end of each reporting period, the **Company** shall re-assess the expectations about the sales return and remeasure above

mentioned assets and liabilities.

(a.2) Warranties

In accordance with the contract, the law or other requirements, the **Company** provides a warranty in connection with the sale of a product or construction of a project. For warranties which provide a customer with assurance that the related product will function as the parties intended because it complies with agreed-upon specifications, the **Company** shall treat it in accordance with "Accounting Standards for Business Enterprise No.13 - Contingencies". If a warranty, or a part of a warranty, provides a customer with a service in addition to the assurance that the product complies with agreed-upon specifications, the **Company** shall treat it as a performance obligation, and allocate the transaction price to the warranty based on the relative proportion to the stand-alone selling price of the product and the service, and recognize revenue when the customer obtains the control of the service. In assessing whether a warranty provides a customer with a service in addition to the assurance that the product complies with agreed-upon specifications, the **Company** shall consider factors such as: whether the warranty is required by law; the length of the warranty coverage period and the nature of the tasks that the **Company** promises to perform.

(a.3) Principal versus agent

If the **Company** obtains the control of the specified good or service from another party and then transfers the good or service to the customer, the **Company** has the right to determine the transaction price, which means that the **Company** controls the specified good or service before it is transferred to a customer, and is therefore a principal, and recognizes revenue in the gross amount of consideration to which it expects to be entitled in exchange for the specified good or service transferred. Otherwise, the **Company** is an agent, and shall recognize revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by another party. The fee or commission might be the net amount of received or receivable consideration that the **Company** retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party or determined based on the specified commission amount or proportion.

(a.4) Consideration payable to a customer

The **Company** shall account for consideration payable to a customer as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the **Company**. The reduction of revenue shall be recognized when (or as) the later of either of the following events occurs: the **Company** recognizes revenue for the transfer of the related goods or services to the customer; and the **Company** pays or promises to pay the consideration.

(a.5) Customers' unexercised rights

Upon receipt of a prepayment for a good or service from a customer, the **Company** shall recognize a contract liability in the amount of the prepayment and recognize revenue when it satisfies its performance obligation. If the prepayment to the **Company** is non-refundable and the customer may not exercise part or all of its contractual rights, and the **Company** expects to be entitled to a breakage amount related to those unexercised rights of the customer, the **Company** shall recognize the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer; otherwise, the **Company** shall recognize the remaining balance of above mentioned liability as revenue when the likelihood of the customer exercising its remaining rights becomes remote.

(a.6) Contract modifications

When the construction contract modifications exist between the **Company** and the customer:

- The **Company** shall account for a contract modification as a separate contract if the modification results in the addition of promised construction services that are distinct and increase of the price of the contract, and the price of the contract increases by an amount of consideration that reflects the **Company's** stand-alone selling prices of the additional promised construction services;
- If the contract modification is not accounted for as a separate contract in accordance with above mentioned circumstance, and the remaining construction services are distinct from the construction services transferred on or before the date of the contract modification, the **Company** shall account for the contract modification as if it were a termination of the existing contract and the creation of a new contract with the combination of the remaining performance obligations of the existing contract and the contract modification.
- If the contract modification is not accounted for as a separate contract in accordance with above mentioned circumstance, and the remaining construction services cannot be distinct from the construction services transferred on or before the date of the contract modification, the **Company** shall account for the contract modification as if it were a part of the existing contract and the effect that the contract modification has on the transaction price, and on the entity's measure of progress towards complete satisfaction of the performance obligation, is recognized as an adjustment to revenue at the date of the contract modification.

(b) Specific method

Revenue recognition methods of the **Company** are as follows:

(b.1) Revenue from goods sales

The sales contract between the **Company** and the customer contains the performance obligation of the transferred goods, which belongs to the performance obligation at point

in time. The **Company** shall recognize the income when the **Company** has delivered the product to the customer according to the contract and the customer has obtained the product control right.

(b.2) Revenue from land development

According to the agreement signed by the **Company** with Government, the Government can control the land assets in the **Company's** performance process, consequently the **Company** treats it as the performance obligation over time and shall recognize the income in accordance with the performance progress.

(b.3) Revenue from entrusted construction

For the **Company's** revenue from entrusted construction measured in accordance with the consideration received or entitled to receive, recognize the revenue at the same time recognize the contract assets, and accounting treat the significant financing components in the contract arrangement. When the **Company** has the right to receive the consideration unconditionally, transfer it to "Long-term receivables" and then offset after the amount is paid by the owner. The **Company** determines the performance progress of the services provided in accordance with the input method. The performance progress shall be determined by the proportion of the contract cost actually incurred for the performance of the contract which has been completed to the total estimated contract cost. At the balance sheet date, the Company reestimates the progress of services completed or completed to reflect changes in performance.

(b.4) Revenue from property sales

Property sales belongs to the performance obligation at point in time. The **Company** shall recognize the revenue when: the property is completed and accepted as qualified; it meets the delivery conditions agreed upon in the sales contract; the customer has obtained the control right to relevant property.

(b.5) Revenue from other categories

The revenue is recognized when the customer has obtained the control right to relevant goods or services according to the relevant contracts and agreements.

The following revenue accounting policies are applicable to 2020 and before

(a) Revenue from sale of goods

Revenue from sales of goods shall be recognized if the following criteria are all Revenue from sale of goods is recognized when the following criteria are satisfied:

- significant risks and rewards related to ownership of the goods have been transferred to the buyer;
- the **Company** retains neither continuous management rights associated with ownership of the goods sold nor effective control over the goods sold;

- relevant amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow into the **Company**;
- relevant amount of cost incurred or to be incurred can be measured reliably.

(b) Revenue from rendering of services

When the outcome of rendering of services can be estimated reliably at the balance sheet date, revenue associated with the transaction is recognized using the percentage of completion method. Percentage of completion is determined by using the proportion of services performed to date to the total services that should be performed, or the proportion of cost incurred for rendering of the services to date to the total estimated cost.

The outcome of rendering of services can be estimated reliably when all of the following conditions are satisfied: the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the **Company**; the percentage of completion of the transaction can be measured reliably; the costs incurred and to be incurred for the transaction can be measured reliably.

The **Company** shall determine the total income from rendering of services in accordance with the price of the contract or agreement received or receivable, except the price of the contract or agreement received or receivable is not fair. On the balance sheet date, the total amount of labor services provided is multiplied by the progress of completion and deducted the accumulated amount of labor service income confirmed in the previous accounting period to confirm the income from providing labor service. Meanwhile, the carrying amount of labor costs incurred for the current period is calculated by multiplying the estimated total cost of rendering of services by the completion progress deducting the accumulated recognized service costs in previous accounting periods.

If the outcome of rendering of services cannot be estimated reliably at the balance sheet date, deal with the following situations:

- If the labor cost incurred is expected to be compensated, the labor service income will be recognized according to the cost of labor service already incurred and the service cost will be carried forward at the same amount.
- If the cost of the service that has occurred is not expected to be compensated, the cost of the service that has occurred shall be included in the current profits and losses, and the service income shall not be confirmed.

(c) Revenue from alienating the right-of-use assets

Revenue from alienating of right-of-use assets consists of interest revenue and royalty revenue. The **Company** shall recognize the amount of revenue from the alienating of right-of-use assets based on the following circumstances, respectively:

- interest revenue should be calculated in accordance with the period for which the enterprise's cash is used by others and the effective interest rate;
- the amount of royalty revenue should be calculated in accordance with the period and method of charging as stipulated in the relevant contract or agreement.

(d) Revenue from construction contracts

Under the circumstances that result of the construction contracts can be estimated reliably, contract revenue and contract cost shall be recognized by using percentage of completion method, which is determined according to the completion stages of the construction contracts. The completion stages of the contracts shall be calculated at the portion of the contract costs incurred to the total estimated contract costs.

Under the circumstances that the result of the construction contracts cannot be estimated reliably, while the estimated contract costs can be recovered, the revenue shall be recognized to the extent of costs incurred that are expected to be recoverable, contract costs shall be recognized as expense upon incurrence. If the estimated contract costs cannot be recovered, they shall be charged in expenses upon incurrence, without any revenue recognized.

If the estimated contract costs exceed estimated contract revenue, the estimated loss shall be recognized as expenses in current period.

(e) The Company's revenue specific confirmation method

(e.1) Revenue from land development and leveling:

Land transfer mode: The land has been leveled and transferred to the Natural Resources and Planning Bureau; and the **Company** has settled the land revenue with the Finance Bureau and the Natural Resources and Planning Bureau.

Land transaction mode: After the land demolition and consolidation has been completed and the land reserve has been transferred, that is, the main risks and rewards of the labor ownership of land demolition and consolidation are transferred to the purchaser; the **Company** no longer retains the continuous management right, which is usually associated with the ownership, and no longer controls the transferred land effectively. When the amount of income can be reliably measured; the economic benefits of the project are likely to flow in, and the costs incurred or to be incurred can be reliably measured, the realization of revenue is recognized.

(e.2) Revenue from entrusted construction

According to the entrusted construction repurchase agreement signed between the **Company** and the client and the revenue recognition requirements of the accounting standards for business enterprises, when the entrusted construction project is handed over and relevant funds are received, the main risks and rewards of the entrusted construction

project repurchase ownership are transferred to the purchaser; The **Company** no longer retains the continuous management right which is usually associated with the ownership, and no longer effectively controls the bought back entrusted construction projects. The amount of revenue can be measured reliably; Relevant economic benefits are likely to flow in; And the project has occurred or will occur when the cost can be reliably measured, recognize the realization of revenue.

(e.3) Revenue from real estate sales

- (i) The project in progress has been completed and accepted by relevant departments;
- (ii) Has concluded the "commercial housing sales contract" and fulfilled the main obligations stipulated in the sales contract;
- (iii) The sale price of the real estate has been obtained in whole or in part, but the rest of the receivables are sure to be recovered;
- (iv) The cost related to the sale of real estate can be measured reliably;
- (v) Complete the property delivery procedures with the owner. If the owner has no reason to delay the check-in procedures after the delivery notice is issued, it shall be deemed that the commercial house has been accepted, there is no objection to the commercial house, and the above conditions (i - iv) are met, then the company can recognize the realization of the real estate sales revenue at this time.

(e.4) Revenue from goods sales

The time point of revenue recognition for sales of goods is when the ownership of goods is delivered to the other party and the other party confirms the receipt of goods.

(e.5) Revenue from other categories

According to the relevant contracts and agreements, the income is recognized when the economic benefits related to the transaction can flow into the enterprise and the cost related to the income can be reliably measured.

3.29 Government Grants

(a) Recognition of government grants

A government grant shall not be recognized until there is reasonable assurance that:

- the **Company** will comply with the conditions attaching to them; and
- the grants will be received.

(b) Measurement of government grants

Monetary grants from the government shall be measured at amount received or receivable, and non-monetary grants from the government shall be measured at their fair value or at the notional sum by CNY1.00 when reliable fair value is not available.

(c) Accounting for government grants

(c.1) Government grants related to assets

Government grants pertinent to assets mean the government grants that are obtained by the **Company** used for purchase or construction or forming the long-term assets by other ways.

Government grants pertinent to assets shall be recognized as deferred income, and should be recognized in profit or loss on a systematic basis over the useful lives of the relevant assets. Grants measured at their nominal value shall be directly recognized in profit or loss of the period when the grants are received. When the relevant assets are sold, transferred, written off or damaged before the assets are terminated, the remaining deferred income shall be transferred into profit or loss of the period of disposing relevant assets.

(c.2) Government grants related to income

Government grants other than related to assets are classified as government grants related to income. Government grants related to income are accounted for in accordance with the following principles:

- if the government grants related to income are used to compensate the enterprise's relevant expenses or losses in future periods, such government grants should be recognized as deferred income on acquisition and be recognized in profit or loss in the period of recognizing relevant expenses;
- if the government grants related to income are used to compensate the enterprise's relevant expenses or losses incurred, such government grants are directly recognized in profit or loss of the current period.
- For government grants comprised of part related to assets as well as part related to income, each part is accounted for separately; if it is difficult to identify different part, the government grants are accounted for as government grants related to income as a whole.
- Government grants related to daily operation are recognized in other income in accordance with their nature, and government grants irrelevant to daily operation activities are recognized in non-operating income.

(c.3) Loan interest subsidy

If the finance allocates the discount interest fund to the lending bank, and the lending bank provides the loan to the company at the preferential policy interest rate, the actual amount of the loan received shall be taken as the entry value of the loan, and the relevant borrowing costs shall be calculated according to the loan principal and the preferential policy interest rate.

When the loan interest subsidy is allocated to the **Company**, the subsidy is written off with corresponding loan interest.

(c.4) Repayment of the government grants

Repayment of the government grants shall be recognized by increasing the carrying amount of the asset if the book value of the asset has been written down, or reducing the balance of relevant deferred income if deferred income balance exists, or directly recognized in profit or loss of the current period for other circumstances.

3.30 Deferred Tax Assets and Deferred Tax Liabilities

Temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base. The **Company** recognizes the effect of taxable temporary differences and deductible temporary differences on income tax as deferred tax liabilities or deferred tax assets using liability method. Deferred tax assets and deferred tax liabilities shall not be discounted.

(a) Recognition of deferred tax assets

Deferred tax assets should be recognized for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized at the tax rates that are expected to apply to the period when the asset is realized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

The **Company** recognize a deferred tax asset for all deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint arrangements, to the extent that, and only to the extent that, it is probable that:

- the temporary difference will reverse in the foreseeable future;
- taxable profit will be available against which the deductible temporary difference can be utilized.

At the end of each reporting period, if there is sufficient evidence that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, the **Company** recognizes a previously unrecognized deferred tax asset.

The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period. An entity shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

(b) Recognition of deferred tax liabilities

A deferred tax liability shall be recognized for all taxable temporary differences at the tax rate that are expected to apply to the period when the liability is settled, except to the extent

that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which:
 - is not a business combination; and
 - at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

An entity shall recognize a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint arrangements, except to the extent that both of the following conditions are satisfied:

- the **Company** 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.

(c) Recognition of deferred tax liabilities or assets involved in special transactions or events

(c.1) Deferred tax liabilities or assets related to business combination

For the taxable temporary difference or deductible temporary difference arising from a business combination not under common control, a deferred tax liability or a deferred tax asset shall be recognized, and simultaneously, goodwill recognized in the business combination shall be adjusted.

(c.2) Items directly recognized in equity

Current tax and deferred tax related to items that are recognized directly in equity shall be recognized in equity. Such items include:

- other comprehensive income generated from fair value fluctuation of available for sale investments.
- an adjustment to the opening balance of retained earnings resulting from either a change in accounting policy that is applied retrospectively or the correction of an error.
- amounts arising on initial recognition of the equity component of a compound financial instrument.

(c.3) Unused tax losses and unused tax credits

(c.3.1) Unused tax losses and unused tax credits generated from daily operation of the Company itself

The criteria for recognizing deferred tax assets arising from the carryforward of unused tax losses and tax credits are the same as the criteria for recognizing deferred tax assets arising from deductible temporary differences. The **Company** recognizes a deferred tax asset arising from unused tax losses or tax credits only to the extent that there is convincing other

evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the **Company**. Income taxes in current profit or loss shall be deducted as well.

(c.3.2) Unused tax losses and unused tax credits arising from a business combination

The potential benefit of the acquiree's income tax loss carryforwards or other deferred tax assets might not satisfy the criteria for separate recognition when a business combination is initially accounted for but might be realized subsequently. An entity shall recognize acquired deferred tax benefits that it realizes after the business combination as follows:

- acquired deferred tax benefits recognized within 12 months after acquisition date that result from new information about facts and circumstances that existed at the acquisition date shall be applied to reduce the carrying amount of any goodwill related to that acquisition. If the carrying amount of that goodwill is zero, any remaining deferred tax benefits shall be recognized in profit or loss.
- All other acquired deferred tax benefits realized shall be recognized in profit or loss.

(c.4) Temporary difference generated in consolidation elimination

When preparing consolidated financial statements, if temporary difference between carrying value of the assets and liabilities in the consolidated financial statements and their taxable bases is generated from elimination of inter-company unrealized profit or loss, deferred tax assets or deferred tax liabilities shall be recognized in the consolidated financial statements, and income taxes expense in current profit or loss shall be adjusted as well (except for deferred tax related to transactions or events recognized directly in equity and business combination).

(c.5) Share-based payment settled by equity

If tax authority permits tax deduction that relates to remuneration paid in shares, share options or other equity instruments of the **Company**, during the period in which a remuneration expense is recognized according to the accounting standards, the **Company** estimate the tax base in accordance with available information at the end of the accounting period and the temporary difference arising from it. Deferred tax shall be recognized when criteria of recognition are satisfied. If the amount of estimated future tax deduction exceeds the amount of the related cumulative remuneration expense, the excess of the associated current or deferred tax should be recognized directly in equity.

3.31 Leases

Applicable from 1 January 2021

(a) Identifying a lease

At inception of a contract, the **Company** shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use

of one or more identified assets for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the **Company** shall assess whether, throughout the period of use, the customer has the right to obtain substantially all of the economic benefits from use of the identified asset and to direct the use of the identified asset.

(b) Identifying a separate lease component

When a contract includes more than one separate lease components, the **Company** shall separate components of the contract and account for each lease component separately. The right to use an underlying asset is a separate lease component if both conditions have been satisfied: (i) the lessee can benefit from use of the underlying asset either on its own or together with other resources that are readily available to the lessee; (ii) the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract.

(c) The Company as a lessee

At the commencement date, the **Company** identifies the lease that has a lease term of 12 months or less and does not contain a purchase option as a short-term lease. A lease qualifies as a lease of a low-value asset if the nature of the asset is such that, when new, the asset is typically of low value. If the **Company** subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset.

For all short-term leases and low-value asset leases, the **Company** uses the straight-line method to include the lease payments in the relevant asset cost or current profit and loss during each period of the lease term.

Except for the election of simple treatment as short-term lease or lease of a low-value asset as mentioned above, at the commencement date, the **Company** shall recognise a right-of-use asset and a lease liability.

(c.1) Right-of-use asset

A right-of-use asset is an asset that represents a lessee's right to use an underlying asset for the lease term.

At the commencement date, the **Company** shall initially measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying

asset to the condition required by the terms and conditions of the lease. The **Company** recognizes and measures the cost in accordance with the recognition criteria and measurement method for estimated liabilities, details please refer to *Note 3.27 Estimated Liabilities*. Those costs incurred to produce inventories shall be included in the cost of inventories.

The right-of-use asset shall be depreciated according to the categories using straight-line method. If it is reasonably certain that the ownership of the underlying asset shall be transferred to the lessee by the end of the lease term, the depreciation rate shall be determined based on the classification of the right-of-use asset and estimated residual value rate from the commencement date to the end of the useful life of the underlying asset. Otherwise, the depreciation rate shall be determined based on the classification of the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

(c.2) Lease liability

At the commencement date, the lease liability shall be measured at the present value of the lease payments that are not paid at that date. The lease payments included in the measurement of the lease liability comprise the following 5 items:

- fixed payments and in-substance fixed payments, less any lease incentives receivable, if any;
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease;
- amounts expected to be payable by the lessee under residual value guarantees.

In order to calculate the present value of the lease payments, interest rate implicit in the lease shall be used as the discount rate. If that rate cannot be readily determined, the **Company** shall use the incremental borrowing rate. The difference between the lease payments and its present value shall be recognized as unrecognized financing charges, calculated bases on the discount rate of the present value of the lease payments in each period within the lease term and recorded as interest expense in current profit or loss. Variable lease payments not included in the measurement of lease liabilities shall be recognized in current profit or loss when incurred.

After the commencement date, the **Company** shall remeasure the lease liability based on the revised present value of the lease payments and adjust the carrying amount of the right-of-use asset if there is a change in the in-substance fixed payments, or change in the

amounts expected to be payable under a residual value guarantee, or change in an index or a rate used to determine lease payments, or change in the assessment or exercising of an option to purchase the underlying asset, or an option to extend or terminate the lease.

(d) The Company as a lessor

At the commencement date, the **Company** shall classify a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, otherwise it shall be classified as an operating lease.

(d.1) Operating leases

The **Company** shall recognize lease payments from operating leases as income on a straight-line basis over the term of the relevant lease and the initial direct costs incurred in obtaining an operating lease shall be capitalized and recognized as an expense over the lease term on the same basis as the lease income. The **Company** shall recognize the variable lease payments relating to the operating lease but not included in the measurement of the lease receivables into current profit or loss when incurred.

(d.2) Finance leases

At the commencement date, the **Company** shall recognize the lease receivables at an amount equal to the net investment in the lease (the sum of the present value of the unguaranteed residual values and the lease payment that are not received at the commencement date discounted at the interest rate implicit in the lease) and derecognize the asset relating to the finance lease. The **Company** shall recognize interest income using the interest rate implicit in the lease over the lease term.

The **Company** shall recognize the variable lease payments relating to the finance lease but not included in the measurement of the net investment in the lease into current profit or loss when incurred.

At the beginning date of the lease term, the **Company** shall confirm the income according to the lower of the fair value of the leased assets and the present value discounted at the market interest rate, and carry forward the sales cost according to the book value of the leased assets after deducting the present value of the unguaranteed surplus value, with the difference between the income and the sales cost as the sales profit and loss.

(e) Lease modifications

(e.1) A lease modification accounted for as a separate lease

The **Company** shall account for a modification to a lease as a separate lease, if both:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope.

(e.2) A lease modification not accounted for as a separate lease

(e.2.1) The **Company** as a lessee

At the effective date of the lease modification, the **Company** shall redetermine the lease term of the modified lease and remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

The **Company** shall account for the remeasurement of the lease liability by:

- decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease or shorten the lease term. The **Company** shall recognise in profit or loss any gain or loss relating to the partial or full termination of the lease.
- Making a corresponding adjustment to the carrying amount of the right-of-use asset for all other lease modifications.

(e.2.2) The **Company** as a lessor

The **Company** shall account for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

For a modification to a finance lease that is not accounted for as a separate lease, the **Company** shall account for the modification as follows:

- if the lease would have been classified as an operating lease had the modification been in effect at the inception date, the **Company** shall account for the lease modification as a new lease from the effective date of the modification and measure the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the lease modification;
- if the lease would have been classified as a finance lease had the modification been in effect at the inception date, the **Company** shall account for the lease modification according to the requirements in the modification or renegotiation of the contract.

(f) Sale and leaseback

The **Company** shall determine whether the transfer of an asset under the sale and leaseback transaction is a sale of that asset according to the policies in *Note 3.28 Revenue*.

(f.1) The **Company as a seller (lessee)**

If the transfer of the asset is not a sale, the **Company** shall continue to recognize the transferred asset and shall recognize a financial liability equal to the transfer proceeds. It shall account for the financial liability according to *Note 3.10 Financial Instruments*. If the

transfer of the asset is a sale, the **Company** shall measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the **Company**. Accordingly, the **Company** shall recognize only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

(f.2) The **Company** as a buyer (lessor)

If the transfer of the asset is not a sale, the **Company** shall not recognize the transferred asset and shall recognize a financial asset equal to the transfer proceeds. It shall account for the financial asset according to *Note 3.10 Financial Instruments*. If the transfer of the asset is a sale, the **Company** shall account for the purchase of the asset applying applicable Accounting Standards of Business Enterprises, and for the lease applying the lessor accounting requirements.

The following operating leases and finance leases accounting policies are applicable to 2020 and before

A lease that risks and rewards related to relevant assets' ownership are transferred in substance shall be classified as a finance lease. Other leases shall be classified as an operating lease.

(a) Accounting for operating leases

(a.1) The **Company** as a lessee

When the **Company** is the lessee of the operating lease, the rental expenses of the operating lease shall be included in the current profit or loss according to the straight-line method or according to the use of the leased assets. If the lessor provides the rent-free period, the **Company** shall apportion the total rent according to the straight line method or other reasonable methods during the whole lease period without excluding the rent-free period, and confirm the rent expenses and corresponding liabilities during the rent-free period. If expenses relating to lease which should be borne by the **Company** are paid by the lessor of the assets, they shall be deducted from the total lease expenses and the balances shall be amortized over the lease terms and charged to expenses of the reporting period.

Initial direct costs relating to lease transactions incurred by the **Company** shall be recognized as expenses of the reporting period. Contingent rental, if included in the lease contract, shall be recognized as profit or loss upon incurrence.

(a.2) The **Company** As a lessor

When the company is the lessor of the operating lease, it adopts the straight-line method to recognize the rent received as income during the lease term. If the lessor provides the rent-free period, the lessor shall distribute the total rent amount according to the straight line method or other reasonable methods during the whole lease period without excluding the rent-free period, and the lessor shall also confirm the rental income during the rent-free

period. If expenses relating to leases which should be borne by the lessee of the assets are paid by the **Company**, they shall be deducted from the total lease income and the balances shall be amortized over the lease terms by the **Company**.

Initial direct costs relating to lease transactions incurred by the **Company** shall be recognized as expenses of the reporting period; if the amounts are material, they shall be capitalized and amortized over the lease terms on the same basis as the recognition of lease income. Contingent rental, if included in the lease contract, shall be recognized as profit or loss upon incurrence.

(b) Accounting for finance leases

(b.1) The Company as a lessee

At commencement of the lease, assets obtained through finance leases should be recorded at the lower of their fair values and the present values of the minimum lease payments. The **Company** shall recognize long-term payables at amounts equal to the minimum lease payments, and shall record the differences between carrying amounts of the leased assets and the long-term payables as unrecognized finance charges. The **Company** adopts effective interest rate method, which shall be amortized over the lease terms as finance expenses by using effective interest rate method.

Initial direct costs are recorded in the value of the leased assets.

The **Company** adopts the same depreciation policy for the leased assets as its own property, plant and equipment. Depreciation period is determined according to the lease contract. If it is reasonably certain that the **Company** will obtain the ownership of the assets when the lease expires, the depreciation period will be the useful lives of the leased assets. If it is difficult to reasonably determine whether the **Company** can obtain the ownership of the underlying assets when the lease expires, depreciation period is the lower of the lease period and their useful lives.

(b.2) The Company as a lessor

At commencement of the lease, rental receivables shall be measured at minimum lease receivables plus initial direct costs relating to lease transactions incurred by the **Company**. Unguaranteed residual values are recorded simultaneously. The differences between the undiscounted rental receivables plus unguaranteed residual values and their present values shall be recognized as unearned finance income and shall be amortized over the lease terms as lease income at the effective rate.

3.32 Changes in Significant Accounting Policies and Accounting Estimates

(a) Changes in accounting policies

- On 10 December 2019, the Ministry of Finance released Interpretation of *Accounting Standards for Business Enterprises No. 13*. The **Company** will implement this interpretation as of 1 January 2020 and will not retroactively apply to previous years.
- On 31 March 2017, the Ministry of Finance respectively issued the "*Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments (2017 Revision)*" (Caikuai [2017] No.7) and "*Accounting Standards for Business Enterprises No.23 - Transfer of Financial Assets (2017 Revision)*" (Caikuai [2017] No.8), "*Accounting Standards for Business Enterprises No.24 - Hedging Accounting (2017 Revision)*" (Caikuai [2017] No.9), issued "*Accounting Standards for Business Enterprises No.37 - Presentation of Financial Instruments (2017 Revision)*" (Caikuai [2017] No.14) on 2 May 2017 (hereinafter collectively referred to as the "***New Financial Instruments Standards***"). The domestic listed companies are required to implement the ***New Financial Instruments Standards*** since 1 January 2019. Non-listed companies that are required to implement the Accounting Standards for Business Enterprises shall implement the ***New Financial Instruments Standards*** from 1 January 2021. The **Company** implemented the above-mentioned ***New Financial Instruments standards*** on 1 January 2021, and adjusted the relevant content of accounting policies. For details, please refer to *Note 3.10 Financial Instruments*.

If the recognition and measurement of financial instruments before 1 January 2021 are inconsistent with the requirements of the ***New Financial Instruments Standards***, the **Company** will retrospectively adjust the classification and measurement (including impairment) of financial instruments in accordance with the ***New Financial Instruments Standards***. The difference between the original book value of the financial instrument and the new book value on the effective date of the ***New Financial Instruments Standards*** (i.e., 1 January 2021) is included in the retained earnings or other comprehensive income on 1 January 2021. At the same time, the **Company** has not adjusted the comparative financial statement data.

Due to adoption of the ***New Financial Instruments Standards***, the impacts on each item of the **Company's** statements of financial position at 1 January 2021 are as follows:

- Consolidated Statement of Financial Position:

Items	31 Dec. 2020	1 Jan. 2021	Adjustment
Current assets:			
Cash and cash equivalent	4,024,386,757.30	4,046,318,895.02	21,932,137.72
Accounts receivable	257,903,879.99	256,660,540.47	-1,243,339.52

Items	31 Dec. 2020	1 Jan. 2021	Adjustment
Other receivables	8,977,694,505.40	8,915,527,234.32	-62,167,271.08
Including: Interest receivable	21,932,137.72		-21,932,137.72
Non-current assets:			
Debt investments	Not applicable	73,000,000.00	73,000,000.00
Available-for-sale financial assets	2,323,404,856.74	Not applicable	-2,323,404,856.74
Long-term receivables	250,669,000.00		-250,669,000.00
Other equity instrument investments	Not applicable	1,980,129,551.20	1,980,129,551.20
Other non-current financial assets	Not applicable	270,275,305.54	270,275,305.54
Deffered tax assets	4,784,485.51	15,154,103.75	10,369,618.24
Other non-current assets		250,669,000.00	250,669,000.00
Current liabilities:			
Short-term borrowings	2,928,600,000.00	2,958,295,876.36	29,695,876.36
Other payables	1,826,685,178.75	1,359,839,671.04	-466,845,507.71
Including: Interest payable	466,845,507.71		-466,845,507.71
Non-current liabilities maturing within one year	7,979,150,067.65	8,416,299,699.00	437,149,631.35
Owners' equity:			
Retained earnings	1,741,360,116.74	1,710,251,262.10	-31,108,854.64

• Statement of Financial Position:

Items	31 Dec. 2020	1 Jan. 2021	Adjustment
Current assets:			
Other receivables	13,273,560,901.34	13,273,503,224.29	-57,677.05
Non-current assets:			
Available-for-sale financial assets	45,230,000.00	Not applicable	-45,230,000.00
Other equity instrument investments	Not applicable	40,250,000.00	40,250,000.00
Other non-curret financial assets	Not applicable	4,980,000.00	4,980,000.00
Deffered tax assets		14,419.26	14,419.26
Current liabilities:			
Short-term borrowings	200,000,000.00	200,328,166.67	328,166.67
Other payables	8,996,598,443.34	8,898,673,136.42	-97,925,306.92
Including: Interest payable	97,925,306.92		-97,925,306.92
Non-current liabilities maturing within one year	596,000,000.00	693,597,140.25	97,597,140.25
Owners' equity:			

Items	31 Dec. 2020	1 Jan. 2021	Adjustment
Retained earnings	-86,949,973.58	-86,993,231.37	-43,257.79

- On 5 July 2017, the Ministry of Finance released the "*Accounting Standards for Business Enterprises No.14 - Revenue*" (*Caikuai [2017] No.22*) (hereinafter referred as to the "**New Revenue Standards**"), which requires the domestic listed companies to apply it for the annual reporting period beginning on 1 January 2021. The **Company** applied the **New Revenue Standards** for the annual reporting period beginning on 1 January 2021, and modified the accounting policies accordingly. For details, please refer to *Note 3.28 Revenue*.

According to the **New Revenue Standards**, the cumulative impacts of initially applying this standard shall be recognized as an adjustment to the opening balance of retained earnings and other related accounts of the financial statements at the date of initial application (1 January 2021), not restating comparative information. When initially applied the **New Revenue Standards**, the **Company** only recognized the cumulative impact of the contracts that were in progress as of the date of initial application.

Due to adoption of the **New Revenue Standards**, the impacts on each item of the **Company's** statements of financial position at 1 January 2021 are as follows:

- Consolidated Statement of Financial Position:

Items	31 Dec. 2020	1 Jan. 2021	Adjustment
Current liabilities:			
Advances from customers	523,636,177.52		-523,636,177.52
Contract liabilities	Not applicable	480,771,225.36	480,771,225.36
Other current liabilities		42,864,952.16	42,864,952.16

- Statement of Financial Position:

Items	31 Dec. 2020	1 Jan. 2021	Adjustment
Current liabilities:			
Advances from customers	34,778,149.00		-34,778,149.00
Contract liabilities	Not applicable	31,906,558.72	31,906,558.72
Other current liabilities		2,871,590.28	2,871,590.28

- On 7 December 2018, the Ministry of Finance released the "*Accounting Standards for Business Enterprises No.21 - Lease*" (hereinafter referred as to the "**New Lease Standards**"), which requires companies listed both inside and outside China and companies listed outside China and prepare financial statements in accordance with *International Financial Reporting Standards* or *Accounting Standards for Business*

Enterprises to apply it for the annual reporting period beginning on 1 January 2019. Other companies that are required to implement the *Accounting Standards for Business Enterprises* shall implement the ***New Lease Standards*** since 1 January 2021. Among them, companies whose parent company or subsidiary is listed outside China and prepares financial statements in accordance with *International Financial Reporting Standards* or *Accounting Standards for Business Enterprises* are permitted to early adopt the standard. The **Company** applied the ***New Lease Standards*** for the annual reporting period beginning on 1 January 2021, and modified the accounting policies accordingly. For details, please refer to *Note 3.31 Leases*.

For a contract that has existed before the adoption of the *New Lease Standards*, the **Company** has elected not to reassess whether a contract is or contains a lease.

For a contract signed or modified after the adoption of the *New Lease Standards*, the **Company** assesses whether a contract is or contains a lease in accordance the definition of lease in the *New Lease Standards*.

The Company as a lessee

The **Company** recognised the impact of the adoption of the standard retrospectively as an adjustment to the opening balance of retained earnings and other related accounts of the financial statements of the reporting year (1 January 2021), without restating the comparatives.

For leases previously classified as finance leases, the right-of-use assets and the lease liability has been recognised according to the carrying amount of the lease asset and finance lease payable recognised previously on adoption.

For leases previously classified as operating leases, the **Company** has measured the lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application, and on a lease-by-lease basis. The right-of-use assets were measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments on adoption, or as if the new standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application.

On adoption, the **Company** has performed impairment review of the right-of-use assets and accounted for the impairment loss according to *Note 3.24 Impairment of Long-Term Assets*.

Except for operating lease of low value assets at initial application where no right-of-use assets or lease liability was recognised, the **Company** has used one or more of the following practical expedients for leases previously classified as operating leases:

- accounting for operating leases with a remaining lease term of less than 12 months as at the date of initial application as short-term leases.
- applying a single discount rate to a portfolio of leases with reasonably similar characteristics when measuring the lease liability.
- excluding initial direct costs for the measurement of the right-of-use assets.
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- relying on the assessment of whether leases are onerous applying "*Accounting Standards for Business Enterprises No.13 - Contingencies*" before the date of initial application as an alternative to performing an impairment review, and adjusting the right-of-use assets at the date of initial application by the provision of the onerous leases recognised previously.
- accounting for leases modified before the date of initial application based on the modified contract term.

The Company as a lessor

The **Company**, as the intermediate lessor, reassesses the classification of subleases previously classified as operating leases which are ongoing at the date of initial application at the date of initial application on the basis of the remaining contractual terms and the conditions of the head lease and sublease at that date. Except for the above-mentioned situation, the **Company**, as a lessor, does not adjust any lease for transition, but has accounted for those leases applying the new lease standard from the date of initial application.

Sale and leaseback transactions

The **Company** does not reassess sale and leaseback transactions entered into before the date of initial application to determine whether the transfer of the underlying asset satisfies the requirements in *Note 3.28 Revenue* as a sale. If a sale and leaseback transaction was accounted for as a sale and a finance lease before the date of initial application, the **Company**, as the seller (lessee), accounts for the leaseback as any other finance lease that exists at the date of initial application; and continues to amortise deferred gain or loss over the lease term. If the sale and leaseback transaction was accounted for as a sale and operating lease before the date of initial application, the **Company**, as the seller (lessee), accounts for the leaseback as any other operating lease that exists at the date of initial application, and adjusts the right-of-use assets for any deferred gain or losse recognised in the statement of financial position before the date of initial application.

Due to the adoption of the *New Lease Standards*, the impacts on each item of the **Company's** statements of financial position at 1 January 2021 are as follows:

There is no such item.

- On 26 January 2021, the Ministry of Finance issued the "*Accounting Standards for Business Enterprises Interpretation No.14*", and the **Company** will implement the interpretation since 1 January 2021.

There is no impact of the above accounting policies on the **Company's** consolidated and parent company's financial statements.

- On 30 December 2021, the Ministry of Finance issued *Interpretation of Accounting Standards for Business Enterprises No.15 (Caikuai [2021] No.35)* (hereinafter referred to as "**Interpretation No.15**"), in which the provision of "Presentation related to Centralized Funds Management" shall be implemented as of the date of issuance. The **Company** applied **Interpretation No.15** from 30 December 2021. If the financial statements prior to 30 December 2021 of the **Company** are not presented in accordance with the provision of "Presentation Related to Centralized Funds Management", the **Company** adjusted the comparables accordingly.

There is no impact of the above accounting policies on the **Company's** consolidated and parent company's financial statements.

- On 30 December 2021, the Ministry of Finance issued the *Accounting Standards for Business Enterprises Interpretation No.15 (Cai Kuai [2021] No.35)* (hereinafter referred as to the "**Interpretation No.15**"), among them "*Accounting Treatment of Products or By-products Produced Before Fixed Assets Reach the Predetermined Usable State or in the Process of Research and Development*" (hereinafter referred as to the "**Provisions on Accounting Treatment of Trial Operation Sales**") and "*Judgment on Onerous Contract*" are implemented since from 1 January 2022.

- On 30 November 2022, the Ministry of Finance issued the *Accounting Standards for Business Enterprises Interpretation No.16 (Cai Kuai [2022] No.31)* (hereinafter referred as to the "**Interpretation No.16**"), the provisions of "*Deferred Income Taxes Related to Assets and Liabilities Arising from Individual Transactions do not Apply to the Accounting Treatment of the Initial Recognition Exemption*" are implemented since from 1 January 2023, and enterprises are allowed to implement the provisions in advance from the publication year. "*Accounting Treatment on the Income Tax Impact of Dividends Related to Financial Instruments Classified by the Issuer as Equity Instruments*" and "*Accounting Treatment on the Modification of Cash Settlement Stock Payment to Equity Settlement Stock Payment*" are implemented since from the publication date.

- Note on the change of accounting policy for investment properites:

According to the approval of the board meeting, the Company changed the cost measurement model to the fair value model for the investment properties from 1 January 2022. This change of accounting policy requires retroactive adjustment of the consolidated statement of financial position as of 31 December 2021 and 2020, as well as the relevant figures of the consolidated statement of profit or loss and other comprehensive income for the years 2021 and 2020. The cumulative impact of retrospective adjustments are as follows:

- The affected items of the consolidated statement of financial position at 31 December 2020 and the consolidated statement of profit or loss and other comprehensive income for the year 2020:

Relevant items	31 Dec. 2020 / 2020		
	Before retroactive adjustment	After retroactive adjustment	Adjustment (increase+/-decrease-)
Investment properties	3,417,309,720.23	3,473,646,500.00	56,336,779.77
Deferred tax liabilities	573,665,354.42	588,222,665.36	14,557,310.94
Gains/(losses) from changes in fair values	69,725,200.00	69,778,500.00	53,300.00
Income tax expenses	16,191,242.79	16,204,567.79	13,325.00
Retained earnings	1,741,360,116.74	1,783,099,610.57	41,739,493.83

- The affected items of the consolidated statement of financial position at 31 December 2021 and the consolidated statement of profit or loss and other comprehensive income for the year 2021:

Relevant items	31 Dec. 2021 / 2021		
	Before retroactive adjustment	After retroactive adjustment	Adjustment (increase+/-decrease-)
Investment properties	4,428,916,304.75	4,495,647,984.52	66,731,679.77
Deferred tax liabilities	693,533,932.09	710,689,968.03	17,156,035.94
Gains/(losses) from changes in fair values	27,561,600.00	37,956,500.00	10,394,900.00
Income tax expenses	4,551,869.18	7,150,594.18	2,598,725.00
Retained earnings	1,946,051,422.71	1,987,830,891.54	41,779,468.83

(b) Changes in accounting estimates

Significant accounting estimates of the Company during the reporting period changed as follows:

Contents and reasons of changes in accounting estimates	Approval	Effective date	Impacted items	Impacted amount
The amortization of profit right of mining operation and management of Tongchuang Company was changed from the straight-line method to the production ratio method.	Board Resolution	1 Jan. 2022	Intangible assets	170,999,938.85
			General and administrative expenses	-170,999,938.85

4. TAXATION

4.1 Major Categories of Tax and Tax Rates Applicable to the Company

Categories of tax	Basis of tax assessment	Tax rate
Value added tax (VAT)	The taxable added value	13.00%, 9.00%, 6.00%, 5.00%, 3.00%
Property tax	Residual taxable value of building, Lease income	1.20%, 12.00%
Urban land use tax	Actual land area occupied	CNY10.00 /m ² /year CNY8.00/m ² /year
Urban maintenance and construction tax	Turnover taxes payable	5.00%
Educational surcharge	Turnover taxes payable	3.00%
Local educational surcharge	Turnover taxes payable	2.00%
Enterprise income tax	Taxable income	25.00%

4.2 Tax Preference

According to the *"Notice of the Ministry of Finance and the State Administration of Taxation on the Implementation of Inclusive Tax Reduction and Exemption Policies for Small and Micro Enterprises"* (Cai Shui [2019] No.13), from 1 January 2019 to 31 December 2021, the annual taxable income of small and micro-profit enterprises not exceeding CNY1.00 million shall be reduced by 25.00% to the taxable income and shall be subject to enterprise income tax at a rate of 20.00%; the part of the annual taxable income exceeding CNY1.00 million but not exceeding CNY3.00 million shall be included in the taxable income at a reduced rate of 50.00% and shall be subject to the enterprise income tax at a rate of 20.00%. In which, from 1 January 2021 to 31 December 2022, the annual taxable income of small and micro-profit enterprises not exceeding CNY1.00 million shall be reduced by 12.50% to the taxable income and shall be subject to enterprise income tax at a rate of 20.00%. The subsidiary Liantuo Environmental Protection Company is applicable to the policy.

According to the *"Notice of the Ministry of Finance and the State Administration of Taxation on Tax Policies on the Reconstruction of Shanty Towns"* (Cai Shui [2013] No.101), the construction land for resettlement housing shall be exempted from urban land

use tax. The stamp duty related to the renovation and resettlement housing, the developer and the reconstruction and resettlement housing and the stamp duty involved in the purchase of the resettlement housing shall be exempted. The subsidiary Lianchuang Technology Company is applicable to the policy.

"The Decision of the State Council on Amending <the Interim Regulations of the People's Republic of China Urban Land Use Tax>" Article 7 of People's Republic of China Order No.483, enterprises undertaking the function of "living and working in peace and contentment" for recruiting talents can enjoy 100.00% preference on urban land use tax. The subsidiary Zhongchuang Industrial Park Company is applicable to the policy.

According to the *"Provisions of Notice of the Ministry of Finance, the State Administration of Taxation, the Ministry of Science and Technology, the Ministry of Education on Tax Policies for Science and Technology Business Incubators, University Science and Technology Parks and Maker Spaces"* (Cai Shui [2018] No.120), and the No.4 *"Announcement of the Ministry of Finance and the State Administration of Taxation on Extending the Implementation Period of Some Preferential Tax Policies"* issued by the Ministry of Finance and the State Administration of Taxation in 2022, that from 1 January 2019 to 31 December 2023, the real estate tax and urban land use tax would be exempted for the self-use of national and provincial science and technology business incubators, university science parks and national archived mass innovation spaces, as well as for the use of real estates and land provided to incubators free of charge or through leasing. The income from providing incubation services to incubators should be exempt from value-added tax, which is applicable to Zhongchuang Industrial Park Company, a subsidiary of the **Company**.

4.3 Others

There is no such item.

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.1 Cash and Cash Equivalents

Items	31 Dec. 2022	31 Dec. 2021
Cash on hand	2,927.07	3,092.01
Cash in bank	6,029,160,731.24	6,079,659,661.30
Other monetary funds	32,650,000.00	419,638,449.89
Total	6,061,813,658.31	6,499,301,203.20
Including: The total amount deposited overseas		

Note: As at 31 December 2022, certificates of deposit of CNY750.00 million in bank deposits is used as pledge of loan; other monetary funds of CNY6.65 million is used for bills margin pledge, CNY26.00 million for the bank guarantee. Except for that, no other

monetary funds are restricted to use or in some potential risks of recovery due to the mortgage, pledge or freezing.

5.2 Accounts Receivable

(a) Accounts receivable by aging:

Aging	31 Dec. 2022	31 Dec. 2021
Within 1 year (including 1 year)	784,558,003.71	80,229,135.02
1 to 2 years	13,885,961.85	12,830,721.50
2 to 3 years	5,962,766.82	10,116.00
Over 3 years		254,878.00
Sub-total	804,406,732.38	93,324,850.52
Less: Provision for bad debt	11,555,904.76	4,489,472.27
Total	792,850,827.62	88,835,378.25

(b) Accounts receivable by category based on provision method:

(b.1) Balance at 31 December 2022 (according to the simplified model)

Items	31 Dec. 2022				
	Accounts receivable		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Bad debt provision recognized individually					
Bad debt provision recognized collectively	804,406,732.38	100.00	11,555,904.76	1.44	792,850,827.62
Portfolio 1:					
Portfolio 2:	668,412,321.81	83.09	3,342,061.60	0.50	665,070,260.21
Portfolio 3:	135,994,410.57	16.91	8,213,843.16	6.04	127,780,567.41
Total	804,406,732.38	100.00	11,555,904.76	1.44	792,850,827.62

(b.1.1) At 31 December 2022, accounts receivable with bad debt provision recognized collectively by portfolio 2:

Items	31 Dec. 2022		
	Accounts receivable	Provision for bad debt	Provision ratio (%)
Receivables due from government customers, state-owned enterprise customers	668,412,321.81	3,342,061.60	0.50
Total	668,412,321.81	3,342,061.60	0.50

(b.1.2) At 31 December 2022, accounts receivable with bad debt provision recognized collectively by portfolio 3:

Aging	31 Dec. 2022		
	Accounts receivable	Provision for bad debt	Provision ratio (%)
Within 1 year (including 1 year)	128,080,731.52	6,404,036.59	5.00
1 to 2 years	7,156,776.51	1,431,355.30	20.00
2 to 3 years	756,902.54	378,451.27	50.00
Total	135,994,410.57	8,213,843.16	6.04

(b.2) Balance at 31 December 2021 (according to the simplified model)

Items	31 Dec. 2021				
	Accounts receivable		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Bad debt provision recognized individually					
Bad debt provision recognized collectively	93,324,850.52	100.00	4,489,472.27	4.81	88,835,378.25
Portfolio 1:					
Portfolio 2:	34,289,289.64	36.74	171,446.44	0.50	34,117,843.20
Portfolio 3:	59,035,560.88	63.26	4,318,025.83	7.31	54,717,535.05
Total	93,324,850.52	100.00	4,489,472.27	4.81	88,835,378.25

(b.2.1) At 31 December 2021, accounts receivable with bad debt provision recognized collectively by portfolio 1: There is no such item.

(b.2.2) At 31 December 2021, accounts receivable with bad debt provision recognized collectively by portfolio 2:

Item	31 Dec. 2021		
	Accounts receivable	Provision for bad debt	Provision ratio (%)
Receivables due from government customers, state-owned enterprise customers	34,289,289.64	171,446.44	0.50
Total	34,289,289.64	171,446.44	0.50

(b.2.3) At 31 December 2021, accounts receivable with bad debt provision recognized collectively by portfolio 3:

Aging	31 Dec. 2021		
	Accounts receivable	Provision for bad debt	Provision ratio (%)
Within 1 year (including 1 year)	51,306,823.62	2,565,341.18	5.00
1 to 2 years	7,463,743.26	1,492,748.65	20.00
2 to 3 years	10,116.00	5,058.00	50.00
Over 3 years	254,878.00	254,878.00	100.00
Total	59,035,560.88	4,318,025.83	7.31

(c) Changes in the provision, recovery or reversal of bad debt

Items	Balance at 31 Dec. 2021	Changes in the current period				Balance at 31 Dec. 2022
		Provision	Recovery or reversal	Elimination or write-off	Other decreases	
Provision for bad debt	4,489,472.27	7,066,432.49	1,071,893.08			11,555,904.76
Total	4,489,472.27	7,066,432.49	1,071,893.08			11,555,904.76

(d) The details of accounts receivable actually written off in the current period

There is no such item.

(e) The larger closing balances by entity

Entity name	Balance at 31 Dec. 2022	Proportion of the balance to the total accounts receivable (%)	Provision for bad debt
Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	260,381,595.57	32.37	1,301,907.98
Huzhou Zhili Children's Clothing Park Management Co., Ltd.	101,273,584.91	12.59	506,367.92
Huzhou Shentai Construction Development Co., Ltd.	101,273,584.91	12.59	506,367.92
Huzhou Nanxun Tourism Investment Development Group Co., Ltd.	101,191,037.73	12.58	505,955.19
Huzhou Wuxing Beauty Town Construction Management Co., Ltd.	100,212,264.16	12.46	501,061.32
Total	664,332,067.28	82.59	3,321,660.33

5.3 Prepayments

(a) Prepayments by aging

Aging	31 Dec. 2022		31 Dec. 2021	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	29,691,784.32	43.67	424,970,663.62	86.03

Aging	31 Dec. 2022		31 Dec. 2021	
	Amount	Proportion (%)	Amount	Proportion (%)
1 to 2 years	38,125,135.60	56.08	30,817,541.23	6.24
2 to 3 years	39,077.31	0.06	35,524,418.60	7.19
Over 3 years	127,003.40	0.19	2,668,000.00	0.54
Total	67,983,000.63	100.00	493,980,623.45	100.00

(b) The larger closing balances by entity

Entity name	Balance at 31 Dec. 2022	Proportion of the balance to the total prepayments (%)
Qianyuan Town People's Government of Deqing County	30,000,000.00	44.13
Shanghai Jingmao Electronic Technology Co., Ltd.	7,903,400.00	11.63
Shanghai Micro Electronics Equipment (Group) Co., Ltd.	6,699,712.50	9.85
Deqing County Construction and Development Co., Ltd.	6,000,000.00	8.83
Total	50,603,112.50	74.44

5.4 Other Receivables

(a) Other receivables by category

Items	31 Dec. 2022	31 Dec. 2021
Interest receivable		
Dividend receivable	1,672,047.20	19,231.25
Other receivables	9,962,664,703.13	8,752,397,804.03
Total	9,964,336,750.33	8,752,417,035.28

(b) Dividend receivable

Investees	31 Dec. 2022	31 Dec. 2021
Deqing County Dongfanghong Cultural Media Co., Ltd.		19,231.25
Zhejiang Derui Property Service Co., Ltd.	1,672,047.20	
Sub-total	1,672,047.20	19,231.25
Less: Provision of bad debt		
Total	1,672,047.20	19,231.25

(c) Other receivables

(c.1) Other receivables by aging

Aging	31 Dec. 2022	31 Dec. 2021
Within 1 year (including 1 year)	1,994,374,619.66	2,134,537,925.11

Aging	31 Dec. 2022	31 Dec. 2021
1 to 2 years	1,826,081,966.92	2,276,349,231.91
2 to 3 years	1,933,949,137.58	1,048,885,399.95
Over 3 years	4,272,466,336.69	3,358,481,511.44
Sub-total	10,026,872,060.85	8,818,254,068.41
Less: Provision for bad debt	64,207,357.72	65,856,264.38
Total	9,962,664,703.13	8,752,397,804.03

(c.2) Other receivables by category

(c.2.1) As at 31 December 2022, provision for bad debt recognized based on three stages model

Stages	31 Dec. 2022			31 Dec. 2021		
	Other receivables	Provision for bad debt	Carrying account	Other receivables	Provision for bad debt	Carrying account
Stage 1	10,026,872,060.85	64,207,357.72	9,962,664,703.13	8,818,254,068.41	65,856,264.38	8,752,397,804.03
Stage 2						
Stage 3						
Total	10,026,872,060.85	64,207,357.72	9,962,664,703.13	8,818,254,068.41	65,856,264.38	8,752,397,804.03

(c.2.1.1) At 31 December 2022, provision for bad debt at stage 1:

Items	31 Dec. 2022				
	Other receivables		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Bad debt provision recognized individually					
Bad debt provision recognized collectively	10,026,872,060.85	100.00	64,207,357.72	0.64	9,962,664,703.13
Portfolio 3:					
Portfolio 4:	10,006,600,882.07	99.80	50,033,004.42	0.50	9,956,567,877.65
Portfolio 5:	20,271,178.78	0.20	14,174,353.30	69.92	6,096,825.48
Total	10,026,872,060.85	100.00	64,207,357.72	0.64	9,962,664,703.13

(c.2.1.1.1) At 31 December 2022, other receivables with bad debt provision recognized collectively by portfolio 4:

Item	31 Dec. 2022		
	Other receivables	Provision for bad debt	Provision ratio (%)
Receivables due from government customers,	10,006,600,882.07	50,033,004.42	0.50

Item	31 Dec. 2022		
	Other receivables	Provision for bad debt	Provision ratio (%)
state-owned enterprise customers			
Total	10,006,600,882.07	50,033,004.42	0.50

(c.2.1.1.2) At 31 December 2022, other receivables with bad debt provision recognized collectively by portfolio 5:

Aging	31 Dec. 2022		
	Other receivables	Provision for bad debt	Provision ratio (%)
Within 1 year (including 1 year)	4,874,567.65	243,728.39	5.00
1 to 2 years	277,401.83	55,480.37	20.00
2 to 3 years	2,488,129.53	1,244,064.77	50.00
Over 3 years	12,631,079.77	12,631,079.77	100.00
Total	20,271,178.78	14,174,353.30	69.92

(c.2.2) At 31 December 2021, provision for bad debt at stage 1:

Items	31 Dec. 2021				
	Other receivables		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Proportion ratio (%)	
Bad debt provision recognized individually					
Bad debt provision recognized collectively	8,818,254,068.41	100.00	65,856,264.38	0.75	8,752,397,804.03
Portfolio 3:					
Portfolio 4:	8,774,034,226.18	99.50	43,870,057.45	0.50	8,730,164,168.73
Portfolio 5:	44,219,842.23	0.50	21,986,206.93	49.72	22,233,635.30
Total	8,818,254,068.41	100.00	65,856,264.38	0.75	8,752,397,804.03

(c.2.2.1) At 31 December 2021, other receivables with bad debt provision recognized collectively by portfolio 4:

Item	31 Dec. 2021		
	Other receivables	Provision for bad debt	Provision ratio (%)
Receivables due from government customers, state-owned enterprise customers	8,774,034,226.18	43,870,057.45	0.50
Total	8,774,034,226.18	43,870,057.45	0.50

(c.2.2.2) At 31 December 2021, other receivables with bad debt provision recognized collectively by portfolio 5:

Aging	31 Dec. 2021		
	Other receivables	Provision for bad debt	Provision ratio (%)
Within 1 year (including 1 year)	323,616.30	16,207.91	5.00
1 to 2 years	22,907,390.18	4,581,488.60	20.00
2 to 3 years	7,200,650.66	3,600,325.33	50.00
Over 3 years	13,788,185.09	13,788,185.09	100.00
Total	44,219,842.23	21,986,206.93	49.72

(c.3) Changes in the provision, recovery or reversal of bad debt

Items	Balance at 31 Dec. 2021	Changes in the current period				Balance at 31 Dec. 2022
		Provision	Recovery or reversal	Eliminate or write off	Other decreases	
Provision for bad debt	65,856,264.38	-1,648,906.66				64,207,357.72
Total	65,856,264.38	-1,648,906.66				64,207,357.72

(c.4) The details of accounts receivable actually written off in the current period

There is no such item.

(c.5) The larger closing balances by entity

Entity name	Nature	Balance at 31 Dec. 2022	Aging	Proportion of the balance to the total other receivables (%)	Provision for bad debt
Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	Current payment	5,433,855,934.34	Within 1 year, 1 to 2 years, 2 to 3 years, over 3 years	54.19	27,169,279.67
Deqing New Rural Construction Investment Co., Ltd.	Current payment	1,453,596,556.86	Within 1 year, 1 to 2 years, 2 to 3 years, over 3 years	14.50	7,267,982.78
Zhejiang Linhang Logistics Development Co., Ltd.	Current payment	818,067,427.89	Within 1 year	8.16	4,090,337.14
Deqing Qian yuan Urban Construction Development Co., Ltd.	Current payment	866,767,617.92	Within 1 year, 1 to 2 years, 2 to 3 years, over 3 years	8.64	4,333,838.09

Entity name	Nature	Balance at 31 Dec. 2022	Aging	Proportion of the balance to the total other receivables (%)	Provision for bad debt
Deqing Yungu Intelligent Eco-City Industry Development Co., Ltd.	Current payment	497,509,213.31	Within 1 year, 1 to 2 years, 2 to 3 years	4.96	2,487,546.07
Qianyuan Town People's Government of Deqing County	Current payment	317,818,707.80	Within 1 year, 1 to 2 years, 2 to 3 years, over 3 years	3.17	1,589,093.54
Total		9,387,615,458.12		93.62	46,938,077.29

(c.6) Other receivables relating to government grants

There is no such item.

(c.7) Derecognition of other receivables for transfer of financial assets

There is no such item.

(c.8) Assets or liabilities arising from continuing involvement in transferred other receivables

There is no such item.

5.5 Inventories

(a) Inventories by category

Items	31 Dec. 2022			31 Dec. 2021		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Development products	5,545,735,025.48		5,545,735,025.48	3,072,539,047.51		3,072,539,047.51
Development costs	5,980,402,513.60		5,980,402,513.60	7,036,001,717.90		7,036,001,717.90
Costs to fulfill a contact	33,101,896,383.55		33,101,896,383.55	26,905,919,111.58		26,905,919,111.58
Commodity stocks	616,568.44		616,568.44	268,802.88		268,802.88
Packaging materials and low-value consumables	20,954,155.51		20,954,155.51	21,422,627.10		21,422,627.10
Consumptive biological assets	3,130,986,673.60		3,130,986,673.60	1,113,835,173.60		1,113,835,173.60
Total	47,780,591,320.18		47,780,591,320.18	38,149,986,480.57		38,149,986,480.57

(b) Provision for impairment of inventory

There is no such item.

5.6 Contract Assets

(a) General information of contract assets

Items	31 Dec. 2022			31 Dec. 2021		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Work performed but not yet settled	38,919,760.23		38,919,760.23	34,971,425.71		34,971,425.71
Sub-total	38,919,760.23		38,919,760.23	34,971,425.71		34,971,425.71
Less: Contract assets presented in other non-current assets and other non-current assets maturing within 1 year						
Total	38,919,760.23		38,919,760.23	34,971,425.71		34,971,425.71

(b) Amount and reasons of significant fluctuations in carrying amount of contract assets

There is no such item.

5.7 Non-current Assets Maturing within One Year

Items	31 Dec. 2022	31 Dec. 2021
Trust industry guarantee fund	1,230,000.00	10,496,000.00
Financial lease margin	64,119,000.00	36,389,000.00
Total	65,349,000.00	46,885,000.00

5.8 Other Current Assets

Items	31 Dec. 2022	31 Dec. 2021
Advance tax payment	12,385.27	89.09
Reclassification from debit side balance of VAT payable	421,756,195.20	394,249,748.98
Trust industry guarantee fund		2,000,000.00
Total	421,768,580.47	396,249,838.07

5.9 Debt Investments

(a) General information of debt investments

Items	31 Dec. 2022			31 Dec. 2021		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Zhejiang Qinggu New Energy Automobile Co., Ltd.				70,000,000.00		70,000,000.00
Deqing Jinye Real Estate Co., Ltd.				3,000,000.00		3,000,000.00
Zhejiang Xinsheng Micro Electromechanical Manufacturing Co., Ltd.	7,412,814.23		7,412,814.23			
Sub-total	7,412,814.23		7,412,814.23	73,000,000.00		73,000,000.00
Less: Debt investments maturing within one year						
Total	7,412,814.23		7,412,814.23	73,000,000.00		73,000,000.00

(b) Significant debt investments as at the end of reporting period

There is no such item.

(c) Provision for loss allowance under three stages model

(c.1) As at 31 December 2022, provisions for loss allowance recognised based on three stages model are as following:

Stage	Book balance	Provision for bad debts	Carrying amount
Stage 1	7,412,814.23		7,412,814.23
Stage 2			
Stage 3			
Total	7,412,814.23		7,412,814.23

(c.1.1) As at 31 December 2022, provision for loss allowance of debt investment at stage 1 is as below:

Stage	Book balance	Provision ratio (%)	Provision for bad debts	Carrying amount
Provision for loss allowance recognized individually				
Provision for loss allowance recognized collectively	7,412,814.23			7,412,814.23
Portfolio 1:	7,412,814.23			7,412,814.23
Portfolio 2:				
Total	7,412,814.23			7,412,814.23

5.10 Long-term Equity Investments

Investees	31 Dec. 2021	Changes during the reporting period				
		Increase during the reporting period	Decrease during the reporting period	Gains/(losses) on investments under the equity method	Adjustments of other comprehensive income	Changes in other equity
I. Associates						
Zhejiang Derui Property Service Co., Ltd.	3,865,059.36			1,407,662.80		
Zhejiang Deqing Shengbang Supply Chain Management Co., Ltd.						
Deqing County Yungu Intelligent Eco-City Industry Development Co., Ltd.	20,230,212.04			31,559,875.10		
Deqing Chebai High-tech Intelligent Automobile Demonstration Zone Operation Co., Ltd.	784,835.74					
Deqing Taoyuan Memorial Park Development Co., Ltd.	19,868,186.78			488,233.14		
Zhejiang Deqing Port Logistics Development Co., Ltd.						
Deqing County Chengbei Farmers Market Management Co., Ltd.	6,199,061.32			-384,334.69		
Deqing Kechuang Testing R&D Service Co., Ltd.	117,801.08			-69,352.94		
Zhejiang Fengqi Lake Cultural Development Co., Ltd.	382,728,334.54			-1,351,213.51		
Huzhou Qingchunyu Chinese	8,704,702.24			-453,994.51		

Investees	31 Dec. 2021	Changes during the reporting period				
		Increase during the reporting period	Decrease during the reporting period	Gains/(losses) on investments under the equity method	Adjustments of other comprehensive income	Changes in other equity
Medicinal Materials Co., Ltd.						
Zhejiang Linhang Logistics Development Co., Ltd.						
Total	442,498,193.10			31,196,875.39		

(Continued)

Investees	Changes during the reporting period			31 Dec. 2022	Provision for impairment at 31 Dec. 2022
	Declaration of cash dividends or distribution of profit	Provision for impairment	Others		
I. Associates					
Zhejiag Derui Property Service Co., Ltd.	1,672,047.20			3,600,674.96	
Zhejiang Deqing Shengbang Supply Chain Management Co., Ltd.					
Deqing County Yungu Intelligent Eco-City Industry Development Co., Ltd.				51,790,087.14	
Deqing Chebai High-tech Intelligent Automobile Demonstration Zone Operation Co., Ltd.			-784,835.74		
Deqing Taoyuan Memorial Park Development Co., Ltd.				20,356,419.92	
Zhejiang Deqing Port Logistics Development Co., Ltd.					
Deqing County Chengbei Farmers Market Management Co., Ltd.				5,814,726.63	
Deqing Kechuang Testing R&D Service Co., Ltd.				48,448.14	
Zhejiang Fengqi Lake Cultural Development Co., Ltd.				381,377,121.03	
Huzhou Qingchunyu Chinese Medicinal Materials Co., Ltd.				8,250,707.73	
Zhejiang Linhang Logistics Development Co., Ltd.					

Investees	Changes during the reporting period			31 Dec. 2022	Provision for impairment at 31 Dec. 2022
	Declaration of cash dividends or distribution of profit	Provision for impairment	Others		
Total	1,672,047.20		-784,835.74	471,238,185.55	

Notes: As Zhejiang Linhang Logistics Development Co., Ltd., Zhejiang Deqing Port Logistics Development Co., Ltd. and Zhejiang Deqing Shengbang Supply Chain Management Co., Ltd. have suffered losses for consecutive years, the book value of the **Company's** long-term equity investments has been reduced to CNY0.00.

In this period, Deqing Hengfeng Construction Development Co., Ltd. signed an equity transfer agreement with Zhejiang Intelligent Connected Vehicle Innovation Center. It was agreed that Zhejiang Intelligent Connected Vehicle Innovation Center transferred its holding 60.00% equity of Deqing Chebai High-Tech Intelligent Vehicle Demonstration Zone Operation Co., Ltd. to Hengfeng Company at the price of CNY0.00, so the merger cost was CNY0.00.

5.11 Other Equity Instrument Investments

(a) General information of other equity instrument investments

Item	31 Dec. 2022	31 Dec. 2021
Listed equity instruments investment		
Non-listed equity instruments investment	2,577,454,507.84	2,516,715,151.20
Total	2,577,454,507.84	2,516,715,151.20

(b) General information of non-trading equity instrument investment

Items	Non-listed equity instruments investment	Dividend income recognised during the reporting period	Cumulative gains	Cumulative losses	Amount of other comprehensive income transfer to retained earnings
Bank of Huzhou Co., Ltd.	159,250,000.00	4,550,000.00			
Huzhou Fuhu Industrial Investment Co., Ltd.	110,250,000.00				
Deqing China - Africa Economic and Trade Port Service Co., Ltd.	500,000.00				
Huzhou Bishuiyuan Environmental Technology Co., Ltd.	8,565,151.20				
Green Pulse Holdings Group Co., Ltd.	800,000,000.00	3,902,000.00			

Items	Non-listed equity instruments investment	Dividend income recognised during the reporting period	Cumulative gains	Cumulative losses	Amount of other comprehensive income transfer to retained earnings
CRRC Urban Transportation Co., Ltd.	1,400,000,000.00				
Deqing Chuanghuan Water Co., Ltd.	6,000,000.00				
Deqing Liangshan Rural Tourism Development Co., Ltd.	150,000.00				
Huzhou Zhengce Financing and Guarantee Co., Ltd.	60,000,000.00				
Zhejiang Feihang Intelligent Technology Co., Ltd.	10,000,000.00				
Deqing Small and Medium Sized Enterprise Financial Service Center Co., Ltd.	4,329,088.39				
Deqing Private Financing Standard Management Service Center Co., Ltd.	6,578,498.87				
Deqing Technology Financing Guarantee Co., Ltd.	11,831,769.38				
Total	2,577,454,507.84	8,452,000.00			

5.11 Other Non-current Financial Assets

Items	31 Dec. 2022	31 Dec. 2021
Deqing Qiyu Investment Management Partnership (Limited Partnership)	140,000,000.00	140,000,000.00
Aerospace Jingkai Venture Capital (Weifang) Partnership (Limited Partnership)	197,246,900.00	120,000,000.00
Deqing Chenxin Equity Investment Partnership (Limited Partnership)	24,500,000.00	17,150,000.00
Deqing Chebai High-tech Equity Investment Partnership (Limited Partnership)		34,000,000.00
Deqing Zifeng Zhiqing Equity Investment Partnership (Limited Partnership)	50,000,000.00	
Trust industry guarantee fund	3,870,000.00	870,000.00
Total	415,616,900.00	312,020,000.00

5.12 Investment Properties

(a) Investment properties accounted for using fair value model

Items	Buildings and constructions	Total
Balance as at 31 Dec. 2021	4,541,910,084.52	4,541,910,084.52
Increase during the reporting period	4,040,071,215.48	4,040,071,215.48
(i) Acquisition		
(ii) Transfer from inventories, property, plant and equipment or construction in progress	3,060,795,851.14	3,060,795,851.14
(iii) Changes in fair value	979,275,364.34	979,275,364.34
Decrease during the reporting period		
(i) Disposal		
(ii) Others		
(iii) Changes in fair value		
Balance as at 31 Dec. 2022	8,581,981,300.00	8,581,981,300.00

(b) Investment properties without certificate of title

Items	Carrying amount	Reason
Buildings gratuitously transferred from Qianyuan Town People's Government of Deqing County	181,571,000.00	The ownership transfer procedures have not yet been completed.
Smart Eco-City Small Town Living Room	313,183,300.00	The certificate is being handled.
Deqing Bonded Logistics Center	297,491,700.00	The certificate is being handled.
Total	792,246,000.00	

5.13 Property, Plant and Equipment

(a) Property, plant and equipment by category

Items	31 Dec. 2022	31 Dec. 2021
Property, plant and equipment	3,249,259,578.81	461,111,504.67
Disposal of property, plant and equipment		
Total	3,249,259,578.81	461,111,504.67

(b) Property, plant and equipment

(b.1) General information of property, plant and equipment

Items	Buildings and constructions	Machinery equipment	Vehicle	Electrical and official equipment	Other equipment	Total
I Initial cost:						
Balance at 31 Dec. 2021	410,191,878.10	27,035,219.91	16,130,673.76	116,077,760.44	48,107,269.58	617,542,801.79

Items	Buildings and constructions	Machinery equipment	Vehicle	Electrical and official equipment	Other equipment	Total
Increase during the reporting period	26,181,391.59	5,209,169.70	1,263,651.80	12,262,537.26	2,916,685,283.66	2,961,602,034.01
(i) Acquisition		837,619.87	765,130.56	12,173,106.96	1,529,515.40	15,305,372.79
(ii) Transferred from construction in progress or inventories	26,181,391.59	1,032,502.78			1,150,168.26	28,364,062.63
(iii) Business combination		3,313,375.89	330,321.24	89,430.30		3,733,127.43
(iv) Gratuitous transfer			168,200.00		2,914,005,600.00	2,914,173,800.00
(v) Others		25,671.16				25,671.16
Decrease during the reporting period	111,411,993.44		468,058.88	683,217.24	21,000.00	112,584,269.56
(i) Disposal or scrap			468,058.88		21,000.00	489,058.88
(ii) Others	111,411,993.44			683,217.24		112,095,210.68
Balance at 31 Dec. 2022	324,961,276.25	32,244,389.61	16,926,266.68	127,657,080.46	2,964,771,553.24	3,466,560,566.24
II. Accumulated depreciation:						
Balance at 31 Dec. 2021	82,152,259.85	11,692,700.13	8,017,798.00	29,636,868.54	24,931,670.60	156,431,297.12
Increase during the reporting period	13,833,202.84	5,959,545.63	3,044,357.71	21,306,859.58	43,571,829.59	87,715,795.35
(i) Provision	13,833,202.84	5,124,364.59	2,800,886.41	21,290,159.06	43,571,829.59	86,620,442.49
(ii) Business combination		833,563.92	83,681.28	16,700.52		933,945.72
(iii) Others		1,617.12	159,790.02			161,407.14
Decrease during the reporting period	26,310,586.56		357,253.33	163,635.15	14,630.00	26,846,105.04
(i) Disposal or scrap			357,253.33		14,630.00	371,883.33
(ii) Others	26,310,586.56			163,635.15		26,474,221.71
Balance at 31 Dec. 2022	69,674,876.13	17,652,245.76	10,704,902.38	50,780,092.97	68,488,870.19	217,300,987.43
III. Provision for impairment						
Balance at 31 Dec. 2021						
Increase during the reporting period						
(i) Provision						
Decrease during the reporting period						
(i) Disposal or scrap						
Balance at 31 Dec. 2022						
IV. Carrying amount						
Balance at 31 Dec. 2022	255,286,400.12	14,592,143.85	6,221,364.30	76,876,987.49	2,896,282,683.05	3,249,259,578.81
Balance at 31 Dec. 2021	328,039,618.25	15,342,519.78	8,112,875.76	86,440,891.90	23,175,598.98	461,111,504.67

(b.2) Property, plant and equipment acquired under finance leases

There is no such item.

(b.3) Property, plant and equipment acquired under operating leases

There is no such item.

(c) Disposal of property, plant and equipment

There is no such item.

5.14 Construction in Progress

(a) Construction in progress by category

Items	31 Dec. 2022	31 Dec. 2021
Construction in progress	792,905,681.89	1,353,013,114.41
Total	792,905,681.89	1,353,013,114.41

(b) Construction in progress

(b.1) General information of construction in progress

Items	31 Dec. 2022			31 Dec. 2021		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
General Aviation Airport Construction Project	636,994,099.69		636,994,099.69	898,374,183.25		898,374,183.25
Zhejiang Deqing Talent Pioneer Park	138,429,787.27		138,429,787.27	345,179,341.75		345,179,341.75
Geographic Information Town Exhibition Hall				71,787,447.37		71,787,447.37
Technology Pioneer Park Area 3 Technology Pioneer Building Construction Project				28,565,729.96		28,565,729.96
Other projects	17,481,794.93		17,481,794.93	8,259,007.54		8,259,007.54
Total	792,905,681.89		792,905,681.89	1,352,165,709.87		1,352,165,709.87

(b.2) Provision for impairment during the reporting period:

There is no such item.

5.15 Intangible Assets

(a) General information of intangible assets

Items	Land use right	Software use rights	Right to charge for road parking spaces	Mining operation and management usufruct	Franchise rights for advertising spaces	Others	Total
I. Initial cost:							

Items	Land use right	Software use rights	Right to charge for road parking spaces	Mining operation and management usufruct	Franchise rights for advertising spaces	Others	Total
Balance at 31 Dec. 2021	245,950,310.89	6,375,440.19	2,187,940,000.00	5,443,000,000.00		142,852.17	3,574,919,004.96
Increase during the reporting period		3,925,467.22			1,149,914,700.00		1,153,840,167.22
(i) Acquisition		3,925,467.22					3,925,467.22
(ii) Gratuitous transfer in					1,149,914,700.00		1,149,914,700.00
Decrease during the reporting period	26,134,772.34						26,134,772.34
(i) Disposal							
(ii) Others	26,134,772.34						26,134,772.34
Balance at 31 Dec. 2022	219,815,538.55	10,300,907.41	2,187,940,000.00	5,443,000,000.00	1,149,914,700.00	142,852.17	9,011,113,998.13
II. Accumulated amortization:							
Balance at 31 Dec. 2021	24,086,237.77	2,994,476.77	66,318,951.61	116,524,999.96		2,039.97	209,926,706.08
Increase during the reporting period	10,791,496.19	2,390,450.68	62,512,562.28	10,433,394.48	19,165,245.00	34,096.59	105,327,245.22
(i) Provision	10,791,496.19	2,390,450.68	62,512,562.28	10,433,394.48	19,165,245.00	34,096.59	105,327,245.22
(ii) Others							
Decrease during the reporting period	4,602,599.66						4,602,599.66
(i) Disposal							
(ii) Others	4,602,599.66						4,602,599.66
Balance at 31 Dec. 2022	30,275,134.30	5,384,927.45	128,831,513.89	126,958,394.44	19,165,245.00	36,136.56	310,651,351.64
III. Provision for impairment							
Balance at 31 Dec. 2021							
Increase during the reporting period							
(i) Provision							
Decrease during the reporting period							
(i) Disposal							
Balance at 31 Dec. 2022							
IV. Carrying amount							
Balance at 31 Dec. 2022	189,540,404.25	4,915,979.96	2,059,108,486.11	5,316,041,605.56	1,130,749,455.00	106,715.61	8,700,462,646.49
Balance at 31 Dec. 2021	221,864,073.12	3,380,963.42	2,121,621,048.39	5,326,475,000.04		140,812.20	7,673,481,897.17

5.16 Long-term Deferred Expenses

Items	31 Dec. 2021	Increase during the reporting period	Amortisation during the reporting period	Other decrease during the reporting period	31 Dec. 2022
Decoration fund	89,850,151.40	5,254,111.03	26,335,921.54		68,768,340.89
Consulting service fee	99,246,401.47	9,177,258.79	44,265,244.60		64,158,415.66

Items	31 Dec. 2021	Increase during the reporting period	Amortisation during the reporting period	Other decrease during the reporting period	31 Dec. 2022
Preliminary expenses of Tonghang Airport	1,520,536.58	487,603.37	1,290,525.70		717,614.25
Others	2,356,546.95		480,410.59		1,876,136.36
Total	192,973,636.40	14,918,973.19	72,372,102.43		135,520,507.16

5.17 Deferred Tax Assets and Deferred Tax Liabilities

(a) Deferred tax assets before offsetting

Items	31 Dec. 2022		31 Dec. 2021	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment loss				
Provision for credit impairment	75,737,796.30	18,934,449.09	70,320,270.47	17,580,067.62
Total	75,737,796.30	18,934,449.09	70,320,270.47	17,580,067.62

(b) Deferred tax liabilities before offsetting

Items	31 Dec. 2022		31 Dec. 2021	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value of investment properties	3,825,645,683.97	956,411,421.00	2,846,370,319.63	711,592,579.91
Total	3,825,645,683.97	956,411,421.00	2,846,370,319.63	711,592,579.91

(c) Unrecognized deferred tax assets

Items	31 Dec. 2022	31 Dec. 2021
Deductible temporary differences	25,466.18	25,466.18
Total	25,466.18	25,466.18

5.18 Other Non-current Assets

Items	31 Dec. 2022	31 Dec. 2021
Prepayment for acquisition of long-term assets	259,164,474.84	
Financial lease margin	129,100,000.00	224,280,000.00
Total	388,264,474.84	224,280,000.00

5.19 Short-term Borrowings

(a) Disclosure of short-term borrowings by category

Items	31 Dec. 2022	31 Dec. 2021
Credit loans	93,000,000.00	74,960,000.00
Guarantee loans	2,653,414,727.84	1,709,000,000.00
Pledge loans	629,500,000.00	744,200,000.00
Mortgage loans	164,700,000.00	167,700,000.00
Mortgage and guarantee loans	330,000,000.00	20,000,000.00
Interest payable	7,494,160.16	3,923,447.77
Total	3,878,108,888.00	2,719,783,447.77

(b) Details of short-term borrowings by categories

(b.1) Credit loans

Borrowing unit	Loan bank	31 Dec. 2022
Huzhou Moganshan High-tech Group Co., Ltd.	Postal Savings Bank of China	93,000,000.00
Total		93,000,000.00

(b.2) Guarantee loans

Borrowing unit	Loan bank	Guarantor	31 Dec. 2022
Deqing Economic Development Zone Municipal Services Co., Ltd.	Hengfeng Bank	Huzhou Moganshan High-tech Group Co., Ltd.	59,500,000.00
Deqing Economic Development Zone Municipal Services Co., Ltd.	Industrial Bank	Deqing Lianchuang Technology New City Construction Co., Ltd.	145,000,000.00
Deqing Kechuang Property Management Co., Ltd.	Industrial Bank	Huzhou Moganshan High-tech Group Co., Ltd.	90,000,000.00
Deqing Kechuang Property Management Co., Ltd.	Zhejiang Deqing Rural Commercial Bank	Zhejiang Deqing Transportation Investment and Construction Co., Ltd.	70,000,000.00
Deqing Zhichuang Geographic Information Industrial Park Construction Co., Ltd.	Hengfeng Bank	Huzhou Moganshan High-tech Group Co., Ltd.	90,000,000.00
Deqing Lianchuang Technology New City Construction Co., Ltd.	Hengfeng Bank	Huzhou Moganshan High-tech Group Co., Ltd.	95,000,000.00
Deqing Lianchuang Technology New City Construction Co., Ltd.	Metropolitan Bank	Huzhou Moganshan High-tech Group Co., Ltd.	60,000,000.00
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Hua Xia Bank	Zhejiang Deqing Transportation Investment and Construction Co., Ltd.	30,000,000.00
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Hua Xia Bank	Zhejiang Deqing Transportation Investment and Construction Co., Ltd.	90,000,000.00

Borrowing unit	Loan bank	Guarantor	31 Dec. 2022
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Hengfeng Bank	Zhejiang Deqing Transportation Investment and Construction Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd.	95,000,000.00
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Bank of Nanjing	Huzhou Moganshan High-tech Group Co., Ltd.	70,000,000.00
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Bank of Ningbo	Huzhou Moganshan High-tech Group Co., Ltd.	80,000,000.00
Deqing Technology New City Chip Technology Co., Ltd.	Bank of Jiaxing	Huzhou Moganshan High-tech Group Co., Ltd.	100,000,000.00
Deqing Technology New City Chip Technology Co., Ltd.	Zhejiang Deqing Rural Commercial Bank	Deqing Hengda Construction Development Co., Ltd.	25,000,000.00
Deqing Technology New City Chip Technology Co., Ltd.	Zhejiang Deqing Rural Commercial Bank	Deqing Hengda Construction Development Co., Ltd.	24,000,000.00
Deqing Technology New City Chip Technology Co., Ltd.	Hua Xia Bank	Zhejiang Deqing Transportation Investment and Construction Co., Ltd.	30,000,000.00
Deqing Technology New City Chip Technology Co., Ltd.	Hua Xia Bank	Zhejiang Deqing Transportation Investment and Construction Co., Ltd.	20,000,000.00
Deqing Technology New City Chip Technology Co., Ltd.	Industrial Bank	Huzhou Moganshan High-tech Group Co., Ltd.	100,000,000.00
Deqing Technology New City Chip Technology Co., Ltd.	Bank of Nanjing	Huzhou Moganshan High-tech Group Co., Ltd.	25,000,000.00
Deqing Technology New City Chip Technology Co., Ltd.	Bank of Ningbo	Huzhou Moganshan High-tech Group Co., Ltd.	30,000,000.00
Deqing Linhang New Rural Construction Investment Co., Ltd.	Bank of Ningbo	Huzhou Moganshan High-tech Group Co., Ltd.	50,000,000.00
Zhejiang Zhongchuang Geographic Information Technology Co., Ltd.	Zhejiang Deqing Rural Commercial Bank	Deqing Hengda Construction Development Co., Ltd.	25,000,000.00
Zhejiang Zhongchuang Geographic Information Technology Co., Ltd.	Zhejiang Deqing Rural Commercial Bank	Deqing Hengda Construction Development Co., Ltd.	20,000,000.00
Deqing Hengfeng Construction Development Co., Ltd.	Hengfeng Bank	Huzhou Moganshan High-tech Group Co., Ltd.	68,500,000.00

Borrowing unit	Loan bank	Guarantor	31 Dec. 2022
Deqing Hengfeng Construction Development Co., Ltd.	Hua Xia Bank	Deqing Cultural Tourism Development Group Co., Ltd.	150,000,000.00
Deqing Hengchuang Construction Development Co., Ltd.	Industrial Bank	Huzhou Moganshan High-tech Group Co., Ltd.	80,000,000.00
Deqing Hengchuang Trading Co., Ltd.	Hua Xia Bank	Zhejiang Deqing Jingkai Investment Group Co., Ltd.	120,000,000.00
Deqing Hengchuang Trading Co., Ltd.	Zhejiang Deqing Rural Commercial Bank	Deqing Hengda Construction Development Co., Ltd.	29,000,000.00
Deqing Hengchuang Trading Co., Ltd.	Bank of Ningbo	Huzhou Moganshan High-tech Group Co., Ltd.	50,000,000.00
Deqing Liangshan Rural Tourism Development Co., Ltd.	Industrial Bank	Huzhou Moganshan High-tech Group Co., Ltd.	120,000,000.00
Deqing Liangshan Rural Tourism Development Co., Ltd.	Industrial Bank	Huzhou Moganshan High-tech Group Co., Ltd.	55,000,000.00
Deqing Qitong Trade Development Co., Ltd.	Zhejiang Deqing Rural Commercial Bank	Deqing Hengda Construction Development Co., Ltd.	29,000,000.00
Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Zhejiang Deqing Rural Commercial Bank	Zhejiang Deqing Transportation Investment and Construction Co., Ltd.	80,000,000.00
Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Hua Xia Bank	Zhejiang Deqing Transportation Investment and Construction Co., Ltd.	50,000,000.00
Deqing Qianlong Construction Development Co., Ltd.	Maotai (Shanghai) Finance Leasing Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	115,667,418.90
Deqing Qianlong Construction Development Co., Ltd.	Far Eastern International Financial Leasing Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	282,747,308.94
Total			2,653,414,727.84

(b.3) Pledge loans

Borrowing unit	Loan bank	Pledgor	Pledge	31 Dec. 2022
Deqing Economic Development Zone Municipal Services Co., Ltd.	Agricultural Bank of China	Deqing Economic Development Zone Municipal Services Co., Ltd.	Time deposit	96,000,000.00

Borrowing unit	Loan bank	Pledgor	Pledge	31 Dec. 2022
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Industrial Bank	Deqing Lianchuang Technology New City Construction Co., Ltd.	Time deposit	98,000,000.00
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Hua Xia Bank	Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Time deposit	60,000,000.00
Deqing Lianchuang Technology New City Construction Co., Ltd.	Metropolitan Bank	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Time deposit	19,000,000.00
Deqing Lianchuang Technology New City Construction Co., Ltd.	Everbrought Bank	Deqing Lianchuang Technology New City Construction Co., Ltd.	Time deposit	66,500,000.00
Deqing Technology New City Chip Technology Co., Ltd.	Zheshang Bank	Deqing Hengfeng Construction Development Co., Ltd.	Time deposit	49,000,000.00
Deqing Tongchuang Construction Development Co., Ltd.	China Citic Bank	Deqing Tongchuang Construction Development Co., Ltd.	Time deposit	192,000,000.00
Deqing Qianyu Tourism Development Co., Ltd.	Industrial Bank	Deqing Qianlong Construction Development Co., Ltd.	Time deposit	49,000,000.00
Total				629,500,000.00

(b.4) Mortgage loans

Borrowing unit	Loan bank	Mortgagor	Mortgage	31 Dec. 2022
Deqing Lianchuang Technology New City Construction Co., Ltd.	Agricultural Bank of China	Deqing Hengfeng Construction Development Co., Ltd.	Inventories	99,700,000.00
Deqing International Conference Center Co., Ltd.	Industrial Bank	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Inventories	65,000,000.00
Total				164,700,000.00

(b.5) Mortgage and guarantee loans

Borrowing unit	Loan bank	Guarantor	Mortgagor	Mortgage	31 Dec. 2022
Deqing Technology New City Chip Technology Co., Ltd.	Zheshang Bank	Huzhou Moganshan High-tech Group Co., Ltd.	Deqing Lianchuang Technology New City Construction Co., Ltd.	Property, plant and equipment	100,000,000.00

Borrowing unit	Loan bank	Guarantor	Mortgagor	Mortgage	31 Dec. 2022
Deqing Technology New City Chip Technology Co., Ltd.	Zheshang Bank	Huzhou Moganshan High-tech Group Co., Ltd.	Deqing Lianchuang Technology New City Construction Co., Ltd.	Property, plant and equipment	100,000,000.00
Deqing Qitong Trade Development Co., Ltd.	Bank of Ningbo	Huzhou Moganshan High-tech Group Co., Ltd.	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Investment properties	130,000,000.00
Total					330,000,000.00

5.21 Notes Payable

Categories	31 Dec. 2022	31 Dec. 2021
Bank acceptance bills	6,650,000.00	201,176,638.60
Total	6,650,000.00	201,176,638.60

5.22 Accounts Payable

(a) Accounts payables categorized by ages:

Aging	31 Dec. 2022	31 Dec. 2021
Within 1 year (including 1 year)	139,446,546.26	319,230,607.09
1 to 2 years	57,583,136.76	22,989,647.73
2 to 3 years	8,230,271.68	28,763,628.10
Over 3 years	27,556,088.65	12,351,447.50
Total	232,816,043.35	383,335,330.42

(b) Significant accounts payable with aging of over one year

There is no such item.

5.23 Advances from Customers

(a) Disclosure of advances from customers by aging:

Items	31 Dec. 2022	31 Dec. 2021
Within 1 year (including 1 year)	10,758,953.45	14,817,440.69
1 to 2 years	2,180,056.95	251,660.00
2 to 3 years	204,800.00	
Total	13,143,810.40	15,069,100.69

(b) Significant advances from customers with aging of over one year

There is no such item.

5.24 Contract Liabilities

(a) General information of contract liabilities:

Items	31 Dec. 2022	31 Dec. 2021
Advance collection of goods	3,452,479.07	2,775,002.99
Advance collection of projects	44,748,356.83	
Amount of constructions settled but not completed	115,566,805.56	82,063,103.82
Advance collection of houses	1,250,370,734.39	711,021,731.00
Total	1,414,138,375.85	795,859,837.81

(b) Significant fluctuation in balances as at the end of the reporting period and reason

There is no such item.

5.25 Employee Benefits Payable

(a) Details of employee benefits payable

Items	31 Dec. 2021	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2022
I. Short-term employee benefits	1,571,252.12	35,911,792.41	36,948,184.75	534,859.78
II. Post-employment benefits-defined contribution plans	57,517.98	2,198,487.21	2,253,136.35	2,868.84
III. Termination benefits				
IV. Other benefits maturing within one year				
Total	1,628,770.10	38,110,279.62	39,201,321.10	537,728.62

(b) Short-term employee benefits

Items	31 Dec. 2021	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2022
I. Salaries, bonuses, allowances and subsidies	985,952.20	27,072,667.24	27,824,009.78	234,609.66
II. Employee benefits	307,116.79	4,475,226.09	4,782,342.88	
III. Social insurance	36,118.03	1,249,917.19	1,248,467.42	37,567.80
Including: Health insurance	33,745.65	1,162,324.79	1,161,007.15	35,063.29
Injury insurance	2,372.38	87,592.40	87,460.27	2,504.51
Birth insurance				
IV. Housing accumulation fund	46,152.00	2,563,644.00	2,559,829.00	49,967.00
V. Labour union funds and employee education funds	195,913.10	550,337.89	533,535.67	212,715.32
VI. Short-term absence pay				

Items	31 Dec. 2021	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2022
VII. Short-term profit-sharing plan				
Total	1,571,252.12	35,911,792.41	36,948,184.75	534,859.78

(c) Defined contribution plans

Items	31 Dec. 2021	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2022
Post-employment benefits:				
Basic endowment insurance	55,534.64	2,124,813.01	2,179,565.92	781.73
Unemployment insurance	1,983.34	73,674.20	73,570.43	2,087.11
Enterprise annuity				
Total	57,517.98	2,198,487.21	2,253,136.35	2,868.84

5.26 Taxes Payable

Items	31 Dec. 2022	31 Dec. 2021
Value added tax (VAT)	12,865,742.44	26,707,078.51
Enterprise income tax	10,793,769.24	197,694.37
Urban maintenance and construction tax	436,171.89	1,288,212.38
Property tax	10,710,325.20	5,469,945.03
Urban land usage tax	10,964,892.87	7,087,891.84
Individual income tax	78,513.67	319,398.24
Stamp duty	1,748,088.30	1,346,296.54
Education surcharge	261,717.92	773,000.87
Local educational surcharge	174,453.97	515,191.50
Total	48,033,675.50	43,704,709.28

5.27 Other Payables

(a) Other payables by category

Items	31 Dec. 2022	31 Dec. 2021
Interest payable		
Dividend payable		
Other payables	1,404,972,638.88	1,253,549,313.90
Total	1,404,972,638.88	1,253,549,313.90

(b) Other payables

(b.1) Disclosure of other payables by aging

Aging	31 Dec. 2022	31 Dec. 2021
Within 1 year (including 1 year)	490,666,246.50	654,713,711.67
1 to 2 years	435,162,839.03	145,604,779.42
2 to 3 years	132,400,634.46	76,919,049.05
Over 3 years	346,742,918.89	376,311,773.76
Total	1,404,972,638.88	1,253,549,313.90

(b.2) The larger closing balances by entity

Entity name	Balance as at 31 Dec. 2022	Proportion of the balance to the total other payables (%)
Zhejiang Fengqihu Culture Development Co., Ltd.	212,251,145.00	15.11
Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	140,232,427.84	9.98
Fuxi Sub-district Office, People's Government of Deqing County	96,299,920.50	6.85
Zhejiang Deqing County Traffic Investment Group Co., Ltd.	80,000,000.00	5.69
Deqing Qianyuan Sewage Treatment Co., Ltd.	66,080,000.00	4.70
Total	594,863,493.34	42.33

5.28 Non-current Liabilities Maturing within One Year

Items	31 Dec. 2022	31 Dec. 2021
Long-term borrowings maturing within one year	3,768,143,334.22	4,251,413,093.46
Bonds payable maturing within one year	3,668,238,334.27	1,736,250,440.61
Other non-current liabilities maturing within one year	2,723,250,000.00	2,942,964,000.00
Interest payable maturing within one year of long-term borrowings	78,754,850.69	83,354,240.94
Interest payable of other non-current liabilities maturing within one year	43,936,583.34	83,255,782.78
Interest payable of bonds payable maturing within one year	457,565,226.44	385,427,496.96
Total	10,739,888,328.96	9,482,665,054.75

5.29 Other Current Liabilities

Items	31 Dec. 2022	31 Dec. 2021
Other short-term bonds	600,000,000.00	
Tax payable reclassification from credit balance of VAT Payable	110,187,648.57	51,752,512.61
Interest of other current liabilities	7,508,333.34	

Items	31 Dec. 2022	31 Dec. 2021
Total	717,695,981.91	51,752,512.61

5.30 Long-term Borrowings

(a) Long-term borrowings by category

Items	31 Dec. 2022	31 Dec. 2021
Credit loans	3,870,000.00	
Guarantee loans	8,250,056,029.48	4,833,989,229.69
Pledge loans	100,000,000.00	140,000,000.00
Mortgage loans	860,051,000.00	312,900,000.00
Mortgage and guarantee loans	7,223,051,608.28	5,631,957,137.69
Pledge and guarantee loans	865,000,000.00	1,420,000,000.00
Mortgage, pledge and guarantee loans	255,000,000.00	
Total	17,557,028,637.76	12,338,846,367.38

(b) Details of long-term borrowings by category

(b.1) Credit loans

Borrowing unit	Loan bank / Financial institution	31 Dec. 2022	Including: long-term loan maturing within one year
Huzhou Moganshan High-Tech Energy Development Co., Ltd.	Industrial Bank	4,300,000.00	430,000.00
Total		4,300,000.00	430,000.00

(b.2) Guarantee loans

Borrowing unit	Loan bank	Guarantor	31 Dec. 2022	Including: Long-term loan maturing within one year
Deqing Kechuang Property Management Co., Ltd.	Industrial Bank	Huzhou Moganshan High-tech Group Co., Ltd.	360,000,000.00	
Deqing Kechuang Property Management Co., Ltd.	Bank of Wenzhou	Huzhou Moganshan High-tech Group Co., Ltd.	140,000,000.00	
Deqing Lianchuang Technology New City Construction Co., Ltd.	Shanghai Pudong Development Bank	Huzhou Moganshan High-tech Group Co., Ltd.	120,000,000.00	10,000,000.00
Deqing Lianchuang Technology New City Construction Co., Ltd.	Hua Xia Bank	Zhejiang Deqing County Traffic Investment Group Co., Ltd.	61,750,000.00	61,750,000.00
Deqing Lianchuang Technology New City Construction Co., Ltd.	Maxwealth Financial Leasing Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	206,250,000.00	37,500,000.00

Borrowing unit	Loan bank	Guarantor	31 Dec. 2022	Including: Long-term loan maturing within one year
Deqing Lianchuang Technology New City Construction Co., Ltd.	Guangzhou Yuexiu Financing Lease Co., Ltd.	Zhejiang Deqing County Traffic Investment Group Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd.	109,571,757.95	41,321,871.19
Deqing Lianchuang Technology New City Construction Co., Ltd.	Wuxi Caitong Finance Leasing Co., Ltd.	Zhejiang Deqing County Traffic Investment Group Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd.	54,295,691.04	54,295,691.04
Deqing Lianchuang Technology New City Construction Co., Ltd.	Maotai (Shanghai) Finance Leasing Co., Ltd.	Zhejiang Deqing County Traffic Investment Group Co., Ltd.	19,004,648.17	19,004,648.17
Deqing Lianchuang Technology New City Construction Co., Ltd.	Far East Hongxin Financial Leasing Co., Ltd.	Zhejiang Deqing County Traffic Investment Group Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd., Deqing Hengfeng Construction Development Co., Ltd.	54,001,232.96	54,001,232.96
Deqing Lianchuang Technology New City Construction Co., Ltd.	Postal Savings Bank of China	Huzhou Moganshan High-tech Group Co., Ltd.	430,000,000.00	
Deqing Lianchuang Technology New City Construction Co., Ltd.	Changjiang United Financial Leasing Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	29,951,027.39	19,876,378.74
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Maxwealth Financial Leasing Co., Ltd.	Zhejiang Deqing County Traffic Investment Group Co., Ltd., Deqing Lianchuang Technology New City Construction Co., Ltd.	123,750,000.00	63,750,000.00
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Industrial Bank	Huzhou Moganshan High-tech Group Co., Ltd.	300,000,000.00	27,000,000.00
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Agricultural Development Bank of China	Huzhou Moganshan High-tech Group Co., Ltd.	425,000,000.00	
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Industrial and Commercial Bank of China	Huzhou Moganshan High-tech Group Co., Ltd.	696,005,740.00	
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Guangzhou Yuexiu Financing Lease Co., Ltd.	Deqing Lianchuang Technology New City Construction Co., Ltd.	100,000,000.00	31,365,248.37
Zhejiang Zhongchuang Geographic Information Technology Co., Ltd.	Industrial Bank	Huzhou Moganshan High-tech Group Co., Ltd.	245,000,000.00	
Deqing Hengfeng Construction Development Co., Ltd.	Jiangsu Financial Leasing Co., Ltd.	Zhejiang Deqing County Traffic Investment Group Co., Ltd.,	22,366,414.00	22,366,414.00

Borrowing unit	Loan bank	Guarantor	31 Dec. 2022	Including: Long-term loan maturing within one year
		Deqing Lianchuang Technology New City Construction Co., Ltd.		
Deqing Hengfeng Construction Development Co., Ltd.	Wuchan Zhongda Finance Leasing Group Co., Ltd.	Zhejiang Deqing County Traffic Investment Group Co., Ltd., Deqing Cultural Tourism Development Group Co., Ltd.	13,760,000.00	13,760,000.00
Deqing Hengfeng Construction Development Co., Ltd.	Zhejiang Airport Finance Leasing Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	35,696,920.85	35,696,920.85
Deqing Hengfeng Construction Development Co., Ltd.	Macau Internatioanal Bank	Huzhou Moganshan High-tech Group Co., Ltd.	64,800,000.00	14,400,000.00
Deqing Hengfeng Construction Development Co., Ltd.	Bank of Hangzhou	Deqing Lianchuang Technology New City Construction Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd.	550,000,000.00	110,000,000.00
Deqing Hengfeng Construction Development Co., Ltd.	Everbriought Bank	Huzhou Moganshan High-tech Group Co., Ltd.	150,000,000.00	150,000,000.00
Deqing Hengfeng Construction Development Co., Ltd.	China Citic Bank	Huzhou Moganshan High-tech Group Co., Ltd.	457,200,000.00	
Deqing Hengfeng Construction Development Co., Ltd.	Bank of Nanjing	Huzhou Moganshan High-tech Group Co., Ltd.	400,000,000.00	100,000,000.00
Deqing Hengfeng Construction Development Co., Ltd.	China Minsheng Bank	Huzhou Moganshan High-tech Group Co., Ltd.	200,000,000.00	50,000,000.00
Deqing Hengfeng Construction Development Co., Ltd.	Bank of Communications	Huzhou Moganshan High-tech Group Co., Ltd.	400,000,000.00	150,000,000.00
Deqing Tongchuang Construction Development Co., Ltd.	Zhejiang Zheshang Finance Leasing Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	200,000,000.00	20,000,000.00
Deqing Tongchuang Construction Development Co., Ltd.	Shanghai Yuexiu Finance Leasing Co., Ltd.	Deqing Hengfeng Construction Development Co., Ltd.	100,000,000.00	31,380,055.51
Deqing Tongchuang Construction Development Co., Ltd.	Bank of Communications	Huzhou Moganshan High-tech Group Co., Ltd.	300,000,000.00	20,000,000.00
Deqing Hengmei Construction Co., Ltd.	Agricultural Development Bank of China	Huzhou Moganshan High-tech Group Co., Ltd.	608,000,000.00	15,000,000.00
Deqing Hengchuang Trading Co., Ltd.	China Citic Bank	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd.,	150,000,000.00	150,000,000.00

Borrowing unit	Loan bank	Guarantor	31 Dec. 2022	Including: Long-term loan maturing within one year
		Zhejiang Deqing County Traffic Investment Group Co., Ltd.		
Deqing Tongchuang Construction Development Co., Ltd.	AVIC International Financial Leasing Co., Ltd.	Zhejiang Deqing County Traffic Investment Group Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd.	27,311,160.69	27,311,160.69
Deqing Liangshan Rural Tourism Development Co., Ltd.	Zhejiang Deqing Hushang Rural Bank	Deqing Economic Development Zone Municipal Services Co., Ltd.	5,000,000.00	
Deqing Liangshan Rural Tourism Development Co., Ltd.	Su Yin Financial Leasing Co., Ltd.	Zhejiang Deqing County Traffic Investment Group Co., Ltd.	118,473,546.00	27,640,668.00
Deqing Liangshan Rural Tourism Development Co., Ltd.	Zhejiang Zheyin Financial Leasing Co., Ltd.	Deqing Lianchuang Technology New City Construction Co., Ltd.	164,000,000.00	72,000,000.00
Deqing Liangshan Rural Tourism Development Co., Ltd.	Hua Xia Bank	Deqing Qidian Intelligent Eco City Construction Development Co., Ltd.	10,000,000.00	200,000.00
Deqing Qidian Intelligent Eco City Construction Development Co., Ltd.	CITIC Financial Leasing Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	126,593,496.61	48,469,595.30
Deqing Qidian Intelligent Eco City Construction Development Co., Ltd.	Maxwealth Financial Leasing Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	195,000,000.00	10,000,000.00
Deqing Qidian Intelligent Eco City Construction Development Co., Ltd.	Agricultural Development Bank of China	Huzhou Moganshan High-tech Group Co., Ltd.	202,500,000.00	
Deqing Qidian Intelligent Eco City Construction Development Co., Ltd.	Ping An Trust Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	99,950,000.00	100,000.00
Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Industrial and Commercial Bank of China	Huzhou Moganshan High-tech Group Co., Ltd.	180,000,000.00	20,000,000.00
Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Agricultural Bank of China	Deqing Tongchuang Construction Development Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd.	100,000,000.00	100,000,000.00
Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Agricultural Bank of China	Zhejiang Linhang Logistics Development Co., Ltd.	600,000,000.00	
Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Hangzhou Jintou Financial Leasing Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	35,496,986.12	35,496,986.12

Borrowing unit	Loan bank	Guarantor	31 Dec. 2022	Including: Long-term loan maturing within one year
Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Jiangsu Financial Leasing Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	135,000,000.00	30,000,000.00
Zhejiang Deqing Tonghang Airport Management Co., Ltd.	China Resources Finance Leasing Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	300,000,000.00	30,000,000.00
Zhejiang Deqing Tonghang Airport Management Co., Ltd.	China Construction Bank	Huzhou Moganshan High-tech Group Co., Ltd.	180,000,000.00	4,000.00
Deqing Qianlong Construction Development Co., Ltd.	China Citic Bank	Zhejiang Deqing County Traffic Investment Group Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd.	105,000,000.00	105,000,000.00
Deqing Qianlong Construction Development Co., Ltd.	China Citic Bank	Zhejiang Deqing County Traffic Investment Group Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd.	35,000,000.00	35,000,000.00
Deqing Qianlong Construction Development Co., Ltd.	Huishang Bank Financial Leasing Co., Ltd.	Zhejiang Deqing County Traffic Investment Group Co., Ltd.	63,506,009.73	19,930,276.85
Deqing Qianlong Construction Development Co., Ltd.	Huzhou Feiying Financial Leasing Co., Ltd.	Deqing Qidian Intelligent Eco City Construction Development Co., Ltd.	113,000,000.00	113,000,000.00
Deqing Qianlong Construction Development Co., Ltd.	Xiamen Jinyuan Financial Leasing Co., Ltd.	Deqing Lianchuang Technology New City Construction Co., Ltd.	26,502,584.08	26,502,584.08
Deqing Qianlong Construction Development Co., Ltd.	Xiamen Jinyuan Financial Leasing Co., Ltd.	Deqing Lianchuang Technology New City Construction Co., Ltd.	13,251,292.03	13,251,292.03
Deqing Qianlong Construction Development Co., Ltd.	Shanghai Yuansheng Finance Leasing Co., Ltd.	Deqing Lianchuang Technology New City Construction Co., Ltd.	125,000,000.00	50,000,000.00
Deqing Qianlong Construction Development Co., Ltd.	Shanghai Yuansheng Finance Leasing Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	200,000,000.00	66,666,666.68
Deqing Qianlong Construction Development Co., Ltd.	Chongqing Xinyu Financial Leasing Co., Ltd.	Deqing Lianchuang Technology New City Construction Co., Ltd.	51,985,177.68	25,528,772.90
Deqing Qianlong Construction Development Co., Ltd.	CCCC Finance Leasing (Guangzhou) Co., Ltd.	Deqing Lianchuang Technology New City Construction Co., Ltd.	60,268,242.97	33,748,769.31
Deqing Qianlong Construction Development Co., Ltd.	Guangzhou Yuexiu Financing Lease Co., Ltd.	Deqing Lianchuang Technology New City Construction Co., Ltd.	66,666,668.00	33,333,334.00

Borrowing unit	Loan bank	Guarantor	31 Dec. 2022	Including: Long-term loan maturing within one year
Deqing New Rural Investment Development Co., Ltd.	Bank of Hangzhou	Huzhou Moganshan High-tech Group Co., Ltd.	343,680,000.00	343,680,000.00
Huzhou Moganshan High-tech Group Co., Ltd.	Everbriought Bank	Zhejiang Deqing Transportation Investment and Construction Co., Ltd.	200,000,000.00	200,000,000.00
Huzhou Moganshan High-Tech Tourism Development Co., Ltd.	Hua Xia Bank	Deqing Lianchuang Technology New City Construction Co., Ltd.	10,000,000.00	200,000
Total			11,019,588,596.27	2,769,532,566.79

(b.3) Pledge loans

Borrowing unit	Loan bank	Pledgor	Pledge	31 Dec. 2022	Including: Long-term loan within one year
Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Industrial and Commercial Bank of China	Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Right to future benefits of the project	140,000,000.00	40,000,000.00
Total				140,000,000.00	40,000,000.00

(b.4) Mortgage loans

Borrowing unit	Loan bank	Mortgager	Mortgage	31 Dec. 2022	Including: long-term loan maturing within one year
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	China Construction Bank	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Investment properties	466,400,000.00	5,100,000.00
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	China Construction Bank	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Investment properties	133,759,000.00	4,000.00
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	China Construction Bank	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Investment properties	200,000,000.00	4,000.00
Deqing Dewei Construction Development Co., Ltd.	Zhejiang Deqing Rural Commercial Bank	Deqing Dewei Construction Development Co., Ltd.	Inventories	80,000,000.00	15,000,000.00
Total				880,159,000.00	20,108,000.00

(b.5) Mortgage and guarantee loans

Borrowing unit	Loan bank	Mortgager	Mortgage	Guarantor	31 Dec. 2022	Including: long-term loan within one year
Deqing Lianchuang Technology New City Construction Co., Ltd.	China Construction Bank	Deqing Lianchuang Technology New City Construction Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	524,000,000.00	
Deqing Lianchuang Technology New City Construction Co., Ltd.	Zhejiang Fuzhe Financial Leasing Co., Ltd.	Deqing Lianchuang Technology New City Construction Co., Ltd.	Inventories	Deqing Hengfeng Construction Development Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd.	80,000,000.00	40,000,000.00
Deqing Lianchuang Technology New City Construction Co., Ltd.	Huaxia Financial Leasing Co., Ltd.	Deqing Lianchuang Technology New City Construction Co., Ltd.	Inventories	Zhejiang Deqing County Traffic Investment Group Co., Ltd.	30,000,000.00	30,000,000.00
Deqing Lianchuang Technology New City Construction Co., Ltd.	Zhejiang Zheyin Financial Leasing Co., Ltd.	Deqing Lianchuang Technology New City Construction Co., Ltd.	Inventories	Zhejiang Deqing Communications and Water Conservancy Investment Group Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd., Zhejiang Deqing County Traffic Investment Group Co., Ltd.	42,303,064.33	42,303,064.33
Deqing Lianchuang Technology New City Construction Co., Ltd.	Chongqing Rural Commercial Financial Leasing Co., Ltd.	Deqing Lianchuang Technology New City Construction Co., Ltd.	Inventories	Zhejiang Deqing County Traffic Investment Group Co., Ltd.	50,000,000.00	50,000,000.00
Deqing Lianchuang Technology New City Construction Co., Ltd.	Huishang Bank Financial Leasing Co., Ltd.	Deqing Lianchuang Technology New City Construction Co., Ltd.	Inventories	Zhejiang Deqing County Traffic Investment Group Co., Ltd.	49,765,579.31	32,684,144.00
Deqing Lianchuang Technology New City Construction Co., Ltd.	Bonyin Financial Leasing Co., Ltd.	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Investment properties	Huzhou Moganshan High-tech Group Co., Ltd.	163,475,049.32	62,002,599.75
Deqing Lianchuang Technology New City Construction Co., Ltd.	Agricultural Bank of China	Deqing Lianchuang Technology New City Construction Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	318,620,000.00	11,380,000.00

Borrowing unit	Loan bank	Mortgager	Mortgage	Guarantor	31 Dec. 2022	Including: long-term loan within one year
Deqing Lianchuang Technology New City Construction Co., Ltd.	China Citic Bank	Deqing Lianchuang Technology New City Construction Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	241,380,000.00	8,620,000.00
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Agricultural Bank of China	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Investment properties	Deqing Tongchuang Construction Development Co., Ltd.	177,000,000.00	19,000,000.00
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Agricultural Bank of China	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Inventories	Deqing Economic Development Zone Municipal Services Co., Ltd.	730,000,000.00	
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Bank of Hangzhou	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	500,000,000.00	200,000,000.00
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Bank of Huzhou	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Inventories	Deqing Hengfeng Construction Development Co., Ltd.	41,500,000.00	5,000,000.00
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Bank of Shaoxing	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Investment properties	Huzhou Moganshan High-tech Group Co., Ltd.	92,436,974.83	10,084,033.56
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Bank of Ningbo	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	110,000,000.00	
Deqing Linhang New Rural Construction Investment Co., Ltd.	Bank of Ningbo	Deqing Linhang New Rural Construction Investment Co., Ltd.	Inventories	Deqing Lianchuang Technology New City Construction Co., Ltd.	160,000,000.00	20,000,000.00

Borrowing unit	Loan bank	Mortgager	Mortgage	Guarantor	31 Dec. 2022	Including: long-term loan within one year
Deqing Linhang New Rural Construction Investment Co., Ltd.	Industrial Bank	Deqing Linhang New Rural Construction Investment Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	84,000,000.00	7,500,000.00
Zhejiang Zhongchuang Geographic Information Technology Co., Ltd.	Industrial and Commercial Bank of China	Zhejiang Zhongchuang Geographic Information Technology Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	310,000,000.00	
Zhejiang Zhongchuang Geographic Information Technology Co., Ltd.	Agricultural Bank of China	Zhejiang Zhongchuang Geographic Information Technology Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	310,000,000.00	
Deqing Technology New City Chip Technology Co., Ltd.	Bank of China	Deqing Technology New City Chip Technology Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	582,000,000.00	1,000,000.00
Deqing Hengfeng Construction Development Co., Ltd.	Industrial and Commercial Bank of China	Deqing Hengfeng Construction Development Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd., Deqing Qianlong Construction Development Co., Ltd.	290,000,000.00	20,000,000.00
Deqing Hengfeng Construction Development Co., Ltd.	Agricultural Bank of China	Deqing Hengfeng Construction Development Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd., Deqing Qianlong Construction Development Co., Ltd.	290,000,000.00	20,000,000.00
Deqing Hengfeng Construction Development Co., Ltd.	Bank of Hangzhou	Deqing Hengfeng Construction Development Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	146,000,000.00	
Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Huarong Financial Leasing Co., Ltd.	Deqing Lianchuang Technology New City Construction Co., Ltd., Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Inventories, Investment properties	Deqing Lianchuang Technology New City Construction Co., Ltd., Zhejiang Deqing County Traffic Investment Group Co., Ltd.	169,310,374.57	110,832,259.13
Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Bank of Ningbo	Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Construction in progress	Huzhou Moganshan High-tech Group Co., Ltd.	120,000,000.00	30,000,000.00

Borrowing unit	Loan bank	Mortgager	Mortgage	Guarantor	31 Dec. 2022	Including: long-term loan within one year
Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Shanghai Pudong Development Bank	Deqing Lianchuang Technology New City Construction Co., Ltd.	Investment properties	Deqing Lianchuang Technology New City Construction Co., Ltd., Zhejiang Deqing County Traffic Investment Group Co., Ltd.	120,000,000.00	20,000,000.00
Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Bank of Jinhua, Bank of Nanjing	Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	50,000,000.00	50,000,000.00
Deqing Qidian Intelligent Eco City Construction Development Co., Ltd.	Agricultural Bank of China	Deqing Qidian Intelligent Eco City Construction Development Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	600,000,000.00	9,500,000.00
Deqing Qidian Intelligent Eco City Construction Development Co., Ltd.	Industrial and Commercial Bank of China	Deqing Qidian Intelligent Eco City Construction Development Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	1,000,000,000.00	17,000,000.00
Deqing Qidian Intelligent Eco City Construction Development Co., Ltd.	Bank of Communications	Deqing Qidian Intelligent Eco City Construction Development Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	500,000,000.00	8,500,000.00
Deqing International Conference Center Co., Ltd.	Huaxia Financial Leasing Co., Ltd.	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	233,333,333.35	66,666,666.66
Total					8,115,124,375.71	892,072,767.43

(b.6) Pledge and guarantee loans

Borrowing unit	Loan bank	Pledgor	Pledge	Guarantor	31 Dec. 2022	Including: long-term loan within one year
Deqing Kechuang Property Management Co., Ltd.	Everbright Bank	Deqing Kechuang Property Management Co., Ltd.	Parking concession - Right to charge	Huzhou Moganshan High-tech Group Co., Ltd.	150,000,000.00	5,000,000.00
Deqing Lianchuang Technology New City Construction Co., Ltd.	Industrial and Commercial Bank of China	Deqing Lianchuang Technology New City Construction Co., Ltd.	Right to future benefits of the project	Deqing Linhang New Rural Construction Investment Co., Ltd.	395,000,000.00	13,750,000.00

Borrowing unit	Loan bank	Pledgor	Pledge	Guarantor	31 Dec. 2022	Including: long-term loan within one year
Deqing Lianchuang Technology New City Construction Co., Ltd.	China Minsheng Bank	Deqing Lianchuang Technology New City Construction Co., Ltd.	Right to future benefits of the project	Deqing Linhang New Rural Construction Investment Co., Ltd.	25,000,000.00	6,250,000.00
Deqing Qianlong Construction Development Co., Ltd.	China Development Bank	Deqing Qianlong Construction Development Co., Ltd.	Right to future benefits of the project	Zhejiang Deqing County Traffic Investment Group Co., Ltd.	340,000,000.00	20,000,000.00
Total					910,000,000.00	45,000,000.00

(b.7) Mortgage, pledge and guarantee loans

Borrowing unit	Loan bank	Mortgager	Mortgage	Pledgor	Pledge	Guarantor	31 Dec. 2022	Including: long-term loan maturing within one year
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	China Citic Bank	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Investment properties	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Right to future benefits of the project	Huzhou Moganshan High-tech Group Co., Ltd.	86,000,000.00	1,000,000.00
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	China Citic Bank	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Investment properties	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Right to future benefits of the project	Huzhou Moganshan High-tech Group Co., Ltd.	170,000,000.00	
Total							256,000,000.00	1,000,000.00

5.31 Bonds Payable

(a) General information of bonds payable

Items	31 Dec. 2022	31 Dec. 2021
19 Lianchuang 01		398,836,801.24
20 Lianchuang 01		1,093,490,443.13
20 Deqing Lianchuang MTN001	198,614,224.36	198,184,470.67
20 Dechuang 01	994,040,368.60	993,085,184.30
20 Delian 01	468,271,033.95	468,248,724.52
21 Delian 01	847,303,056.53	847,047,754.68
20 Deheng 01	598,110,442.50	597,406,297.69
20 Deheng 02	398,590,497.58	398,171,779.38
20 Hi-Tech 02	1,991,286,291.93	1,989,511,070.49

Items	31 Dec. 2022	31 Dec. 2021
20 Hi-Tech 03	765,773,978.27	765,526,140.08
20 Hi-Tech 01	598,727,691.67	597,905,303.38
20 Huzhou High-tech PPN001	546,231,372.26	545,753,473.87
21 Hi-Tech 01	698,815,870.30	697,261,708.73
21 Moganshan MTN001	499,217,368.79	498,193,590.05
21 Moganshan MTN002	697,351,927.75	696,694,831.80
21 Hi-Tech D1		999,520,581.19
Moganshan High-tech 2024	1,457,309,078.94	1,332,425,800.48
21 Mogan High-tech PPN001	995,651,365.62	994,995,494.13
21 Hi-Tech 02	526,808,573.42	526,453,936.71
21 Moganshan MTN003	398,170,130.60	398,009,593.60
21 Mogan High-tech PPN002	447,578,988.29	447,515,909.24
21 Moganshan MTN004	397,854,792.46	397,795,320.76
21 Hi-Tech D2		736,729,859.42
22 Hi-Tech D1	1,262,162,615.36	
Moganshan High-tech 2025	1,459,192,274.29	
22 Hi-Tech D2	399,820,682.57	
22 Hi-Tech D3	519,600,443.38	
22 Hi-Tech 01	797,250,325.43	
22 Hi-Tech 02	1,157,968,431.21	
22 Hi-Tech 03	498,228,461.88	
G22 Mogan High-tech 01	375,000,000.00	
22 Hi-Tech 04	336,735,771.75	
Sub-total	20,331,666,059.69	16,618,764,069.54
Less: Bonds payable maturing within one year	3,668,238,334.27	1,736,250,440.61
Total	16,663,427,725.42	14,882,513,628.93

(b) Changes in bonds payable

Bonds	Par value	Issue date	Bonds duration	Amount issued	31 Dec. 2021
19 Lianchuang 01	400,000,000.00	30 Apr. 2019	5 years	400,000,000.00	398,836,801.24
20 Lianchuang 01	1,100,000,000.00	30 Jul. 2019	5 years	1,100,000,000.00	1,093,490,443.13
20 Deqing Lianchuang MTN001	200,000,000.00	30 Mar. 2020	5 years	200,000,000.00	198,184,470.67
20 Dechuang 01	1,000,000,000.00	28 Apr. 2020	7 years	1,000,000,000.00	993,085,184.30
20 Delian 01	470,000,000.00	9 Dec. 2020	7 years	470,000,000.00	468,248,724.52

Bonds	Par value	Issue date	Bonds duration	Amount issued	31 Dec. 2021
21 Delian 01	850,000,000.00	7 Sept. 2021	7 years	850,000,000.00	847,047,754.68
20 Deheng 01	600,000,000.00	17 Mar. 2020	5 years	600,000,000.00	597,406,297.69
20 Deheng 02	400,000,000.00	17 Apr. 2020	5 years	400,000,000.00	398,171,779.38
20 Hi-Tech 02	2,000,000,000.00	19 Aug. 2020	5 years	2,000,000,000.00	1,989,511,070.49
20 Hi-Tech 03	770,000,000.00	13 Nov. 2020	5 years	770,000,000.00	765,526,140.08
20 Hi-Tech 01	600,000,000.00	15 Jul. 2020	5 years	600,000,000.00	597,905,303.38
20 Huzhou High-tech PPN001	550,000,000.00	10 Aug. 2020	5 years	550,000,000.00	545,753,473.87
21 Hi-Tech 01	700,000,000.00	28 Jan. 2021	5 years	700,000,000.00	697,261,708.73
21 Moganshan MTN001	500,000,000.00	25 Jan. 2021	5 years	500,000,000.00	498,193,590.05
21 Moganshan MTN002	700,000,000.00	28 Apr. 2021	5 years	700,000,000.00	696,694,831.80
21 Hi-Tech D1	1,000,000,000.00	30 Apr. 2021	1 year	1,000,000,000.00	999,520,581.19
Moganshan High-tech 2024	1,338,897,000.00	23 Jul. 2021	3 years	1,338,897,000.00	1,332,425,800.48
21 Mogan High-tech PPN001	1,000,000,000.00	7 Jul. 2021	5 years	1,000,000,000.00	994,995,494.13
21 Hi-Tech 02	530,000,000.00	23 Jul. 2021	5 years	530,000,000.00	526,453,936.71
21 Moganshan MTN003	400,000,000.00	9 Sept. 21	5 years	400,000,000.00	398,009,593.60
21 Mogan High-tech PPN002	450,000,000.00	24 Nov. 2021	5 years	450,000,000.00	447,515,909.24
21 Moganshan MTN004	400,000,000.00	22 Nov. 2021	5 years	400,000,000.00	397,795,320.76
21 Hi-Tech D2	738,000,000.00	3 Dec. 2021	1 year	738,000,000.00	736,729,859.42
22 Hi-Tech D1	1,262,000,000.00	13 Jan. 2022	1 year	1,262,000,000.00	
Moganshan High-tech 2025	1,409,394,000.00	24 Jan. 2022	3 years	1,409,394,000.00	
22 Hi-Tech D2	400,000,000.00	22 Apr. 2022	1 year	400,000,000.00	
22 Hi-Tech D3	520,000,000.00	17 Jun. 2022	1 year	520,000,000.00	
22 Hi-Tech 01	800,000,000.00	30 Jun. 2022	7 years	800,000,000.00	
22 Hi-Tech 02	1,162,000,000.00	29 Aug. 2022	5 years	1,162,000,000.00	
22 Hi-Tech 03	500,000,000.00	28 Sept. 2022	5 years	500,000,000.00	
G22 Mogan High-tech 01	375,000,000.00	8 Nov. 2022	3 years	375,000,000.00	
22 Hi-Tech 04	338,000,000.00	19 Dec. 2022	5 years	338,000,000.00	
Total	23,463,291,000.00			23,463,291,000.00	8,044,976,718.40

(Continued)

Bonds	Issued amount during the reporting period	Issue fees	Amortization of issue fees	Exchange gains or losses	Repayment during the reporting period	31 Dec. 2022
19 Lianchuang 01			1,163,198.76		400,000,000.00	
20 Lianchuang 01			6,509,556.87		1,100,000,000.00	
20 Deqing Lianchuang MTN001			429,753.69			198,614,224.36
20 Dechuang 01			955,184.30			994,040,368.60

Bonds	Issued amount during the reporting period	Issue fees	Amortization of issue fees	Exchange gains or losses	Repayment during the reporting period	31 Dec. 2022
20 Delian 01			22,309.43			468,271,033.95
21 Delian 01			255,301.85			847,303,056.53
20 Deheng 01			704,144.81			598,110,442.50
20 Deheng 02			418,718.20			398,590,497.58
20 Hi-Tech 02			1,775,221.44			1,991,286,291.93
20 Hi-Tech 03			247,838.19			765,773,978.27
20 Hi-Tech 01			822,388.29			598,727,691.67
20 Huzhou High-tech PPN001			477,898.39			546,231,372.26
21 Hi-Tech 01			1,554,161.57			698,815,870.30
21 Moganshan MTN001			1,023,778.74			499,217,368.79
21 Moganshan MTN002			657,095.95			697,351,927.75
21 Hi-Tech D1			479,418.81		1,000,000,000.00	
Moganshan High-tech 2024			1,214,278.46	123,669,000.00		1,457,309,078.94
21 Mogan High-tech PPN001			655,871.49			995,651,365.62
21 Hi-Tech 02			354,636.71			526,808,573.42
21 Moganshan MTN003			160,537.00			398,170,130.60
21 Mogan High-tech PPN002			63,079.05			447,578,988.29
21 Moganshan MTN004			59,471.70			397,854,792.46
21 Hi-Tech D2			1,270,140.58		738,000,000.00	
22 Hi-Tech D1	1,262,000,000.00	-2,381,132.08	2,543,747.44			1,262,162,615.36
Moganshan High-tech 2025	1,409,394,000.00	-5,070,407.91	1,696,682.20	53,172,000.00		1,459,192,274.29
22 Hi-Tech D2	400,000,000.00	-754,716.99	575,399.56			399,820,682.57
22 Hi-Tech D3	520,000,000.00	-981,132.09	581,575.47			519,600,443.38
22 Hi-Tech 01	800,000,000.00	-3,018,867.92	269,193.35			797,250,325.43
22 Hi-Tech 02	1,162,000,000.00	-4,384,905.66	353,336.87			1,157,968,431.21
22 Hi-Tech 03	500,000,000.00	-1,886,792.46	115,254.34			498,228,461.88
G22 Mogan High-tech 01	375,000,000.00					375,000,000.00
22 Hi-Tech 04	338,000,000.00	-1,275,471.70	11,243.45			336,735,771.75
Total	6,766,394,000.00	-19,753,426.81	27,420,416.96	176,841,000.00	3,238,000,000.00	20,331,666,059.69

5.32 Long-term Payables

(a) Long-term payables by category

Items	31 Dec. 2022	31 Dec. 2021
Long-term payables	9,612,186.96	12,658,186.96
Specific items payable	173,940,778.51	2,580,703.32
Sub-total	183,552,965.47	15,238,890.28

(b) Long-term payables

Items	31 Dec. 2022	31 Dec. 2021
China Development Fund Co., Ltd.	9,612,186.96	12,658,186.96
Total	9,612,186.96	12,658,186.96

(c) Specific items payable

Items	31 Dec. 2021	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2022
Geographic information technology innovation and comprehensive service building renovation project	380,003.32	3,762,804.02	3,551,968.37	590,838.97
Zhejiang Deqing Bio-pharmaceutical Industry Innovation Service Complex project		10,000,000.00		10,000,000.00
Seed capital of small and medium sized science and technology enterprises	830,900.00			830,900.00
Public service platform of modern biotechnology	339,800.00			339,800.00
Infrastructure and Supporting Upgrading and Renovation Project of Chengbei High-tech Park (Shacun), Moganshan High-tech Zone, Huzhou (Phase I)		224,952,333.00	209,701,946.45	15,250,386.55
Qianyuan Town Millennia-Old City Revival All-Region Tourism Promotion Project (Phase I)		180,907,003.13	107,169,264.96	73,737,738.17
Qianyuan historic District upgrading project		43,595,779.51	35,024,389.11	8,571,390.40
Qianyuan Town Industrial Park infrastructure upgrading project		90,557,920.82	51,192,926.77	39,364,994.05
Central Urban parking lot Construction and Supporting Facilities Upgrading Project (Phase I) - Wuyang Street Community facilities renovation (Wuyang Community, Shangbai Community, Tashan Community, Xinsong Community - tentative name) Projects		8,054,437.49	833,390.00	7,221,047.49
Central Urban Parking Lot Construction and Supporting Facilities Upgrading Project (Phase I) - Wukang Street		17,169,682.88	166,000.00	17,003,682.88

Items	31 Dec. 2021	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2022
Community facilities renovation projects (Qianqiu, Yingxi, Chunhui, Xianghe, Qun'an, Juren, Zhenxing, Fengqiao, Wulong, Jixiang, Yongxing Communities - tentative name)				
Seed Funding Subsidy project	1,030,000.00			1,030,000.00
Total	2,580,703.32	578,999,960.85	407,639,885.66	173,940,778.51

5.33 Deferred Income

(a) General information of deferred income

Items	31 Dec. 2021	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2022
Government grants		4,267,325.41	782,342.99	3,484,982.42
Total		4,267,325.41	782,342.99	3,484,982.42

(b) Items related to government grants

Items	31 Dec. 2021	Increase during the reporting period	Recognised in non-operating income during the reporting period	Recognised in other income during the reporting period	Other changes	31 Dec. 2022
Subsidy for testing equipment		4,267,325.41		782,342.99		3,484,982.42
Total		4,267,325.41		782,342.99		3,484,982.42

5.34 Other Non-current Liabilities

Items	31 Dec. 2022	31 Dec. 2021
20 Zhejiang Lianchuang Technology ZR001		200,000,000.00
20 Zhejiang Lianchuang Technology ZR002		200,000,000.00
Qianlong Private Equity Convertible Bond		100,000,000.00
Zexin Finance - Deqing Qianlong Construction Accounts Receivable Creditors' Right		119,940,000.00
20 Zhejiang Huzhou High-tech ZR002		700,000,000.00
20 Zhejiang Huzhou High-tech ZR003		200,000,000.00
20 Zhejiang Huzhou High-tech ZR004		90,000,000.00
Moganshan High-tech Perpetrual Bond 1		87,000,000.00
Xiamen Trust - Moganshan High-tech No.1 Order - Fund Trust	200,000,000.00	
22 Zhe Huzhou High-tech ZR004	420,000,000.00	

Items	31 Dec. 2022	31 Dec. 2021
Total	620,000,000.00	1,696,940,000.00

5.35 Paid-in Capital

Investment entity	30 Dec. 2021		Increase during this period	Decrease during this period	31 Dec. 2022	
	Shareholding ratio (%)	Amount			Shareholding ratio (%)	Amount
Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	100.00	10,000,000,000.00			100.00	10,000,000,000.00
Total	100.00	10,000,000,000.00			100.00	10,000,000,000.00

(Continued)

Investment entity	30 Dec. 2020		Increase during this period	Decrease during this period	31 Dec. 2021	
	Shareholding ratio (%)	Amount			Shareholding ratio (%)	Amount
Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	100.00	10,000,000,000.00			100.00	10,000,000,000.00
Total	100.00	10,000,000,000.00			100.00	10,000,000,000.00

(Continued)

Investment entity	30 Dec. 2019		Increase during this period	Decrease during this period	31 Dec. 2020	
	Shareholding ratio (%)	Amount			Shareholding ratio (%)	Amount
Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	100.00	10,000,000,000.00			100.00	10,000,000,000.00
Total	100.00	10,000,000,000.00			100.00	10,000,000,000.00

5.36 Capital Reserves

Items	31 Dec. 2021	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2022
Capital premium	284,919,724.92			284,919,724.92
Other capital reserves	13,547,818,107.07	7,427,453,876.31		20,975,271,983.38
Total	13,832,737,831.99	7,427,453,876.31		21,260,191,708.30

(Continued)

Items	31 Dec. 2020	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2021
Capital premium	284,919,724.92			284,919,724.92
Other capital reserves	7,289,203,914.72	6,316,002,076.93	57,387,884.58	13,547,818,107.07
Total	7,574,123,639.64	6,316,002,076.93	57,387,884.58	13,832,737,831.99

(Continued)

Items	31 Dec. 2019	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2020
Capital premium	219,687,030.18	65,232,694.74		284,919,724.92
Other capital reserves	2,901,494,977.80	4,387,708,936.92		7,289,203,914.72
Total	3,121,182,007.98	4,452,941,631.66		7,574,123,639.64

(a) Reasons for the change in the period of year 2022:

- (a.1) Deqing Qianlong Construction Development Co., Ltd. received financial appropriation funds, increased the capital reserves - other capital reserves by CNY550,330,000.00.
- (a.2) Zhejiang Deqing Tonghang Airport Management Co., Ltd. received financial appropriation funds, increased the capital reserves - other capital reserves by CNY47,869,982.02.
- (a.3) According to the document of Mo Gao Guan [2022] No.16, the nursery stock assets those were transferred to Deqing Linhang New Rural Construction Investment Co., Ltd. for free of charge, increased the capital reserves - other capital reserves by CNY509,148,200.00, and the nursery stock assets those were transferred to Deqing New Rural Investment Development Co., Ltd. for free of charge, increased the capital reserves - other capital reserves by CNY1,508,003,300.00.
- (a.4) Deqing Hengfeng Construction Development Co., Ltd. received financial appropriation funds, increased the capital reserves - other capital reserves by CNY329,263,005.05.
- (a.5) The fixed assets those were transferred to Deqing Hengfeng Construction Development Co., Ltd. for free of charge, increased the capital reserves - other capital reserves by CNY8,409.98.
- (a.6) Deqing Lianchuang Technology New City Construction Co., Ltd. received financial appropriation funds, increased the capital reserves - other capital reserves by CNY217,671,322.61.
- (a.7) Deqing Zhichuang Geographic Information Industrial Park Construction Co., Ltd. received financial appropriation funds, increased the capital reserves - other capital

reserves by CNY178.50 million.

- (a.8) The Pipeline network assets those were transferred to Deqing Economic Development Zone Municipal Services Co., Ltd. for free of charge, increased the capital reserves - other capital reserves by CNY2,914,005,600.00.
- (a.9) According to the document of De Zheng Letter [2022] No.28, the franchise rights for advertising spaces that was transferred to Huzhou Moganshan High-Tech Tourism Development Co., Ltd. for free of charge, increased the capital reserves - other capital reserves by CNY1,149,914,700.00.
- (a.10) According to the document of De Guozi Office [2022] No.12, the equities of Deqing Small and Medium Sized Enterprise Financial Service Center Co., Ltd., Deqing Private Financing Standard Management Service Center Co., Ltd. and Deqing Technology Financing Guarantee Co., Ltd. have been gratuitously transferred to Huzhou Moganshan Hi-tech Industry Investment Development Group Co., Ltd., increased the capital reserves - other capital reserves by CNY22,739,356.65.
- (b) Reasons for the change in the period of year 2021:
- Deqing Zhichuang Geographic Information Industrial Park Construction Co., Ltd. gratuitously transferred in assets, increased the capital reserves - other capital reserves by CNY22,783,459.00.
 - Deqing Lianchuang Technology Xincheng Construction Co., Ltd. has received financial appropriation funds, increased the capital reserves - other capital reserves by CNY76,275,300.58.
 - Hengfeng **Company** purchased the non-controlling interests of the subsidiary Hengmei **Company**, decreased the capital reserves - other capital reserves by CNY57,387,884.58.
 - In 2021, Deqing Hengfeng Construction Development Co., Ltd. has received the financial appropriation funds, increased the capital reserves - other capital reserves by CNY51,329,819.63.
 - According to Deqing County People's Government [2020] No.94 Document and Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone MGG [2021] No.15 Document, construction stone mineral resources for key projects within the High-tech Zone were agreed to inject into Tongchuang **Company**, increased the capital reserves - other capital reserves by CNY3,613.00 million.
 - According to DGZB [2021] No.3 Document, part of property, plant and equipment was gratuitously transferred into Deqing Lianchuang Modern Agricultural Technology Development Co., Ltd., increased the capital reserves - other capital reserves by

CNY62,574.06.

- According to DCXZF [2021] No.9 Document, the building allocating at No.17 Dongjiao Road, Qianyuan Town was gratuitously transferred to Deqing County Qitong Trading Development Co., Ltd., increased the capital reserves - other capital reserves by CNY3,375,350.06.
- According to Deqing County People's Government DZH [2021] No.42, the forest assets were gratuitously transferred into Deqing Qidian Intelligent Eco-City Construction Development Co., Ltd., increased the capital reserves - other capital reserves by CNY1,113,835,173.60.
- According Deqing County People's Government Office [2021] No.60 Document, building assets located at Qianyuan Town were gratuitously transferred into Deqing Qianlong Construction Development Co., Ltd., increased the capital reserves - other capital reserves by CNY174,147,900.00.
- In 2021, Deqing Qianlong Construction Development Co., Ltd. has received the financial appropriation funds, increased the capital reserves - other capital reserves by CNY254.50 million.
- In 2021, Deqing Qidian Intelligent Eco-City Construction Development Co., Ltd. has received the financial appropriation funds, increased the capital reserves - other capital reserves by CNY858.55 million.
- In 2021, Zhejiang Deqing General Aviation Airport Management Co., Ltd. has received the financial appropriation funds, increased the capital reserves - other capital reserves by CNY28.00 million.
- In 2021, Huzhou Moganshan High-tech Group Co., Ltd. has received the financial appropriation funds, increased the capital reserves - other capital reserves by CNY120.00 million.
- The fixed assets were gratuitously transferred into Huzhou Mogan Mountain High-tech Tourism Development Co., Ltd., increased the capital reserves - other capital reserves by CNY142,500.00.

(c) Reasons for the changes in the period of year 2020:

- In 2020, according to Deqing County People's Government [2020] No.21 Document, Deqing County Zhebei Mao Bamboo Market Co., Ltd. was gratuitously transferred into Deqing Hengfeng Construction Development Co., Ltd., increased the capital reserves - other capital reserves by CNY4,539,133.29.
- In 2020, Deqing Hengfeng Construction Development Co., Ltd. has received the financial appropriation funds, increased the capital reserves - other capital reserves by CNY96,085,043.29.

- In 2020, according to Deqing County People's Government [2020] No.94 Document, construction stone mineral resources for key projects within the High-tech Zone were agreed to gratuitously inject into Deqing Tongchuang Construction Development Co., Ltd., increased the capital reserves - other capital reserves by CNY18.30 billion.
- In 2020, road parking space fee right was gratuitously transferred into Deqing Kechuang Property Management Co., Ltd., increased the capital reserves - other capital reserves by CNY1,125,506,000.00.
- In 2020, the assets were grantuitously transferred into Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd., increased the capital reserves - other capital reserves by CNY478,252.07.
- In 2020, the property, plant and equipment was gratuitously transferred into Deqing Qianyuan Tourism Development Co., Ltd., increased the capital reserves - other capital reserves by CNY80,571.43.
- In 2020, the **Company** has lost the control of Zhejiang Linhang Logistics Development Co., Ltd., increased the capital reserves - other capital reserves by CNY110,795,903.33.
- In 2020, the **Company** purchased the non-controlling interests and reached the 100.00% control of Deqing Lianchuang Technology Xincheng Construction Co., Ltd., increased the capital reserves - other capital reserves by CNY1,220,224,033.51.
- In 2020, business combination under common control increased the capital reserves - capital premium by CNY159.50 million.

5.37 Other Comprehensive Income

Items	31 Dec. 2021	Previous error correction	1 Jan. 2022	Changes during the reporting period					31 Dec. 2022
				Amount before tax	Less: Items previously recognized in other comprehensive income being reclassified to current profit or loss	Less: Income tax expenses	Attributable to owners of the Company	Attributable to non-controlling interest	
I. Items will be reclassified to profit or loss	1,730,092,900.41	2,707,835.65	1,732,800,736.06	943,456,348.86		235,864,087.22	707,592,261.64		2,440,392,997.70
Including: Gains/(losses) arising from changes in fair value of investment properties	1,730,092,900.41	2,707,835.65	1,732,800,736.06	943,456,348.86		235,864,087.22	707,592,261.64		2,440,392,997.70
Total	1,730,092,900.41	2,707,835.65	1,732,800,736.06	943,456,348.86		235,864,087.22	707,592,261.64		2,440,392,997.70

(Continued)

Items	31 Dec. 2020	Changes during the reporting period					31 Dec. 2021
		Amount before tax	Less: Items previously recognized in other comprehensive income being reclassified to current profit or loss	Less: Income tax expenses	Attributable to owners of the Company	Attributable to non-controlling interest	
I. Items will be reclassified to profit or loss	1,391,158,367.41	455,523,158.20		113,880,789.55	341,642,368.65		1,732,800,736.06
Including: Gains /(losses) arising from changes in fair value of investment properties	1,391,158,367.41	455,523,158.20		113,880,789.55	341,642,368.65		1,732,800,736.06
Total	1,391,158,367.41	455,523,158.20		113,880,789.55	341,642,368.65		1,732,800,736.06

(Continued)

Items	31 Dec. 2019	Changes during the reporting period					31 Dec. 2020
		Amount before tax	Less: Items previously recognized in other comprehensive income being reclassified to current profit or loss	Less: Income tax expenses	Attributable to owners of the Company	Attributable to non-controlling interest	
I. Items will be reclassified to profit or loss	1,387,385,993.23	5,029,832.24		1,257,458.06	3,772,374.18		1,391,158,367.41
Including: Gains /(losses) arising from changes in fair value of investment properties	1,387,385,993.23	5,029,832.24		1,257,458.06	3,772,374.18		1,391,158,367.41
Total	1,387,385,993.23	5,029,832.24		1,257,458.06	3,772,374.18		1,391,158,367.41

5.38 Surplus Reserves

Items	31 Dec. 2021	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2022
Statutory surplus reserves	155,662,095.03			155,662,095.03
Total	155,662,095.03			155,662,095.03

(Continued)

Items	31 Dec. 2019	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2020
Statutory surplus reserves	155,662,095.03			155,662,095.03
Total	155,662,095.03			155,662,095.03

(Continued)

Items	31 Dec. 2019	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2020
Statutory surplus reserves	155,662,095.03			155,662,095.03
Total	155,662,095.03			155,662,095.03

5.39 Retained Earnings

Items	2022	2021	2020
Balance at the end of last period before adjustments	1,998,522,878.24	1,751,524,959.90	1,530,860,869.29
Adjustments for the opening balance (increase/(decrease))	-52,344,247.49	-49,423,447.32	-6,968,607.51
Balance at the beginning of the reporting period after adjustments	1,946,178,630.75	1,702,101,512.58	1,523,892,261.78
Add: Net profit attributable to owners of the parent company for the reporting period	216,881,445.40	247,707,118.17	212,618,105.44
Less: Appropriation to statutory surplus reserves			
Appropriation to discretionary surplus reserves			
Provision for general risk reserves			
Payment of ordinary share dividends	3,700,000.00	3,630,000.00	3,300,000.00
Ordinary shares dividends converted into share capital			
Others	-11,163,116.95		
Balance at the end of the reporting period	2,148,196,959.20	1,946,178,630.75	1,733,210,367.22

5.40 Revenue and Cost of Sales**(a) Revenue and cost of sales**

Items	2022		2021		2020	
	Revenue	Costs of sales	Revenue	Costs of sales	Revenue	Costs of sales
Principal activities	2,235,440,563.25	2,092,666,961.44	2,053,802,574.46	1,925,953,681.36	1,948,676,453.64	1,838,767,718.00
Other activities	65,926,131.50	57,502,637.39	44,834,861.92	28,939,789.23	43,274,849.28	64,932,117.61
Total	2,301,366,694.75	2,150,169,598.83	2,098,637,436.38	1,954,893,470.59	1,991,951,302.92	1,903,699,835.61

(b) Revenue and cost of sales by categories

Items	2022		2021		2020	
	Revenue	Cost of sales	Revenue	Cost of sales	Revenue	Cost of sales
Principal activities:						
Land development	244,143,237.25	192,458,950.34	343,130,078.12	270,035,571.15	360,560,173.15	284,677,577.90
Entrusted construction	325,494,852.98	319,707,319.30	225,946,131.85	222,923,121.15	309,072,933.93	295,691,259.97
Property sales			54,659,914.16	60,660,814.01	139,232,391.96	162,254,152.74
Goods sales	1,328,907,128.78	1,318,148,481.34	1,329,601,600.93	1,317,555,330.97	1,052,608,521.82	1,047,359,233.34
Rental	101,423,620.61	81,878,127.50				
House rental	70,061,823.18	25,501,826.50	76,600,672.07	27,869,376.63	62,773,071.58	23,714,615.84
Property Management	355,594.40	5,449,426.01	1,851,514.69	10,442,426.71	2,832,021.95	10,103,664.32
Labor dispatch	126,838,379.84	121,671,798.49	7,260,737.77	4,992,593.71	1,770,986.36	
Others	38,215,926.21	27,851,031.96	14,751,924.87	11,474,447.03	19,826,352.89	14,967,213.89
Sub-total	2,235,440,563.25	2,092,666,961.44	2,053,802,574.46	1,925,953,681.36	1,948,676,453.64	1,838,767,718.00
Other activities:						
Rental	21,551,966.09	11,296,911.83	9,015,696.41	13,571,760.13	914,062.23	11,670,858.37
Others	44,374,165.41	46,205,725.56	35,819,165.51	15,368,029.10	42,360,787.05	53,261,259.24
Sub-total	65,926,131.50	57,502,637.39	44,834,861.92	28,939,789.23	43,274,849.28	64,932,117.61
Total	2,301,366,694.75	2,150,169,598.83	2,098,637,436.38	1,954,893,470.59	1,991,951,302.92	1,903,699,835.61

5.41 Taxes and Surcharges

Items	2022	2021	2020
Urban maintenance and construction tax	257,864.23	2,229,446.82	728,480.91
Educational surcharge	139,758.73	1,338,938.70	424,799.70
Local educational surcharge	91,042.34	891,770.45	283,193.13
Property tax	26,415,227.25	12,018,621.72	11,448,942.29
Urban land use tax	15,607,221.47	8,056,208.44	8,236,505.98
Vehicle and vessel use tax	6,728.96	3,320.64	5,142.00
Stamp duty	5,805,783.41	5,191,144.94	4,135,872.03
Resource tax	667,100.74	196,398.06	215,520.93
Land appreciation tax	8,551,348.55	1,793,784.37	4,152,985.80
Mineral resources compensation fee		17,908,725.00	
Total	57,542,075.68	49,628,359.14	29,631,442.77

5.42 Finance Costs

Items	2022	2021	2020
Interest expenses	317,365,773.92	245,752,727.41	419,337,226.25
Less: Interest income	182,752,324.83	119,327,240.95	85,630,786.50
Net interest expenses	134,613,449.09	126,425,486.46	333,706,439.75
Foreign exchange losses	172,276,538.98	1,717,017.36	
Less: Foreign exchange gains	102,823,089.61	23,397,081.89	
Net foreign exchange losses	69,453,449.37	-21,680,064.53	
Bank charges	4,047,859.18	17,756,105.79	10,989,330.92
Total	208,114,757.64	122,501,527.72	344,695,770.67

5.43 Other Income

Items	2022	2021	2020	Related to assets/income
Daily operation grants	573,631,264.91	605,202,632.96	415,283,366.68	Related to income
Government grant related to deferred income	782,342.99			Related to assets
Total	574,413,607.90	605,202,632.96	415,283,366.68	

5.44 Investment Income/(Losses)

Items	2022	2021	2020
Investment income from long-term equity investments under equity method	31,196,875.39	-13,103,165.83	-5,628,195.69
Gains on disposal of long-term equity investments	-36,387.83	2,739,943.93	36,371,929.70
Investment income from available-for-sale financial assets during holding period			27,455,384.90
Gains on disposal of available-for-sale financial assets			120,000,000.00
Interest income from debt investments during holding period		712,500.00	
Investment income from other equity instrument investments during holding period	8,452,000.00	9,391,164.00	
Investment income from other non-current financial assets during holding period	191,868.12	3,823,952.85	
Investment income from disposal of other non-current financial assets	3,030.24		
Investment income from disposal of other equity instrument investments	-2,960,837.19		

Items	2022	2021	2020
Investment income from debt investments during holding period	18,514,633.87		
Total	55,361,182.60	3,564,394.95	178,199,118.91

5.45 Gains/(Losses) from Changes in Fair Values

Sources of gains on changes in fair value	2022	2021	2020
Investment properties measured at fair value	35,819,015.48	37,956,500.00	69,778,500.00
Total	35,819,015.48	37,956,500.00	69,778,500.00

5.46 Credit Impairment Losses

Items	2022	2021	2020
Bad debt for accounts receivable	-7,066,432.49	-2,591,011.66	
Bad debt for other receivables	1,648,906.66	-7,104,445.85	
Risk reserves	-4,600,000.00		
Total	-10,017,525.83	-9,695,457.51	

5.47 Non-operating Income

Items	2022	2021	2020
Gains from business combination not under common control			21,318,841.57
Government grants unrelated to daily activities		3,700,000.00	
Gains from donation		320,754.72	
Others	5,197,877.99	6,512,638.12	1,986,718.42
Total	5,197,877.99	10,533,392.84	23,305,559.99

5.48 Non-operating Expenses

Items	2022	2021	2020
Loss from damage or scrapping of non-current assets	39,198.19	65,773.93	
Public welfare donations		48,400.00	
Others	11,289.76	37,689,622.12	5,091.25
Total	50,487.95	37,803,796.05	5,091.25

5.49 Income Tax Expenses

Items	2022	2021	2020
Current tax expenses	11,335,774.38	94,318.79	17,471.75
Deferred tax expenses	7,600,372.40	7,065,260.60	16,187,096.04
Total	18,936,146.78	7,159,579.39	16,204,567.79

5.50 Supplementary Information to the Statement of Cash Flows

(a) Supplementary information to the statement of cash flows

Supplementary information	2022	2021	2020
(i) Adjustments of net profit to cash flows from operating activities:			
Net profit	218,103,472.40	248,164,892.03	210,976,798.02
Add: Provisions for impairment of assets			979,221.02
Impairment loss of credit	10,017,525.83	9,695,457.51	
Depreciation of property, plant and equipment, investment properties, oil and gas asset and productive biological assets	86,620,442.49	42,642,916.84	31,839,113.40
Amortization of intangible assets	105,327,245.22	147,316,052.14	55,371,177.17
Amortization of long-term deferred expenses	72,372,102.43	76,083,181.45	64,127,540.05
Losses/(gains) on disposal of property, plant and equipment, intangible assets and other long-term assets	-130,542.32	-103,296.93	-20,985.47
Losses /(gains) on scrapping of property, plant and equipment	39,198.19	65,773.93	
Losses /(gains) on changes in fair value	-35,819,015.48	-37,956,500.00	-69,778,500.00
Finance costs /(income) recognized in profit or loss	386,819,223.29	224,072,662.88	419,337,226.25
Investment losses /(income) recognized in profit or loss	-55,361,182.60	-3,564,394.95	-178,199,118.91
Decreases /(increases) in deferred tax assets	-1,354,381.47	-5,801,156.94	-1,257,528.96
Increases /(decreases) in deferred tax liabilities	8,954,753.87	9,489,125.00	17,444,625.00
Decreases /(increases) in inventories	-7,642,102,850.30	-6,086,000,325.80	-2,132,326,985.54
Decreases /(increases) in operating receivables	-1,561,082,759.00	1,155,626,690.03	-2,488,948,563.73
Increases /(decreases) in operating payables	715,125,220.80	1,231,700,122.88	1,154,950,900.53
Others	-782,342.99		-21,318,841.57
Net cash flows from operating activities	-7,693,253,889.64	-2,988,568,799.93	-2,936,823,922.74
(ii) Significant investing and financing activities not involving cash receipts and payments:			
Conversion of debt into capital			
Convertible corporate bonds maturing within one year			
Property, plant and equipment acquired under finance leases			
(iii) Net increases in cash and cash equivalents:			

Supplementary information	2022	2021	2020
Cash at the end of the reporting period	5,279,163,658.31	4,910,326,262.90	2,260,624,158.20
Less: Cash at the beginning of the reporting period	4,910,326,262.90	2,260,624,158.20	1,253,866,511.75
Add: Cash equivalents at the end of the reporting period			
Less: Cash equivalents at the beginning of the reporting period			
Net increase in cash and cash equivalents	368,837,395.41	2,649,702,104.70	1,006,757,646.45

(b) The components of cash and cash equivalents

Items	31 Dec. 2022	31 Dec. 2021	31 Dec. 2019
(i) Cash	5,279,163,658.31	4,910,326,262.90	2,260,624,158.20
Including: Cash on hand	2,927.07	3,092.01	9,703.63
Cash in bank available for immediate use	5,279,160,731.24	4,910,323,170.89	2,260,614,454.57
Other monetary funds available for immediate use			
Deposit of central bank funds available for payment			
(ii) Cash equivalents			
Including: Bond investments maturing within three months			
(iii) Cash and cash equivalents at the end of the reporting period	5,279,163,658.31	4,910,326,262.90	2,260,624,158.20

5.51 Restricted Assets

Items	Carrying amount at 31 Dec. 2022	Reason
Cash and cash equivalents	782,650,000.00	Loan pledge, deposit pledge, bank guarantee letter
Inventories	2,446,391,880.14	Mortgage for loans
Property, plant and equipment	30,460,203.08	Mortgage for loans
Construction in progress	47,365,151.50	Mortgage for loans
Investment properties	4,062,217,800.00	Mortgage for loans
Intangible assets	443,387,738.10	Pledge for loans
Total	7,812,472,772.82	

5.52 Foreign Currency Monetary

Items	Carrying amount at foreign currency	Exchange rate	Carrying amount at CNY
Cash and cash equivalents			

Items	Carrying amount at foreign currency	Exchange rate	Carrying amount at CNY
Including: USD	27,267.96	6.9646	189,910.45
Bonds payable			
Including: USD	420,000,000.00	6.9646	2,925,132,000.00

5.53 Government Grants

(a) Government grants related to assets:

Items	2022	2021	2020	Items presented in the statement of financial position	Amount included in current profit and loss	Reporting items
Subsidy for testing equipment	4,267,325.41			Deferred income	782,342.99	Other income

(b) Government grants related to income

Categories	2022	2021	2020	Reporting items
Daily operating grants	573,631,264.91	605,202,632.96	415,283,366.68	Other income
Government grants unrelated to daily activities		3,700,000.00		Non-operating income
Total	573,631,264.91	608,902,632.96	415,283,366.68	

(c) Return of government grants

There is no such item.

6. CHANGES IN THE SCOPE OF CONSOLIDATION

6.1 Business Combination not under Common control

(a) Business combination not under common control during the period of year 2022

Name of the acquirees	Date of acquiring the equity interests	Acquisition costs	Share of interest (%)	Ways to acquire the equity interests
Huzhou Moganshan High-Tech Energy Development Co., Ltd.	1 Jun. 2022	852.79	60.00	Purchase equity
Deqing Chebai High-Tech Intelligent Vehicle Demonstration Zone Operation Co., Ltd.	10 Feb. 2022		60.00	Purchase equity

(Continued)

Name of the acquirees	Acquisition date	Basis for the acquisition date	Revenue of the acquirees from the acquisition date to the end of the reporting period	Net profits of the acquirees from the acquisition date to the end of the reporting period
Huzhou Moganshan High-Tech Energy Development Co., Ltd.	1 Jun. 2022	Note (i)		-13,475.68
Deqing Chebai High-Tech Intelligent Vehicle Demonstration Zone Operation Co., Ltd.	10 Feb. 2022	Note (ii)	6,617,535.37	4,055,902.92

Notes:

- (i) On 12 May 2022, Deqing Lianchuang Technology New City Construction Co., Ltd. signed an equity transfer agreement with CRRC MRT Holding Group Co., Ltd. and Shanghai Senyuan Environmental Protection Technology Co., Ltd. that the 30.00% and 30.00% equities of Huzhou Excellent Smart City Technology Co., Ltd. held by the companies have been transferred to Deqing Lianchuang Technology New City Construction Co., Ltd. at the transfer price of CNY0.00 and CNY852.79. Upon completion of the equity transfer procedures, the registration of industrial and commercial change has completed on 1 June 2022. The equity ratio of Lianchuang Technology Company in Huzhou Excellent Smart City Technology Co., Ltd. increased from 40.00% to 100.00%, and the company became a wholly-owned subsidiary of Lianchuang Technology Company. In July 2022, it has renamed Huzhou Moganshan High-Tech Energy Development Co., Ltd.
- (ii) On 7 February 2022, Deqing Hengfeng Construction Development Co., Ltd. signed an equity transfer agreement with Zhejiang Intelligent Connected Vehicle Innovation Center that the 60.00% equity of Deqing Chebai High-Tech Intelligent Vehicle Demonstration Zone Operation Co., Ltd. held by Zhejiang Intelligent Connected Vehicle Innovation Center has been transferred to Hengfeng Company at the transfer price of CNY0.00, the date on which the registration authority completes the registration procedures for the change of equity was deemed to be the date on which the property rights transaction has completed. After the transfer, the equity ratio of Hengfeng Company in Deqing Chebai High-Tech Intelligent Vehicle Demonstration Zone Operation Co., Ltd. increased from 40.00% to 100.00%, and the industrial and commercial change has completed on 10 February 2022, so the confirmed purchase date was 10 February 2022.

(b.2) Combination cost and goodwill

Combination costs	Huzhou Moganshan High-Tech Energy Development Co., Ltd.	Deqing Chebai High-Tech Intelligent Vehicle Demonstration Zone Operation Co., Ltd.
-Cash	852.79	
-Fair value of non-monetary assets		
-Fair value of debt issued or liabilities borne		
-Fair value of issued equity securities		
-Fair value of contingent considerations		
-Fair value of the equity interest held before acquisition date		784,835.74
Total combination costs	852.79	784,835.74
Less: Fair value of the share of net identifiable assets acquired	852.79	784,835.74
Difference between goodwill/ combination costs and fair value of the share of net identifiable assets acquired		36,387.83

(b) Business combination not under common control during the period of year 2021

There is no such item.

(c) Business combination not under common control during the period of year 2020

(c.1) Business combination not under common control

Name of the acquirees	Date of acquiring the equity interests	Acquisition costs	Share of interest (%)	Ways to acquire the equity interests
Deqing Dongfanghong Culture Media Co., Ltd.	2 Apr. 2020	900,000.00	100.00	Acquisition
Deqing Hongchuang Construction Development Co., Ltd.	5 Aug. 2020	220,238,657.68	100.00	Acquisition

(Continued)

Name of the acquirees	Acquisition date	Basis for the acquisition date	Revenue of the acquirees from the acquisition date to the end of the reporting period	Net profits of the acquirees from the acquisition date to the end of the reporting period
Deqing Dongfanghong Culture Media Co., Ltd.	2 Apr. 2020	Transfer of control	6,676,243.02	-175,630.90
Deqing Hongchuang Construction Development Co., Ltd.	5 Aug. 2020	Transfer of control		-733,375.86

(c.2) Combination cost and goodwill

Combination costs	Deqing Dongfanghong Culture Media Co., Ltd.	Deqing Hongchuang Construction Development Co., Ltd.
-Cash	900,000.00	220,238,657.68
-Fair value of non-monetary assets		
-Fair value of debt issued or liabilities borne		
-Fair value of issued equity securities		
-Fair value of contingent considerations		
-Fair value of the equity interest held before acquisition date		
Total combination costs	900,000.00	220,238,657.68
Less: Fair value of the share of net identifiable assets acquired	595,739.24	241,861,760.01
Difference between goodwill/ combination costs and fair value of the share of net identifiable assets acquired	304,260.76	-21,623,102.33

Note: The negative goodwill generated by the merger of Deqing Dongfanghong Culture Media Co., Ltd. and Deqing Hongchuang Construction Development Co., Ltd. was CNY21,318,841.57, which was recognized as non-operating income.

6.2 Business Combination under Common Control

(a) Business combination under common control in 2020

Name of the combined party	Percentage of equity interest acquired during the combination (%)	Basis for the determination of business combination under common control	Combination date	Basis for the determination of the combination date
Deqing County Industrial Development Investment Fund Co., Ltd.	40.00	Controlled by the same party	1 Jan. 2022	Transfer of control
Deqing Leibo Human Resources Service Co., Ltd.	100.00	Controlled by the same party	1 Jan. 2022	Transfer of control

(Continued)

Name of the combined party	Revenue of the combined entity from the beginning of the reporting period to the combination date	Net profits of the combined entity from the beginning of the reporting period to the combination date	2021		2020	
			Revenue of the combined entity during the comparison reporting period	Net profits of the combined entity during the comparison reporting period	Revenue of the combined entity during the comparison reporting period	Net profits of the combined entity during the comparison reporting period
Deqing County Industrial Development Investment Fund Co., Ltd.				4,826,352.83		37,224.60
Deqing Leibo Human Resources Service Co., Ltd.			2,230,094.55	862,130.55	1,770,986.36	236,291.50

(b) Business combination costs

Combination costs	Deqing County Industrial Development Investment Fund Co., Ltd.	Deqing Leibo Human Resources Service Co., Ltd.
- Cash		
- Carrying amount of the non-monetary assets		
- Carrying amount of debt issued or liabilities borne		
- Par value of issued equity securities		
- Contingent consideration		

(c) Carrying amount of assets and liabilities of the combined entity as at combination date

Items	Deqing County Industrial Development Investment Fund Co., Ltd.	Deqing Leibo Human Resources Service Co., Ltd.
	1 Jan. 2022	1 Jan. 2022
Assets:		
Cash and cash equivalents	161,968,528.26	7,194,314.63
Other receivables		190,168.33
Other equity instrument investments	1,000,000.00	
Construction in progress		145,699.75
Deferred tax assets		238.90
Liabilities:		
Taxes payable		53,309.21
Other payables		3,676,581.14

Items	Deqing County Industrial Development Investment Fund Co., Ltd.	Deqing Leibo Human Resources Service Co., Ltd.
	1 Jan. 2022	1 Jan. 2022
Long-term payables	1,030,000.00	
Net assets	161,938,528.26	3,800,531.26
Less: Non-controlling interests	97,163,116.96	
Acquired net assets	64,775,411.30	3,800,531.26

(d) Business combination under common control in 2021

There is no such item.

(e) Business combination under common control in 2020

There is no such item.

6.3 Reverse Purchase

There is no such item.

6.4 Disposal of Subsidiaries

There is no such item.

6.5 Other Situations Leading to Changes in the Scope of Consolidation

(a) The increase of subsidiaries

(a.1) In July 2020, Deqing Qidian Intelligent Eco-City Construction Development Co., Ltd. invested to establish Deqing Kangchuang City Technology Co., Ltd. with a registered capital of CNY5.00 million, which has not been paid as at 31 December 2022.

(a.2) In October 2020, Deqing Qidian Intelligent Eco-City Construction Development Co., Ltd. invested to establish Deqing County Qitong Trade Development Co., Ltd. with a registered capital of CNY100.00 million, of which CNY55.07 million has been paid as at 31 December 2022.

(a.3) In November 2021, Deqing Hengfeng Construction Development Co., Ltd. invested to establish Deqing Yunchuang Real Estate Co., Ltd. with a registered capital of CNY50.00 million, of which CNY1.12 million has been paid as at 31 December 2022.

(a.4) In December 2021, Deqing Hengfeng Construction Development Co., Ltd. invested to establish Deqing Tongfu Construction Development Co., Ltd. with a registered capital of CNY10.00 million, of which CNY10.00 million has been paid as at 31 December 2022.

(a.5) In May 2021, Deqing Qidian Intelligent Eco-City Construction Development Co., Ltd. invested to establish Deqing Qisheng Labour Service Co., Ltd. with a registered capital of CNY10.00 million, of which CNY2.00 million has been paid as at 31

December 2022.

- (a.6) In May 2021, Deqing Lianchuang Technology Xincheng Construction Co., Ltd. and Zheshang Development Group Co., Ltd. cooperatively established Deqing Liantuo Environmental Protection Technology Co., Ltd. with a registered capital of CNY50.00 million, as at 31 December 2022, of which CNY10.20 million has been paid by Deqing Lianchuang Technology Xincheng Construction Co., Ltd. with 51.00% shareholding and CNY9.80 million has been paid by Zheshang Development Group Co., Ltd. with 49.00% shareholding.
- (a.7) In November 2021, Huzhou Mogan Mountain High-tech Industrial Investment Development Co., Ltd. invested to establish Moganshan Commercial Factoring (Tianjin) Co., Ltd. with a registered capital of CNY200.00 million, which has been paid wholly as at 31 December 2022.
- (a.8) In December 2021, the **Company** invested to establish Huzhou Moganshan High-tech Talent Development Group Co., Ltd. with a registered capital of CNY1,000.00 million, of which CNY4.9005 million has been paid as at 31 December 2022.
- (a.8) In October 2021, the **Company** invested to establish Moganshan Finance Leasing (Tianjin) Co., Ltd. with a registered capital of CNY500.00 million, which has been paid wholly as at 31 December 2022.
- (a.9) In December 2021, the **Company** invested to establish Huzhou Moganshan High-tech Private Equity Fund Management Co., Ltd. with a registered capital of CNY100.00 million, of which CNY3.10 million has been paid as at 31 December 2022.
- (a.10) In July 2022, the **Company** invested to establish Zhejiang Lixin Yuan'ao Microelectronics Technology Co., Ltd. with a registered capital of CNY50.00 million, equity ratio 99.00%, of which has not been paid as at 31 December 2022.
- (a.11) In October 2022, Deqing County Industrial Development Investment Fund Co., Ltd. invested to establish Huzhou Zhiqu Technology Industry Development Co., Ltd. with a registered capital of CNY1.30 billion, equity ratio 97.69%, of which CNY0.60 million has been paid as at 31 December 2022.
- (b) The decrease of subsidiaries
- (b.1) In August 2020, Deqing Hengfeng Construction Development Co., Ltd. absorbed and merged its subsidiary Deqing Economic Development Zone Construction Development Co., Ltd., and Deqing Tongchuang Construction Development Co., Ltd. absorbed and merged Deqing County Technology Entrepreneurship Service Co., Ltd. As of the auditor's report date, the industrial and commercial cancellation procedures have been completed.

- (b.2) In November 2021, Deqing Qidian Intelligent Eco-City Construction Development Co., Ltd. absorbed and merged Deqing Qihang Construction Development Co., Ltd. As of the auditor's report date, the industrial and commercial cancellation procedures have been completed.
- (b.3) In September 2021, the investment to the subsidiary Deqing County Dongfanghong Cultural Media Co., Ltd. has been recovered and the control right was lost.
- (b.4) In March 2021, Zhejiang Huiyan Artificial Intelligence Technology Co., Ltd. was cancelled and as of the auditor's report date, the industrial and commercial cancellation procedures have been completed.
- (b.5) In July 2022, Qicheng (Huzhou) Real Estate Co., Ltd. was cancelled. By the date of audit report, industrial and commercial cancellation procedures had been completed.

7. INTERESTS IN OTHER ENTITIES

7.1 Interests in Subsidiaries

(a) Constitution of enterprise group

Name of subsidiary	Principal place of business	Registered address	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
			Direct	Indirect	
Deqing International Conference Center Co., Ltd.	Deqing	Deqing		100.00	Set up
Deqing Qidian Intelligent Eco-City Construction Development Co., Ltd.	Deqing	Deqing	100.00		Set up
Deqing Kangchuang City Technology Co., Ltd.	Deqing	Deqing		100.00	Set up
Deqing County Qitong Trade Development Co., Ltd.	Deqing	Deqing		100.00	Set up
Deqing Economic Development Zone Municipal Services Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing Qianlong Construction Development Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing Qianyuan Tourism Development Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing Lianchuang Modern Agricultural Technology Development Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing County New Countryside Investment Development Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Zhejiang Deqing General Aviation Airport Management Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control

Name of subsidiary	Principal place of business	Registered address	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
			Direct	Indirect	
Deqing Mogan Mountain Airport Management Co., Ltd.	Deqing	Deqing		100.00	Set up
Deqing Qisheng Labor Service Co., Ltd.	Deqing	Deqing		100.00	Set up
Deqing Hengfeng Construction Development Co., Ltd.	Deqing	Deqing	100.00		Business combination under common control
Deqing Tongchuang Construction Development Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing Hengchuang Construction Development Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing Dewei Construction Development Co., Ltd.	Deqing	Deqing		100.00	Business combination not under common control
Deqing Hengmei Construction Co., Ltd.	Deqing	Deqing		100.00	Business combination not under common control
Deqing Hongchuang Construction Development Co., Ltd.	Deqing	Deqing		100.00	Business combination not under common control
Deqing Yunchuang Real Estate Co., Ltd.	Deqing	Deqing		100.00	Set up
Deqing Tongfu Construction Development Co., Ltd.	Deqing	Deqing		100.00	Set up
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing	Deqing	100.00		Business combination under common control
Deqing Technology New Town Chip Technology Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing Zhichuang Industrial Park Construction Development Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing County Linhang New Countryside Construction Investment Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Zhejiang Zhongchuang Geographic Information Technology Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing Kechuang Property Management Co., Ltd.	Deqing	Deqing		100.00	Set up
Huzhou Moganshan Hi-tech Industry Investment Development Group Co., Ltd.	Deqing	Deqing	100.00		Set up

Name of subsidiary	Principal place of business	Registered address	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
			Direct	Indirect	
Deqing Liantuo Environmental Protection Technology Co., Ltd.	Deqing	Deqing		51.00	Set up
Moganshan Commercial Factoring (Tianjin) Co., Ltd.	Deqing	Deqing		100.00	Set up
Huzhou Mogan Mountain High-tech Tourism Development Co., Ltd.	Deqing	Deqing	100.00		Set up
Huzhou Moganshan High-tech Talent Development Group Co., Ltd.	Deqing	Deqing	100.00		Set up
Moganshan Finance Leasing (Tianjin) Co., Ltd.	Deqing	Deqing		100.00	Set up
Huzhou Moganshan High-tech Private Equity Fund Management Co., Ltd.	Deqing	Deqing	100.00		Set up
Huzhou Zhiyu Technology Industry Development Co., Ltd.	Deqing	Deqing		97.69	Set up
Deqing Chebai High-Tech Intelligent Vehicle Demonstration Zone Operation Co., Ltd.	Deqing	Deqing		100.00	Business combination not under common control
Huzhou Moganshan High-Tech Energy Development Co., Ltd.	Deqing	Deqing		100.00	Business combination not under common control
Zhejiang Lixin Yuan'ao Microelectronics Technology Co., Ltd.	Deqing	Deqing		99.00	Set up
Deqing County Industrial Development Investment Fund Co., Ltd.	Deqing	Deqing		40.00	Business combination under common control
Huzhou Moganshan Hi-tech Zone Dixin Smart City Industrial Fund Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing Leibo Human Resources Service Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control

(a.1) Illustration for the difference between percentage of equity interests and percentage of voting rights:

- Huzhou Moganshan Hi-tech Industry Investment Development Group Co., Ltd., a subsidiary of the Company, held 40.00% of the equity of Deqing County Industrial Development Investment Fund Co., Ltd., and the remaining 60.00% of the equity was held by Zhejiang Deqing County Traffic Investment Group Co., Ltd., Deqing County Finance Bureau, Deqing County Construction Investment Co., Ltd. and Deqing Cultural Tourism Development Group Co., Ltd. According to the shareholder voting rights entrusting agreement signed by the three parties in September 2022, Deqing

County Finance Bureau entrusted all voting rights corresponding to 20.00% of the company's equity held by it to Huzhou Moganshan Hi-tech Industry Investment Development Group Co., Ltd., which in total holds 60.00% of the voting rights corresponding to the company's equity.

(a.2) Basis for control exists when voting rights in the investees is 50.00% or lower, and no control exists when voting rights in the investees is above 50.00%: There is no such item.

(a.3) Basis for control of those significant structured entities within the scope of consolidation: There is no such item.

(a.4) Basis for defining the **Company** as an agent or a principal: There is no such item.

(b) Significant non-wholly owned subsidiaries

There is no such item.

(c) Main financial information of significant non-wholly owned subsidiaries

There is no such item.

(d) Material restrictions to using the assets and settling the liabilities of the group

There is no such item.

(e) The financial support or other support to consolidated structured entities

There is no such item.

7.2 Transactions which Resulted in Change of Equity Interests in a Subsidiary without Loss of Control

There is no such item.

7.3 Interests in Joint Arrangements or Associates

(a) Material joint ventures or associates

Company name	Principal place of business	Registered address	Nature of business	Percentage of equity interests by the Company (%)		Measurement methods
				Direct	Indirect	
Joint venture						
None						
Associates:						
Zhejiang Derui Property Service Co., Ltd.	Deqing	Deqing	Property management		49.00	Equity method
Zhejiang Deqing Shengbang Supply Chain Management Co., Ltd.	Deqing	Deqing	Supply chain management		25.00	Equity method

Company name	Principal place of business	Registered address	Nature of business	Percentage of equity interests by the Company (%)		Measurement methods
				Direct	Indirect	
Deqing County Yungu Intelligent Eco-City Industry Development Co., Ltd.	Deqing	Deqing	Development construction of Technology Park		40.00	Equity method
Deqing Taoyuan Memorial Park Development Co., Ltd.	Deqing	Deqing	Landscape design and construction of Memorial Park		20.00	Equity method
Deqing County Chengbei Farmers Market Management Co., Ltd.	Deqing	Deqing	Marker management		29.00	Equity method
Zhejiang Deqing Port Logistics Development Co., Ltd.	Deqing	Deqing	Transportation; warehousing		30.00	Equity method
Deqing Kechuang Testing R&D Service Co., Ltd.	Deqing	Deqing	Testing and consulting services		20.00	Equity method
Zhejiang Fengqi Lake Cultural Development Co., Ltd.	Deqing	Deqing	Cultural creative design		30.00	Equity method
Zhejiang Linhang Logistics Development Co., Ltd.	Deqing	Deqing	Development of Logistics Park	34.00		Equity method
Huzhou Qingchunyu Chinese Medicinal Materials Co., Ltd.	Deqing	Deqing	Chinese herbal medicine planting	30.00		Equity method

(a.1) Note to the differences between the proportion of equity interests and the voting rights in joint ventures or associates: There is no such item.

(a.2) Basis for having significant influence over the investees with voting rights of less than 20.00%, and having no significant influence over the investee with voting rights of 20.00% or above: There is no such item.

7.4 Important Joint Operations

There is no such item.

7.5 Equity in Structured Entities not Included in the Consolidated Financial Statements

There is no such item.

7.6 Others

There is no such item.

8. FAIR VALUE DISCLOSURES

The inputs used in the fair value measurement in its entirety are to be classified in the level of the hierarchy in which the lowest level input that is significant to the measurement is classified.

Level 1: Inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs for the assets or liabilities (other than those included in Level 1) that are either directly or indirectly observable.

Level 3: Inputs are unobservable inputs for the assets or liabilities.

8.1 Assets and Liabilities Measured at Fair Value at 31 December 2022

Items	Fair value at the end of the reporting period using			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Investment properties				
(i) Other equity instrument investments			2,577,454,507.84	2,577,454,507.84
(ii) Other non-current financial assets			415,616,900.00	415,616,900.00
(iii) Other non-current financial assets maturing within one year			1,230,000.00	1,230,000.00
Including: Trust industry guarantee fund			1,230,000.00	1,230,000.00
(iv) Investment properties			8,581,981,300.00	8,581,981,300.00
Including: Buildings held to earn rentals			8,581,981,300.00	8,581,981,300.00
Total assets measured at fair value on a recurring basis			11,576,282,707.84	11,576,282,707.84

8.2 For Continuous and Non-continuous Level 3 Fair Value Measurement Project, Using Valuation Technology and Important Parameters of Qualitative and Quantitative Information

For financial instruments traded in an active market, the **Company** determines its fair value by its active market quotation; for equity investments of non-listed entities, financial instruments not traded in an active market, the equity itself has no fair value in the open market, and no significant events affect the fair value measurement after the trading date to the valuation date. The operating environment and financial situation of the invested enterprise do not change significantly, in limited circumstances, the **Company** adopts the investment cost of the invested unit as the best estimate of the fair value.

For investment properties, the property can obtain comparable to the appraisal object from the real estate market, so the market comparison method, market method and income method are used for valuation. The appraisal report is used to determine the fair value of

the investment properties in this period.

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

9.1 Basic Information of Parent Company

Name of the parent	Registered address	Nature of the business	Registered capital (in million)	Percentage of equity interests in the Company (%)	Voting rights in the Company (%)
Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	Deqing County			100.00	100.00

Ultimate controlling party of the **Company**: Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone

9.2 Basic Information of Subsidiaries

Details of the subsidiaries please refer to *Note 7 INTERESTS IN OTHER ENTITIES*.

9.3 Joint Ventures and Associates of the Company

(a) General information of significant joint ventures and associates

Details of significant joint ventures and associates please refer to *Note 7 INTERESTS IN OTHER ENTITIES*.

(b) Details of other joint ventures or associates trading with or with outstanding to the **Company** during the reporting period

There is no such item.

9.4 Other Related Parties of the Company

Name	Relationship with the Company
Deqing Linhang Investment Development Co., Ltd.	Subsidiary of association
Zhejiang Deqing Shengbang Enterprise Management Co., Ltd.	Subsidiary of association

9.5 Related Party Transactions

(a) Purchases or sales of goods, rendering or receiving of services

(a.1) Purchases of goods, receiving of services: There is no such item.

(a.2) Sales of goods and rendering of services:

Related parties	Nature of the transaction(s)	2022	2021	2020
Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	Entrusted construction	79,689,174.36		180,668,416.08

Related parties	Nature of the transaction(s)	2022	2021	2020
Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	Land development	244,143,237.25	343,130,078.12	360,560,173.15
Zhejiang Deqing Shengbang Enterprise Management Co., Ltd.	House rental	4,423,164.39		

(b) Entrustment/Contracting

There is no such item.

(c) Leases

There is no such item.

(d) Guarantees

The **Company** as guarantor:

Guarantor	Guarantee	Creditor	Amount ('000)	Expiry date
Huzhou Moganshan High-tech Group Co., Ltd.	Deqing Linhang Investment Development Co., Ltd.	China Citic Bank	175,000.00	7 Nov. 2023
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Yungu Intelligent Eco City Industry Development Co., Ltd.	Hengfeng Bank	60,000.00	29 Mar. 2024
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Yungu Intelligent Eco City Industry Development Co., Ltd.	Bank of China	270,000.00	25 Dec. 2027
Deqing Hengfeng Construction Development Co., Ltd.	Zhejiang Linhang Logistics Development Co., Ltd.	Industrial Bank	100,000.00	26 Dec. 2023
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Taoyuan Memorial Park Development Co., Ltd.	Hua Xia Bank	24,220.00	8 Aug. 2026
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Taoyuan Memorial Park Development Co., Ltd.	Hua Xia Bank	16,140.00	8 Aug. 2025
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Taoyuan Memorial Park Development Co., Ltd.	Hua Xia Bank	21,800.00	27 Nov. 2026
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Taoyuan Memorial Park Development Co., Ltd.	Hua Xia Bank	9,500.00	31 Jan. 2025
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Taoyuan Memorial Park Development Co., Ltd.	Hua Xia Bank	2,020.00	10 Aug. 2024

Guarantor	Guarantee	Creditor	Amount ('000)	Expiry date
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing Linhang Investment Development Co., Ltd.	Guangzhou Yuexiu Financing Lease Co., Ltd.	53,247.20	23 Nov. 2024
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing Linhang Investment Development Co., Ltd.	Bank of Jiaxing	80,000.00	15 Dec. 2023
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing Linhang Investment Development Co., Ltd.	Changjiang United Financial Leasing Co., Ltd.	110,198.50	20 Apr. 2026
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing Linhang Investment Development Co., Ltd.	Su Yin Financial Leasing Co., Ltd.	127,810.80	29 Jun. 2026
Total			1,049,936.50	

The **Company** as guarantee: There is no such item.

9.6 Receivables and Payables with Related Parties

(a) Receivables

Items	Related parties	31 Dec. 2022		31 Dec. 2021		31 Dec. 2020	
		Book value	Provision for bad debt	Book value	Provision for bad debt	Book value	Provision for bad debt
Accounts receivable	Deqing Chebai High-tech Intelligent Automobile Demonstration Zone Operation Co., Ltd.			10,000,000.00	50,000.00		
Accounts receivable	Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	260,381,595.57	1,301,907.98	14,933,460.20	74,667.30	20,316,831.76	
Other receivables	Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	5,433,855,934.34	27,169,279.67	4,928,900,294.41	24,644,501.47	4,605,249,868.13	
Other receivables	Deqing County Yungu Intelligent Eco-City Industrial Development Co., Ltd.	497,509,213.31	2,487,546.07	461,868,100.69	2,309,340.50		
Other receivables	Zhejiang Linhang Logistics Development Co., Ltd.	818,067,427.89	4,090,337.14	272,259,971.81	1,361,299.86		

(b) Payables

Items	Related parties	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020
Other payables	Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	140,232,427.84	140,129,021.42	140,129,021.42
Other payables	Zhejiang Fengqi Lake Cultural Development Co., Ltd.	212,251,145.00	212,251,145.00	227,259,818.00

9.7 Commitments with Related Parties

There is no such item.

9.8 Others

There is no such item.

10. COMMITMENTS AND CONTINGENCIES

10.1 Significant Commitments

According to the document NO.194 of the Meeting Minutes of the Working Committee of Huzhou Moganshan High-Tech Zone of the Communist Party of China: the Company invest a total of CNY200.00 million (including the registered capital of CNY10.00 million and the additional capital of CNY190.00 million) to Zhejiang Feihang Intelligent Technology Co., Ltd. within 5 years after the signed of the cooperation agreement of Feihang Intelligent Technology Project on 18 January 2022, holding 20.00% of the equity of Zhejiang Feihang Intelligent Technology Co., Ltd. According to document No.202 of the meeting minutes of the Working Committee of Huzhou Moganshan High-tech Zone of the Communist Party of China: It was proposed that Deqing Qidian Intelligent Eco City Construction Development Co., Ltd. designated by the **Company** would invest CNY200.00 million in Zhejiang Feihang Intelligent Technology Co., Ltd.

10.2 Contingencies

(a) Contingent liabilities resulting from debt guarantees to other entities and the corresponding financial effects as at 31 December 2022

Guarantor	Guarantee	Creditor	Amount ('000)	Expiry date
Huzhou Moganshan High-tech Group Co., Ltd.	Deqing Linhang Investment Development Co., Ltd.	China Citic Bank	175,000.00	7 Nov. 2023
Huzhou Moganshan High-tech Group Co., Ltd.	Deqing Cultural Tourism Development Group Co., Ltd.	Bank of Shanghai	354,032.20	8 Apr. 2025
Deqing Tongchuang Construction Development Co., Ltd.	Deqing County Water Conservancy Construction Development Co., Ltd.	Agricultural Bank of China	96,000.00	18 Dec. 2024
Deqing Hengfeng Construction Development Co., Ltd.	Zhejiang Deqing Jinkai Investment Group Co., Ltd.	Hua Xia Bank	180,000.00	1 Dec. 2023
Deqing Hengfeng Construction Development Co., Ltd.	Zhejiang Deqing Jinkai Water Co., Ltd.	Maxwealth Financial Leasing Co., Ltd.	50,000.00	30 Apr. 2025
Deqing Hengfeng Construction Development Co., Ltd.	Zhejiang Deqing Jinkai Water Co., Ltd.	Maxwealth Financial Leasing Co., Ltd.	50,000.00	18 May 2025
Deqing Hengfeng Construction Development Co., Ltd.	Zhejiang Deqing Huatong Highway Construction Co., Ltd.	Hengfeng Bank	63,000.00	28 Jan. 2023

Guarantor	Guarantee	Creditor	Amount ('000)	Expiry date
Deqing Hengfeng Construction Development Co., Ltd.	Zhejiang Deqing Shengyuan Environmental Technology Co., Ltd.	Hengfeng Bank	50,000.00	19 Jun. 2023
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Traffic Engineering Construction Co., Ltd.	Hua Xia Bank	100,000.00	10 Mar. 2023
Deqing Hengfeng Construction Development Co., Ltd.	Deqing County Water Conservancy Construction Development Co., Ltd.	Bank of Hangzhou	148,000.00	14 Dec. 2023
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Xiazhu Lake Wetland Tourism Development Co., Ltd.	Industrial Bank	40,000.00	15 Sept. 2023
Deqing Hengfeng Construction Development Co., Ltd.	Deqing County Construction and Development Co., Ltd.	Zhejiang Zheyin Financial Leasing Co., Ltd.	8,028.80	20 Mar. 2023
Deqing Hengfeng Construction Development Co., Ltd.	Deqing County Water Conservancy Construction Development Co., Ltd.	Bank of Hangzhou	52,500.00	23 Apr. 2023
Deqing Hengfeng Construction Development Co., Ltd.	Deqing County Water Conservancy Construction Development Co., Ltd.	Bank of Hangzhou	70,000.00	23 Apr. 2024
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Yungu Intelligent Eco City Industry Development Co., Ltd.	Hengfeng Bank	60,000.00	29 Mar. 2024
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Yungu Intelligent Eco City Industry Development Co., Ltd.	Bank of China	270,000.00	25 Dec. 2027
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Xiazhu Lake Wetland Tourism Development Co., Ltd.	Zhejiang Deqing Rural Commercial Bank	40,000.00	20 May 2024
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Deyun Greening Engineering Co., Ltd.	Zhejiang Deqing Rural Commercial Bank	20,000.00	17 Nov. 2023
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Deyun Greening Engineering Co., Ltd.	Zhejiang Deqing Rural Commercial Bank	19,000.00	28 Dec. 2023
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Traffic Engineering Construction Co., Ltd.	Zhejiang Deqing Rural Commercial Bank	13,000.00	28 Dec. 2023
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Traffic Engineering Construction Co., Ltd.	Zhejiang Deqing Rural Commercial Bank	29,000.00	10 Nov. 2023
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Mojiang Cultural and Creative Development Co., Ltd.	Zhejiang Deqing Rural Commercial Bank	14,000.00	21 Dec. 2023

Guarantor	Guarantee	Creditor	Amount ('000)	Expiry date
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Xinshi Ancient Town Tourism Development Co., Ltd.	Zhejiang Deqing Rural Commercial Bank	9,898.00	20 Dec. 2024
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Shilin Yikang Water Co., Ltd.	Zhejiang Deqing Rural Commercial Bank	4,980.00	29 Sept. 2025
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Decheng Landscape Engineering Service Co., Ltd.	Hua Xia Bank	128,000.00	12 Apr. 2023
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Xiazhu Lake Wetland Tourism Development Co., Ltd.	Hua Xia Bank	180,000.00	17 Mar. 2023
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Xiazhu Lake Wetland Tourism Development Co., Ltd.	Hua Xia Bank	20,000.00	17 Mar. 2023
Deqing Hengfeng Construction Development Co., Ltd.	Zhejiang Linhang Logistics Development Co., Ltd.	Industrial Bank	100,000.00	26 Dec. 2023
Deqing Hengfeng Construction Development Co., Ltd.	Deqing County Construction and Development Co., Ltd.	Zheshang Bank	193,198.70	26 Mar. 2025
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Taoyuan Memorial Park Development Co., Ltd.	Hua Xia Bank	24,220.00	8 Aug. 2026
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Taoyuan Memorial Park Development Co., Ltd.	Hua Xia Bank	16,140.00	8 Aug. 2025
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Taoyuan Memorial Park Development Co., Ltd.	Hua Xia Bank	21,800.00	27 Nov. 2026
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Taoyuan Memorial Park Development Co., Ltd.	Hua Xia Bank	9,500.00	31 Jan. 2025
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Taoyuan Memorial Park Development Co., Ltd.	Hua Xia Bank	2,020.00	10 Aug. 2024
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Zhushanghu Ecological Agriculture Co., Ltd.	Hua Xia Bank	50,000.00	9 Dec. 2023
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing Linhang Investment Development Co., Ltd.	Guangzhou Yuexiu Financing Lease Co., Ltd.	53,247.20	23 Nov. 2024
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing Xiazhu Lake Wetland Tourism Development Co., Ltd.	Zhejiang Zheshang Finance Leasing Co., Ltd.	93,189.40	24 Sept. 2024
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing Fangfeng Cultural Tourism Development Co., Ltd.	Hua Xia Bank	33,900.00	23 Apr. 2027
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing Duihekou Water Resources Development Co., Ltd.	Agricultural Bank of China	215,000.00	25 Dec. 2036
Deqing Lianchuang Technology New City Construction Co., Ltd.	Zhejiang Deqing Transportation Investment and Construction Co., Ltd.	Maxwealth Financial Leasing Co., Ltd.	120,000.00	31 Jul. 2024

Guarantor	Guarantee	Creditor	Amount ('000)	Expiry date
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing Moganshan Tourism Development Co., Ltd.	Shang Pudong Development Bank	42,000.00	21 Dec. 2029
Deqing Lianchuang Technology New City Construction Co., Ltd.	Zhejiang Deqing Transportation Investment and Construction Co., Ltd.	Everbrought Bank	100,000.00	25 Aug. 2024
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing Fangfeng Cultural Tourism Development Co., Ltd.	Hengfeng Bank	70,000.00	29 Mar. 2023
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing County Luoshe Town Yangshuwan Sewage Treatment Co., Ltd.	Agricultural Bank of China	29,970.00	17 Nov. 2023
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing Zhentong Asset Management Co., Ltd.	Zhejiang Deqing Rural Commercial Bank	29,000.00	26 Oct. 2023
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing County Luoshe Town Yangshuwan Sewage Treatment Co., Ltd.	Agricultural Bank of China	26,000.00	7 Jun. 2023
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing Zhentong Asset Management Co., Ltd.	Zhejiang Deqing Rural Commercial Bank	20,000.00	28 Dec. 2023
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing Luoshe New Rural Construction Co., Ltd.	Agricultural Bank of China	19,000.00	23 Apr. 2023
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing Deyun Greening Engineering Co., Ltd.	Hua Xia Bank	53,000.00	15 Jan. 2024
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing Linhang Investment Development Co., Ltd.	Bank of Jiaxing	80,000.00	15 Dec. 2023
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing Cultural Tourism Holding Co., Ltd.	Investors of 20 Delv 01	254,000.00	31 Mar. 2025
Deqing Lianchuang Technology New City Construction Co., Ltd.	Zhejiang Deqing Transportation Investment and Construction Co., Ltd.	Investors of G20 Dejiao 1	900,000.00	12 May 2030
Deqing Lianchuang Technology New City Construction Co., Ltd.	Zhejiang Deqing Transportation Investment and Construction Co., Ltd.	Investors of G20 Dejiao 2	350,000.00	14 Nov. 2029
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing Linhang Investment Development Co., Ltd.	Changjiang United Financial Leasing Co., Ltd.	110,198.50	20 Apr. 2026
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing Linhang Investment Development Co., Ltd.	Su Yin Financial Leasing Co., Ltd.	127,810.80	29 Jun. 2026
Deqing Qidian Intelligent Eco City Construction Development Co., Ltd.	Deqing Dongxinzhibu Construction and Development Co., Ltd.	Hengfeng Bank, Huzhou Branch	42,500.00	21 Jun. 2023
Deqing Qidian Intelligent Eco City Construction Development Co., Ltd.	Deqing Zhongguan Huishan Water Co., Ltd.	Hengfeng Bank, Huzhou Branch	42,500.00	12 Jun. 2023

Guarantor	Guarantee	Creditor	Amount ('000)	Expiry date
Deqing Qidian Intelligent Eco City Construction Development Co., Ltd.	Deqing County Hengfeng Sewage Treatment Co., Ltd.	Huaxia Bank, Huzhou Branch	5,000.00	1 Aug. 2023
Deqing Qidian Intelligent Eco City Construction Development Co., Ltd.	Deqing Dongxinzhibu Construction and Development Co., Ltd.	Bank of Huzhou, Deqing Sub-branch	45,000.00	20 Nov. 2024
Total			5,522,633.60	

For details of the related-party guarantee, please refer to *Note 9.5 Related Party Transactions*.

11. EVENTS AFTER THE REPORTING PERIOD

On 9 January 2023, the Company successfully issued the first phase of 2023 Ultra-short-term Financing Bond, with an issue amount of CNY500.00 million.

On 19 January 2023, the Company successfully issued the second phase of 2023 Ultra-short-term Financing Bond, with an issue amount of CNY500.00 million.

On 17 February 2023, the Company successfully issued 2023 non-public issuance of corporate bonds, the issue amount of CNY955.00 million.

On 7 March 2023, the Company successfully issued the first phase of 2023 county new-type urbanization construction special corporate bonds, the issue amount of CNY800.00 million.

On 17 March 2023, the Company successfully issued the first period of 2023 medium-term notes, with an issue amount of CNY1.00 billion.

On 23 March 2023, the Company successfully issued 2023 non-public issuance short-term corporate bonds (the first phase), the issue amount of CNY977.00 million.

On 7 April 2023, the Company successfully issued 2023 non-public issuance short-term corporate bonds (the second phase), the issue amount of CNY468.00 million.

On 17 March 2023, Deqing Qidian Intelligent Eco City Construction Development Co., Ltd. successfully issued corporate bonds with an issue amount of CNY190.00 million.

12. OTHER SIGNIFICANT MATTERS

12.1 Correction of Prior Period Errors

(a) Spective restatement method

(a.1) For the period of year 2022

Correction of accounting errors	Treatment process	Financial statement line items affected in each comparative period	Cumulative effects
In 2021, when the living room of the Smart Eco-city Town was converted to investment properties, the value of some buildings and land did not transfer to investment properties, and the accounting error was corrected this time.	Retroactive adjustment	Investment properties	84,586,400.00
		Inventories	18,062,841.00
		Construction in progress	847,404.54
		Property, plant and equipment	-31,441,937.77
		Intangible assets	-67,513,648.15
		Accounts payable	930,612.09
		Deferred tax liabilities	902,611.88
		Other comprehensive income	2,707,835.65
In 2021, 42 of the 108 state-owned assets those transferred by the government were entered into the account twice, and the accounting errors would be corrected this time.	Retroactive adjustment	Investment properties	-38,324,300.00
		Capital reserves	-38,324,300.00
Due to the inaccurate preliminary estimate of the project funds, there was less carry-over cost in the early sales of Guoyao Building, and the accounting error was corrected this time.	Retroactive adjustment	Inventories	-55,582,098.28
		Retained earnings	-55,582,098.28

(a.2) For the period of year 2021:

Correction of accounting errors	Treatment process	Financial statement line items affected in each comparative period	Cumulative effects
Transfer the decoration project payment of Huashengda Industrial Base from property, plant and equipment to long-term deferred expenses, and the accounting error was corrected this time.	Retroactive adjustment	Property, plant and equipment	-12,208,574.04
		Long-term deferred expenses	2,043,730.88
		Retained earnings	-10,164,843.16
Due to the inaccurate preliminary estimate of the project funds, there was less carry-over cost in the early sales of Guoyao Building, and the accounting error was corrected this time.	Retroactive adjustment	Inventories	-50,374,397.46
		Retained earnings	-50,374,397.46
The Company's interest income and interest expense, and the accounting error was corrected this time.	Retroactive adjustment	Interest expenses	-477,339,248.71
		Interest income	-477,339,248.71

(a.3) For the period of year 2020:

Correction of accounting errors	Treatment process	Financial statement line items affected in each comparative period	Cumulative effects
Transfer the decoration project payment of Huashengda Industrial Base from property, plant and equipment to long-term deferred expenses, and the accounting error was corrected this time.	Retroactive adjustment	Long-term deferred expenses	8,727,844.89
		Retained earnings	-8,727,844.89
Due to the inaccurate preliminary estimate of the project funds, there was less carry-over cost in the early sales of Guoyao Building, and the accounting error was corrected this time.	Retroactive adjustment	Inventories	-40,179,591.80
		Retained earnings	-40,179,591.80

13. NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

13.1 Other Receivables

(a) Other receivables by category

Items	31 Dec. 2022	31 Dec. 2021
Interest receivable		
Dividend receivable	120,000,000.00	61,737,499.18
Other receivables	18,848,507,222.25	14,933,210,420.42
Total	18,968,507,222.25	14,994,947,919.60

(b) Dividend receivable

(b.1) Dividend receivables by category

Investee	31 Dec. 2022	31 Dec. 2021
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	120,000,000.00	61,737,499.18
Sub-total	120,000,000.00	61,737,499.18
Less: Provision for bad debt		
Total	120,000,000.00	61,737,499.18

(c.2) Dividend receivable over one year with significant balance

There is no such item.

(c.3) Provision for bad debt

There is no such item.

(c) Other receivables

(c.1) Other receivables by aging

Aging	31 Dec. 2022	31 Dec. 2021
Within 1 year (including 1 year)	18,319,139,136.90	14,035,223,598.22
1 to 2 years	522,079,545.00	887,222,784.63

Aging	31 Dec. 2022	31 Dec. 2021
2 to 3 years	6,000.00	11,433,735.90
Over 3 years	11,433,735.90	
Sub-total	18,852,658,417.80	14,933,880,118.75
Less: Provision for bad debt	4,151,195.55	669,698.33
Total	18,848,507,222.25	14,933,210,420.42

(c.2) Other receivables by category

(c.2.1) As at 31 December 2022, provision for bad debt recognized based on three stages model

Stages	31 Dec. 2022			31 Dec. 2021		
	Other receivables	Provision for bad debt	Carrying account	Other receivables	Provision for bad debt	Carrying account
Stage 1	18,852,658,417.80	4,151,195.55	18,848,507,222.25	14,933,880,118.75	669,698.33	14,933,210,420.42
Stage 2						
Stage 3						
Total	18,852,658,417.80	4,151,195.55	18,848,507,222.25	14,933,880,118.75	669,698.33	14,933,210,420.42

(c.2.1.1) At 31 December 2022, provision for bad debt at stage 1:

Items	31 Dec. 2022				
	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Bad debt provision recognized individually					
Bad debt provision recognized collectively	18,852,658,417.80	100.00	4,151,195.55	0.02	18,848,507,222.25
Portfolio 3:	18,023,135,311.17	95.60			18,023,135,311.17
Portfolio 4:	829,503,550.55	4.40	4,147,517.75	0.50	825,356,032.80
Portfolio 5:	19,556.08	0.00	3,677.80	18.81	15,878.28
Total	18,852,658,417.80	100.00	4,151,195.55	0.02	18,848,507,222.25

(c.2.1.1.1) At 31 December 2022, other receivables with bad debt provision recognized collectively by portfolio 3:

Entity name	31 Dec. 2022		
	Other receivables	Provision for bad debt	Provision ratio (%)
Deqing Hengfeng Construction Development Co., Ltd.	8,707,937,437.23		

Entity name	31 Dec. 2022		
	Other receivables	Provision for bad debt	Provision ratio (%)
Deqing Lianchuang Technology New City Construction Co., Ltd.	2,472,213,030.08		
Deqing Qidian Intelligent Eco City Construction Development Co., Ltd.	2,355,770,349.54		
Deqing Tongchuang Construction Development Co., Ltd.	1,712,356,307.37		
Deqing New Rural Investment Development Co., Ltd.	947,597,650.00		
Deqing Qianlong Construction Development Co., Ltd.	827,593,231.42		
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	352,726,331.40		
Deqing Hengmei Construction Co., Ltd.	229,416,941.20		
Deqing Kechuang Property Management Co., Ltd.	206,215,033.20		
Deqing Qianyuan Tourism Development Co., Ltd.	112,921,413.13		
Deqing Economic Development Zone Municipal Services Co., Ltd.	98,092,569.48		
Moganshan Finance Leasing (Tianjin) Co., Ltd.	295,017.12		
Total	18,023,135,311.17		

(c.2.1.1.2) At 31 December 2022, other receivables with bad debt provision recognized collectively by portfolio 4:

Item	31 Dec. 2022		
	Other receivables	Provision for bad debt	Provision ratio (%)
Receivables due from government customers, state-owned enterprise customers	829,503,550.55	4,147,517.75	0.50
Total	829,503,550.55	4,147,517.75	0.50

(c.2.1.1.3) At 31 December 2022, other receivables with bad debt provision recognized collectively by portfolio 5:

Aging	31 Dec. 2022		
	Other receivables	Provision for bad debt	Provision ratio (%)
Within 1 year (including 1 year)	13,556.08	677.80	5.00
1 to 2 years	6,000.00	3,000.00	50.00
Total	19,556.08	3,677.80	18.81

(c.2.2) As at 31 December 2021, the provision for bad debts is accrued based on the

incurred loss model as follows:

Items	31 Dec. 2021				
	Other receivables		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Bad debt provision recognized individually					
Bad debt provision recognized collectively	14,933,880,118.75	100.00	669,698.33	0.00	14,933,210,420.42
Portfolio 3:	14,800,174,453.41	99.10			14,800,174,453.41
Portfolio 4:	133,699,665.34	0.90	668,498.33	0.50	133,031,167.01
Portfolio 5:	6,000.00	0.00	1,200.00	20.00	4,800.00
Total	14,933,880,118.75	100.00	669,698.33	0.00	14,933,210,420.42

(c.2.2.1) At 31 December 2021, other receivables with bad debt provision recognized collectively by portfolio 3:

Entity name	31 Dec. 2021		
	Other receivables	Provision for bad debt	Provision ratio (%)
Deqing Hengfeng Construction Development Co., Ltd.	7,603,422,790.45		
Deqing Qidian Intelligent Eco City Construction Development Co., Ltd.	3,112,286,119.09		
Deqing Tongchuang Construction Development Co., Ltd.	1,046,538,704.16		
Deqing Kechuang Property Management Co., Ltd.	744,711,205.29		
Deqing Qianlong Construction Development Co., Ltd.	531,867,523.88		
Deqing New Rural Investment Development Co., Ltd.	522,079,545.00		
Deqing Hengmei Construction Co., Ltd.	497,141,040.36		
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	328,912,117.81		
Zhejiang Zhongchuang Geographic Information Technology Co., Ltd.	131,739,098.43		
Deqing Economic Development Zone Municipal Services Co., Ltd.	126,620,480.85		
Deqing Linhang New Rural Construction Investment Co., Ltd.	125,195,333.29		
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	29,660,494.80		

Entity name	31 Dec. 2021		
	Other receivables	Provision for bad debt	Provision ratio (%)
Total	14,800,174,453.41		

(c.2.2.2) At 31 December 2021, other receivables with bad debt provision recognized collectively by portfolio 4:

Items	31 Dec. 2021		
	Other receivables	Provision for bad debt	Provision ratio (%)
Receivables due from government customers, state-owned enterprise customers	133,699,665.34	668,498.33	0.50
Total	133,699,665.34	668,498.33	0.50

(c.2.2.3) At 31 December 2021, other receivables with bad debt provision recognized collectively by portfolio 5:

Aging	31 Dec. 2021		
	Other receivables	Provision for bad debt	Provision ratio (%)
1 to 2 years	6,000.00	1,200.00	20.00
Total	6,000.00	1,200.00	20.00

(c.3) Changes in the provision, recovery or reversal of bad debt

Items	Balance at 31 Dec. 2021	Changes in the current period			Balance at 31 Dec. 2022
		Provision for bad debt	Recovery or reversal	Eliminate or write off	
Provision for bad debt	669,698.33	3,481,497.22			4,151,195.55
Total	669,698.33	3,481,497.22			4,151,195.55

(c.4) Other receivables written off during the reporting period

There is no such item.

(c.5) The larger closing balances by entity

Entity name	Nature	Balance at 31 Dec. 2022	Aging	Proportion of the balance to the total other receivables (%)	Provision for bad debt
Deqing Hengfeng Construction Development Co., Ltd.	Current payment	8,707,937,437.23	Within 1 year	46.19	
Deqing Lianchuang Technology New City Construction Co., Ltd.	Current payment	2,472,213,030.08	Within 1 year	13.11	

Entity name	Nature	Balance at 31 Dec. 2022	Aging	Proportion of the balance to the total other receivables (%)	Provision for bad debt
Deqing Qidian Intelligent Eco City Construction Development Co., Ltd.	Current payment	2,355,770,349.54	Within 1 year	12.50	
Deqing Tongchuang Construction Development Co., Ltd.	Current payment	1,712,356,307.37	Within 1 year	9.08	
Deqing New Rural Investment Development Co., Ltd.	Current payment	947,597,650.00	Within 1 year, 1 to 2 years	5.03	
Total		16,195,874,774.22		85.91	

(c.6) Other receivables relating to government grants

There is no such item.

(c.7) Derecognition of other receivables for transfer of financial assets

There is no such item.

(c.8) Assets or liabilities arising from continuing involvement in transferred other receivables

There is no such item.

13.2 Long-Term Equity Investment

Items	31 Dec. 2022			31 Dec. 2010		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Subsidiaries	14,733,834,161.49		14,733,834,161.49	13,976,692,006.32		13,976,692,006.32
Joint ventures and associates	8,250,707.73		8,250,707.73	8,704,702.24		8,704,702.24
Total	14,742,084,869.22		14,742,084,869.22	13,985,396,708.56		13,985,396,708.56

(a) Investments in subsidiaries

Investees	31 Dec. 2021	Increase	Decrease	31 Dec. 2022	Provision for impairment during the reporting period	Provision for impairment at 31 Dec. 2022
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	5,719,014,843.27			5,719,014,843.27		
Deqing Economic Development Zone Municipal Services Co., Ltd.	335,523,544.94		335,523,544.94			
Deqing Hengfeng Construction	4,579,034,119.37			4,579,034,119.37		

Investees	31 Dec. 2021	Increase	Decrease	31 Dec. 2022	Provision for impairment during the reporting period	Provision for impairment at 31 Dec. 2022
Development Co., Ltd.						
Deqing International Conference Center Co., Ltd.	100,000,000.00		100,000,000.00			
Huzhou Mogan Mountain High-tech Tourism Development Co., Ltd.	27,610,000.00	140,000,000.00		167,610,000.00		
Deqing Qidian Intelligent Eco-City Construction Development Co., Ltd.	2,715,509,498.74	200,000,000.00		2,915,509,498.74		
Moganshan Finance Leasing (Tianjin) Co., Ltd.	500,000,000.00		500,000,000.00			
Huzhou Moganshan High-Tech Talent Development Group Co., Ltd.		4,900,531.26		4,900,531.26		
Huzhou Moganshan Hi-tech Private Equity Fund Management Co., Ltd.		3,100,000.00		3,100,000.00		
Huzhou Moganshan Hi-tech Industry Investment Development Group Co., Ltd.		1,344,665,168.85		1,344,665,168.85		
Total	13,976,692,006.32	1,692,665,700.11	935,523,544.94	14,733,834,161.49		

(b) Investments in joint ventures and associates

Investees	31 Dec. 2021	Changes during the reporting period				
		Increase during the reporting period	Decrease during the reporting period	Gains /(losses) on investments under the equity method	Adjustments of other comprehensive income	Changes in other equity
Assosiates:						
Huzhou Qingchunyu Chinese Medicinal Matirials Co., Ltd.	8,704,702.24			-453,994.51		
Zhejiang Linhang Logistics Development Co., Ltd.						
Total	8,704,702.24			-453,994.51		

(Continued)

Investees	Changes during the reporting period			31 Dec. 2022	Provision for impairment at 31 Dec. 2022
	Declaration of cash dividends or distribution of profit	Provision for impairment	Others		
Assosiates					
Huzhou Qingchunyu Chinese Medicinal Matirials Co., Ltd.				8,250,707.73	
Zhejiang Linhang Logistics Development Co., Ltd.					
Total				8,250,707.73	

13.3 Investment Income

Items	2022	2021	2020
Investment income from long-term equity investments under cost method	120,000,000.00	61,737,499.18	63,347,976.00
Gains on disposal of long-term equity investments		2,464,311.77	
Investment income from long-term equity investments under equity method	-453,994.51	-212,070.02	-2,187,574.15
Investment income from available-for-sale financial assets during the holding period			93.00
Investment income from other non-current financial assets during the holding period		156,033.42	
Total	119,546,005.49	64,145,774.35	61,160,494.85

14. SUPPLEMENTARY INFORMATION

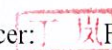
There is no such item.

Name of the Company: Huzhou Moganshan High-tech Group Co., Ltd.

Legal Representative:



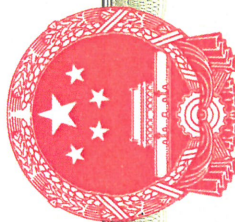
Chief Financial Officer:



Finance Manager:



Date: 27 April 2023



照执业

(副本)(5-1)



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名称 容诚会计师事务所(特殊普通合伙)

出资额 7470万元

成立日期 2013年12月10日

找事务合伙人 肖厚发

找務合伙人

[illegible]

主要经营场所 北京市西城区阜成门内大街901-22至901-26

业务报告附件专用



登记机关

2023年02月01日

国家企业信用信息公示系统网址: <http://www.gsxt.gov.cn>

市场主体应当于每年1月1日至6月30日通过国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制



会计师事务所

执业证书

容诚会计师事务所(特殊普通合伙)

名称:

首席合伙人:肖厚发

主任会计师:

经营场所 北京市西城区阜成门外大街22号1幢外经贸大厦901-22至901-26

组织形式:特殊普通合伙

执业证书编号:11010032

批准执业文号:京财会许可[2013]0067号

批准执业日期:2013年10月25日

容诚会计师事务所(特殊普通合伙)
业务报告附件专用

证书序号: 0011869

说明

- 1、《会计师事务所执业证书》是证明持有人经财政部门依法审批,准予执行注册会计师法定业务的凭证。
- 2、《会计师事务所执业证书》记载事项发生变动的,应当向财政部门申请换发。
- 3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。
- 4、会计师事务所终止或执业许可注销的,应当向财政部门交回《会计师事务所执业证书》。

发证机关: 北京市财政局

二〇一三年六月十日

中华人民共和国财政部制



利安达会计师事务所(特殊普通合伙)
业务报告附件专用



姓名 叶翀芬
性别 女
出生日期 1972-05-08
工作单位 利安达会计师事务所(特殊普通合伙) 浙江江南分所
Working unit 330402197205061874
身份证号码
Identity card No.



年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
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2022 年年检二维码



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年 月 日
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中国注册会计师

会计师事务所(特殊普通合伙)
业务报告附件专用



年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.



月 /m 日 /d

姓名 张冬雪
Full name 张冬雪
性别 男
Sex 男
出生日期 1982-10-16
Date of birth 1982-10-16
工作单位 中融会计师事务所有限责任公司
Working unit 中融会计师事务所
身份证号码 330411198210163830
Identity card No. 330411198210163830



续有效一年。
other year after



月 /m 日 /d

Auditor's Report

**Huzhou Moganshan State-owned Capital Holding Group
Co., Ltd.**

RSM SZ [2023] NO.310Z0505

**RSM CHINA CPA LLP
CHINA·BEIJING**

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Auditor's Report

RSM SZ [2023] No.310Z0505

To the Shareholders of Huzhou Moganshan State-owned Capital Holding Group Co., Ltd.:

I. Opinion

We have audited the financial statements of Huzhou Moganshan State-owned Capital Holding Group Co., Ltd. (hereafter referred to as "**State-owned Holding Group Corporation**"), which comprises the consolidated and the parent company's statement of financial position as at 31 March 2023, 31 December 2022, 31 December 2021 and 31 December 2020, the consolidated and the parent company's statement of profit or loss and other comprehensive income, the consolidated and the parent company's statement of cash flows, the consolidated and the parent company's statement of changes in equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying **State-owned Holding Group Corporation's** financial statements present fairly, in all material respects, the consolidated and the company's financial position as at 31 March 2023, 31 December 2022, 31 December 2021 and 31 December 2020, and their financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises and China Accounting System for Business Enterprises.

II. Basis for Opinion

We conducted our audit in accordance with Chinese Standards on Auditing ("**CSAs**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of **State-owned Holding Group Corporation** in accordance with the Code of Ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical

responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management of **State-owned Holding Group Corporation** (hereafter referred to as "**Management**") is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards of Business Enterprises, and for the design, implementation and maintenance of such internal control as **Management** determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, **Management** is responsible for assessing **State-owned Holding Group Corporation'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 **State-owned Holding Group Corporation** or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing **State-owned Holding Group Corporation's** financial reporting process.

IV. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with **CSAs** 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 part of an audit in accordance with **CSAs**, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- i) 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, intentional omissions, misrepresentations, or the override of internal control.
- ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by **Management**.
- iv) Conclude on the appropriateness of **Management's** use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on **State-owned Holding Group Corporation's** ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to 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 **State-owned Holding Group Corporation** to cease to continue as a going concern.
- v) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

vi) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within **State-owned Holding Group Corporation** to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

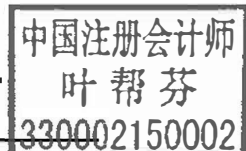
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(There is no text below, which is the signature and stamp page of RSM SZ [2023] NO.310Z0505, Huzhou Moganshan State-owned Capital Holding Group Co., Ltd.'s audit report.)



China·Beijing

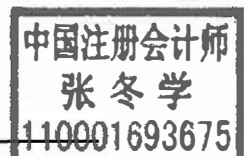
叶帮芬



Name of CPA: 叶帮芬

China Certified Public Accountant

张冬学



Name of CPA: 张冬学

China Certified Public Accountant

Date: 3 July 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Prepared by: Huzhou Moganshan State-owned Capital Holding Group Co., Ltd.

Unit: Yuan Currency: CNY

Item	Note	31 Mar. 2023	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020	Item	Note	31 Mar. 2023	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020
Current assets:						Current liabilities:					
Cash and cash equivalents	5.1	12,716,125,848.53	6,061,813,658.31	6,499,301,203.20	4,128,783,416.47	Short-term borrowings	5.20	4,632,417,695.69	3,878,108,888.00	2,719,783,447.77	2,928,600,000.00
Held-for-trading financial assets					Not applicable	Held-for-trading financial liabilities					Not applicable
Financial assets at fair value through profit or loss		Not applicable	Not applicable	Not applicable		Financial liabilities at fair value through profit or loss		Not applicable	Not applicable	Not applicable	
Derivative financial assets						Derivative financial liabilities					
Notes receivable		7,750,000.00	145,221.40	-	4,250.00	Notes payable	5.21	41,380,000.00	6,650,000.00	201,176,638.60	40,390,783.60
Accounts receivable	5.2	895,157,717.12	792,850,827.62	88,835,378.25	261,176,852.89	Accounts payable	5.22	352,240,184.48	232,816,043.35	383,335,330.42	391,986,768.80
Accounts receivable financing					Not applicable	Advances from customers	5.23	15,878,706.43	13,143,810.40	15,069,100.69	530,062,878.30
Prepayments	5.3	96,098,636.98	67,983,000.63	493,980,623.45	486,819,123.47	Contract liabilities	5.24	1,424,104,422.87	1,414,138,375.85	795,859,837.81	Not applicable
Other receivables	5.4	10,317,706,844.91	9,964,336,750.33	8,752,417,035.28	8,981,800,823.05	Employee benefits payable	5.25	358,281.50	537,728.62	1,628,770.10	9,273,923.26
Including: Interest receivable			-	-	21,932,137.72	Taxes payable	5.26	19,353,888.13	48,033,675.50	43,704,709.28	22,509,262.53
Dividend receivable			1,672,047.20	19,231.25		Other payables	5.27	1,674,918,807.95	1,404,972,638.88	1,253,549,313.90	1,827,448,238.83
Inventories	5.5	49,479,047,379.59	47,780,591,320.18	38,149,986,480.57	30,948,657,929.95	Including: Interest payable			-	-	466,845,507.71
Contract assets	5.6	42,126,297.12	38,919,760.23	34,971,425.71	Not applicable	Dividend payable			-	-	-
Assets classified as held for sale						Liabilities classified as held for sale			-	-	-
Non-current assets maturing within one year	5.7	53,349,000.00	65,349,000.00	46,885,000.00		Non-current liabilities maturing within one year	5.28	10,278,186,076.10	10,739,888,328.96	9,482,665,054.75	7,979,150,067.63
Other current assets	5.8	549,651,486.73	421,768,580.47	396,249,838.07	369,600,301.58	Other current liabilities	5.29	1,119,387,815.79	717,695,981.91	51,752,512.61	
Total current assets		74,157,013,210.98	65,193,758,119.17	54,462,626,984.53	45,176,842,697.41	Total current liabilities		19,558,225,878.94	18,455,985,471.47	14,948,524,715.93	13,729,421,922.97
Non-current assets:						Non-current liabilities:					
Debt investments	5.9	7,503,716.88	7,412,814.23	73,000,000.00	Not applicable	Long-term borrowings	5.30	22,400,190,658.49	17,557,028,637.76	12,338,846,367.38	10,731,212,977.82
Available-for-sale financial assets		Not applicable	Not applicable	Not applicable	2,323,404,856.74	Bonds payable	5.31	19,762,250,611.87	16,663,427,725.42	14,882,513,628.93	8,044,976,718.40
Other debt investments					Not applicable	Including: Preference shares					
Held-to-maturity investments		Not applicable	Not applicable	Not applicable		Perpetual bonds					
Long-term receivables			-	-	250,669,000.00	Lease liabilities					Not applicable
Long-term equity investments	5.10	488,701,341.99	471,238,185.55	442,498,193.10	559,996,830.23	Long-term payables	5.32	112,108,949.35	183,552,965.47	15,238,890.28	19,650,980.10
Other equity instrument investments	5.11	2,577,454,507.84	2,577,454,507.84	2,516,715,151.20	Not applicable	Long-term employee benefits payable					
Other non-current financial assets	5.12	420,716,900.00	415,616,900.00	312,020,000.00	Not applicable	Estimated liabilities					
Investment properties	5.13	8,581,981,300.00	8,581,981,300.00	4,541,910,084.52	3,473,646,500.00	Deferred income	5.33	3,271,616.15	3,484,982.42	-	
Property, plant and equipment	5.14	3,227,581,915.02	3,249,259,578.81	461,111,504.67	478,939,085.53	Deferred tax liabilities	5.18	956,411,421.00	956,411,421.00	711,592,579.91	588,222,665.36
Construction in progress	5.15	865,848,573.19	792,905,681.89	1,353,013,114.41	1,031,321,899.58	Other non-current liabilities	5.34	830,000,000.00	620,000,000.00	1,696,940,000.00	2,929,210,000.00
Productive biological assets						Total non-current liabilities		44,064,233,256.86	35,983,905,732.07	29,645,131,466.50	22,313,273,341.68
Oil and gas assets						Total liabilities		63,622,459,135.80	54,439,891,203.54	44,593,656,182.43	36,042,695,264.65
Right-of-use assets					Not applicable	Owners' equity:					
Intangible assets	5.16	8,676,177,750.44	8,700,462,646.49	7,673,481,897.17	3,510,240,005.27	Paid-in capital	5.35	10,000,000,000.00	120,000,000.00	120,000,000.00	120,000,000.00
Research and development expenditure						Other equity instruments					
Goodwill						Including: Preference shares					
Long-term deferred expenses	5.17	132,245,830.71	135,520,507.16	192,973,636.40	164,943,396.23	Perpetual bonds					
Deferred tax assets	5.18	22,225,996.17	18,934,449.09	17,580,067.62	4,784,485.51	Capital reserves	5.36	21,380,501,708.30	31,140,191,708.30	23,712,737,831.99	17,454,123,639.64
Other non-current assets	5.19	1,097,736,660.84	388,264,474.84	224,280,000.00		Less: Treasury stock		-	-	-	-
Total non-current assets		26,098,174,493.08	25,339,051,045.90	17,808,583,649.09	11,797,946,059.09	Other comprehensive income	5.37	2,440,392,997.70	2,440,392,997.70	1,732,800,736.06	1,391,158,367.41
						Specific reserves					
						Surplus reserves	5.38	155,662,095.03	155,662,095.03	155,662,095.03	155,662,095.03
						Retained earnings	5.39	2,157,159,305.53	2,148,196,959.20	1,946,178,630.75	1,733,210,367.22
						Total owner's equity attributable to parent company		36,133,716,106.56	36,004,443,760.23	27,667,379,293.83	20,854,154,469.30
						Non-controlling interests		499,012,461.70	88,474,201.30	10,175,157.36	77,939,022.53
						Total owners' equity		36,632,728,568.26	36,092,917,961.53	27,677,554,451.19	20,932,093,491.85
Total assets		100,255,187,704.06	90,532,809,165.07	72,271,210,633.62	56,974,788,756.50	Total liabilities and owners' equity		100,255,187,704.06	90,532,809,165.07	72,271,210,633.62	56,974,788,756.50

Legal Representative:

Chief Financial Officer:

Finance Manager:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Prepared by: Huzhou Moganshan State-owned Capital Holding Group Co., Ltd.

Unit: Yuan Currency: CNY

Item	Note	For the period from 1 Jan. 2023 to 31 Mar. 2023	2022	2021	2020
I. Revenue	5.40	486,597,106.70	2,301,366,694.75	2,098,637,436.38	1,991,951,302.92
Less: Costs of sales	5.40	448,340,755.28	2,150,169,598.83	1,954,893,470.59	1,903,699,835.61
Taxes and surcharges	5.41	14,341,710.64	57,542,075.68	49,628,359.14	29,631,442.77
Selling and distribution expenses		1,668,599.73	8,431,143.60	6,397,330.24	9,821,430.28
General and administrative expenses		99,409,471.64	300,923,712.33	319,753,241.39	162,524,676.56
Research and development expenses					
Finance costs	5.42	42,957,814.53	208,114,757.64	122,501,527.72	344,695,770.67
Including: Interest expenses		81,857,529.97	317,365,773.92	245,752,727.41	419,337,226.25
Interest income		35,661,028.02	182,752,324.83	119,327,240.95	85,630,786.50
Add: Other income	5.43	110,865,056.32	574,413,607.90	605,202,632.96	415,283,366.68
Investment income/(losses)	5.44	20,881,451.01	55,361,182.60	3,564,394.95	178,199,118.91
Including: Investment income from associates and joint ventures		17,463,156.44	31,196,875.39	-13,103,165.83	-5,628,195.69
Derecognition income of financial assets measured at amortized cost					Not applicable
Income/(losses) from net exposure hedging					Not applicable
Gains/(losses) from changes in fair values	5.45	-	35,819,015.48	37,956,500.00	69,778,500.00
Credit impairment losses	5.46	-14,066,218.29	-10,017,525.83	-9,695,457.51	Not applicable
Asset impairment losses		-	-	-	-979,221.02
Gains/(losses) from disposal of assets		-32,325.02	130,542.32	103,296.93	20,985.47
II. Profit/(loss) from operations		-2,473,281.10	231,892,229.14	282,594,874.63	203,880,897.07
Add: Non-operating income	5.47	8,966,264.43	5,197,877.99	10,533,392.84	23,305,559.99
Less: Non-operating expenses	5.48		50,487.95	37,803,796.05	5,091.25
III. Profit/(loss) before tax		6,492,983.33	237,039,619.18	255,324,471.42	227,181,365.81
Less: Income tax expenses	5.49	-3,253,261.40	18,936,146.78	7,159,579.39	16,204,567.79
IV. Net profit/(loss) for the year		9,746,244.73	218,103,472.40	248,164,892.03	210,976,798.02
(I) Net profit/(loss) by continuity					
Net profit/(loss) from continuing operation		9,746,244.73	218,103,472.40	248,164,892.03	210,976,798.02
Net profit/(loss) from discontinued operation					
(II) Net profit/(loss) by ownership attribution					
Attributable to owners of the parent		8,962,346.33	216,881,445.40	247,707,118.17	212,618,105.44
Attributable to non-controlling interests		783,898.40	1,222,026.99	457,773.86	-1,641,307.42
V. Other comprehensive income for the year, after tax		-	707,592,261.64	341,642,368.65	3,772,374.18
(a) Attributable to owners of the parent		-	707,592,261.64	341,642,368.65	3,772,374.18
(i) Items that will not be reclassified subsequently to profit or loss					
1. Remeasurement of the net defined benefit liability (asset)					
2. Share of the other comprehensive income of the investee accounted for using the equity method which will not be reclassified subsequently to profit and loss					
3. Changes in fair value of other equity instrument investments				Not applicable	Not applicable
4. Changes in fair value of the enterprise's own credit risk				Not applicable	Not applicable
(ii) Items that may be reclassified subsequently to profit or loss			707,592,261.64	341,642,368.65	3,772,374.18
1. Share of the other comprehensive income of the investee accounted for using the equity method which will be reclassified subsequently to profit or loss					
2. Changes in fair value of other debt investments				Not applicable	Not applicable
3. Gains/(losses) arising from changes in fair value of available-for-sale financial assets		Not applicable	Not applicable		
4. Amount of financial assets reclassified and included in other comprehensive income				Not applicable	Not applicable
5. Gains/(losses) arising from reclassification of held-to-maturity investment as available-for-sale financial assets		Not applicable	Not applicable		
6. Credit impairment reserves of other debt investments				Not applicable	Not applicable
7. The effective portion of the gains/losses on cash flow hedge					
8. Exchange differences on translating foreign operations					
9. The non-investment properties are transformed into the investment properties which adopt the fair value model for subsequent measurement	5.37		707,592,261.64	341,642,368.65	3,772,374.18
(b) Attributable to non-controlling interests					
VI. Total comprehensive income for the year		9,746,244.73	925,695,734.03	589,807,260.68	431,139,651.82
Attributable to owners of the parent		8,962,346.33	924,473,707.04	589,349,486.82	216,390,479.62
Attributable to non-controlling interests		783,898.40	1,222,026.99	457,773.86	214,749,172.20
VII. Earnings per share:					
Basic earnings per share					
Diluted earnings per share					

For business combination under common control, net profit of the acquiree before the combination in 2023 is CNY9,023,170.57, net profit of acquiree in 2022 is CNY219,139,885.10, net profit of acquiree in 2021 is CNY227,998,281.92, net profit of acquiree in 2020 is CNY208,762,705.19.

Legal Representative:

Chief Financial Officer:

Finance Manager:

CONSOLIDATED STATEMENT OF CASH FLOWS

Prepared by: Huzhou Moganshan State-owned Capital Holding Group Co., Ltd.

Unit: Yuan Currency: CNY

Items	Note	For the period from 1 Jan. 2023 to 31 Mar. 2023	2022	2021	2020
I. Cash flows from operating activities					
Cash received from sale of goods or rendering of services		556,175,595.60	3,178,731,756.72	3,008,120,055.82	2,059,252,335.90
Refund of tax and levies		125.00	125.00	161,921,172.09	35,146,139.63
Other cash received relating to operating activities		604,898,570.72	1,527,846,728.97	2,086,075,063.04	2,460,278,740.74
Sub-total of cash inflows from operating activities		1,161,074,291.32	4,706,578,610.69	5,256,116,290.95	4,554,677,216.27
Cash paid for received commodities or labor		2,014,584,683.03	10,016,025,588.62	6,767,127,865.45	4,682,119,295.52
Cash paid to and for employees		50,604,273.86	146,724,262.88	130,502,086.64	91,970,810.09
Payments of all types of taxes		44,765,928.53	70,114,575.17	74,848,418.12	41,580,158.17
Other cash paid relating to operating activities		411,924,532.81	2,166,968,073.66	1,272,206,720.67	2,675,830,875.23
Sub-total of cash outflows from operating activities		2,521,879,418.23	12,399,832,500.33	8,244,685,090.88	7,491,501,139.01
Net cash flows from operating activities		-1,360,805,126.91	-7,693,253,889.64	-2,988,568,799.93	-2,936,823,922.74
II. Cash flows from investing activities					
Cash received from disposal of investments		-	116,788,040.97	196,330,869.54	1,937,335,594.46
Cash received from returns on investments		5,090,341.77	27,165,754.07	11,018,676.00	189,545,456.27
Net cash received from disposals of property, plant and equipment, intangible assets and other long-term assets		376,134.51	208,519.68	385,331.33	21,173,395.75
Net cash received from disposals of subsidiaries or other business units		-	-	-	-
Other cash received relating to investing activities		-	1,659,272.55	-	-
Sub-total of cash inflows from investing activities		5,466,476.28	145,821,587.27	207,734,876.87	2,148,054,446.48
Cash paid to acquire property, plant and equipment, intangible assets and other long-term assets		343,798,471.00	390,460,332.32	1,323,613,833.94	750,250,099.28
Cash paid to acquire investments		425,190,902.65	366,762,814.23	815,516,000.00	2,591,976,000.00
Net cash paid to acquire subsidiaries and other business units		-	-	-	170,087,793.61
Other cash payments relating to investing activities		-	-	242,867.87	310,684,619.46
Sub-total of cash outflows from investing activities		768,989,373.65	757,223,146.55	2,139,372,701.81	3,822,998,512.35
Net cash flows from investing activities		-763,522,897.37	-611,401,559.28	-1,931,637,824.94	-1,674,944,065.87
III. Cash flows from financing activities					
Cash received from capital contributions		409,754,362.00	74,413,900.00	9,800,000.00	37,500,000.00
Including: Cash receipts from minority shareholders' investments absorbed by subsidiaries		409,754,362.00	74,413,900.00	9,800,000.00	37,500,000.00
Cash received from borrowings		14,233,188,310.43	26,154,289,872.00	20,913,257,906.46	19,470,468,348.61
Other cash received relating to financing activities		456,245,402.14	3,347,353,914.72	3,255,154,300.09	561,588,058.86
Sub-total of cash inflows from financing activities		15,099,188,074.57	29,576,057,686.72	24,178,212,206.55	20,069,556,407.47
Cash repayments of amounts borrowed		5,552,433,568.54	17,254,496,133.02	12,904,717,491.09	11,171,996,975.71
Cash payments for dividends, distribution of profit or interest expenses		562,275,659.06	2,907,846,733.54	2,115,957,526.11	2,200,828,107.82
Including: Cash payments for dividends and distribution of profit to minority shareholders		-	-	-	-
Other cash payments relating to financing activities		587,805,644.68	809,675,425.20	1,565,948,395.25	1,078,205,688.88
Sub-total of cash outflows from financing activities		6,702,514,872.28	20,972,018,291.76	16,586,623,412.45	14,451,030,772.41
Net cash flows from financing activities		8,396,673,202.29	8,604,039,394.96	7,591,588,794.10	5,618,525,635.06
IV. Effect of foreign exchange rate changes on cash and cash equivalents		6,137,012.21	69,453,449.37	-21,680,064.53	
V. Net increase/(decrease) in cash and cash equivalents	5.50	6,278,482,190.22	368,837,395.41	2,649,702,104.70	1,006,757,646.45
Plus: Cash and cash equivalents at the beginning of the period		5,279,163,658.31	4,910,326,262.90	2,260,624,158.20	1,253,866,511.75
VI. Cash and cash equivalents at the end of the period		11,557,645,848.53	5,279,163,658.31	4,910,326,262.90	2,260,624,158.20

Legal Representative:

Chief Financial Officer:

Finance Manager:

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH**

2023												
Item	Owners' equity attributable to the parent company											
	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Sub-total	Non-controlling interests
		Preference shares	Perpetual bonds	Others								
I. Balance at 31 December 2022	120,000,000.00	-	-	-	77,650,000.00	-	2,732,554.69	-	-	-27,202,036.90	173,180,517.79	
Add: Changes in accounting policy											-	
Correction of prior period errors											-	
Business combination under common control					31,062,541,708.30		2,437,660,443.01		155,662,095.03	2,175,398,996.10	35,831,263,242.44	88,474,201.30
Others											-	
II. Balance at 1 January 2023	120,000,000.00	-	-	-	31,140,191,708.30	-	2,440,392,997.70	-	155,662,095.03	2,148,196,959.20	36,004,443,760.23	88,474,201.30
III. Changes in equity during the reporting period	9,880,000,000.00	-	-	-	-9,759,690,000.00	-	-	-	-	8,962,346.33	129,272,346.33	410,538,260.40
(i) Total comprehensive income										8,962,346.33	8,962,346.33	783,898.40
(ii) Capital contributions or withdrawals by owners	9,880,000,000.00	-	-	-	-9,759,690,000.00	-	-	-	-	-	120,310,000.00	409,754,362.00
1. Ordinary shares contributed by owners	9,880,000,000.00										9,880,000,000.00	409,754,362.00
2. Capital contributed by holders of other equity instruments											-	-
3. Share-based payments recognised in owners' equity											-	-
4. Others					-9,759,690,000.00						-9,759,690,000.00	-9,759,690,000.00
(iii) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawal of surplus reserves										-	-	-
2. Profit distribution to investors (or shareholders)										-	-	-
3. Others										-	-	-
(iv) Transfer between equity	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital reserves transfer to paid-in capital											-	-
2. Surplus reserves transfer to paid-in capital											-	-
3. Surplus reserves used to cover accumulated deficits											-	-
4. Defined benefit plan transfer to retained earnings											-	-
5. Other comprehensive income transfer to retained earnings											-	-
6. Others											-	-
(v) Specific reserves	-	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawal during the reporting period											-	-
2. Usage during the reporting period											-	-
(vi) Others											-	-
IV. Balance at 31 March 2023	10,000,000,000.00	-	-	-	21,380,501,708.30	-	2,440,392,997.70	-	155,662,095.03	2,157,159,305.53	36,133,716,106.56	499,012,461.70

Legal Representative:

Chief Financial Officer:

Finance Manager:

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER**

2022												
Item	Owners' equity attributable to the parent company											
	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Sub-total	Non-controlling interests
		Preference shares	Perpetual bonds	Others								
I. Balance at 31 December 2021	120,000,000.00	-	-	-	77,650,000.00	-	-	-	-	-2,943,597.20	172,706,402.80	172,706,402.80
Add: Changes in accounting policy												
Correction of prior period errors												
Business combination under common control					23,635,087.83		1,732,800,736.06		155,662,095.03	1,971,122,227.95	27,494,672,891.03	10,175,157.36
Others												
II. Balance at 1 January 2022	120,000,000.00	-	-	-	23,712,737.83	-	1,732,800,736.06	-	155,662,095.03	1,946,178,630.75	27,667,379,293.83	10,175,157.36
III. Changes in equity during the reporting period	-	-	-	-	7,427,453.87	-	707,592,261.64	-	-	202,018,328.45	8,337,064,466.40	78,299,043.94
(i) Total comprehensive income							707,592,261.64			216,881,445.40	924,473,707.04	1,222,026.99
(ii) Capital contributions or withdrawals by owners	-	-	-	-	7,427,453.87	-	-	-	-	-11,163,116.95	7,416,290,759.36	77,077,016.95
1. Ordinary shares contributed by owners												74,413,900.00
2. Capital contributed by holders of other equity instruments												
3. Share-based payments recognised in owners' equity												
4. Others												
(iii) Profit distribution	-	-	-	-	7,427,453.87	-	-	-	-	-11,163,116.95	7,416,290,759.36	2,663,116.95
1. Withdrawal of surplus reserves										-3,700,000.00	-3,700,000.00	
2. Profit distribution to investors (or shareholders)										-3,700,000.00	-3,700,000.00	
3. Others												
(iv) Transfer between equity	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital reserves transfer to paid-in capital												
2. Surplus reserves transfer to paid-in capital												
3. Surplus reserves used to cover accumulated deficits												
4. Defined benefit plan transfer to retained earnings												
5. Other comprehensive income transfer to retained earnings												
6. Others												
(v) Specific reserves	-	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawal during the reporting period												
2. Usage during the reporting period												
(vi) Others												
IV. Balance at 31 December 2022	120,000,000.00	-	-	-	31,140,191.70	-	2,440,392,997.70	-	155,662,095.03	2,148,196,959.20	36,004,443,760.23	88,474,201.30

Finance Manager:

Chief Financial Officer:

Legal Representative:

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER

2021												Unit: Yuan	Currency: CNY
Item	Owners' equity attributable to the parent company											Non-controlling interests	Total owners' equity
	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Sub-total		
		Preference shares	Perpetual bonds	Others									
I. Balance at 31 December 2020	120,000,000.00	-	-	-	77,650,000.00					-43,283,509.96	154,366,490.04	154,366,490.04	154,366,490.04
Add: Changes in accounting policy										-31,108,854.64	-31,108,854.64		-31,108,854.64
Correction of prior period errors													-
Business combination under common control					17,376,473,639.64			1,391,158,367.41	155,662,095.03	1,776,493,877.18	20,699,787,979.26	77,939,022.55	20,777,727,001.81
Others													-
II. Balance at 1 January 2021	120,000,000.00	-	-	-	17,454,123,639.64	-	1,391,158,367.41	-	155,662,095.03	1,702,101,512.58	20,823,045,614.66	77,939,022.55	20,900,984,637.21
III. Changes in equity during the reporting period													
(i) Total comprehensive income													
(ii) Capital contributions or withdrawals by owners													
1. Ordinary shares contributed by owners													
2. Capital contributed by holders of other equity instruments													
3. Share-based payments recognised in owners' equity													
4. Others													
(iii) Profit distribution													
1. Withdrawal of surplus reserves													
2. Profit distribution to investors (or shareholders)													
3. Others													
(iv) Transfer between equity													
1. Capital reserves transfer to paid-in capital													
2. Surplus reserves transfer to paid-in capital													
3. Surplus reserves used to cover accumulated deficits													
4. Defined benefit plan transfer to retained earnings													
5. Other comprehensive income transfer to retained earnings													
6. Others													
(v) Specific reserves													
1. Withdrawal during the reporting period													
2. Usage during the reporting period													
(vi) Others													
IV. Balance at 31 December 2021	120,000,000.00	-	-	-	23,712,737,831.99	-	1,732,800,736.06	-	155,662,095.03	1,946,178,630.75	27,667,379,293.83	10,175,157.36	27,677,554,451.19
Legal Representative:												Finance Manager:	
Chief Financial Officer:													

Legal Representative:

Chief Financial Officer:

Finance Manager:

Prepared by: Huzhou Moganshan State-owned Capital Holding Group Co., Ltd.

Unit: Yuan Currency: CNY

Legal Representative:

Chief Financial Officer:

Finance Manager:

STATEMENT OF FINANCIAL POSITION

Prepared by: Huzhou Moganshan State-owned Capital Holding Group Co., Ltd.

Unit: Yuan Currency: CNY

Item	Note	31 Mar. 2023	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020	Item	Note	31 Mar. 2023	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020
Current assets:						Current liabilities:					
Cash and cash equivalents		13,605,696.76	38,293,871.37	3,000,636.03	88,090,971.78	Short-term borrowings		346,347,600.00	248,258,775.00	248,338,341.66	419,800,000.00
Held-for-trading financial assets					Not applicable	Held-for-trading financial liabilities					Not applicable
Financial assets at fair value through profit or loss		Not applicable	Not applicable	Not applicable		Financial liabilities at fair value through profit or loss		Not applicable	Not applicable	Not applicable	
Derivative financial assets						Derivative financial liabilities					-
Notes receivable		60,000,000.00	60,000,000.00	-		Notes payable					
Accounts receivable				75,506.75		Accounts payable		2,777,571.25	1,083,597.25	92,040.45	3,462,936.29
Accounts receivable financing					Not applicable	Advances from customers		591,922.19	830,482.31	2,355,742.99	680,141.57
Prepayments		69,230.92	71,300.92	199,480.69	190,714.29	Contract liabilities		-	-	-	-
Other receivables	13.1	453,221,083.50	363,221,113.50	363,223,522.50	415,803,861.20	Employee benefits payable		-	-	-	-
Including: Interest receivable		-	-	-	1,339,000.00	Taxes payable		34,667.89	5,589.52	5,496.93	4,754.83
Dividend receivable		-	-	-		Other payables		1,811,138,487.73	356,105,918.40	330,914,362.76	98,683,085.64
Inventories		48,145.98	48,145.98	48,145.98	48,145.98	Including: Interest payable		-	-	-	1,037,235.83
Contract assets					Not applicable	Dividend payable		-	-	-	-
Assets classified as held for sale		-	-	-	-	Liabilities classified as held for sale		-	-	-	-
Non-current assets maturing within one year		-	-	-	-	Non-current liabilities maturing within one year		6,431,949.00	1,367,675.00	5,175,450.00	145,000,000.00
Other current assets		11,941,286.99	11,296,146.46	8,639,061.94	10,462,399.49	Other current liabilities		-	-	-	-
Total current assets		538,885,444.15	472,930,578.23	375,186,353.89	514,596,092.74	Total current liabilities		2,167,322,198.06	607,652,037.48	586,881,434.79	667,630,918.33
Non-current assets:						Non-current liabilities:					
Debt investments					Not applicable	Long-term borrowings		249,440,000.00	255,000,000.00	83,000,000.00	88,000,000.00
Available-for-sale financial assets		Not applicable	Not applicable	Not applicable		Bonds payable		-	-	-	-
Other debt investments					Not applicable	Including: Preference shares		-	-	-	-
Held-to-maturity investments		Not applicable	Not applicable	Not applicable		Perpetual bonds		-	-	-	-
Long-term receivables						Lease liabilities		-	-	-	Not applicable
Long-term equity investments	13.2	37,429,807,817.11	-	-		Long-term payables		10,000,000.00	10,000,000.00	-	-
Other equity instrument investments		-	-	-	Not applicable	Long-term employee benefits payable		-	-	-	-
Other non-current financial assets		-	-	-	Not applicable	Estimated liabilities		-	-	-	-
Investment properties		425,501,700.00	425,501,700.00	-		Deferred income		-	-	-	-
Property, plant and equipment		2,121,849.11	2,355,751.45	92,300,587.71	96,115,379.58	Deferred tax liabilities		910,851.57	910,851.57	-	-
Construction in progress		157,598,245.02	138,429,787.27	345,179,341.30	269,046,752.65	Other non-current liabilities		-	-	-	-
Productive biological assets						Total non-current liabilities		260,350,851.57	265,910,851.57	83,000,000.00	88,000,000.00
Oil and gas assets						Total liabilities		2,427,673,049.63	873,562,889.05	669,881,434.79	755,630,918.33
Right-of-use assets					Not applicable	Owners' equity:					
Intangible assets		7,017,812.97	7,069,302.06	29,464,245.60	30,239,183.40	Paid-in capital		10,000,000,000.00	120,000,000.00	120,000,000.00	120,000,000.00
Research and development expenditure		-	-	-		Other equity instruments		-	-	-	-
Goodwill		-	-	-		Including: Preference shares		-	-	-	-
Long-term deferred expenses		-	-	-		Perpetual bonds		-	-	-	-
Deferred tax assets		456,287.83	456,287.83	457,309.09	-	Capital reserves		26,158,246,413.01	77,650,000.00	77,650,000.00	77,650,000.00
Other non-current assets		-	-	-		Less: Treasury stock		-	-	-	-
Total non-current assets		38,022,503,712.04	573,812,828.61	467,401,483.70	395,401,315.63	Other comprehensive income		2,732,554.69	2,732,554.69	-	-
						Specific reserves					
						Surplus reserves					
						Retained earnings		-27,262,861.14	-27,202,036.90	-24,943,597.20	-43,283,509.96
						Total owners' equity		36,133,716,106.56	173,180,517.79	172,706,402.80	154,366,490.04
Total assets		38,561,389,156.19	1,046,743,406.84	842,587,837.59	909,997,408.37	Total liabilities and owners' equity		38,561,389,156.19	1,046,743,406.84	842,587,837.59	909,997,408.37

Legal Representative:

Chief Financial Officer:

Finance Manager:

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Prepared by: Huzhou Moganshan State-owned Capital Holding Group Co., Ltd.

Unit: Yuan Currency: CNY

Item	Note	For the period from 1 Jan. 2023 to 31 Mar. 2023	2022	2021	2020
I. Revenue	13.3	350,406.06	8,346,845.41	5,628,103.60	3,497,922.06
Less: Costs of sales	13.3	161,103.84	8,830,809.44	8,519,908.59	9,836,888.52
Taxes and surcharges		29,189.08	24,352.25	30,954.60	14,295.83
Selling and distribution expenses		-	-	-	-
General and administrative expenses		354,377.33	2,645,479.49	3,789,012.02	5,003,958.48
Research and development expenses		-	-	-	-
Finance costs		-133,341.37	-888,963.69	-324,118.18	-1,402,847.32
Including: Interest expenses		-	-	-	-
Interest income		-	-893,939.52	332,557.51	-
Add: Other income		34.58	1,393.60	26,099,194.95	13,805,921.36
Investment income/(losses)		-	-	-	-
Including: Investment income from associates and joint ventures		-	-	-	-
Derecognition income of financial assets measured at amortized cost					Not applicable
Income/(losses) from net exposure hedging					Not applicable
Gains/(losses) from changes in fair values		-	-	-	-
Credit impairment losses		-30.00	4,085.04	-4,005.04	Not applicable
Asset impairment losses			-	-	3,852.33
Gains/(losses) from disposal of assets			-	-	-
II. Profit/(loss) from operations		-60,918.24	-2,259,353.44	19,707,536.48	3,855,400.24
Add: Non-operating income		94.00	1,935.00	298.51	0.01
Less: Non-operating expenses		-	-	-	-
III. Profit/(loss) before tax		-60,824.24	-2,257,418.44	19,707,834.99	3,855,400.25
Less: Income tax expenses		-	1,021.26	-1,001.26	-
IV. Net profit/(loss) for the year		-60,824.24	-2,258,439.70	19,708,836.25	3,855,400.25
Net profit/(loss) from continuing operation		-60,824.24	-2,258,439.70	19,708,836.25	3,855,400.25
Net profit/(loss) from discontinued operation					
V. Other comprehensive income for the year, after tax			2,732,554.69	-	-
(i) Items that will not be reclassified subsequently to profit or loss					
1. Remeasurement of the net defined benefit liability (asset)					
2. Share of the other comprehensive income of the investee accounted for using the equity method which will not be reclassified subsequently to profit and loss					
3. Changes in fair value of other equity instrument investments				Not applicable	Not applicable
4. Changes in fair value of the enterprise's own credit risk				Not applicable	Not applicable
(ii) Items that may be reclassified subsequently to profit or loss			2,732,554.69	-	-
1. Share of the other comprehensive income of the investee accounted for using the equity method which will be reclassified subsequently to profit or loss					
2. Changes in fair value of other debt investments				Not applicable	Not applicable
3. Gains/(losses) arising from changes in fair value of available-for-sale financial assets		Not applicable	Not applicable		
4. Amount of financial assets reclassified and included in other comprehensive income				Not applicable	Not applicable
5. Gains/(losses) arising from reclassification of held-to-maturity investment as available-for-sale financial assets		Not applicable	Not applicable		
6. Credit impairment reserves of other debt investments				Not applicable	Not applicable
7. The effective portion of the gains/losses on cash flow hedge					
8. Exchange differences on translating foreign operations					
9. The non-investment properties are transformed into the investment properties which adopt the fair value model for subsequent measurement			2,732,554.69		
VI. Total comprehensive income for the year		-60,824.24	474,114.99	19,708,836.25	3,855,400.25

Legal Representative:

Chief Financial Officer:

Finance Manager:

STATEMENT OF CASH FLOWS

Prepared by: Huzhou Moganshan State-owned Capital Holding Group Co., Ltd.

Unit: Yuan Currency: CNY

Items	Note	For the period from 1 Jan. 2023 to 31 Mar. 2023	2022	2021	2020
I. Cash flows from operating activities					
Cash received from sale of goods or rendering of services		390,407.69	69,246,393.90	7,785,980.55	4,295,584.71
Refund of tax and levies		-	-	-	-
Other cash received relating to operating activities		142,801.39	64,686,083.08	360,780,647.36	147,266,719.72
Sub-total of cash inflows from operating activities		533,209.08	133,932,476.98	368,566,627.91	151,562,304.43
Cash paid for received commodities or labor		6,857,204.42	108,348,595.01	7,606,863.66	5,696,118.56
Cash paid to and for employees		108,454.49	217,246.01	683,024.04	683,592.79
Payments of all types of taxes		163.72	24,259.66	30,954.60	14,757.93
Other cash paid relating to operating activities		110,414,999.28	60,942,660.51	51,884,063.35	113,792,720.29
Sub-total of cash outflows from operating activities		117,380,821.91	169,532,761.19	60,204,905.65	120,187,189.57
Net cash flows from operating activities		-116,847,612.83	-35,600,284.21	308,361,722.26	31,375,114.86
II. Cash flows from investing activities					
Cash received from disposal of investments		-	-	-	-
Cash received from returns on investments		-	-	-	-
Net cash received from disposals of property, plant and equipment, intangible assets and other long-term assets		-	-	-	-
Net cash received from disposals of subsidiaries or other business units		-	-	-	-
Other cash received relating to investing activities		-	-	-	-
Sub-total of cash inflows from investing activities		-	-	-	-
Cash paid to acquire property, plant and equipment, intangible assets and other long-term assets		-0.00	54,455,700.95	34,649,082.83	39,022,729.06
Cash paid to acquire investments		-	-	-	-
Net cash paid to acquire subsidiaries and other business units		-	-	-	-
Other cash payments relating to investing activities		-	-	-	-
Sub-total of cash outflows from investing activities		-0.00	54,455,700.95	34,649,082.83	39,022,729.06
Net cash flows from investing activities		0.00	-54,455,700.95	-34,649,082.83	-39,022,729.06
III. Cash flows from financing activities					
Cash received from capital contributions		-	-	-	-
Cash received from borrowings		286,000,000.00	604,000,000.00	614,000,000.00	518,800,000.00
Other cash received relating to financing activities		-	10,000,000.00	80,000,000.00	600,000.00
Sub-total of cash inflows from financing activities		286,000,000.00	614,000,000.00	694,000,000.00	519,400,000.00
Cash repayments of amounts borrowed		188,495,000.00	436,000,000.00	930,800,000.00	382,000,000.00
Cash payments for dividends, distribution of profit or interest expenses		5,345,561.78	52,650,779.50	42,002,975.18	42,534,874.61
Other cash payments relating to financing activities		-	-	-	80,600,000.00
Sub-total of cash outflows from financing activities		193,840,561.78	488,650,779.50	972,802,975.18	505,134,874.61
Net cash flows from financing activities		92,159,438.22	125,349,220.50	-278,802,975.18	14,265,125.39
IV. Effect of foreign exchange rate changes on cash and cash equivalents					
V. Net increase/(decrease) in cash and cash equivalents		-24,688,174.61	35,293,235.34	-5,090,335.75	6,617,511.19
Plus: Cash and cash equivalents at the beginning of the period		38,293,871.37	3,000,636.03	8,090,971.78	1,473,460.59
VI. Cash and cash equivalents at the end of the period		13,605,696.76	38,293,871.37	3,000,636.03	8,090,971.78

Legal Representative:

Chief Financial Officer:

Finance Manager:

STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH

Prepared by: Huzhou Moganshan State-owned Capital Holding Group Co., Ltd.

Unit: Yuan Currency: CNY

Item	2023										
	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Total owners' equity
		Preference shares	Perpetual bonds	Others							
I. Balance at 31 December 2022	120,000,000.00	-	-	-	77,650,000.00	-	2,732,554.69	-	-	-27,202,036.90	173,180,517.79
Add: Changes in accounting policy											
Correction of prior period errors											
Others											
III. Balance at 1 January 2023	120,000,000.00	-	-	-	77,650,000.00	-	2,732,554.69	-	-	-27,202,036.90	173,180,517.79
III. Changes in equity during the reporting period	9,880,000,000.00	-	-	-	26,080,596,413.01	-	-	-	-	-60,824.24	35,960,535,588.77
(i) Total comprehensive income							-			-60,824.24	-60,824.24
(ii) Capital contributions or withdrawals by owners	9,880,000,000.00	-	-	-	26,080,596,413.01	-	-	-	-	-	35,960,596,413.01
1. Ordinary shares contributed by owners	9,880,000,000.00				26,080,596,413.01						35,960,596,413.01
2. Capital contributed by holders of other equity instruments											
3. The amount of share-based payments recorded in owners' equity											
4. Others											
(iii) Profit distribution	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawal of surplus reserves											
2. Profit distribution to investors (or shareholders)											
3. Others											
(iv) Transfer between equity	-	-	-	-	-	-	-	-	-	-	-
1. Capital reserves transfer to paid-in capital											
2. Surplus reserves transfer to paid-in capital											
3. Surplus reserves used to cover accumulated deficits											
4. Defined benefit plan transfer to retained earnings											
5. Other comprehensive income transfer to retained earnings											
6. Others											
(v) Specific reserves	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawal during the reporting period											
2. Usage during the reporting period											
(vi) Others											
IV. Balance at 31 March 2023	10,000,000,000.00	-	-	-	26,158,246,413.01	-	2,732,554.69	-	-	-27,262,861.14	36,133,716,106.56

Legal Representative:

Chief Financial Officer:

Finance Manager:

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER

Prepared by: Huzhou Moganshan State-owned Capital Holding Group Co., Ltd.

Unit: Yuan Currency: CNY

Item	2022										
	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Total owners' equity
		Preference shares	Perpetual bonds	Others							
I. Balance at 31 December 2021	120,000,000.00	-	-	-	77,650,000.00	-	-	-	-	-24,943,597.20	172,706,402.80
Add: Changes in accounting policy											
Correction of prior period errors											
Others											
II. Balance at 1 January 2022	120,000,000.00	-	-	-	77,650,000.00	-	-	-	-	-24,943,597.20	172,706,402.80
III. Changes in equity during the reporting period											
(i) Total comprehensive income							2,732,554.69	-	-	-2,258,439.70	474,114.99
(ii) Capital contributions or withdrawals by owners	-	-	-	-			2,732,554.69			-2,258,439.70	474,114.99
1. Ordinary shares contributed by owners											
2. Capital contributed by holders of other equity instruments											
3. The amount of share-based payments recorded in owners' equity											
4. Others											
(iii) Profit distribution	-	-	-	-							
1. Withdrawal of surplus reserves											
2. Profit distribution to investors (or shareholders)											
3. Others											
(iv) Transfer between equity	-	-	-	-							
1. Capital reserves transfer to paid-in capital											
2. Surplus reserves transfer to paid-in capital											
3. Surplus reserves used to cover accumulated deficits											
4. Defined benefit plan transfer to retained earnings											
5. Other comprehensive income transfer to retained earnings											
6. Others											
(v) Specific reserves	-	-	-	-							
1. Withdrawal during the reporting period											
2. Usage during the reporting period											
(vi) Others											
IV. Balance at 31 December 2022	120,000,000.00	-	-	-	77,650,000.00	-	2,732,554.69	-	-	-27,202,036.90	173,180,517.79

Legal Representative:

Chief Financial Officer:

Finance Manager:

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER

Prepared by: Huzhou Moganshan State-owned Capital Holding Group Co., Ltd.

Unit: Yuan Currency: CNY

Item	2021										
	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Total owners' equity
		Preference shares	Perpetual bonds	Others							
I. Balance at 31 December 2020	120,000,000.00	-	-	-	77,650,000.00	-	-	-	-	-43,283,509.96	154,366,490.04
Add: Changes in accounting policy										-1,368,923.49	-1,368,923.49
Correction of prior period errors											
Others											
II. Balance at 1 January 2021	120,000,000.00	-	-	-	77,650,000.00	-	-	-	-	-44,652,433.45	152,997,566.55
III. Changes in equity during the reporting period	-	-	-	-	-	-	-	-	-	19,708,836.25	19,708,836.25
(i) Total comprehensive income											
(ii) Capital contributions or withdrawals by owners	-		-	-	-	-	-	-	-		
1. Ordinary shares contributed by owners											
2. Capital contributed by holders of other equity instruments											
3. The amount of share-based payments recorded in owners' equity											
4. Others											
(iii) Profit distribution	-	-	-	-	-	-	-	-	-		
1. Withdrawal of surplus reserves											
2. Profit distribution to investors (or shareholders)											
3. Others											
(iv) Transfer between equity	-	-	-	-	-	-	-	-	-		
1. Capital reserves transfer to paid-in capital											
2. Surplus reserves transfer to paid-in capital											
3. Surplus reserves used to cover accumulated deficits											
4. Defined benefit plan transfer to retained earnings											
5. Other comprehensive income transfer to retained earnings											
6. Others											
(v) Specific reserves											
1. Withdrawal during the reporting period											
2. Usage during the reporting period											
(vi) Others											
IV. Balance at 31 December 2021	120,000,000.00	-	-	-	77,650,000.00	-	-	-	-	-24,943,597.20	172,706,402.80

Legal Representative:

Chief Financial Officer:

Finance Manager:

Prepared by: Huzhou Moganshan State-owned Capital Holding Group Co., Ltd.

Item	2020										
	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Total owners' equity
		Preference shares	Perpetual bonds	Others							
I. Balance at 31 December 2019	120,000,000.00				77,650,000.00					-47,138,910.21	150,511,089.79
Add: Changes in accounting policy											
Correction of prior period errors											
Others											
II. Balance at 1 January 2020	120,000,000.00	-	-	-	77,650,000.00	-	-	-	-	-47,138,910.21	150,511,089.79
III. Changes in equity during the reporting period	-	-	-	-	-	-	-	-	-	3,855,400.25	3,855,400.25
(i) Total comprehensive income										3,855,400.25	3,855,400.25
(ii) Capital contributions or withdrawals by owners	-	-	-	-	-	-	-	-	-	-	
1. Ordinary shares contributed by owners											
2. Capital contributed by holders of other equity instruments											
3. The amount of share-based payments recorded in owners' equity											
4. Others											
(iii) Profit distribution	-	-	-	-	-	-	-	-	-	-	
1. Withdrawal of surplus reserves											
2. Profit distribution to investors (or shareholders)											
3. Others											
(iv) Transfer between equity	-	-	-	-	-	-	-	-	-	-	
1. Capital reserves transfer to paid-in capital											
2. Surplus reserves transfer to paid-in capital											
3. Surplus reserves used to cover accumulated deficits											
4. Defined benefit plan transfer to retained earnings											
5. Other comprehensive income transfer to retained earnings											
6. Others											
(v) Specific reserves	-	-	-	-	-	-	-	-	-	-	
1. Withdrawal during the reporting period											
2. Usage during the reporting period											
(vi) Others											
IV. Balance at 31 December 2020	120,000,000.00	-	-	-	77,650,000.00	-	-	-	-	-43,283,509.96	154,366,490.04

Finance Manager:

Huzhou Moganshan State-owned Capital Holding Group Co., Ltd.**Notes to the Financial Statements**

For the year ended 31 March 2023, 31 December 2022, 31 December 2021 and 31
December 2020

(All amounts are expressed in Chinese Yuan ("CNY") unless otherwise stated)

1. BASIC INFORMATION ABOUT THE COMPANY**1.1 Corporate Information**

Huzhou Moganshan State-owned Capital Holding Group Co., Ltd. (hereinafter referred to as "the **Company**" or "**Company**"), formerly known as Deqing Zhichuang Industrial Park Construction and Development Co., Ltd. was invested and established by the Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone (formerly the Management Committee of Deqing New Town of Science and Technology) on 1 December 2014, and has obtained the <Business License for Corporate Legal Person> with the registration number of No.330521000102423 and the unified social credit code of No.913305213234628247, which has been issued by the Market Supervision Administration of Deqing County.

On 28 March 2018, the shareholders were changed from the Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone to Deqing Lianchuang Technology New City Construction Co., Ltd. with 100.00% equity interest and the registered capital of the Company was CNY120.00 million.

On 31 March 2023, pursuant to the <Reply of the Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone on the Approval of Equity Adjustment Matters of Relevant Companies of the High-tech Group> (Mogaoguan [2023] No.6), Deqing Lianchuang Technology New City Construction Co., Ltd. disposed of 100.00% equity interest in Deqing Zhichuang Industrial Park Construction and Development Co., Ltd., based on the overall appraisal value as at 31 January 2023, to the Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone, and the registered capital was increased to CNY10.00 billion and the Company was renamed as "Huzhou Moganshan State-owned Capital Holding Group Co., Ltd."

As of 31 March 2023, the registered capital of the Company was CNY10.00 billion, and the Management Committee of Huzhou Moganshan Hi-Tech Industrial Development Zone contributed CNY10.00 billion, with an equity interest of 100.00%.

Legal representative: Zhigang Shen.

Residence of the **Company**: Room 803-1, Building 2, No.707, Quyuan South Road, Wuyang Street, Deqing County, Huzhou City, Zhejiang Province.

Scope of business: Urban infrastructure, utilities project construction, investment, operation; business, residential housing investment and operation; real estate development; investment management, asset management (above without the approval of the financial and other regulatory authorities, shall not be engaged in the financing of deposits to the public, financial guarantees, wealth management on behalf of customers and other financial services); housing and building construction; park management and services; water conservancy infrastructure development and construction; investment in its own assets; Landscaping, municipal engineering design, construction, maintenance; greening seedlings planting, wholesale and retail; sales of construction materials, decorative materials; land development; advertising design, production, outdoor advertising; own housing, equipment rental, property management. (Projects subject to approval in accordance with the law can only be carried out after approval by the relevant departments).

Ultimate controlling owners: Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone.

The financial statements were approved and authorized to be issued on 3 July 2023.

1.2 Scope of Consolidation

(a) The Company's subsidiaries consolidated:

During the reporting period, subsidiaries of the **Company** were as follows:

Sequence number	Name of subsidiaries	Hierarchy	Abbreviation of subsidiaries	Proportion of ownership interest (%)		Consolidated period
				Direct	Indirect	
1	Huzhou Mogan Mountain High-tech Tourism Development Co., Ltd.	First	Hi-tech Tourism	100.00		From 1 Jan. 2020 to 31 Mar. 2023
2	Deqing International Conference Center Co., Ltd.	Second	International Conference Center		100.00	From 1 Jan. 2020 to 31 Mar. 2023
3	Huzhou Moganshan High Tech Talent Development Group Co., Ltd.	First	Talent Development Group	100.00		From 1 Dec. 2021 to 31 Mar. 2023
4	Deqing Qisheng Labor Service Co., Ltd.	Second	Qisheng Labor Service		100.00	From 1 May 2021 to 31 Mar. 2023
5	Deqing Leibo Human Resources Service Co., Ltd.	Second	Leibo Human		100.00	From 1 Jan. 2022 to 31 Mar. 2022
6	Huzhou Moganshan High-tech Group Co., Ltd.	First	High-tech Group	100.00		From 1 Jan. 2020 to 31

Sequence number	Name of subsidiaries	Hierarchy	Abbreviation of subsidiaries	Proportion of ownership interest (%)		Consolidated period
				Direct	Indirect	
						Mar. 2023
7	Deqing Hengfeng Construction Development Co., Ltd.	Second	Hengfeng		100.00	From 1 Jan. 2020 to 31 Mar. 2023
8	Deqing Tongchuang Construction Development Co., Ltd.	Third	Tongchuang		100.00	From 1 Jan. 2020 to 31 Mar. 2023
9	Deqing Hengchuang Construction Development Co., Ltd.	Third	Hengchuang		100.00	From 1 Jan. 2020 to 31 Mar. 2023
10	Deqing Economic Development Zone Construction Development Co., Ltd.	Third	Economic Development Zone		100.00	From 1 Jan. 2020 to 30 Sept. 2020
11	Deqing Technology Entrepreneurship Service Co., Ltd.	Third	Technology Entrepreneurship		100.00	From 1 Jan. 2020 to 30 Sept. 2020
12	Deqing Dewei Construction Development Co., Ltd.	Third	Dewei		100.00	From 1 Jan. 2020 to 31 Mar. 2023
13	Deqing Hengmei Construction Co., Ltd.	Third	Hengmei		100.00	From 1 Jan. 2020 to 31 Mar. 2023
14	Deqing Dongfanghong Culture Media Co., Ltd.	Third	Dongfanghong		60.00	From 1 Jan. Aug. 2020 to 30 Sept. 2021
15	Deqing Hongchuang Construction Development Co., Ltd.	Third	Hongchuang Construction		100.00	From 1 Apr. 2020 to 31 Mar. 2023
16	Deqing Yunchuang Real Estate Co., Ltd.	Third	Yunchuang Real Estate		100.00	From 1 Dec. 2021 to 31 Mar. 2023
17	Zhejiang Lixin Yuan'ao Microelectronics Technology Co., Ltd.	Third	Lixin Yuan'ao		99.00	From 1 Jul. 2022 to 31 Mar. 2023
18	Deqing Chebai High Tech Intelligent Vehicle	Third	Chebai High Tech		100.00	From 1 Feb. 2022 to 31

Sequence number	Name of subsidiaries	Hierarchy	Abbreviation of subsidiaries	Proportion of ownership interest (%)		Consolidated period
				Direct	Indirect	
	Demonstration Zone Operation Co., Ltd.					Mar. 2023
19	Deqing Tongfu Construction Development Co., Ltd.	Third	Tongfu		100.00	From 1 Dec. 2021 to 31 Mar. 2023
20	Deqing Lianchuang Technology New City Construction Co., Ltd.	Second	Lianchuang New City		100.00	From 1 Jan. 2020 to 31 Mar. 2023
21	Deqing Technology New City Chip Technology Co., Ltd.	Third	Chip Technology		100.00	From 1 Jan. 2020 to 31 Mar. 2023
22	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Third	Zhongchuang Industrial Park		100.00	From 1 Jan. 2020 to 31 Mar. 2023
23	Deqing Linhang New Rural Construction Investment Co., Ltd.	Third	Linhang New Rural		100.00	From 1 Jan. 2020 to 31 Mar. 2023
24	Zhejiang Zhongchuang Geographic Information Technology Co., Ltd.	Third	Zhongchuang Technology		100.00	From 1 Jan. 2020 to 31 Mar. 2023
25	Deqing Kechuang Property Management Co., Ltd.	Third	Kechuang Property		100.00	From 1 Jan. 2020 to 31 Mar. 2023
26	Deqing Liantuo Environmental Protection Technology Co., Ltd.	Third	Liantuo Environmental Protection		51.00	From 1 May 2021 to 31 Mar. 2023
27	Deqing Economic Development Zone Municipal Services Co., Ltd.	Third	Municipal Services		100.00	From 1 Jan. 2020 to 31 Mar. 2023
28	Huzhou Moganshan High Tech Energy Development Co., Ltd.	Third	High Tech Energy		100.00	From 1 Jun. 2022 to 31 Mar. 2023
29	Deqing Qidian Intelligent Eco City Construction and Development Co., Ltd.	Second	Qidian Intelligent		100.00	From 1 Jan. 2020 to 31 Mar. 2023

Sequence number	Name of subsidiaries	Hierarchy	Abbreviation of subsidiaries	Proportion of ownership interest (%)		Consolidated period
				Direct	Indirect	
30	Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Third	Tonghang Airport		100.00	From 1 Jan. 2020 to 31 Mar. 2023
31	Deqing Moganshan Airport Management Co., Ltd.	Fourth	Moganshan Airport		100.00	From 1 Jan. 2020 to 31 Mar. 2023
32	Deqing Qianlong Construction Development Co., Ltd.	Third	Qianlong Construction		100.00	From 1 Jan. 2020 to 31 Mar. 2023
33	Deqing Qianyuan Tourism Development Co., Ltd.	Fourth	Qianyuan Tourism		100.00	From 1 Jan. 2020 to 31 Mar. 2023
34	Deqing Lianchuang Modern Agricultural Technology Development Co., Ltd.	Third	Modern Agricultural		100.00	From 1 Jan. 2020 to 31 Mar. 2023
35	Deqing New Rural Investment Development Co., Ltd.	Third	New Rural Investment		100.00	From 1 Jan. 2020 to 31 Mar. 2023
36	Zhejiang Huiyan Artificial Intelligence Technology Co., Ltd.	Third	Huiyan Technology		100.00	From 1 Jan. 2020 to 31 Mar. 2021
37	Deqing Kangchuang City Technology Co., Ltd.	Third	Kangchuang Technology		100.00	From 1 Jul. 2020 to 31 Mar. 2023
38	Deqing Qitong Trade Development Co., Ltd.	Third	Qitong Trade		100.00	From 1 Oct. 2020 to 31 Mar. 2023
39	Qicheng (Huzhou) Real Estate Co., Ltd.	Third	Qicheng Real Estate		51.00	From 1 Jul. 2021 to 31 Jul. 2022
40	Deqing Qihang Construction Development Co., Ltd.	Second	Qihang Construction		100.00	From 1 Jan. 2020 to 30 Nov. 2021
41	Huzhou Moganshan Hi Tech Private Equity Fund Management Co., Ltd.	Second	Fund Management		100.00	From 1 Dec. 2021 to 31

Sequence number	Name of subsidiaries	Hierarchy	Abbreviation of subsidiaries	Proportion of ownership interest (%)		Consolidated period
				Direct	Indirect	
						Mar. 2023
42	Huzhou Moganshan Hi Tech Industry Investment Development Group Co., Ltd.	First	Hi Tech Industry Investment	100.00		From 1 Jan. 2020 to 31 Mar. 2023
43	Moganshan Finance Leasing (Tianjin) Co., Ltd.	Second	Moganshan Leasing		100.00	From 1 Oct. 2021 to 31 Mar. 2023
44	Huzhou Moganshan High Tech Construction Development Co., Ltd.	Second	High Tech Construction Development		100.00	From 1 Mar. 2023 to 31 Mar. 2023
45	Moganshan Commercial Factoring (Tianjin) Co., Ltd.	Second	Commercial Factoring		100.00	From 1 Nov. 2021 to 31 Mar. 2023
46	Huzhou Moganshan High Tech Trading Co., Ltd.	Second	High Tech Trading		100.00	From 1 Mar. 2023 to 31 Mar. 2023
47	Huzhou Moganshan Hi-Tech Qikai Equity Investment Partnership (Limited Partnership)	Second	Qikai		100.00	From 1 Mar. 2023 to 31 Mar. 2023
48	Huzhou Moganshan Gaoxin Qitian Equity Investment Partnership (Limited Partnership)	Second	Qitian		100.00	From 1 Mar. 2023 to 31 Mar. 2023
49	Deqing County Industrial Development Investment Fund Co., Ltd.	Second	Industrial Development Investment		40.00	From 1 Jan. 2022 to 31 Mar. 2023
50	Huzhou Zhiqu Technology Industry Development Co., Ltd.	Third	Zhiqu Technology		39.08	From 1 Oct. 2022 to 31 Mar. 2023
51	Huzhou Moganshan Hi Tech Zone Dixin Smart City Industrial Fund Co., Ltd.	Third	Dixin Smart City		40.00	From 1 Jan. 2020 to 31 Mar. 2023
52	Deqing Xingzheng Equity Investment Partnership (Limited Partnership)	Third	Xingzheng		37.07	From 1 Mar. 2023 to 31 Mar. 2023

For details of the subsidiaries mentioned above, please refer to *Note 7 INTERESTS IN OTHER ENTITIES*.

(b) Change of the scope of consolidation

For the detail of the change of consolidation scope, please refer to *Note 6 CHANGES IN THE SCOPE OF CONSOLIDATION*.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Preparation

Based on going concern, according to actually occurred transactions and events, the **Company** prepares its financial statements in accordance with the *Accounting Standards for Business Enterprises - Basic Standards and Concrete Accounting Standards*, *Accounting Standards for Business Enterprises - Application Guidelines*, *Accounting Standards for Business Enterprises - Interpretations and Other Relevant Provisions* (collectively known as "*Accounting Standards for Business Enterprises*", issued by Ministry of Finance of PRC).

2.2 Going Concern

The **Company** has evaluated its capacity to continually operate in the next twelve months from the end of the reporting period, and no other matters that may result in doubt on its ability as a going concern were noted. Therefore, it is reasonable for the **Company** to prepare financial statements on the going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The following important accounting policies and accounting estimates of the **Company** are formulated in accordance with the Accounting Standards for Business Enterprises. Business not mentioned in the Accounting Standards for Business Enterprises relevant accounting policies.

3.1 Statement of Compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the **Company** meet the requirements of the Accounting Standards for Business Enterprises and truly and completely reflect the **Company's** financial position, operating results, changes in equity, cash flows and other related information.

3.2 Accounting Period

The accounting year of the **Company** is from January 1 to December 31 in calendar year. The accounting period for the financial information contained in this financial statement is from 1 January 2020 to 31 March 2023.

3.3 Operating Cycle

The normal operating cycle of the **Company** is one year.

3.4 Functional Currency

The **Company** takes Chinese Yuan ("CNY") as the functional currency.

3.5 Accounting Treatment of Business Combinations under and not under Common Control

(a) Business combinations under common control

The assets and liabilities that the **Company** obtains in a business combination under common control shall be measured at their carrying amount of the acquired entity at the combination date. If the accounting policy adopted by the acquired entity is different from that adopted by the acquiring entity, the acquiring entity shall, according to accounting policy it adopts, adjust the relevant items in the financial statements of the acquired party based on the principal of materiality. As for the difference between the carrying amount of the net assets obtained by the acquiring entity and the carrying amount of the consideration paid by it, the capital reserve (capital premium or share premium) shall be adjusted. If the capital reserve (capital premium or share premium) is not sufficient to be offset, the retained earnings shall be adjusted.

(b) Business combinations not under common control

The assets and liabilities that the **Company** obtains in a business combination not under common control shall be measured at their fair value at the acquisition date. If the accounting policy adopted by the acquired entity is different from that adopted by the acquiring entity, the acquiring entity shall, according to accounting policy it adopts, adjust the relevant items in the financial statements of the acquired entity based on the principal of materiality. The acquiring entity shall recognize the positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquired entity as goodwill. The acquiring entity shall, pursuant to the following provisions, treat the negative balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquired entity:

- It shall reexamine the measurement of the fair value of the identifiable assets, liabilities and contingent liabilities it obtains from the acquired entity as well as the combination costs;
- If, after the reexamination, the combination costs are still less than the fair value of the identifiable net assets it obtains from the acquired entity, the balance shall be recognized in profit or loss of the reporting period.

3.6 Method of Preparing the Consolidated Financial Statements

(a) Scope of consolidation

The scope of consolidated financial statements shall be determined on the basis of control. It not only includes subsidiaries determined based on voting power (or similar) or other

arrangement, but also structured entities under one or several contract arrangements.

Control exists when the **Company** has all the following: power over the investee; exposure, or rights to variable returns from the **Company's** involvement with the investee; and the ability to use the **Company's** power over the investee to affect the amount of the investor's returns. Subsidiaries are the entities that the **Company** has the power to govern (including enterprise, a divisible part of the investee, and structured entity controlled by the enterprise). A structured entity (sometimes called a Special Purpose Entity) is an entity designed not determining its controlling party based on the voting power (or similar).

(b) Method of preparing the consolidated financial statements

The consolidated financial statements shall be prepared by the **Company** based on the financial statements of the **Company** and its subsidiaries and using other related information.

When preparing consolidated financial statements, the **Company** shall consider the entire group as an accounting entity, adopt uniform accounting policies and apply the requirements of Accounting Standard for Business Enterprises related to recognition, measurement and presentation. The consolidated financial statements shall reflect the overall financial position, operating results and cash flows of the group:

- Combine items of assets, liabilities, owner's equity, income, expenses and cash flows of the **Company** with those of the **Company's** subsidiaries.
- Offset the carrying amount of the **Company's** long-term equity investment in the subsidiaries and the **Company's** share of owner's equity of the subsidiaries.
- Eliminate the impact of intragroup transactions between the **Company** and the subsidiaries or between subsidiaries, and when intragroup transactions indicate an impairment of related assets, the losses shall be recognized in full.
- Make adjustments to special transactions from the perspective of the group.

(c) Method of preparation of the consolidated financial statements when subsidiaries are acquired or disposed in the reporting period

(c.1) Addition of subsidiaries or business

(c.1.1) Addition of subsidiaries or business through business combination under common control:

- When preparing consolidated statements of financial position, the beginning balance of the consolidated balance sheet shall be adjusted. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.
- Incomes, expenses and profits of the subsidiary incurred from the beginning of the reporting period to the end of the reporting period shall be included into the

consolidated statement of profit or loss. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.

- Cash flows from the beginning of the reporting period to the end of the reporting period shall be included into the consolidated statement of cash flows. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.

(c.1.2) Addition of subsidiaries or business through business combination not under common control:

- When preparing the consolidated statements of financial position, the beginning balance of the consolidated statements of financial position shall not be adjusted.
- Incomes, expenses and profits of the subsidiary incurred from the acquisition date to the end of the reporting period shall be included into the consolidated statement of profit or loss.
- Cash flows from the acquisition date to the end of the reporting period shall be included into the consolidated statement of cash flows.

(c.2) Disposal of subsidiaries or business

(c.2.1) When preparing the consolidated statements of financial position, the beginning balance of the consolidated statements of financial position shall not be adjusted.

(c.2.2) Incomes, expenses and profits incurred from the beginning of the subsidiary to the disposal date shall be included into the consolidated statement of profit or loss.

(c.2.3) Cash flows from the beginning of the subsidiary to the disposal date shall be included into the consolidated statement of cash flows.

(d) Special consideration in consolidation elimination

(d.1) Long-term investment held by the subsidiaries to the **Company** shall be recognized as treasury stock of the **Company**, which is offset with the owner's equity, represented as "Less: Treasury stock" under owner's equity in the statement of financial position.

Investment held by subsidiaries between each other is accounted for taking long-term investment held by the **Company** to its subsidiaries as reference. That is, the long-term investment is eliminated with the share of the corresponding subsidiary's equity.

(d.2) Due to not belonging to paid-in capital and capital reserve, and being different from retained earnings and undistributed profit, "Specific reserves" and "General risk provision" shall be recovered at the share of the parent after long-term investment to the subsidiaries is eliminated with the subsidiaries' equity.

- (d.3) If temporary timing difference between the book value of the assets and liabilities in the consolidated balance sheet and their tax basis is generated as a result of unrealized inter-company transaction profit or loss elimination, deferred tax assets of deferred tax liabilities shall be recognized, and adjusting income expense simultaneously, excluding deferred taxes related to transactions or events recognized in owner's equity or business combination.
- (d.4) Unrealized inter-company transactions profit or loss generated from the **Company** selling assets to its subsidiaries shall be eliminated with "Net profit attributed to the owners of the parent company" in full. Unrealized inter-company transactions profit or loss generated from the subsidiaries selling assets to the **Company** shall be eliminated with "Net profit attributed to the owners of the parent company" and "Non-controlling interests" pursuant to the proportion that the related subsidiaries distribute to the **Company**. Unrealized inter-company transactions profit or loss generated from the assets sales between the subsidiaries shall be eliminated with "Net profit attributed to the owners of the parent company" and "Non-controlling interests" pursuant to the proportion that the selling subsidiaries distribute to the **Company**.
- (d.5) If loss attributed to the minority shareholders of a subsidiary in current period is more than the minority shareholders' share of this subsidiary's owner's equity at the beginning of the period, non-controlling interest is still written down.

(e) Accounting for special transactions

(e.1) Purchasing of non-controlling interests

Where, the **Company** purchases non-controlling interests of its subsidiary, in the individual financial statements of the **Company**, the cost of the long-term investment obtained in purchasing non-controlling interests is measured at the fair value of the consideration paid. In the consolidated financial statements, difference between the cost of the long-term investment newly obtained in purchasing non-controlling interests and share of the subsidiary's net assets from the purchasing date or combination date continuingly calculated pursuant to the newly acquired shareholding proportion shall be adjusted in capital reserve (capital premium or share premium). If capital reserve is not enough to be offset, surplus reserve and undistributed profit shall be offset in turn.

(e.2) Gaining control over the subsidiary in stages through multiple transactions

(e.2.1) Business combination under common control in stages through multiple transactions

If it belongs to "a package deal", the **Company** treats the transaction as a transaction that takes control of the subsidiary. In individual financial statements, in each transaction prior to the combination date, the equity investment is recognized as a long-term equity investment, the initial investment cost of which is determined according to the share of

book value of the acquiree's net assets in the ultimate controller's consolidated financial statements calculated at the corresponding shareholding percentage. The difference between the initial cost of long-term equity investment and the book value of consideration paid is adjusted in the capital reserve (capital premium or share premium). If the capital reserve (capital premium or share premium) is not enough to be offset, surplus reserve and undistributed profit shall be offset in turn. In the subsequent measurement, the long-term equity investment is accounted in accordance with the cost method, but it does not involve the preparation of consolidated financial statements. At the combination date, preliminary cost of the long-term investment is determined according to the share of book value of the acquiree's net assets in the ultimate controlling entity's consolidated financial statements calculated at the accumulated shareholding percentage. The difference between the preliminary cost of the long-term investment and the carrying amount of the long-term investment prior of control is gained plus book value of additional consideration paid at consolidation date is adjusted in capital reserve (capital premium or share premium). If the capital reserve (capital premium or share premium) is not enough to be offset, surplus reserve and undistributed profit shall be offset in turn. At the same time, the consolidated financial statements of the combination date shall be prepared and adjusted regarding that the the parties involved in the combination exist in their present state when the ultimate controlling party begins to control.

If one or more of the following situations exist in trade terms, conditions and economic effect, the multiple transactions are usually accounted for as "a package deal":

- These transactions are made at the same time or under the condition of considering the influence of each other.
- These transactions as a whole can achieve a complete business result.
- The occurrence of one transaction depends on occurrence of at least another transaction.
- One transaction is not economic when considered separately, but economic when considered together with other transactions.

If it not belongs to "a package deal", in each transaction prior to the combination date, each transaction occurred in the **Company** is recognized as the financial assets (Financial assets at fair value through profit or loss or available-for-sale financial assets) according to the fair value of the consideration paid, or the long-term equity investments measured at equity method. At the combination date, in individual financial statements, the initial investment cost of long-term equity investments is determined according to the share of book value of subsidiary's net assets in the ultimate controlling party's consolidated financial statements after the combination. The difference between the preliminary cost of the long-term investment and the carrying amount of the long-term investment prior of control is gained

plus book value of additional consideration paid at consolidation date is adjusted in capital reserve (capital premium or share premium). If the capital reserve (capital premium or share premium) is not enough to be offset, surplus reserve and undistributed profit shall be offset in turn.

In the consolidated financial statements, the **Company** shall adjust the consolidated financial statements regarding that parties involved in the combination exist in their present state when the ultimate controlling party begins to control. When preparing the consolidated financial statements, no earlier than when the acquiring party and the acquired party are under the control of the ultimate controlling party, the **Company** shall incorporate the acquired entity's relevant assets and liabilities into the comparable statements of the acquiring entity's consolidated financial statements and adjust the amount of net assets increased due to relevant owner's equity item in the comparable statements. If the acquired entity's retained earnings attributable to the acquiring entity realized prior to the combination are not fully recovered in the consolidated financial statements due to the insufficient capital reserve (capital premium or equity premium) of acquiring entity, the **Company** shall explain this situation in the notes to financial statement, including the amount of retained earnings of the acquired entity realized prior to the combination, the amount of retained earnings attributable to the **Company** and the amount not transferred to the consolidated statement of financial position due to the insufficient balance of capital reserves.

If the acquiring entity holds equity investment in the acquired entity prior of the combination date and the equity investment is accounted for on equity method, related income or loss, other comprehensive income and other equity movement which have been recognized during the period from the later of the date of the **Company** obtaining original equity interest and both the acquirer and the acquiree being common controlled by the same ultimate controlling entity to combination date should be offset with the retained earnings at the beginning of the period of the comparative financial statements.

(e.2.2) Business combination not under common control in stages through multiple transactions

If it belongs to "a package deal", the **Company** treats the transaction as a transaction that takes control of the subsidiary. In individual financial statements, equity investment is always recognized as long-term investment in each transaction prior of the combination date, and the preliminary cost of the investment is determined according to the fair value of the consideration paid. In the subsequent measurement, the long-term equity investment is accounted in accordance with the cost method, but it does not involve the preparation of consolidated financial statements. At the combination date, in the individual financial statements, the sum of book value of long-term equity investment originally held and the newly additional investment cost (the fair value of consideration paid for further obtaining

shares) is recognized as the preliminary cost of the investment of long-term equity investments at the combination date. In the consolidated financial statements, the preliminary cost of investment is offset from the share enjoyed by the fair value of the identifiable net assets of the subsidiary, and the difference is recognized as goodwill or included in the consolidated profit or loss.

If it does not belong to "a package deal", in each transaction prior to the combination date, each transaction occurred in the **Company** is recognized as the financial assets (Financial assets at fair value through profit or loss or available-for-sale financial assets) according to the fair value of the consideration paid, or the long-term equity investments measured at equity method. At the combination date, in individual financial statements, the sum of the book value of the originally held equity investments (financial assets or long-term equity investments measured at equity method) and newly additional investment costs is recognized as the preliminary cost of long-term equity measured at cost method. In the consolidated financial statements, the share of the acquired entity's equity held prior of the acquisition date shall be re-measured at its fair value at the acquisition date. Difference between the fair value of the equity share and its book value is recognized as investment income. If other comprehensive income is recognized concerning the equity interest held prior of the acquisition date, the other comprehensive income should be transferred to investment income of reporting period which the acquisition belongs to, excluding other comprehensive income recognized due to the movement of net assets or net liabilities under the circumstances of beneficiary plan being re-defined. The **Company** shall disclose in the note the fair value at the acquisition date of the equity interest held by it prior of the acquisition date, and the amounts of related gains or losses due to re-measurement at fair value.

(e.3) Disposing investment in subsidiaries with no controlling right lost

For partial disposal of the long-term investment in the subsidiaries with no controlling right lost, when the **Company** prepares consolidated financial statements, difference between consideration received for the disposal and the corresponding subsidiary's net assets continuingly calculated from the acquisition date or combination date shall be adjusted in capital reserve (capital premium or share premium). If the balance of capital reserve is not enough, retained earnings shall be adjusted.

(e.4) Disposing investment in subsidiaries with controlling right lost

(e.4.1) Disposal through one transaction

For partial disposal of the long-term investment in the subsidiaries with controlling right lost, when the **Company** prepares consolidated financial statements, the remaining equity interest shall be re-measured at its fair value at the date when the controlling right is lost. Consideration received for disposal of the equity interest, plus the fair value of the

remaining equity interest, minus share of the former subsidiary's net assets continually calculated from the acquisition date or combination date, shall be recognized in investment income of the period when the controlling right is lost.

Moreover, other comprehensive income and other equity movement related to the equity investment in the original subsidiary shall be transferred to investment income of the consolidation date, excluding other comprehensive income recognized due to the movement of net assets or net liabilities under the circumstances of beneficiary plan being re-defined.

(e.4.2) Disposal in stages

In business combination, first of all, disposal in stages should be assessed whether they should be classified as "a package deal".

If the disposal in stages should not be classified as "a package deal", the transaction before the loss of control of the subsidiary shall be accounted for according to related policy in "Disposing investment in subsidiaries with no controlling right lost".

If the disposal in stages should be classified as "a package deal", these transactions should be considered as a single transaction and accounted for according to related policy in "Disposing investment in subsidiaries with controlling right lost". In the individual financial statements, for transactions prior of the date when controlling right is lost, difference between consideration received and share of corresponding subsidiary's net assets is recognized as other comprehensive income in the consolidated financial statements, which as a whole is recognized as profit or loss when the controlling right is lost. In the consolidated financial statements, for transactions prior of the date when controlling right is lost, difference between consideration received and share of corresponding subsidiary's net assets is recognized as other comprehensive income in the consolidated financial statements, which as a whole is recognized as profit or loss when the controlling right is lost.

(e.5) Diluting equity share of parent company in its subsidiaries due to additional capital injection by the subsidiaries' minority shareholders.

Other shareholders (minority shareholders) of the subsidiaries inject additional capital in the subsidiaries, which resulted in the dilution of equity interest of parent company in these subsidiaries. In the consolidated financial statements, difference between share of the corresponding subsidiaries' net assets calculated based on the parent's equity interest before and after the capital injection shall be adjusted in capital reserve (capital premium and share premium). If the balance of capital reserve (capital premium and share premium) is not enough, retained earnings should be adjusted.

3.7 Classification of Joint Arrangements and Accounting for Joint Operation

A joint arrangement is an arrangement of which two or more parties have joint control. A

joint arrangement of the **Company** is classified as either a joint operation or a joint venture.

(a) Joint operation

A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The **Company** shall recognize the following items in relation to its interest in a joint operation, and account for them in accordance with relevant accounting standards:

- its solely held assets, and its share of any assets held jointly;
- its solely assumed liabilities, and its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its solely incurred expenses, and its share of any expenses incurred jointly.

(b) Joint venture

A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement.

The **Company** accounts for its investment in the joint venture by using the long-term equity investment equity method.

3.8 Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits with banks and other financial institutions. Cash equivalents include short-term (generally within three months of maturity at acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.9 Foreign Currency Transactions and Foreign Currency Financial Statements Translation

(a) Selection of foreign exchange rate when foreign currency transactions occur

Foreign currency transactions are converted into reporting currency at spot exchange rates prevailing on the day when the transactions occur or the exchange rate similar to the spot exchange rate on the date of transaction determined in a systematic and reasonable way (hereinafter referred to as the approximate spot exchange rate).

(b) Translation of foreign currency monetary items on the balance sheet date

On the balance sheet date, foreign currency monetary items shall be converted at the spot rates prevailing on the balance sheet date. Foreign exchange difference resulted from the difference of the spot rates prevailing on the balance sheet date and the spot rates prevailing on the day when the transactions occur or the sport rate prevailing on the last balance sheet date is recognized as profit or loss of the reporting period. For foreign currency non-monetary items measured at historical cost, the spot exchange rate on the transaction date

shall still be used for translation; For foreign currency non-monetary items measured at fair value, the spot exchange rate on the fair value determination date shall be used for translation, and the difference between the converted amount of the functional currency and the original functional currency is included in the current profit or loss.

(c) Foreign currency financial statements translation

Before translating the financial statements of foreign entities, the accounting period and accounting policy shall be adjusted so as to conform to that of the **Company**. The adjusted foreign entities' financial statements shall be converted in accordance with the following method:

- The asset and liability items in the statement of financial position shall be converted at the spot exchange rates prevailing on the balance sheet date. The owners' equity items except "Retained earnings" shall be converted at the spot exchange rates on the occurrence date.
- The income and expense items in the statement of profit and other comprehensive income shall be converted at the spot exchange rates on the occurrence date or other approximate exchange rate.
- Foreign currency cash flows and foreign entity's statement of cash flows shall be converted at the spot exchange rate on the occurrence date or other approximate exchange rate. Effect on cash due to exchange rate fluctuation shall be presented separately in the statement of cash flows as an adjustment item.
- The differences arising from the conversion of financial statements denominated in foreign currency in compliance with the aforesaid principle shall be presented separately as "Other comprehensive income" under the owners' equity of the consolidated statement of financial position.

When disposing of an overseas operation and losing control, the foreign currency statement translation difference related to the overseas operation listed under the owner's equity item in the statement of financial position shall be transferred to the current profit or loss of the disposal of the overseas operation in full or in proportion to the disposal of the overseas operation.

3.10 Financial Instruments

Applicable from 1 January 2021.

Financial instrument is any contract which gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Recognition and derecognition of financial instrument

A financial asset or a financial liability should be recognized in the statement of financial position when, and only when, an entity becomes party to the contractual provisions of the

instrument.

A financial asset can only be derecognized when meets one of the following conditions:

- The rights to the contractual cash flows from a financial asset expire;
- The financial asset has been transferred and meets one of the following derecognition conditions.

Financial liabilities (or part thereof) are derecognized only when the liability is extinguished - i.e., when the present obligation specified in the contract is discharged or cancelled or expires. An exchange of the **Company** (borrower) and lender of debt instruments that carry significantly different terms or a substantial modification of the terms of an existing liability are both accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Purchase or sale of financial assets in a conventional way shall be recognized and derecognized using trade-date accounting. A conventional way purchase or sale of financial assets is a transaction under a contract whose terms require delivery of the asset within the time frame established generally by regulations or convention in the market place concerned. Trade date is the date at which the entity commits itself to purchase or sell an asset.

(b) Classification and measurement of financial assets

At initial recognition, the **Company** classified its financial asset based on both the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset: financial asset at amortized cost, financial asset at fair value through profit or loss (**FVTPL**) and financial asset at fair value through other comprehensive income (**FVTOCI**). Reclassification of financial assets is permitted if, and only if, the objective of the entity's business model for managing those financial assets changes. In this circumstance, all affected financial assets shall be reclassified on the first day of the first reporting period after the changes in business model; otherwise, the financial assets cannot be reclassified after initial recognition.

Financial assets shall be measured at initial recognition at fair value. For financial assets measured at **FVTPL**, transaction costs are recognized in current profit or loss. For financial assets not measured at **FVTPL**, transaction costs should be included in the initial measurement. Notes receivable or accounts receivable that arise from sales of goods or rendering of services are initially measured at the transaction price defined in the accounting standard of revenue where the transaction does not include a significant financing component.

Subsequent measurement of financial assets will be based on their categories:

- Financial asset at amortized cost

The financial asset at amortized cost category of classification applies when both the following conditions are met: the financial asset is held within the business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding. These financial assets are subsequently measured at amortized cost by adopting the effective interest rate method. Any gain or loss arising from derecognition according to the amortization under effective interest rate method or impairment are recognized in current profit or loss.

- Financial asset at fair value through other comprehensive income (**FVTOCI**)

The financial asset at **FVTOCI** category of classification applies when both the following conditions are met: the financial asset is held within the business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding. All changes in fair value are recognized in other comprehensive income except for gain or loss arising from impairment or exchange differences, which should be recognized in current profit or loss. At derecognition, cumulative gain or loss previously recognized under OCI is reclassified to current profit or loss. However, interest income calculated based on the effective interest rate is included in current profit or loss.

The **Company** make an irrevocable decision to designate part of non-trading equity instrument investments as measured through **FVTOCI**. All changes in fair value are recognized in other comprehensive income except for dividend income recognized in current profit or loss. At derecognition, cumulative gain or loss are reclassified to retained earnings.

- Financial asset at fair value through profit or loss (**FVTPL**)

Financial asset except for above mentioned financial asset at amortized cost or financial asset at fair value through other comprehensive income (**FVTOCI**), should be classified as financial asset at fair value through profit or loss (**FVTPL**). These financial assets should be subsequently measured at fair value. All the changes in fair value are included in current profit or loss.

(c) Classification and measurement of financial liabilities

The **Company** classified the financial liabilities as financial liabilities at fair value through profit or loss (**FVTPL**), loan commitments at a below-market interest rate and financial guarantee contracts at amortized cost.

Subsequent measurement of financial liabilities will be based on the classification:

- Financial liabilities at fair value through profit or loss (**FVTPL**)

Held-for-trading financial liabilities (including derivatives of financial liabilities) and financial liabilities designated at **FVTPL** are classified as financial liabilities at **FVTPL**. After initial recognition, any gain or loss (including interest expense) are recognized in current profit or loss except for those hedge accounting is applied. For financial liability that is designated as at **FVTPL**, changes in the fair value of the financial liability that is attributable to changes in the own credit risk of the issuer shall be presented in other comprehensive income. At derecognition, cumulative gain or loss previously recognized under OCI is reclassified to retained earnings.

- Loan commitments and liabilities of financial guarantee contracts

Loan commitment is a commitment by the **Company** to provide a loan to customer under specified contract terms. The provision of impairment losses of loan commitments shall be recognized based on expected credit losses model.

Financial guarantee contract is a contract that requires the **Company** to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contracts liability shall be subsequently measured at the higher of: The amount of the loss allowance recognized according to the impairment principles of financial instruments; and the amount initially recognized less the cumulative amount of income recognized in accordance with the revenue principles.

- Financial liabilities at amortized cost

After initial recognition, the **Company** measured other financial liabilities at amortized cost using the effective interest method.

Except for special situation, financial liabilities and equity instrument should be classified in accordance with the following principles:

- If the **Company** has no unconditional right to avoid delivering cash or another financial instrument to fulfill a contractual obligation, this contractual obligation meets the definition of financial liabilities. Some financial instruments do not comprise terms and conditions related to obligations of delivering cash or another financial instrument explicitly, they may include contractual obligation indirectly through other terms and conditions.
- If a financial instrument must or may be settled in the **Company's** own equity instruments, it should be considered that the **Company's** own equity instruments are alternatives of cash or another financial instrument, or to entitle the holder of the equity instruments to sharing the remaining rights over the net assets of the issuer. If the former is the case, the instrument is a liability of the issuer; otherwise, it is an equity instrument of the issuer. Under some circumstances, it is regulated in the contract that the financial instrument must or may be settled in the **Company's** own equity

instruments, where, amount of contractual rights and obligations are calculated by multiplying the number of the equity instruments to be available or delivered by its fair value upon settlement. Such contracts shall be classified as financial liabilities, regardless that the amount of contractual rights and liabilities is fixed, or fluctuate totally or partially with variables other than market price of the entity's own equity instruments (such as interest rate, price of some kind of goods or some kind of financial instrument).

(d) Derivatives and embedded derivatives

At initial recognition, derivatives shall be measured at fair value at the date of derivative contracts are signed and subsequently measured at fair value. The derivative with a positive fair value shall be recognized as an asset, and with a negative fair value shall be recognized as a liability.

Gains or losses arising from the changes in fair value of derivatives shall be recognized directly into current profit or loss except for the effective portion of cash flow hedges which shall be recognized in other comprehensive income and reclassified into current profit or loss when the hedged items affect profit or loss.

An embedded derivative is a component of a hybrid contract with a financial asset as a host, the **Company** shall apply the requirements of financial asset classification to the entire hybrid contract. If a host that is not a financial asset and the hybrid contract is not measured at fair value with changes in fair value recognized in profit or loss, and the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host, and a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, the embedded derivative shall be separated from the hybrid instrument and accounted for as a separate derivative instrument. If the **Company** is unable to measure the fair value of the embedded derivative at the acquisition date or subsequently at the balance sheet date, the entire hybrid contract is designated as financial assets or financial liabilities at fair value through profit or loss.

(e) Impairment of financial instrument

The **Company** shall recognize a loss allowance based on expected credit losses on a financial asset that is measured at amortized cost, a debt investment at fair value through other comprehensive income, a contract asset, a lease receivable, a loan commitment and a financial guarantee contract.

(e.1) Measurement of expected credit losses

Expected credit losses are the weighted average of credit losses of the financial instruments with the respective risks of a default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the **Company** in accordance with the contract and all the cash flows that the **Company** expects to receive (i.e., all cash shortfalls),

discounted at the original effective interest rate or credit-adjusted effective interest rate for purchased or originated impaired credit financial assets.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date (or the expected lifetime, if the expected life of a financial instrument is less than 12 months).

At each reporting date, the **Company** classifies financial instruments into three stages and makes provisions for expected credit losses accordingly. A financial instrument of which the credit risk has not significantly increased since initial recognition is at stage 1. The **Company** shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be impaired credit is at stage 2. The **Company** shall measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses. A financial instrument is considered to be credit impaired as at the end of the reporting period is at stage 3. The **Company** shall measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses.

The **Company** may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date and measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

For financial instrument at stage 1, stage 2 and those have low credit risk, the interest revenue shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset (i.e., impairment loss not been deducted). For financial instrument at stage 3, interest revenue shall be calculated by applying the effective interest rate to the amortized cost after deducting of impairment loss.

For notes receivable, accounts receivable, accounts receivable financing and contract assets, no matter it contains a significant financing component or not, the **Company** shall measure the loss allowance at an amount equal to the lifetime expected credit losses.

(e.1.1) Receivables/Contract assets

For the notes receivable, accounts receivable, other receivables, accounts receivable financing, contract asset and long-term receivables which are demonstrated to be impaired by any objective evidence, or applicable for individual assessment, the **Company** shall individually assess for impairment and recognise the loss allowance for expected credit losses. If the **Company** determines that no objective evidence of impairment exists for

notes receivable, accounts receivable, other receivables, accounts receivable financing, contract asset and long-term receivables, or the expected credit loss of a single financial asset cannot be assessed at reasonable cost, such notes receivable, accounts receivable, other receivables, accounts receivable financing, contract asset and long-term receivables shall be divided into several groups with similar credit risk characteristics and collectively calculated the expected credit loss. The determination basis of groups is as following:

- Determination basis of notes receivable is as following:

Portfolio 1: Commercial acceptance bills

Portfolio 2: Bank acceptance bills

For each portfolio, the **Company** calculates expected credit losses through default exposure and the lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

- Determination basis of accounts receivable is as following:

Portfolio 1: Accounts receivable from related parties

Portfolio 2: Receivables due from government customers, state-owned enterprise customers.

Portfolio 3: Accounts receivable except for portfolio 1 and portfolio 2

For each portfolio, the **Company** calculates expected credit losses through preparing comparison table of accounts receivable age and the expected credit loss rate of the whole duration with the lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

- Determination basis of other receivables is as following:

Portfolio 1: Interest receivable

Portfolio 2: Dividend receivable

Portfolio 3: Other receivables from related parties

Portfolio 4: Other receivables from government agencies and other state-owned enterprises

Portfolio 5: Other receivables except for portfolio 3 and portfolio 4

For each portfolio, the **Company** calculates expected credit losses through default exposure and the 12-month or lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

- Determination basis of accounts receivable financing is as following:

For accounts receivable financing, the **Company** calculates expected credit losses through default exposure and the lifetime expected credit losses rate, taking reference to historical

experience for credit losses and considering current condition and expectation for the future economic situation.

- Determination basis of contract assets is as following:

For contract assets, the **Company** calculates expected credit losses through default exposure and the lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

- Determination basis of long-term receivables is as following:

For long-term receivables, the **Company** calculates expected credit losses through default exposure and the lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

(e.1.2) Debt investments and other debt investments

For debt investments and other debt investments, the **Company** shall calculate the expected credit loss through the default exposure and the 12-month or lifetime expected credit loss rate based on the nature of the investment, counterparty and the type of risk exposure.

(e.2) Low credit risk

If the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

(e.3) Significant increase in credit risk

The **Company** shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition, using the change in the risk of a default occurring over the expected life of the financial instrument, through the comparison of the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

To make that assessment, the **Company** shall consider reasonable and supportable information, that is available without undue cost or effort, and that is indicative of significant increases in credit risk since initial recognition, including forward-looking information. The information considered by the **Company** are as following:

- Significant changes in internal price indicators of credit risk as a result of a change in credit risk since inception;
- Existing or forecast adverse change in the business, financial or economic conditions of the borrower that results in a significant change in the borrower's ability to meet its debt obligations;

- An actual or expected significant change in the operating results of the borrower; An actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to make scheduled contractual payments or to otherwise influence the probability of a default occurring;
- Significant change that are expected to reduce the borrower's economic incentive to make scheduled contractual payments;
- Expected changes in the loan documentation including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the instrument;
- Significant changes in the expected performance and behavior of the borrower;
- Contractual payments are more than (and including) 30 days past due.

Depending on the nature of the financial instruments, the **Company** shall assess whether the credit risk has increased significantly since initial recognition on an individual financial instrument or a group of financial instruments. When assessed based on a group of financial instruments, the **Company** can group financial instruments on the basis of shared credit risk characteristics, for example, past due information and credit risk rating.

Generally, the **Company** shall determine the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. The **Company** can only rebut this presumption if the **Company** has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due.

(e.4) Impaired credit financial asset

The **Company** shall assess at each reporting date whether the credit impairment has occurred for financial asset at amortized cost and debt investment at fair value through other comprehensive income. A financial asset is impaired credit when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is impaired credit include observable data about the following events:

Significant financial difficulty of the issuer or the borrower; a breach of contract, such as a default or past due event; the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a

concession(s) that the lender(s) would not otherwise consider; it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; the disappearance of an active market for that financial asset because of financial difficulties; the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

(e.5) Presentation of impairment of expected credit loss

In order to reflect the changes of credit risk of financial instrument since initial recognition, the **Company** shall at each reporting date remeasure the expected credit loss and recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses addition (or reversal). For financial asset at amortized cost, the loss allowance shall reduce the carrying amount of the financial asset in the statement of financial position; for debt investment at fair value through other comprehensive income, the loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

(e.6) Write-off

The **Company** shall directly reduce the gross carrying amount of a financial asset when the **Company** has no reasonable expectations of recovering the contractual cash flow of a financial asset in its entirety or a portion thereof. Such write-off constitutes a derecognition of the financial asset. This circumstance usually occurs when the **Company** determines that the debtor has no assets or sources of income that could generate sufficient cash flow to repay the write-off amount.

Recovery of financial asset written off shall be recognized in profit or loss as reversal of impairment loss.

(f) Transfer of financial assets

Transfer of financial assets include below situations:

- the contractual rights to receive cash flows from the asset are transferred to another entity; or
- the financial assets are totally or partially transferred to another entity, while the rights to receive cash flows from the asset or obligations to pay the received cash flows to one or several payees are retained.

(f.1) Derecognition of transferred financial assets

The financial assets should be derecognized if the **Company** has transferred substantially all the risks and rewards of the asset, or the **Company** has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When judging whether control of the asset has been transferred or not, the **Company** shall lay emphasis on the transferee's substantial capability to sell the financial asset. If the transferee itself can sell the financial asset as a whole to a third party that has no

relationship with it, without any restrictions on this sale through supplemental terms, it is shown that the control of the asset has been given up.

The **Company** focuses on the substance of the financial asset transfer when determining whether the transfer meets the conditions for derecognition of a financial asset.

If the entire transfer of financial asset satisfies the criteria for derecognition, the difference between the amounts of the following two items shall be included in the current profit or loss:

- The book value of the transferred financial asset;
- The sum of the consideration received, and the part derecognized of the cumulative changes in fair value previously recognized in other comprehensive income (The financial assets involved in the transfer are classified as financial assets at fair value through other comprehensive income in accordance with Article 18 of the *Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments*).

If the partial transfer of financial asset satisfies the criteria for derecognition, the entire book value of the transferred financial asset shall be split into the derecognized and recognized part according to their respective fair value and the difference between the amounts of the following two items shall be included in the current profit or loss:

- The book value of derecognized part;
- The sum of the consideration received for the part derecognized and part derecognized of the cumulative changes in fair value previously recognized in other comprehensive income (The financial assets involved in the transfer are classified as financial assets at fair value through other comprehensive income in accordance with Article 18 of the *Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments*).

(f.2) Continue to involve in the transferred financial assets

Where neither transfer nor retention of substantially all risks and rewards of ownership of a financial asset and control of the financial asset has not been abandoned, the relevant financial asset shall be recognized in accordance with the degree of its continuous involvement in the transferred financial asset, and the relevant liability shall be recognized accordingly.

The degree of continuous involvement in the transferred financial assets refers to the level of risk that the **Company** faces when the value of the financial assets' changes.

(f.3) Continue to Continue to confirm the transferred financial assets

If the ownership of the transferred financial asset still retains almost all the risks and rewards, the entire transferred financial asset shall continue to be recognized, and the consideration received will be recognized a financial liability.

The financial assets and the related financial liabilities recognized cannot offset each other. In the subsequent accounting period, the **Company** should continue to confirm the income (gain) generated by the financial assets and the expenses incurred by the financial liabilities.

(g) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities shall be presented separately in the statement of financial position and shall not be offset. When meets the following conditions, financial assets and financial liabilities shall be offset and the net amount presented in the statement of financial position:

- The **Company** currently has a legally enforceable right to set off the recognized amounts;
- The **Company** intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the **Company** shall not offset the transferred asset and the associated liability.

(h) Determination of fair value of financial instruments

Determination of financial assets and financial liabilities please refer to *Note 3.11 Measured at Fair Value*.

The following financial instruments accounting policies are applicable to 2020 and before

(a) Classification of financial assets

(a.1) Financial assets at fair value through profit or loss

This category comprises financial assets defined as held for trading, or those designated as at fair value through profit or loss. The former mainly includes shares, bonds, funds, and derivative financial instruments investment that are not designated effective hedging instruments that are acquired principally for the purpose of sale in the near future. Such financial assets are initially recognized at fair values when acquired. Relevant transaction expenses are included in the current profit or loss. Cash dividends that have been declared but not distributed and bond interests that have matured but not been drawn included in the consideration paid are recognized as receivables separately. The interests or cash dividends to be received during the holding period are recognized as investment income. On the balance sheet date, this category of financial assets is measured at fair value and change in fair values is included in the current profit or loss. Difference between the fair value and initial measurement amount is recognized as investment income upon disposal; meanwhile,

gains or losses from changes in fair values are written-off.

(a.2) Held-to-maturity investments

This category of financial assets comprises non-derivative financial assets with fixed or determinable payments and fixed maturity, other than loans and receivables, for which there is a positive intention and ability to hold to maturity. Held-to-maturity investments are initially measured at fair values plus the related transaction costs when acquired. Bond interests that have matured but not been drawn included in the consideration paid is recognized as a receivable separately. The interest income calculated at amortization cost and effective interest rate during the holding period is recognized as investment income. The difference between the amount received and the book value of the investment is included in the investment profit or loss upon disposal.

(a.3) Receivables

Receivables include accounts receivable, other receivables, etc. Accounts receivable arise from external sales of goods or rendering of service by the **Company**. They are recognized initially at the contract price or agreement price receivable from the purchasing party.

(a.4) Available-for-sale financial assets

This category of financial assets comprises those financial assets that cannot be classified as financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables. Available-for-sale financial assets are initially recognized at fair values plus the related transaction costs when acquired. Cash dividends that have been declared but not distributed and bond interests that have matured but not been drawn included in the consideration paid are recognized as receivables separately. The interests or cash dividends to be received during the holding period are recognized as investment income.

If the available-for-sale financial assets are foreign currency monetary financial assets, the exchange gains and losses arising therefrom shall be included in the profits and losses of the current period. Interest on available-for-sale debt instrument investments calculated using the actual interest rate method is included in profit or loss for the current period. The cash dividends of available-for-sale equity instrument investments are included in the current profit or loss when the investee declares the distribution of dividends. It is measured at fair value at the end of the period and change in fair value is included in other comprehensive income at the end of the period. The difference between the amount received and the book value of the financial asset is included in the investment profit or loss upon disposal. Meanwhile, the corresponding accumulated change in fair value recognized in other comprehensive income is transferred into investment profit or loss.

(b) Classification of financial liabilities

(b.1) Financial liabilities at fair value through profit or loss

This category of financial liabilities comprises financial liabilities that are defined as held for trading, or those that are designated as at fair value through profit or loss. This category of financial liabilities is initially measured at fair value. Relevant transaction costs are included in the current profit or loss. On the balance sheet date, change in fair values is included in the current profit or loss.

(b.2) Other financial liabilities

Other financial liabilities are those financial liabilities excluding financial liabilities at fair value through profit or loss.

(c) Reclassification of financial assets

An investment will be reclassified as available-for-sale if, as a result of a change in intention or ability, it fails to meet the requirements for classification as held-to-maturity. After the reclassification, it will be subsequently measured at fair value. If the held-to-maturity investment is partially disposed, or a large part of it has been reclassified, and not included in the exceptions illustrated in provision 16 of "*Enterprise and Business Accounting Standards No.22 - Recognition and Measurement of Financial Instruments*", as a result of which, the remaining of the investment fails to meet the requirements for classification as held-to-maturity, any remaining held-to-maturity investments should also be reclassified as available-for-sale, and subsequently measured at fair value. However, it is prohibited that the above available-for-sale is reclassified back to held-to-maturity within current fiscal year and the following two fiscal years.

On the date of reclassification, difference between carrying value of the investment and its fair value is recorded in other comprehensive income, which shall be transferred out and recognized as profit or loss upon incurrence of impairment or de-recognition of the investment.

Due to changes in holding intention or ability, or the fair value can no longer be reliably measured, or the held-to-maturity investment is reclassified as available-for-sale financial assets and the holding period has exceeded two complete accounting years, the financial assets are not when it is again suitable to be measured at fair value, the **Company** will change available-for-sale of financial assets to be measured at cost or amortized cost. Cost or amortized cost is the fair value or book value of the financial asset on the reclassification date.

If the financial asset has a fixed maturity date, the gain or loss related to the financial asset that was directly included in other comprehensive income shall be amortized by the effective interest rate method during the remaining period of the financial asset and recorded into the current profit and loss; The difference between the amortized cost of the financial asset and the amount at maturity shall be amortized by the effective interest rate method during the remaining period of the financial asset and recorded into the current

profit and loss. If there is no fixed maturity date for the financial asset, the gains or losses related to the financial asset that were directly recorded in other comprehensive income will remain in the owner's equity, and will be transferred out when the financial asset is disposed of and recorded in the current profit or loss.

(d) Classification of financial liabilities and equity instruments

Except for special situation, financial liabilities and equity instrument should be classified in accordance with the following principles:

- If the **Company** has no unconditional right to avoid delivering cash or another financial instrument to fulfill a contractual obligation, this contractual obligation meets the definition of financial liabilities. Some financial instruments do not comprise terms and conditions related to obligations of delivering cash or another financial instrument explicitly, they may include contractual obligation indirectly through other terms and conditions.
- If a financial instrument must or may be settled in the entity's own equity instruments, it should be considered that the entity's own equity instruments are alternatives of cash or another financial instrument, or to entitle the holder of the equity instruments to sharing the remaining rights over the net assets of the issuer. If the former is the case, the instrument is a liability of the issuer, otherwise, it is an equity instrument of the issuer. Under some circumstances, it is regulated in the contract that the financial instrument must or may be settled in the entity's own equity instruments, where, amount of contractual rights and obligations are calculated by multiplying the number of the equity instruments to be available or delivered by its fair value upon settlement. Such contracts shall be classified as financial liabilities, regardless that the amount of contractual rights and liabilities is fixed or fluctuate totally or partially with variables (such as the interest rate, the price of a good or a financial instrument) other than market price of the entity's own equity instruments.

(e) Transfer of financial assets

Transfer of financial assets include below situations:

- The contractual rights to receive cash flows from the asset are transferred to another entity; or
- The financial assets are totally or partially transferred to another entity, while the rights to receive cash flows from the asset or obligations to pay the received cash flows to one or several payees are retained.

(e.1) Cease to confirm the transferred financial assets

The financial assets should be derecognized if the **Company** has transferred substantially all the risks and rewards of the asset, or the **Company** has neither transferred nor retained

substantially all the risks and rewards of the asset but has transferred control of the asset.

When judging whether control of the asset has been transferred or not, the **Company** shall lay emphasis on the transferee's substantial capability to sell the financial asset. If the transferee itself can sell the financial asset as a whole to a third party that has no any relationship with it, without any restrictions on this sale through supplemental terms, it is shown that the control of the asset has been given up.

The principle of substance over form is adopted to determine whether the transfer of a financial asset satisfies the criteria described above for derecognition of a financial asset.

If the entire transfer of financial asset satisfies the criteria for derecognition, the difference between the amounts of the following two items shall be included in the current profit or loss:

- The book value of the transferred financial asset;
- The sum of the consideration received from the transfer and the accumulated amount of the changes in fair value originally and directly included in owners' equity (where the financial asset transferred is an available-for-sale financial asset).

If the partial transfer of financial asset satisfies the criteria for derecognition, the entire book value of the transferred financial asset shall be split into the derecognized and recognized part according to their respective fair value and the difference between the amounts of the following two items shall be included in the current profit or loss:

- The book value of derecognized part;
- The sum of the consideration for the derecognized part and the portion of derecognition corresponding to the accumulated amount of the changes in fair value originally and directly included in owners' equity (where the financial asset transferred is an available-for-sale financial asset).

(e.2) Continue to involve the transferred financial assets

If the transfer of financial assets does not meet the derecognition criteria, the financial assets shall continue to be recognized, and the consideration received will be recognized as a financial liability.

The extent to which the transferred financial assets continue to be involved refers to the level of risk the enterprises are exposed to due to the changes in the value of the financial assets.

(e.3) Continue to confirm the transferred financial assets

If the ownership of the transferred financial asset still retains almost all the risks and rewards, the entire transferred financial asset shall continue to be recognized, and the consideration received will be recognized a financial liability.

The financial assets and confirmed related financial liabilities shall not offset each other.

In the subsequent accounting period, the **Company** should continue to confirm the income generated by the financial assets and the expenses incurred by the financial liabilities. If the transferred financial assets are measured at amortized cost, the related liabilities that are recognized may not be designated as financial liabilities at fair value through profit or loss.

(f) Derecognition of financial liability

A financial liability shall be totally or partly derecognized if its present obligations are totally or partly dissolved.

If the assets to be used to settle a financial liability is transferred to another institute or establish a trust, where the present obligations still exist, either the financial liability or the assets transferred shall not be derecognized.

Where the **Company** enters into an agreement with a creditor so as to substitute the existing financial liabilities with any new financial liability, and the new financial liability is substantially different from the contractual stipulations regarding the existing financial liability, it shall derecognize the existing financial liability, and shall at the same time recognize a new financial liability.

Where substantial revisions are made to some or all of the contractual stipulations of the existing financial liability, the **Company** shall derecognize the existing financial liability totally or partly, and at the same time recognize the financial liability with revised contractual stipulations as a new financial liability.

Upon total or partial derecognition of financial liabilities, the difference between the book value of the financial liabilities derecognized and the consideration paid (including non-cash assets surrendered or new financial liabilities assumed) shall be included in the current profit or loss.

(g) Offsetting financial assets and liabilities

Financial assets and liabilities shall be presented separately in the statement of financial position and shall not be offset. However, they shall be presented on a net basis after offset if the following criteria are both satisfied:

- The **Company** has a legal right to offset the recognized amounts, and the right is executable at present; and
- The **Company** has an intention to settle on a net basis or liquidate the asset and settle the liability simultaneously.

Asset transfer that does not satisfy the criteria for derecognition of this asset, the transferor shall not offset the asset and the liability.

(h) Impairment testing and impairment provision of financial assets

(h.1) Objective evidence for the impairment of the financial assets:

- The issuer or debtor encounters serious financial difficulties;
- The debtor violates the terms of contract, for example, it cannot repay the interest or the principal of the loan on schedule;
- The creditor makes concessions to the debtor in financial difficulties from the respect of economy or law;
- The creditor is possible to bankrupt or execute other financial restructuring;
- The financial asset is no longer traded in the active market since the issuer encounters significant financial difficulties;
- It is unrecognizable whether cash flows from an asset in one group of financial assets has Decreased, however, it is identifiable that the estimated future cash flows of the group of financial assets has Decreased and measurable since they are initially recognized through overall assessment on them on the basis of public data;
- The debtor's technological, market, economic or legal environment encounters significant unfavorable change, as a result of which investment cost may not be recovered;
- A serious or prolonged decline in the fair value of equity instrument, for example, the fair value of an equity instrument invested on the balance sheet date is less than its initial investment cost of more than 50.00% (including 50.00%) or less than its initial investment cost lasting for more than 12 months (including 12 months). The duration of its initial investment cost is more than 12 months (including 12 months) means that the monthly average fair value of equity instrument investment is lower than its initial investment cost for 12 consecutive months; and
- Other objective evidence that indicates impairment of financial assets.

(h.2) Impairment provision of the financial assets (excluding receivables)

(h.2.1) Financial assets measured at amortized cost

If there is objective evidence that the financial asset is impaired, the carrying amount of the financial asset shall be written down to the present value of its expected future cash flows (excluding future credit loss that have not occurred), the amount written down shall be recognized as impairment loss in current profit or loss.

The present value of the estimated future cash flows is determined by discounting at the original effective rate of the financial asset, considering the value of related guaranty (deducting expense incurred for obtaining or selling this guaranty). The original effective rate is the effective rate calculated when the financial asset is initially recognized. For the financial asset with variable interest rates, the current effective interest rate as stipulated in the contract may be used as the discount rate in calculating the present value of future cash flows.

The **Company** was carried out on the amortized cost measurement of financial assets impairment test, the amount is greater than or equal to CNY5.00 million of financial assets as a single large sum of financial assets, under this standard as a single amount is not significant financial assets.

The **Company** shall conduct impairment tests on a single financial asset with a significant amount separately. If there is objective evidence that such asset has experienced impairment, the impairment loss shall be recognized and recorded into the current profit and loss; For single amount is not significant financial assets, impairment test alone or include in combination of financial assets with similar credit risk characteristics in the impairment test.

Separately test the financial assets that have not suffered any impairment (including the financial assets with significant or insignificant amount of a single item), including conducting a further impairment test in the financial asset portfolio with similar credit risk characteristics; Financial assets that have recognized impairment losses separately shall not be included in the impairment test of financial asset portfolios with similar credit risk characteristics.

After the **Company** recognizes the impairment loss of a financial asset measured at the amortized cost, if there is objective evidence that the value of the financial asset has been restored and is objectively related to the events occurred after the recognition of the loss, the previously recognized impairment loss will be reversed and recorded into the current profit and loss. However, the carrying value after the reversal does not exceed the amortized cost of the financial asset on the day of the reversal assuming no provision for impairment.

(h.2.2) Impairment provision of available-for-sale financial assets

When recognizing impairment loss, the cumulative loss due to decreases in fair value shall be removed from equity to profit or loss. After impairment loss related to an available-for-sale debt instrument has been recognized, interest income of the instrument is calculated at the discount rate used in determining present value of the future cash flows when calculating impairment provision of the instrument.

If, in a subsequent period, the carrying amount of available-for-sale debt instruments investments increases and the increase is related objectively to an event occurring after the impairment was recognized, the previously recognized impairment losses are reversed, and included in current profit or loss. The impairment losses of available-for-sale equity instruments cannot be reversed through profit or loss.

(i) Method of determining the fair value of financial assets and financial liabilities

Method of determining the fair value of financial assets and financial liabilities, please refer to *Note 3.11 Measured at Fair Value*.

3.11 Measured at Fair Value

Fair value refers to the price that market participants can receive from the sale of an asset or pay for the transfer of a liability in an orderly transaction that occurs on the measurement date.

The **Company** determines fair value of the related assets and liabilities based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The **Company** using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The principal market refers to the market with the largest trading volume and the highest trading activity of related assets or liabilities; The most advantageous market refers to the market that can sell related assets for the maximum amount or transfer related liabilities for the minimum amount after considering transaction costs and transportation costs.

Where there are financial assets or financial liabilities in an active market, the **Company** shall determine their fair value by quoting from the active market. If there is no active market for financial instruments, the **Company** shall use valuation technology to determine their fair value.

At fair value measurement of financial assets, the ability of a market participant to generate economic benefits by using the asset for the best use, or by selling the asset to another market participant who can use it for the best use, is taken into account.

- Valuation techniques

In the application of valuation techniques, the **Company** will give priority to the relevant observable inputs and only use unobservable inputs if the relevant observable inputs cannot be obtained or made impracticable. Observable inputs can be acquired from the market data, which reflect the assumptions used by market participants in pricing the underlying assets or liabilities. Unobservable inputs cannot be acquired from the market data, but it is based on the best available information from market participants on the assumptions used in pricing the underlying asset or liability.

- Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly;

Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3.12 Receivables

The following receivables accounting policies are Applicable to 2020 and before

(a) Receivable with individually significant balance and recognized provision for bad debts individually

Assessment basis or standard of amount individually significant: The amounts of accounts receivable over CNY1.00 million and other receivables over CNY5.00 million is assessed individually significant.

Method of provision for bad debts of receivables that are individually significant: After separate impairment test, if there is objective evidence of impairment, the impairment loss of receivables that are individually significant shall be measured at the difference between the individual receivable's carrying amount and the present value of estimated future cash flows, and shall be included in current profit or loss.

Where there is a small difference between the estimated future cash flows of the short-term accounts receivable and its present value, the estimated future cash flows may not be discounted when determining the related impairment losses.

(b) Receivables with provision for bad debts recognized on the basis of similar credit risk characteristics

● Determine the basis of the portfolio:

Portfolio 1: According to the combination of credit risk characteristics after the combination of the smaller risk, a separate test does not indicate a significant impairment in receivables.

Portfolio 2: Remaining accounts receivable excluding portfolio 1

● Accrual method for bad debt provision by portfolio:

Portfolio 1: No provision for bad debts will be made due to very little possibility of bad debt losses

Portfolio 2: Aging analysis method.

The proportion of bad debt provision in the receivables portfolio of each aging section is as follows:

Aging	Proportion of provision for accounts receivable (%)	Proportion of provision for other receivables (%)
Within 1 year (including 1 year)	5.00	5.00

Aging	Proportion of provision for accounts receivable (%)	Proportion of provision for other receivables (%)
1 to 2 years	20.00	20.00
2 to 3 years	50.00	50.00
Over 3 years	100.00	100.00

(c) Receivables that are individually insignificant but with bad debt provided on an individual basis

For receivables that are individually insignificant with objective evidence of impairment, they shall be separated from relevant portfolios and separately assessed for impairment to recognize the impairment losses. Bad debts are provided at the difference between the present value of estimated future cash flows of the receivable and its carrying value.

3.13 Inventories

(a) Classification of inventories

Inventories include the land assets held for sale or consume in the process of development and operation, development products, development products temporarily leased out for sale, revolving room, stock materials, inventory equipments, or low-value consumables, etc., as well as the development cost in the development process and consumptive biological assets.

(b) Measurement method of cost of inventories sold or used

Development land is accounted for at the actual cost at the time of acquisition. During the development of the project, the development cost of the project shall be apportioned according to the area occupied by the developed products.

The development cost is recorded according to the actual cost, and will be transferred to the development product according to the actual cost after the project is completed and accepted.

The developed products are accounted for according to the actual cost, and the issued products are accounted for according to the average building area method.

The development products temporarily leased out for sale and revolving houses shall be recorded at actual cost and amortized evenly by stages according to the estimated service life of similar property, plant and equipment of the company.

Public facilities are accounted for at actual cost. If the public supporting facilities are completed earlier than the relevant development products, they shall be included in the development costs of the relevant development projects according to the actual development costs of the relevant development projects after the completion of the final accounts of the public supporting facilities; If the public supporting facilities are later than the completion of the relevant development products, the public supporting facilities fee

shall be accrued from the relevant development products first, and the cost of the relevant development products shall be adjusted according to the difference between the actual amount and the accrued amount after the completion of the public supporting facilities.

(c) Inventory system

The perpetual inventory system is adopted. The inventories should be counted at least once a year, and surplus and losses of inventory counting shall be included in current year profit and loss.

(d) Provision for impairment of inventory

Inventories are stated at the lower of cost and net realizable value. The excess of cost over net realizable value of the inventories is recognized as provision for impairment of inventory and recorded in profit or loss.

Net realizable value of the inventory should be determined on the basis of reliable evidence obtained, and factors such as purpose of holding the inventory and events occur after balance sheet date shall be considered:

- In normal operation process, for merchandise inventories for direct sale, including stock commodities and materials for sale, their net realizable values are determined at estimated selling prices less estimated selling expenses and relevant taxes and surcharges; for inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories specified in sales contracts are less than the quantities held by the **Company**, the net realizable value of the excess portion of inventories shall be based on general selling prices.
- In the course of normal production and operation, the estimated price of the finished product shall be deducted from the estimated cost of the finished product, the estimated sales cost and the amount of the relevant taxes and fees to determine the net realizable value. If the net realizable value of the finished product is higher than the cost, the material is measured at cost. If the decrease of the material price indicates that the net realizable value of the finished product is lower than the cost, the material is measured on the net realizable value and is prepared according to its difference.
- At the end of the period, provisions for inventory impairment are determined on an individual basis. For inventories with large quantity and low unit price, the provisions for inventory impairment are determined on a category basis.
- If any factor rendering write-downs of the inventories has been eliminated, the amounts written down are recovered and reversed from the inventory impairment, which has been provided for. The reversed amounts are included into the current profit or loss.

(e) Amortization method of low-value consumables

(e.1) One-off writing off method is adopted in amortization of low-value consumables.

(e.2) One-off writing off method is adopted in amortization of wrappages.

3.14 Contract Assets and Contract Liabilities***Applicable from 1 January 2021***

The **Company** shall present contract assets or contract liabilities in the statement of financial position, depending on the relationship between the **Company's** satisfying a performance obligation and the customer's payment. A contract asset shall be presented if the **Company** has the right to consideration in exchange for goods or services that the **Company** has transferred to a customer when that right is conditioned on something other than the passage of time. A contract liability shall be presented if the **Company** has the obligation to transfer goods or services to a customer for which the **Company** has received consideration (or the amount is due) from the customer.

Method of determination and accounting for expected credit loss for contract assets please refer to *Note 3.10 Financial Instruments*.

Contract assets and contract liabilities shall be presented separately in the statement of financial position. The contract asset and contract liability for the same contract shall be presented on a net basis. A net balance shall be listed in the item of "Contract assets" or "Other non-current assets" according to its liquidity; a credit balance shall be listed in the item of "Contract liabilities" or "Other non-current liabilities" according to its liquidity. Contract assets and contract liabilities for different contracts cannot be offset.

3.15 Contract Costs***Applicable from 1 January 2021***

Contract costs include costs to fulfill a contract and the costs to obtain a contract.

The **Company** shall recognise an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract, including: direct labour, direct materials, manufacturing costs (or similar costs), costs that are explicitly chargeable to the customer under the contract and other costs that are incurred only because an entity entered into the contract;
- the costs enhance resources of the **Company** that will be used in satisfying performance obligations in the future; and
- the costs are expected to be recovered.

The incremental costs of obtaining a contract shall be recognised as an asset if the **Company** expects to recover them.

An asset related to contract costs shall be amortised on a systematic basis that is consistent with the revenue recognition of the goods or services to which the asset relates. The **Company** recognises the contract acquisition costs as an expense when incurred if the amortisation period of the asset that the **Company** otherwise would have recognised is one year or less.

The **Company** shall accrue the provision for impairment, recognise an impairment loss in profit or loss to the extent that the carrying amount of an asset related to the contract cost exceeds the difference of below two items, and further consider whether the estimated liability related to the onerous contract needs to be accrued:

- the remaining amount of consideration that the **Company** expects to receive in exchange for the goods or services to which the asset relates; less
- the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

The **Company** shall recognise in profit or loss a reversal of some or all of an impairment loss previously recognised when the impairment conditions no longer exist or have improved. The increased carrying amount of the asset shall not exceed the amount that would have been determined (net of amortisation) if no impairment loss had been recognised previously.

Providing that the costs to fulfil a contract satisfy the requirement to be recognised as an asset, the **Company** shall present them in the account "Inventories if the contract has an original expected duration of one year (or a normal operating cycle) or less, or in the account "Other non-current assets" if the contract has an original expected duration of more than one year (or a normal operating cycle).

Providing that the costs to obtain a contract satisfy the requirement to be recognised as an asset, the **Company** shall present them in the account "Other current asset" if the contract has an original expected duration of one year (or a normal operating cycle) or less, or in the account "Other non-current assets" if the contract has an original expected duration of more than one year (or a normal operating cycle).

3.16 Non-current Assets (or Disposal Groups) Held for Sale

(a) Classification of non-current assets (or disposal groups) as held for sale

The **Company** classifies a non-current asset (or disposal group) as held for sale if the following requirements are met simultaneously:

- The asset or disposal group must be available for immediate sale in its present condition subject only to the terms that are usual and customary for sales of such asset components.

- Its sale must be highly probable, i.e, the **Company** must be committed to a plan to sell the asset (or disposal group) and obtain definite purchase commitment, and the sale is expected to complete within one year.

When the **Company** acquires a non-current asset (or disposal group) exclusively with a view to its subsequent disposal, it shall classify the non-current asset (or disposal group) as held for sale at the acquisition date only if the one-year requirement is met and it is highly probable that any other criteria that are not met at that date will be met within a short period following the acquisition (usually within three months).

The **Company** that is committed to dispose its equity investment in a subsidiary which will lead to its loss of control of the subsidiary shall classify the investment as held for sale in the separate financial statements of the **Company**, and classify all the assets and liabilities of that subsidiary as held for sale in the consolidated financial statements of the group, when the above criteria are met, regardless of whether the **Company** will remain part of equity investment in the subsidiary.

(b) Measurement of non-current assets or disposal groups held for sale

The principal of measurement of non-current assets (or disposal groups) held for sale does not apply to the following assets: investment properties that are measured in accordance with the fair value model, biological assets that are measured at fair value less costs to sell, assets arising from employee benefits, deferred tax assets, financial assets within the scope of relevant accounting standards related to financial instruments and contractual rights under insurance contracts as defined in accounting standards related to insurance contracts.

When the non-current assets (or disposal groups) are initially measured or subsequently measured at balance sheet date, if the carrying value of the asset (or disposal group) is higher than the fair value less cost to sell, it shall be written-down to its fair value, and the difference shall be recognized as impairment loss of the reporting period, and provision for asset impairment shall be recognized simultaneously. If on the subsequent balance sheet date, the net amount of the non-current assets held for sale or the fair value of the disposal group minus the selling expenses increases, the previously written-down amount shall be restored, and the assets shall be recognized after being classified as held for sale. The impairment loss is reversed within the amount of asset impairment loss recognized after being classified as held for sale, and the reversed amount is included in the current profit or loss. The book value of goodwill that has been deducted cannot be reversed.

When the assets or disposal groups cease to be classified as held for sale or the non-current assets are removed from disposal groups since the criteria for held for sale are no longer met, the assets shall be measured at the lower of:

- its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization or revaluations that would have been

recognized had the asset (or disposal group) not been classified as held for sale, and

- its recoverable amount at the date of the subsequent decision not to sell.

(c) Presentation

An entity shall present a non-current asset classified as held for sale and the assets of a disposal group classified as held for sale separately from other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale shall be presented separately from other liabilities in the statement of financial position. Those assets and liabilities shall not be offset and presented as a single amount.

3.17 Long-term Equity Investments

Long-term equity investments refer to equity investments where an investor has control of, or significant influence over, an investee, as well as equity investments in joint ventures. Associates of the Company are those entities over which the Company has significant influence.

(a) Determination basis of joint control or significant influence over the investee

Joint control is the relevant agreed sharing of control over an arrangement, and the arranged relevant activity must be decided under unanimous consent of the parties sharing control. In determining whether there is a common control, it is first determined whether all parties or combinations of parties have collective control of the arrangement. If all parties or a group of parties must act in unison to determine the relevant activities of an arrangement, it is considered that all parties or a group of participants collectively control the arrangement. Secondly, it is necessary to decide whether the decision-making related to the arrangement must be unanimously approved by the participants who collectively control the arrangement. If there is a combination of two or more parties that can collectively control an arrangement, it does not constitute a common control. To determine whether there is common control, not to consider the protection of the rights.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but not be able to exercise control or joint control over those policies. When indenting an investing enterprise whether can exercise significant influences over the investee, it shall consider the effects of the voting shares directly or indirectly held by the investee and the current enforceable voting rights held by the investee and other parties on the assumption of conversion to the equity of the investee, including the issuance by the investee current convertible warrants, share options and convertible corporate bonds and so on.

When the **Company** indirectly owns more than 20.00% (including 20.00%) but less than 50.00% of the voting shares of the investee directly or through its subsidiaries, it is generally considered to have a material impact on the investee unless there is clear evidence that such circumstances cannot participate in the decision of production and operation of

the invested unit. Under this circumstance, it does not have a significant impact.

(b) Determination of initial investment cost

(b.1) Long-term equity investments generated in business combinations

(b.1.1) For a business combination under common control, if the **Company** makes payment in cash, transfer non-cash assets or bear debts and issues equity securities as the consideration for the business combination, book value of the owners' equity of the acquiree obtained is recognized as the initial cost of the long-term equity investment on the combination date. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred, liabilities assumed and par value of share issued shall be adjusted to the stock premium in the capital reserve; if there is no sufficient premium in the capital reserve for write-downs, the retained earnings shall be adjusted.

(b.1.2) For a business combination under common control, if the acquirer issues equity securities as the consideration for the combination, the initial investment cost of the long-term equity investment shall be the share of the book value of the owner's equity of the merged party in the consolidated financial statements of the ultimate controlling party on the combination date. Take the total par value of the issued shares as the share capital, and adjust the capital reserve according to the difference between the initial investment cost of the long-term equity investment and the total par value of the issued shares; if the capital reserve is not sufficient to offset, the retained earnings shall be adjusted.

(b.1.3) For a business combination not under common control, the initial investment cost of a long-term equity investment is determined by the fair value of the assets paid, liabilities incurred or assumed and equity securities issued on the acquisition date to obtain control over the acquiree. The intermediary expenses such as audit, legal services, evaluation and consultation and other related administrative expenses incurred by the acquirer for business combination shall be included in the current profit or loss when incurred.

(b.2) The cost of long-term equity investments other than those resulting from business combinations shall be determined in accordance with the following provisions:

- For long-term equity investments acquired by payments in cash, the initial cost is the actually paid purchase cost. The initial investment cost includes expenses directly related to obtaining long-term equity investment, taxes and other necessary expenses.
- For long-term equity investments acquired through issuance of equity securities, the initial cost is the fair value of the issued equity securities.
- For the long-term equity investments obtained through exchange of non-monetary assets, if the exchange has commercial substance, and the fair value of assets traded

out and traded in can be measured reliably, the initial cost of long-term equity investments traded in with non-monetary assets are determined based on the fair value of the assets traded out together with relevant taxes. Difference between fair value and book value of the assets traded out is recorded in profit or loss. If the exchange of non-monetary assets does not meet the above criteria, the book value of the assets traded out and relevant taxes are recognized as the initial cost of long-term equity investments traded in.

- For long-term equity investments acquired through debt restructuring, the book value is determined by the fair value of the abandoned creditor's rights and other costs such as taxes directly attributable to the asset, and the difference between the fair value of the abandoned creditor's rights and the book value is recorded into the current profit or loss.

(c) Subsequent measurement and recognition of profit or loss

Long-term equity investment to an entity over which the **Company** has ability of control shall be accounted for at cost method. Long-term equity investment to a joint venture or an associate shall be accounted for at equity method.

(c.1) Cost method

For Long-term equity investment at cost method, cost of the long-term equity investment shall be adjusted when additional amount is invested or a part of it is withdrawn. The **Company** recognizes its share of cash dividends or profits which have been declared to distribute by the investee as current investment income.

(c.2) Equity method

Generally, for long term equity investment with equity method, accounting practice is as below:

If the initial cost of the investment is in excess of the share of the fair value of the net identifiable assets in the investee at the date of investment, the difference shall not be adjusted to the initial cost of long-term equity investment; if the initial cost of the investment is in short of the share of the fair value of the net identifiable assets in the investee at the date investment, the difference shall be included in the current profit or loss and the initial cost of the long-term equity investment shall be adjusted accordingly.

The **Company** recognizes the share of the investee's net profits or losses, as well as its share of the investee's other comprehensive income, as investment income or losses and other comprehensive income respectively. Meanwhile the **Company** adjusts the carrying amount of the investment accordingly. The carrying amount of the investment shall be reduced by the share of any profit or cash dividends declared to distribute by the investee. The investor's share of the investee's owners' equity changes, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, would

be recognized in the investor's equity, and the carrying amount of the long-term equity investment shall be adjusted accordingly. The **Company** recognizes its share of the investee's net profits or losses after making appropriate adjustments based on the fair value of the investee's identifiable net assets at the investment date. If the accounting policy and accounting period adopted by the investee is not in consistency with the **Company**, the financial statements of the investee shall be adjusted according to the **Company's** accounting policies and accounting period, based on which, investment income or loss and other comprehensive income, etc., shall be adjusted. The unrealized profits or losses resulting from inter-company transactions between the **Company** and its associate or joint venture are eliminated in proportion to the **Company's** equity interest in the investee, based on which investment income or losses shall be recognized. Any losses resulting from inter-company transactions between the investor and the investee, which are attributable to asset impairment, shall be recognized in full.

Where the **Company** obtains the power of joint control or significant influence, but not control, over the investee, due to additional investment or other reason, the relevant long-term equity investment shall be accounted for by using the equity method, initial cost of which shall be the fair value of the original investment plus the additional investment. Where the original investment is classified as available-for sale investment, difference between its fair value and its carrying value, in addition to the cumulated fair value fluctuation recorded in other comprehensive income, shall be recognized as current profit or loss.

Due to the disposal of part of the equity investment and other reasons lost the joint control or significant impact on the investee, the remaining after the disposal of equity measured at fair value, the difference between the proceeds actually received and the carrying amount shall be recognized in profit or loss for the reporting period. For a long-term equity investment accounted for using the equity method, any other comprehensive income previously recognized shall be accounted for on the same basis as would have been required if the investee had directly disposed the related assets or liabilities on a pro-rata basis upon the disposal of the equity investment.

3.18 Investment Properties

(a) Classification of investment properties

Investment properties are properties to earn rentals or for capital appreciation or both, including:

- Land use right leased out;
- Land held for transfer upon appreciation;
- Buildings leased out.

(b) The measurement model of investment property

The **Company** adopts the fair value model for subsequent measurement of investment properties.

The **Company's** investment properties have an active properties transaction market, and the **Company** can obtain market prices and other relevant information of similar or similar properties from the property's transaction market, so that it can make a reasonable estimate of the fair value of the investment properties. Therefore, the **Company** can make a reasonable estimate of the fair value of the investment properties. The company adopts the fair value model for subsequent measurement of investment properties, and changes in fair value are included in the current profit and loss.

When determining the fair value of investment properties, refer to the current market price of similar or similar properties in the active market; if the current market price of the same or similar properties cannot be obtained, refer to the recent transaction price of the same or similar or similar properties in the active market, and Considering factors such as transaction status, transaction date, location, etc., to make a reasonable estimate of the fair value of investment properties; or determine its fair value based on the estimated future rental income and the present value of relevant cash flows.

In rare cases, if the evidence shows that when the **Company** first acquires a certain non-construction investment property (or an existing property first becomes an investment property after the construction or development activities or change of use), the fair value of the investment property can not be continuously and reliably obtained, the investment property shall be measured at cost mode until disposal, and be assumed there is no residual value.

3.19 Property, Plant and Equipment

Property, plant and equipment refer to the tangible assets held for the purpose of producing commodities, rendering services, renting or business management with useful lives exceeding one year.

(a) Recognition criteria of property, plant and equipment

Property, plant and equipment will only be recognized at the actual cost paid when obtaining when all the following criteria are satisfied:

- it is probable that the economic benefits relating to the property, plant and equipment will flow into the **Company**;
- the costs of the property, plant and equipment can be measured reliably.

Subsequent expenditure for property, plant and equipment shall be recorded in cost of property, plant and equipment, if above criteria are satisfied, whereas, recorded in current profit or loss if the above criteria cannot be satisfied.

(b) Depreciation methods of property, plant and equipment

From the next month when the property, plant and equipment reaches the expected useable state, the **Company** shall calculate the depreciation according to the method of straight-line depreciation and determine the depreciation life and annual depreciation rate according to the categories of property, plant and equipment, estimated economic service life and estimated net salvage value rate as follows:

Categories of property, plant, and equipment	Depreciation methods	Estimated useful life (years)	Residual rates (%)	Annual depreciation rates (%)
Buildings and constructions	Straight-line method	40	5.00	2.38
Office equipment and electrical equipment	Straight-line method	5	5.00	19.00
Vehicle	Straight-line method	5	5.00	19.00
Machinery equipment	Straight-line method	5	5.00	19.00
Pipeline assets	Straight-line method	40	5.00	2.38

For the property, plant and equipment with impairment provided, the impairment provision should be excluded from the cost before calculating depreciation.

At the end of reporting period, the **Company** shall review the useful life, estimated net residual value and depreciation method of the property, plant and equipment. Estimated useful life of the property, plant and equipment shall be adjusted if it is changed.

(c) Criteria, valuation and depreciation methods of property, plant and equipment obtained through a finance lease.

The following accounting policies are applicable to 2020 and before

If the entire risk and rewards related to the leased assets have been transferred, the lease shall be a finance lease. The cost of the property, plant and equipment obtained through a finance lease is determined at the lower of the present value of the fair value of the leased assets and the minimum lease payment on the day of the lease. The property, plant and equipment obtained by a finance lease are depreciated in the method which is in consistency with the property, plant and equipment owned by the **Company** itself. For property, plant and equipment obtained through a finance lease, if it is reasonably certain that the ownership of the leased assets will be transferred to the lessee by the end of the lease term, they shall be depreciated over their remaining useful lives; otherwise, the leased assets shall be depreciated over the shorter of the lease terms or their remaining useful lives.

3.20 Construction in Progress

(a) Construction in progress is measured on an individual project basis.

(b) Criteria and timing of transfer from construction in progress to property, plant and equipment

The initial book values of the property, plant and equipment are stated at total expenditures

incurred before they are ready for their intended use, including construction expenses, original value of equipment, other necessary expenditures incurred to bring construction in progress to an intended usable condition, and specific borrowings and general borrowings incurred for the purpose of borrowing money for the project before the asset reaches its intended usable condition. The company will transfer construction in progress to property, plant and equipment when the project's installation or construction is completed and ready for use. For construction in progress that has been ready for intended use but relevant budgets for the completion of projects have not been completed, the estimated values of project budgets, prices, or actual costs should be included in the costs of relevant property, plant and equipment, and depreciation should be provided according to relevant policies of the **Company** when the property, plant and equipment are ready for intended use. After the completion of budgets needed for the completion of projects, the estimated values should be substituted by actual costs, but depreciation already provided is not adjusted.

3.21 Borrowing Costs

(a) Recognition criteria for capitalization of borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets form part of the costs of those assets and satisfy the following factors could be capitalized:

- expenditures are being incurred, which comprise disbursements incurred in the form of payments of cash, transfer of non-monetary assets or assumption of interest-bearing debts;
- borrowing costs are being incurred, and;
- acquisition, construction or production activities that are necessary to prepare the assets for their intended use or sale have commenced.

Interest on bank overdrafts and borrowings, amortization of discounts or premiums on borrowings, finance charges on finance leases and exchange differences on foreign currency borrowings where they are regarded as an adjustment to interest costs are recognized as expenses and charged to profit or loss in the reporting period.

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally and when the interruption is for a continuous period of more than 3 months, until the acquisition, construction or production is resumed.

Capitalization of such borrowing costs ceases when the qualifying assets being acquired, constructed or produced become ready for their intended use or sale. The expenditure incurred subsequently shall be recognized as expenses.

(b) Measurement of capitalized amounts of borrowing costs

Where funds are borrowed specifically for purchase, construction or manufacturing of assets eligible for capitalization, costs eligible for capitalization are the actual costs incurred less any income earned on the temporary investment of such borrowings.

Where funds allocated for purchase, construction or manufacturing of assets eligible for capitalization are part of a general pool, the eligible amounts are determined by applying a capitalization rate to the weighted average excess of accumulated capital expenditures over those on specific borrowings. The capitalization rate will be the weighted average of the borrowing costs applicable to the general pool.

3.22 Intangible Assets

(a) Measurement method of intangible assets

Intangible assets are stated at actual cost at acquisition.

(b) The useful life and amortization of intangible assets

(b.1) The estimated useful lives of the intangible assets with limited useful lives are as follows:

Category	Useful life (years)	Basis
Land use right	37.67 to 50	Legal right to use
Software use rights	2 to 10	The useful life of the asset is determined according to the period during which it can bring economic benefits to the Company.
Right to charge for road parking spaces	35	The useful life of the asset is determined according to the period during which it can bring economic benefits to the Company.
Mining operation and management usufruct	/	The useful life is determined by reference to the expected consumption pattern of economic benefits associated with intangible assets.
Franchise rights for advertising spaces	50	The useful life of the asset is determined according to the period during which it can bring economic benefits to the Company.

For intangible assets with finite useful life, the estimated useful life and amortization method are reviewed annually at the end of each reporting period and adjusted when necessary. No change incurs in current year in the estimated useful life and amortization method upon review.

(b.2) Assets of which economic benefits are unforeseeable are regarded as intangible assets with indefinite useful lives. The **Company** reassesses the useful lives of those assets at every year end. If the useful lives of those assets are still indefinite, impairment test should be performed on those assets at the balance sheet date.

(b.3) Amortization of the intangible assets

For intangible assets with finite useful lives, their useful lives should be determined upon their acquisition. They are amortized on a straight-line basis over the period during which they can bring economic benefits to the **Company**. The amount to be amortized is cost deducting residual value. For intangible assets which has impaired, the cumulated impairment provision shall be deducted as well, with a residual value of nil. For intangible assets which are not expected to bring economic benefits to the **Company**, they are deemed as intangible assets with uncertain useful lives and are not amortized.

Intangible assets with indefinite useful lives shall not be amortized. The **Company** reassesses the useful lives of those assets at every year end. If there is evidence to indicate that the useful lives of those assets become finite, the useful lives shall be estimated, and the intangible assets shall be amortized systematically and reasonably within the estimated useful lives.

(c) Criteria of classifying expenditures on internal research and development projects into research phase and development phase

(c.1) The **Company** shall take the information and related preparatory activities for further development activities as the research stage, and the expenditure of the intangible assets research stage shall be recorded into the current profit and loss when incurred.

(c.2) The development activities that are carried out after the **Company** has completed the research phase shall be considered as the development phase.

(d) Criteria for capitalization of qualifying expenditures during the development phase

Expenditures arising from development phase on internal research and development projects must be capitalized if the **Company** can satisfy all of the following criteria:

- there is technical feasibility of completing the intangible assets (so that they will be available for use or sale);
- there is intention to complete and use or sell the assets;
- the method that the intangible assets generate economic benefits, including existence of a market for products produced by the intangible assets or for the intangible assets themselves, shall be proved. Or, if to be used internally, the usefulness of the assets shall be proved;
- adequate technical, financial, and other resources are available to complete the assets, and the **Company** has the ability to use or sell the assets; and
- the costs of the assets can be measured reliably.

3.23 Biological Assets

(a) Recognition criteria of biological assets

A biological asset is a living animal or plant. The **Company** recognise a biological asset

when all of the following criteria are satisfied:

- The **Company** owns or controls the asset as a result of past events;
- It is probable that future economic benefits associated with the asset will flow to the **Company**; and;
- The fair value or cost of the asset can be measured reliably.

(b) Classification of biological assets

Biological assets of the **Company** include consumptive biological assets. The **Company** subsequently measures the biological assets using cost method.

(b.1) The consumptive biological assets

The consumptive biological assets refer to the biological assets held for sale, or biological assets to be harvested as agricultural products in the future, consisting of growing field crops, vegetables, commercial forests, livestock on hand, etc. The consumptive biological assets are initially measured at cost. The costs of any consumptive biological assets by way of self-planting, self-cultivating, self-breeding shall be determined as necessary expenses directly attributable to the assets incurred prior to the sale, including borrowing cost eligible for capitalisation. The further expenses of consumptive biological assets after harvest including management and feeding expenses are recorded as current profit or loss. The cost of a consumptive biological asset shall, at the time of harvest or sale, be carried over in accordance with its book value using special cost identification method.

(b.2) The productive biological assets

The productive biological assets refer to the biological assets held on the purpose of producing agricultural products, rendering labor services, renting, and etc., consisting of the economic forests, fuel forests, productive livestock, draught animals, etc. The productive biological assets are initially measured at cost. The costs of any productive biological assets by way of self-cultivating or self-breeding shall be determined as necessary expenses directly attributable to the assets incurred before accomplishing the expected objective of production and operation, including borrowing cost eligible for capitalisation.

The subsequent expenses for the management and protection or for the breeding for productive biological asset after canopy closure or after the accomplishment of the expected objective of production and operation shall be included in current profit or loss. For a productive biological asset, when such conditions such as sale, inventory loss, death, damage or destroy appear, a gain or loss shall be recognised in profit or loss by offsetting the disposal income with the carrying amount and the related taxes and expenses.

(b.3) The public welfare biological assets

The public welfare biological assets refer to the biological assets for the main purpose of prevention or environmental protection, consisting of wind break and sand fixation forests, water and soil conservation forests, water conservation forests, etc. The costs of self-cultivating public welfare biological assets shall be determined as necessary expenses directly attributable to the assets incurred before canopy closure, including borrowing cost eligible for capitalisation.

The subsequent expenses for the management and protection or for the breeding of public welfare biological assets after canopy closure shall be included in profit or loss.

The public welfare biological assets are subsequently measured at cost. There is no provision for impairment of the public welfare biological assets.

For a public welfare biological asset, when such conditions such as sale, inventory loss, death, damage or destroy appear, a gain or loss shall be recognised in profit or loss by offsetting the disposal income with the carrying amount and the related taxes and expenses.

(c) Estimated useful lives and depreciation method of productive biological assets

The depreciation of productive biological assets is calculated using the straight-line basis and the depreciation rates determined according to the estimated useful lives and residual rate by category.

The **Company** reviews the useful lives, estimated net residual values and depreciation methods of the productive biological assets at each year end and any variance shall be adjusted by the **Company** as part of changes in accounting estimates.

3.24 Impairment of Long-term Assets

Impairment of the long-term equity investments of subsidiaries, or associates and joint ventures, property, plant and equipment, construction in progress, productive biological assets measured at cost model, intangible assets, goodwill, etc. (inventories, deferred tax assets and financial assets are excluded), according to the following methods:

On the balance sheet date, the **Company** makes a judgment on each asset. If there is evidence of impairment and the estimated recoverable amount is lower than its book value, impairment test assets should be performed. The impairment test shall be performed at least annually on the goodwill acquired in a business combination, intangible assets with indefinite useful lives or intangible assets that have not yet reached usable state of whether there is any indication of impairment.

The recoverable amount is determined by the higher value between the net value of the asset after deducting the disposal expense and the present value of the asset's expected future cash flow. The **Company** estimates the recoverable amount on the basis of a single asset; If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group shall be determined on the basis of the asset group to which the

asset belongs. The determination of an asset group is based on whether the main cash inflow generated by the asset group is independent of other assets or the cash inflow generated by the asset group.

When the recoverable amount of an asset or asset group is lower than its book value, the **Company** shall reduce to the recoverable amount, the amount shall be recognized in the current profit and loss, while making provision for the corresponding asset impairment.

As for the impairment test of goodwill, the book value of the goodwill formed by business combination shall be allocated to the relevant asset group in a reasonable way from the date of purchase; difficult to spread to the relevant asset groups of goodwill, should divide it to related to the combination of group assets. The relevant asset groups or combination of asset groups, it is able to benefit from the enterprise merger synergies of the asset group or combination of group assets, and not greater than the portion of the report determined by the **Company**.

During the impairment test, if impairment indication exists in the assets or a group of assets, firstly, impairment testing for asset or assets group excluding goodwill shall be conducted. Impairment loss is recognized through comparing the recoverable amount of the assets and assets group with their carrying amount; then, impairment testing for assets or assets group including goodwill shall be conducted. The excess of the carrying amount of the assets or assets group (including goodwill allocated to the assets or assets group) over their recoverable amount is recognized as impairment loss.

Once the asset impairment loss is confirmed, it will not be reversed in subsequent accounting periods.

3.25 Long-term Deferred Expenses

Long-term deferred expenses are various expenses already incurred, which shall be amortized over current and subsequent periods with the amortization period exceeding one year.

The **Company's** long-term unamortized expenses are averagely amortised during the benefit period. The amortization period of various expenses is as follows:

Items	Amortization period (years)
Decoration fund	5
Consulting service fee	2 to 20
Preliminary expenses of General Aviation Airport	3 to 5
Others	3 to 5

3.26 Employee Benefits

Employee benefits refer to all forms of consideration or compensation given by an

enterprise in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to an employee's spouse, children, dependents, family members of deceased employees, or other beneficiaries are also employee benefits.

(a) Short-term employee benefits accounting method

(a.1) Basic salary of employees (salaries, bonuses, allowances and subsidies)

The **Company** recognizes, in the accounting period in which an employee provides service, actually occurred short-term employee benefits as a liability, with a corresponding charge to current profit or loss or relevant cost of assets.

(a.2) Employee benefit expenses

Employee benefit expenses incurred by the **Company** are charged to the profits and losses of the current period or the related asset costs, according to the actual amount actually occurred. Employee benefits are non-monetary benefits measured at their fair value.

(a.3) Social insurance including health insurance, injury insurance and birth insurance, housing accumulation fund, and labor union funds and employee education funds

Payments made by the **Company** of social security contributions for employees, such as premiums or contributions on medical insurance, pensions, work injury insurance and maternity insurance, payments of housing funds, and union running costs and employee education costs provided in accordance with relevant requirements, in the accounting period in which employees provide services, is calculated according to prescribed bases and percentages of provision in determining the amount of employee benefits.

(a.4) Short-term absence pay

Paid absences are classified into accumulating paid absences and non-accumulating paid absences. The **Company** shall recognize the related employee benefits arising from accumulating paid absences when the employees render service that increases their entitlement to future paid absences. The additional payable amounts shall be measured at the expected additional payments as a result of the unused entitlement that has accumulated.

(a.5) Short-term profit-sharing plan

The **Company** shall recognize the related employee benefits payable under a profit-sharing plan when all of the following conditions are satisfied:

- the **Company** has a present legal or constructive obligation to make such payments as a result of past events; and
- a reliable estimate of the amounts of employee benefits obligation arising from the profit-sharing plan can be made.

(b) Post-employment benefits accounting method

(b.1) Defined contribution plans

The **Company** shall recognize, in the accounting period in which an employee provides service, the contribution payable to a defined contribution plan as a liability, with a corresponding charge to the profit or loss for the reporting period or the cost of a relevant asset.

Post-employment benefits falling due for more than 12 months after the end of the reporting period are discounted to their present values, the amount recognized should be discounted, to reflect the time value of money (Determined based on the market rate of return on the government bonds or high-quality corporate bonds in an active market that match the maturity schedule and currency of the defined benefit plan on the balance sheet date).

(b.2) Defined benefit plans

(b.2.1) Determining the present value of defined benefit plan obligations and current service costs

Based on the expected unit benefit method, the unbiased and mutually consistent actuarial assumptions are used to estimate the relevant demographic variables and financial variables, etc., to measure the obligations arising from the defined benefit plans and to determine the vesting period of the relevant obligations. The **Company** will set a benefit plan based on the corresponding discount rate (based on the market rate of return of government bonds or high-quality corporate bonds in active markets that match the maturity and currency of the defined benefit plan at the balance sheet date) of the obligation to be discounted to determine the present value of the defined benefit plan obligations and current service costs.

(b.2.2) Determining the net liabilities or net assets of defined benefit plan

If there is any asset in the defined benefit plan, the **Company** will recognize the deficit or surplus as a net debt or net asset of the defined benefit plan, which caused from the current value of the defined benefit plan obligations less of the fair value of the defined benefit plan assets.

If there is a surplus in the defined benefit plan, the **Company** measures the net profit of the defined benefit plan based on the lower of the surplus of the defined benefit plan and the upper limit of the asset.

(b.2.3) Determining the amount that should be included in the cost of assets or current profits and losses

Service costs include current service costs, past service costs and settlement gains or losses. Except for the current service costs that are required or permitted to be included in the cost of an asset by other accounting standards, other service costs are included in the profit or loss for the current period.

Net interest on the net liabilities or net assets of the defined benefit plan, including the interest income of the scheme assets, the interest expenses of the defined benefit plan obligations and the interest rates affected by the asset cap, shall be included in the profits and losses of the current period.

(b.2.4) Determine the amount that should be included in other comprehensive income

Changes arising from the remeasurement of net liabilities or net assets of defined benefit plans, including:

- actuarial gains or losses: the increase or decrease in the present value of the previously defined benefit plan obligations as a result of actuarial assumptions and experience adjustments.
- Planned return on assets: deducing the amount of net interest included in the net liabilities or net assets of defined benefit plans.
- Changes in the upper limit of assets: deducing the amount of net interest included in the net liabilities or net assets of defined benefit plans.

The above changes in the net liabilities or net assets of the re-measured defined benefit plan are directly charged to other comprehensive income and are not permitted to be reversed to profit or loss in subsequent accounting periods, but the **Company** can transfer these changes in other comprehensive income within the scope of equity.

(c) Termination benefits accounting method

The **Company** providing termination benefits to employees shall recognize an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss of the reporting period, at the earlier of the following dates:

- when the **Company** cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal.
- when the **Company** recognizes costs or expenses related to a restructuring that involves the payment of termination benefits.

Termination benefits falling due for more than 12 months after the end of the reporting period are discounted to their present values (based on the market rate of return of government bonds or high-quality corporate bonds in active markets that match the maturity and currency of the defined benefit plan at the balance sheet date).

(d) Other long-term employee benefits accounting method

(d.1) Other long-term employee benefits fit the Defined Contribution Plan

If other long-term employee benefits provided by the **Company** meet the conditions of the established withdrawal plan, the total amount due for deposit shall be calculated as the discounted amount to pay the employee remuneration.

(d.2) Other long-term employee benefits fit the Defined Benefit Plans

At the end of the reporting period, the **Company** recognized employee compensation costs arising from other long-term employee benefits as the following components:

- Service costs;
- Net interest on the other long-term employee benefits liability (asset);
- Remeasurement of changes in net liabilities or net assets of other long-term employee benefits.

In order to simplify the relevant accounting treatment, the total net amount of the above items is included in the profit or loss of the reporting period or the cost of a relevant asset.

3.27 Revenue

Applicable from 1 January 2021

(a) General principle

Revenue is defined as the gross inflow of economic benefits arising in the course of the ordinary activities of the **Company** when those inflows result in the increases in shareholders' equity, other than increases relating to contributions from shareholders.

The **Company** shall recognise revenue when it satisfies a performance obligation in the contract as the customer obtains control of a good or service. Control of a good or service refers to the ability to direct the use of, and obtain substantially all of the remaining economic benefits from, the good or service.

When the contract has two or more obligation performances, the **Company** shall allocate the transaction price to each performance obligation in proportion to a relative stand-alone selling price at contract inception of the promised good or service underlying each performance obligation in the contract and recognize revenue based on the transaction price allocated to each performance obligation.

The transaction price is the amount of consideration to which the **Company** expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. When determining the transaction price of the contract, if the contract includes a variable consideration, the **Company** shall determine the best estimate of the variable consideration based on the expected value or the most likely amount and include in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. If the contract contains a significant financing component, the **Company** shall determine the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the transaction price and the promised consideration shall be amortized using the effective

interest method within the contract period. The **Company** need not consider the effects of a significant financing component if the period between when the **Company** transfers control of a good or service to a customer and when the customer pays for that good or service will be one year or less.

The **Company** satisfies a performance obligation over time, if one of the following criteria is met; otherwise, a performance obligation is satisfied at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the **Company's** performance as the **Company** performs;
- the **Company's** performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced;
- the **Company's** performance does not create an asset with an alternative use to the **Company** and the **Company** has an enforceable right to payment for performance completed to date.

For each performance obligation satisfied over time, the **Company** shall recognize revenue over time by measuring the progress towards complete satisfaction of that performance obligation, unless those progress cannot be reasonably measured. The **Company** measures the progress of a performance obligation for the service rendered using input methods (or output method). In some circumstances, the **Company** cannot be able to reasonably measure the progress of a performance obligation, but the **Company** expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the **Company** shall recognize revenue only to the extent of the costs incurred until such time that it can reasonably measure the progress of the performance obligation.

The **Company** shall recognize revenue at the point in which a customer obtains control of a promised good or service if a performance obligation is satisfied at a point in time. To determine the point in time at which a customer obtains control of a promised good or service, the **Company** shall consider indicators of the transfer of control, which include, but are not limited to, the followings:

- The **Company** has a present right to payment for the good or service - a customer is presently obliged to pay for the good or service;
- The **Company** has transferred legal title of an asset to a customer - the customer has legal title to the asset;
- The **Company** has transferred physical possession of an asset to a customer - the customer has physical possession of the asset;
- The **Company** has transferred the significant risks and rewards of ownership of the asset to a customer - the customer has the significant risks and rewards of ownership of the asset;

- The customer has accepted the asset.

(a.1) Sale return clause

For sale return clause, when the customer obtains the control of a product, the **Company** shall recognize revenue for the transferred products in the amount of consideration to which the **Company** expects to be entitled and a refund liability at the amounts receivable for which the **Company** does not expect to be entitled; meanwhile, an asset shall be recognized as receivables on the cost of return measured at the former carrying amount of the product expected to be returned less any expected costs to recover those products (including potential decreases in the value to the entity of returned products), and the net amount of the former carrying amount of the product when transferred to the customer less above mentioned cost shall be recorded into the cost of sales. At the end of each reporting period, the **Company** shall re-assess the expectations about the sales return and remeasure above mentioned assets and liabilities.

(a.2) Warranties

In accordance with the contract, the law or other requirements, the **Company** provides a warranty in connection with the sale of a product or construction of a project. For warranties which provide a customer with assurance that the related product will function as the parties intended because it complies with agreed-upon specifications, the **Company** shall treat it in accordance with "Accounting Standards for Business Enterprise No.13 - Contingencies". If a warranty, or a part of a warranty, provides a customer with a service in addition to the assurance that the product complies with agreed-upon specifications, the **Company** shall treat it as a performance obligation, and allocate the transaction price to the warranty based on the relative proportion to the stand-alone selling price of the product and the service, and recognize revenue when the customer obtains the control of the service. In assessing whether a warranty provides a customer with a service in addition to the assurance that the product complies with agreed-upon specifications, the **Company** shall consider factors such as: whether the warranty is required by law; the length of the warranty coverage period and the nature of the tasks that the **Company** promises to perform.

(a.3) Principal versus agent

If the **Company** obtains the control of the specified good or service from another party and then transfers the good or service to the customer, the **Company** has the right to determine the transaction price, which means that the **Company** controls the specified good or service before it is transferred to a customer, and is therefore a principal, and recognizes revenue in the gross amount of consideration to which it expects to be entitled in exchange for the specified good or service transferred. Otherwise, the **Company** is an agent, and shall recognize revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by another

party. The fee or commission might be the net amount of received or receivable consideration that the **Company** retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party or determined based on the specified commission amount or proportion.

(a.4) Consideration payable to a customer

The **Company** shall account for consideration payable to a customer as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the **Company**. The reduction of revenue shall be recognized when (or as) the later of either of the following events occurs: the **Company** recognizes revenue for the transfer of the related goods or services to the customer; and the **Company** pays or promises to pay the consideration.

(a.5) Customers' unexercised rights

Upon receipt of a prepayment for a good or service from a customer, the **Company** shall recognize a contract liability in the amount of the prepayment and recognize revenue when it satisfies its performance obligation. If the prepayment to the **Company** is non-refundable and the customer may not exercise part or all of its contractual rights, and the **Company** expects to be entitled to a breakage amount related to those unexercised rights of the customer, the **Company** shall recognize the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer; otherwise, the **Company** shall recognize the remaining balance of above mentioned liability as revenue when the likelihood of the customer exercising its remaining rights becomes remote.

(a.6) Contract modifications

When the construction contract modifications exist between the **Company** and the customer:

- The **Company** shall account for a contract modification as a separate contract if the modification results in the addition of promised construction services that are distinct and increase of the price of the contract, and the price of the contract increases by an amount of consideration that reflects the **Company's** stand-alone selling prices of the additional promised construction services;
- If the contract modification is not accounted for as a separate contract in accordance with above mentioned circumstance, and the remaining construction services are distinct from the construction services transferred on or before the date of the contract modification, the **Company** shall account for the contract modification as if it were a termination of the existing contract and the creation of a new contract with the combination of the remaining performance obligations of the existing contract and the contract modification.
- If the contract modification is not accounted for as a separate contract in accordance

with above mentioned circumstance, and the remaining construction services cannot be distinct from the construction services transferred on or before the date of the contract modification, the **Company** shall account for the contract modification as if it were a part of the existing contract and the effect that the contract modification has on the transaction price, and on the entity's measure of progress towards complete satisfaction of the performance obligation, is recognized as an adjustment to revenue at the date of the contract modification.

(b) Specific method

Revenue recognition methods of the **Company** are as follows:

(b.1) Revenue from goods sales

The sales contract between the **Company** and the customer contains the performance obligation of the transferred goods, which belongs to the performance obligation at point in time. The **Company** shall recognize the income when the **Company** has delivered the product to the customer according to the contract and the customer has obtained the product control right.

(b.2) Revenue from land development

According to the agreement signed by the **Company** with Government, the revenue from land development belongs to the recognition of performance obligations at a certain point in time, the delivery conditions are met, and the realisation of sales revenue is recognised at the point in time when the settlement with the government and the transfer of control of the related merchandise are made.

(b.3) Revenue from entrusted construction

For the **Company's** revenue from entrusted construction measured in accordance with the consideration received or entitled to receive, recognize the revenue at the same time recognize the contract assets, and accounting treat the significant financing components in the contract arrangement. When the **Company** has the right to receive the consideration unconditionally, transfer it to "Long-term receivables" and then offset after the amount is paid by the owner.

The **Company** determines the performance progress of the services provided in accordance with the input method. The performance progress shall be determined by the proportion of the contract cost actually incurred for the performance of the contract which has been completed to the total estimated contract cost. At the balance sheet date, the Company reestimates the progress of services completed or completed to reflect changes in performance.

The following revenue accounting policies are applicable to 2020 and before

(a) Revenue from sale of goods

Revenue from sales of goods shall be recognized if the following criteria are all Revenue from sale of goods is recognized when the following criteria are satisfied:

- significant risks and rewards related to ownership of the goods have been transferred to the buyer;
- the **Company** retains neither continuous management rights associated with ownership of the goods sold nor effective control over the goods sold;
- relevant amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow into the **Company**;
- relevant amount of cost incurred or to be incurred can be measured reliably.

(b) Revenue from rendering of services

When the outcome of rendering of services can be estimated reliably at the balance sheet date, revenue associated with the transaction is recognized using the percentage of completion method. Percentage of completion is determined by using the proportion of services performed to date to the total services that should be performed, or the proportion of cost incurred for rendering of the services to date to the total estimated cost.

The outcome of rendering of services can be estimated reliably when all of the following conditions are satisfied: the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the **Company**; the percentage of completion of the transaction can be measured reliably; the costs incurred and to be incurred for the transaction can be measured reliably.

The **Company** shall determine the total income from rendering of services in accordance with the price of the contract or agreement received or receivable, except the price of the contract or agreement received or receivable is not fair. On the balance sheet date, the total amount of labor services provided is multiplied by the progress of completion and deducted the accumulated amount of labor service income confirmed in the previous accounting period to confirm the income from providing labor service. Meanwhile, the carrying amount of labor costs incurred for the current period is calculated by multiplying the estimated total cost of rendering of services by the completion progress deducting the accumulated recognized service costs in previous accounting periods.

If the outcome of rendering of services cannot be estimated reliably at the balance sheet date, deal with the following situations:

- If the labor cost incurred is expected to be compensated, the labor service income will be recognized according to the cost of labor service already incurred and the service cost will be carried forward at the same amount.
- If the cost of the service that has occurred is not expected to be compensated, the cost

of the service that has occurred shall be included in the current profits and losses, and the service income shall not be confirmed.

(c) Revenue from alienating the right-of-use assets

Revenue from alienating of right-of-use assets consists of interest revenue and royalty revenue. The **Company** shall recognize the amount of revenue from the alienating of right-of-use assets based on the following circumstances, respectively:

- interest revenue should be calculated in accordance with the period for which the enterprise's cash is used by others and the effective interest rate;
- the amount of royalty revenue should be calculated in accordance with the period and method of charging as stipulated in the relevant contract or agreement.

(d) Revenue from construction contracts

Under the circumstances that result of the construction contracts can be estimated reliably, contract revenue and contract cost shall be recognized by using percentage of completion method, which is determined according to the completion stages of the construction contracts. The completion stages of the contracts shall be calculated at the portion of the contract costs incurred to the total estimated contract costs.

Under the circumstances that the result of the construction contracts cannot be estimated reliably, while the estimated contract costs can be recovered, the revenue shall be recognized to the extent of costs incurred that are expected to be recoverable, contract costs shall be recognized as expense upon incurrence. If the estimated contract costs cannot be recovered, they shall be charged in expenses upon incurrence, without any revenue recognized.

If the estimated contract costs exceed estimated contract revenue, the estimated loss shall be recognized as expenses in current period.

(e) The Company's revenue specific confirmation method

(e.1) Revenue from land development and leveling:

Land transfer mode: The land has been leveled and transferred to the Natural Resources and Planning Bureau; and the **Company** has settled the land revenue with the Finance Bureau and the Natural Resources and Planning Bureau.

Land transaction mode: After the land demolition and consolidation has been completed and the land reserve has been transferred, that is, the main risks and rewards of the labor ownership of land demolition and consolidation are transferred to the purchaser; the **Company** no longer retains the continuous management right, which is usually associated with the ownership, and no longer controls the transferred land effectively. When the amount of income can be reliably measured; the economic benefits of the project are likely to flow in, and the costs incurred or to be incurred can be reliably measured, the realization

of revenue is recognized.

(e.2) Revenue from entrusted construction

According to the entrusted construction repurchase agreement signed between the **Company** and the client and the revenue recognition requirements of the Accounting Standards For Business Enterprises, when the entrusted construction project is handed over and relevant funds are received, the main risks and rewards of the entrusted construction project repurchase ownership are transferred to the purchaser; The **Company** no longer retains the continuous management right which is usually associated with the ownership, and no longer effectively controls the bought back entrusted construction projects. The amount of revenue can be measured reliably; Relevant economic benefits are likely to flow in; And the project has occurred or will occur when the cost can be reliably measured, recognize the realization of revenue.

(e.3) Revenue from real estate sales

- (i) The project in progress has been completed and accepted by relevant departments;
- (ii) Has concluded the "commercial housing sales contract" and fulfilled the main obligations stipulated in the sales contract;
- (iii) The sale price of the real estate has been obtained in whole or in part, but the rest of the receivables are sure to be recovered;
- (iv) The cost related to the sale of real estate can be measured reliably;
- (v) Complete the property delivery procedures with the owner. If the owner has no reason to delay the check-in procedures after the delivery notice is issued, it shall be deemed that the commercial house has been accepted, there is no objection to the commercial house, and the above conditions (i - iv) are met, then the company can recognize the realization of the real estate sales revenue at this time.

(e.4) Revenue from goods sales

The time point of revenue recognition for sales of goods is when the ownership of goods is delivered to the other party and the other party confirms the receipt of goods.

3.28 Estimated Liabilities

(a) Recognition criteria of estimated liabilities

The Company recognizes the estimated liabilities when obligations related to contingencies satisfy all the following conditions:

- that obligation is a current obligation of the Company;
- it is likely to cause any economic benefit to flow out of the Company as a result of performance of the obligation;
- the amount of the obligation can be measured reliably.

(b) Measurement method of estimated liabilities

The estimated liabilities of the Company are initially measured at the best estimate of expenses required for the performance of relevant present obligations. The Company, when determining the best estimate, has had a comprehensive consideration of risks with respect to contingencies, uncertainty and the time value of money. The carrying amount of the estimated liabilities shall be reviewed at the end of every reporting period. If conclusive evidence indicates that the carrying amount fails to be the best estimate of the estimated liabilities, the carrying amount should be adjusted based on the updated best estimate.

3.29 Government Grants**(a) Recognition of government grants**

A government grant shall not be recognized until there is reasonable assurance that:

- the **Company** will comply with the conditions attaching to them; and
- the grants will be received.

(b) Measurement of government grants

Monetary grants from the government shall be measured at amount received or receivable, and non-monetary grants from the government shall be measured at their fair value or at the notional sum by CNY1.00 when reliable fair value is not available.

(c) Accounting for government grants**(c.1) Government grants related to assets**

Government grants pertinent to assets mean the government grants that are obtained by the **Company** used for purchase or construction or forming the long-term assets by other ways. Government grants pertinent to assets shall be recognized as deferred income, and should be recognized in profit or loss on a systematic basis over the useful lives of the relevant assets. Grants measured at their nominal value shall be directly recognized in profit or loss of the period when the grants are received. When the relevant assets are sold, transferred, written off or damaged before the assets are terminated, the remaining deferred income shall be transferred into profit or loss of the period of disposing relevant assets.

(c.2) Government grants related to income

Government grants other than related to assets are classified as government grants related to income. Government grants related to income are accounted for in accordance with the following principles:

- if the government grants related to income are used to compensate the enterprise's relevant expenses or losses in future periods, such government grants should be recognized as deferred income on acquisition and be recognized in profit or loss in the period of recognizing relevant expenses;
- if the government grants related to income are used to compensate the enterprise's

relevant expenses or losses incurred, such government grants are directly recognized in profit or loss of the current period.

- For government grants comprised of part related to assets as well as part related to income, each part is accounted for separately; if it is difficult to identify different part, the government grants are accounted for as government grants related to income as a whole.
- Government grants related to daily operation are recognized in other income in accordance with their nature, and government grants irrelevant to daily operation activities are recognized in non-operating income.

(c.3) Loan interest subsidy

If the finance allocates the discount interest fund to the lending bank, and the lending bank provides the loan to the company at the preferential policy interest rate, the actual amount of the loan received shall be taken as the entry value of the loan, and the relevant borrowing costs shall be calculated according to the loan principal and the preferential policy interest rate.

When the loan interest subsidy is allocated to the **Company**, the subsidy is written off with corresponding loan interest.

(c.4) Repayment of the government grants

Repayment of the government grants shall be recognized by increasing the carrying amount of the asset if the book value of the asset has been written down, or reducing the balance of relevant deferred income if deferred income balance exists, or directly recognized in profit or loss of the current period for other circumstances.

3.30 Deferred Tax Assets and Deferred Tax Liabilities

Temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base. The **Company** recognizes the effect of taxable temporary differences and deductible temporary differences on income tax as deferred tax liabilities or deferred tax assets using liability method. Deferred tax assets and deferred tax liabilities shall not be discounted.

(a) Recognition of deferred tax assets

Deferred tax assets should be recognized for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized at the tax rates that are expected to apply to the period when the asset is realized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and

- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

The **Company** recognize a deferred tax asset for all deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint arrangements, to the extent that, and only to the extent that, it is probable that:

- the temporary difference will reverse in the foreseeable future;
- taxable profit will be available against which the deductible temporary difference can be utilized.

At the end of each reporting period, if there is sufficient evidence that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, the **Company** recognizes a previously unrecognized deferred tax asset.

The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period. An entity shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

(b) Recognition of deferred tax liabilities

A deferred tax liability shall be recognized for all taxable temporary differences at the tax rate that are expected to apply to the period when the liability is settled, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which:
 - is not a business combination; and
 - at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

An entity shall recognize a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint arrangements, except to the extent that both of the following conditions are satisfied:

- the **Company** 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.

(c) Recognition of deferred tax liabilities or assets involved in special transactions or events

(c.1) Deferred tax liabilities or assets related to business combination

For the taxable temporary difference or deductible temporary difference arising from a

business combination not under common control, a deferred tax liability or a deferred tax asset shall be recognized, and simultaneously, goodwill recognized in the business combination shall be adjusted.

(c.2) Items directly recognized in equity

Current tax and deferred tax related to items that are recognized directly in equity shall be recognized in equity. Such items include:

- other comprehensive income generated from fair value fluctuation of available for sale investments.
- an adjustment to the opening balance of retained earnings resulting from either a change in accounting policy that is applied retrospectively or the correction of an error.
- amounts arising on initial recognition of the equity component of a compound financial instrument.

(c.3) Unused tax losses and unused tax credits

(c.3.1) Unused tax losses and unused tax credits generated from daily operation of the Company itself

The criteria for recognizing deferred tax assets arising from the carryforward of unused tax losses and tax credits are the same as the criteria for recognizing deferred tax assets arising from deductible temporary differences. The **Company** recognizes a deferred tax asset arising from unused tax losses or tax credits only to the extent that there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the **Company**. Income taxes in current profit or loss shall be deducted as well.

(c.3.2) Unused tax losses and unused tax credits arising from a business combination

The potential benefit of the acquiree's income tax loss carryforwards or other deferred tax assets might not satisfy the criteria for separate recognition when a business combination is initially accounted for but might be realized subsequently. An entity shall recognize acquired deferred tax benefits that it realizes after the business combination as follows:

- acquired deferred tax benefits recognized within 12 months after acquisition date that result from new information about facts and circumstances that existed at the acquisition date shall be applied to reduce the carrying amount of any goodwill related to that acquisition. If the carrying amount of that goodwill is zero, any remaining deferred tax benefits shall be recognized in profit or loss.
- All other acquired deferred tax benefits realized shall be recognized in profit or loss.

(c.4) Temporary difference generated in consolidation elimination

When preparing consolidated financial statements, if temporary difference between carrying value of the assets and liabilities in the consolidated financial statements and their

taxable bases is generated from elimination of inter-company unrealized profit or loss, deferred tax assets or deferred tax liabilities shall be recognized in the consolidated financial statements, and income taxes expense in current profit or loss shall be adjusted as well (except for deferred tax related to transactions or events recognized directly in equity and business combination).

(c.5) Share-based payment settled by equity

If tax authority permits tax deduction that relates to remuneration paid in shares, share options or other equity instruments of the **Company**, during the period in which a remuneration expense is recognized according to the accounting standards, the **Company** estimate the tax base in accordance with available information at the end of the accounting period and the temporary difference arising from it. Deferred tax shall be recognized when criteria of recognition are satisfied. If the amount of estimated future tax deduction exceeds the amount of the related cumulative remuneration expense, the excess of the associated current or deferred tax should be recognized directly in equity.

3.31 Leases

Applicable from 1 January 2021

(a) Identifying a lease

At inception of a contract, the **Company** shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of one or more identified assets for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the **Company** shall assess whether, throughout the period of use, the customer has the right to obtain substantially all of the economic benefits from use of the identified asset and to direct the use of the identified asset.

(b) Identifying a separate lease component

When a contract includes more than one separate lease components, the **Company** shall separate components of the contract and account for each lease component separately. The right to use an underlying asset is a separate lease component if both conditions have been satisfied: (i) the lessee can benefit from use of the underlying asset either on its own or together with other resources that are readily available to the lessee; (ii) the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract.

(c) The Company as a lessee

At the commencement date, the **Company** identifies the lease that has a lease term of 12 months or less and does not contain a purchase option as a short-term lease. A lease qualifies as a lease of a low-value asset if the nature of the asset is such that, when new,

the asset is typically of low value. If the **Company** subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset.

For all short-term leases and low-value asset leases, the **Company** uses the straight-line method to include the lease payments in the relevant asset cost or current profit and loss during each period of the lease term.

Except for the election of simple treatment as short-term lease or lease of a low-value asset as mentioned above, at the commencement date, the **Company** shall recognise a right-of-use asset and a lease liability.

(c.1) Right-of-use asset

A right-of-use asset is an asset that represents a lessee's right to use an underlying asset for the lease term.

At the commencement date, the **Company** shall initially measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The **Company** recognizes and measures the cost in accordance with the recognition criteria and measurement method for estimated liabilities, details please refer to *Note 3.28 Estimated Liabilities*. Those costs incurred to produce inventories shall be included in the cost of inventories.

The right-of-use asset shall be depreciated according to the categories using straight-line method. If it is reasonably certain that the ownership of the underlying asset shall be transferred to the lessee by the end of the lease term, the depreciation rate shall be determined based on the classification of the right-of-use asset and estimated residual value rate from the commencement date to the end of the useful life of the underlying asset. Otherwise, the depreciation rate shall be determined based on the classification of the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

(c.2) Lease liability

At the commencement date, the lease liability shall be measured at the present value of the lease payments that are not paid at that date. The lease payments included in the measurement of the lease liability comprise the following 5 items:

- fixed payments and in-substance fixed payments, less any lease incentives receivable, if any;
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease;
- amounts expected to be payable by the lessee under residual value guarantees.

In order to calculate the present value of the lease payments, interest rate implicit in the lease shall be used as the discount rate. If that rate cannot be readily determined, the **Company** shall use the incremental borrowing rate. The difference between the lease payments and its present value shall be recognized as unrecognized financing charges, calculated bases on the discount rate of the present value of the lease payments in each period within the lease term and recorded as interest expense in current profit or loss. Variable lease payments not included in the measurement of lease liabilities shall be recognized in current profit or loss when incurred.

After the commencement date, the **Company** shall remeasure the lease liability based on the revised present value of the lease payments and adjust the carrying amount of the right-of-use asset if there is a change in the in-substance fixed payments, or change in the amounts expected to be payable under a residual value guarantee, or change in an index or a rate used to determine lease payments, or change in the assessment or exercising of an option to purchase the underlying asset, or an option to extend or terminate the lease.

(d) The Company as a lessor

At the commencement date, the **Company** shall classify a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, otherwise it shall be classified as an operating lease.

(d.1) Operating leases

The **Company** shall recognize lease payments from operating leases as income on a straight-line basis over the term of the relevant lease and the initial direct costs incurred in obtaining an operating lease shall be capitalized and recognized as an expense over the lease term on the same basis as the lease income. The **Company** shall recognize the variable lease payments relating to the operating lease but not included in the measurement of the lease receivables into current profit or loss when incurred.

(d.2) Finance leases

At the commencement date, the **Company** shall recognize the lease receivables at an account equal to the net investment in the lease (the sum of the present value of the

unguaranteed residual values and the lease payment that are not received at the commencement date discounted at the interest rate implicit in the lease) and derecognize the asset relating to the finance lease. The **Company** shall recognize interest income using the interest rate implicit in the lease over the lease term.

The **Company** shall recognize the variable lease payments relating to the finance lease but not included in the measurement of the net investment in the lease into current profit or loss when incurred.

At the beginning date of the lease term, the **Company** shall confirm the income according to the lower of the fair value of the leased assets and the present value discounted at the market interest rate, and carry forward the sales cost according to the book value of the leased assets after deducting the present value of the unguaranteed surplus value, with the difference between the income and the sales cost as the sales profit and loss.

(e) Lease modifications

(e.1) A lease modification accounted for as a separate lease

The **Company** shall account for a modification to a lease as a separate lease, if both:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope.

(e.2) A lease modification not accounted for as a separate lease

*(e.2.1) The **Company** as a lessee*

At the effective date of the lease modification, the **Company** shall redetermine the lease term of the modified lease and remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

The **Company** shall account for the remeasurement of the lease liability by:

- decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease or shorten the lease term. The **Company** shall recognise in profit or loss any gain or loss relating to the partial or full termination of the lease.
- Making a corresponding adjustment to the carrying amount of the right-of-use asset for all other lease modifications.

*(e.2.2) The **Company** as a lessor*

The **Company** shall account for a modification to an operating lease as a new lease from

the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

For a modification to a finance lease that is not accounted for as a separate lease, the **Company** shall account for the modification as follows:

- if the lease would have been classified as an operating lease had the modification been in effect at the inception date, the **Company** shall account for the lease modification as a new lease from the effective date of the modification and measure the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the lease modification;
- if the lease would have been classified as a finance lease had the modification been in effect at the inception date, the **Company** shall account for the lease modification according to the requirements in the modification or renegotiation of the contract.

(f) Sale and leaseback

The **Company** shall determine whether the transfer of an asset under the sale and leaseback transaction is a sale of that asset according to the policies in *Note 3.27 Revenue*.

(f.1) The Company as a seller (lessee)

If the transfer of the asset is not a sale, the **Company** shall continue to recognize the transferred asset and shall recognize a financial liability equal to the transfer proceeds. It shall account for the financial liability according to *Note 3.10 Financial Instruments*. If the transfer of the asset is a sale, the **Company** shall measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the **Company**. Accordingly, the **Company** shall recognize only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

(f.2) The Company as a buyer (lessor)

If the transfer of the asset is not a sale, the **Company** shall not recognize the transferred asset and shall recognize a financial asset equal to the transfer proceeds. It shall account for the financial asset according to *Note 3.10 Financial Instruments*. If the transfer of the asset is a sale, the **Company** shall account for the purchase of the asset applying applicable Accounting Standards of Business Enterprises, and for the lease applying the lessor accounting requirements.

The following operating leases and finance leases accounting policies are applicable to 2020 and before

A lease that risks and rewards related to relevant assets' ownership are transferred in substance shall be classified as a finance lease. Other leases shall be classified as an operating lease.

(a) Accounting for operating leases

(a.1) The **Company** as a lessee

When the **Company** is the lessee of the operating lease, the rental expenses of the operating lease shall be included in the current profit or loss according to the straight-line method or according to the use of the leased assets. If the lessor provides the rent-free period, the **Company** shall apportion the total rent according to the straight line method or other reasonable methods during the whole lease period without excluding the rent-free period, and confirm the rent expenses and corresponding liabilities during the rent-free period. If expenses relating to lease which should be borne by the **Company** are paid by the lessor of the assets, they shall be deducted from the total lease expenses and the balances shall be amortized over the lease terms and charged to expenses of the reporting period.

Initial direct costs relating to lease transactions incurred by the **Company** shall be recognized as expenses of the reporting period. Contingent rental, if included in the lease contract, shall be recognized as profit or loss upon incurrence.

(a.2) The **Company** As a lessor

When the company is the lessor of the operating lease, it adopts the straight-line method to recognize the rent received as income during the lease term. If the lessor provides the rent-free period, the lessor shall distribute the total rent amount according to the straight line method or other reasonable methods during the whole lease period without excluding the rent-free period, and the lessor shall also confirm the rental income during the rent-free period. If expenses relating to leases which should be borne by the lessee of the assets are paid by the **Company**, they shall be deducted from the total lease income and the balances shall be amortized over the lease terms by the **Company**.

Initial direct costs relating to lease transactions incurred by the **Company** shall be recognized as expenses of the reporting period; if the amounts are material, they shall be capitalized and amortized over the lease terms on the same basis as the recognition of lease income. Contingent rental, if included in the lease contract, shall be recognized as profit or loss upon incurrence.

(b) Accounting for finance leases

(b.1) The **Company** as a lessee

At commencement of the lease, assets obtained through finance leases should be recorded at the lower of their fair values and the present values of the minimum lease payments. The **Company** shall recognize long-term payables at amounts equal to the minimum lease payments, and shall record the differences between carrying amounts of the leased assets and the long-term payables as unrecognized finance charges. The **Company** adopts effective interest rate method, which shall be amortized over the lease terms as finance expenses by using effective interest rate method.

Initial direct costs are recorded in the value of the leased assets.

The **Company** adopts the same depreciation policy for the leased assets as its own property, plant and equipment. Depreciation period is determined according to the lease contract. If it is reasonably certain that the **Company** will obtain the ownership of the assets when the lease expires, the depreciation period will be the useful lives of the leased assets. If it is difficult to reasonably determine whether the **Company** can obtain the ownership of the underlying assets when the lease expires, depreciation period is the lower of the lease period and their useful lives.

(b.2) The **Company** as a lessor

At commencement of the lease, rental receivables shall be measured at minimum lease receivables plus initial direct costs relating to lease transactions incurred by the **Company**. Unguaranteed residual values are recorded simultaneously. The differences between the undiscounted rental receivables plus unguaranteed residual values and their present values shall be recognized as unearned finance income and shall amortized over the lease terms as lease income at the effective rate.

3.32 Changes in Significant Accounting Policies and Accounting Estimates

(a) Changes in accounting policies

- On 10 December 2019, the Ministry of Finance released Interpretation of *Accounting Standards for Business Enterprises No. 13*. The **Company** will implement this interpretation as of 1 January 2020 and will not retroactively apply to previous years.
- On 31 March 2017, the Ministry of Finance respectively issued the "*Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments (2017 Revision)*" (Caikuai [2017] No.7) and "*Accounting Standards for Business Enterprises No.23 - Transfer of Financial Assets (2017 Revision)*" (Caikuai [2017] No.8), "*Accounting Standards for Business Enterprises No.24 - Hedging Accounting (2017 Revision)*" (Caikuai [2017] No.9), issued "*Accounting Standards for Business Enterprises No.37 - Presentation of Financial Instruments (2017 Revision)*" (Caikuai [2017] No.14) on 2 May 2017 (hereinafter collectively referred to as the "**New Financial Instruments Standards**"). The domestic listed companies are required to implement the **New Financial Instruments Standards** since 1 January 2019. Non-listed companies that are required to implement the Accounting Standards for Business Enterprises shall implement the **New Financial Instruments Standards** from 1 January 2021. The **Company** implemented the above-mentioned **New Financial Instruments standards** on 1 January 2021, and adjusted the relevant content of accounting policies. For details, please refer to *Note 3.10 Financial Instruments*.

If the recognition and measurement of financial instruments before 1 January 2021 are inconsistent with the requirements of the **New Financial Instruments Standards**, the

Company will retrospectively adjust the classification and measurement (including impairment) of financial instruments in accordance with the *New Financial Instruments Standards*. The difference between the original book value of the financial instrument and the new book value on the effective date of the *New Financial Instruments Standards* (i.e., 1 January 2021) is included in the retained earnings or other comprehensive income on 1 January 2021. At the same time, the **Company** has not adjusted the comparative financial statement data.

Due to adoption of the *New Financial Instruments Standards*, the impacts on each item of the **Company's** statements of financial position at 1 January 2021 are as follows:

- Consolidated Statement of Financial Position:

Items	31 Dec. 2020	1 Jan. 2021	Adjustment
Current assets:			
Cash and cash equivalent	4,024,386,757.30	4,046,318,895.02	21,932,137.72
Accounts receivable	257,903,879.99	256,660,540.47	-1,243,339.52
Other receivables	8,977,694,505.40	8,915,527,234.32	-62,167,271.08
Including: Interest receivable	21,932,137.72		-21,932,137.72
Non-current assets:			
Debt investments	Not applicable	73,000,000.00	73,000,000.00
Available-for-sale financial assets	2,323,404,856.74	Not applicable	-2,323,404,856.74
Long-term receivables	250,669,000.00		-250,669,000.00
Other equity instrument investments	Not applicable	1,980,129,551.20	1,980,129,551.20
Other non-current financial assets	Not applicable	270,275,305.54	270,275,305.54
Deffered tax assets	4,784,485.51	15,154,103.75	10,369,618.24
Other non-current assets		250,669,000.00	250,669,000.00
Current liabilities:			
Short-term borrowings	2,928,600,000.00	2,958,295,876.36	29,695,876.36
Other payables	1,826,685,178.75	1,359,839,671.04	-466,845,507.71
Including: Interest payable	466,845,507.71		-466,845,507.71
Non-current liabilities maturing within one year	7,979,150,067.65	8,416,299,699.00	437,149,631.35
Owners' equity:			
Retained earnings	1,741,360,116.74	1,710,251,262.10	-31,108,854.64

- Statement of Financial Position:

Items	31 Dec. 2020	1 Jan. 2021	Adjustment
Current assets:			
Other receivables	415,803,861.20	413,978,629.88	-1,825,231.32
Non-current assets:			
Deferred tax assets		456,307.83	456,307.83
Current liabilities:			
Other payables	98,683,085.64	97,645,849.81	-1,037,235.83
Including: Interest payable	1,037,235.83		-1,037,235.83
Non-current liabilities maturing within one year	145,000,000.00	146,037,235.83	1,037,235.83
Owners' equity:			
Retained earnings	-43,283,509.96	-44,652,433.45	-1,368,923.49

- On 5 July 2017, the Ministry of Finance released the "Accounting Standards for Business Enterprises No.14 - Revenue" (Caikuai [2017] No.22) (hereinafter referred as to the "New Revenue Standards"), which requires the domestic listed companies to apply it for the annual reporting period beginning on 1 January 2021. The **Company** applied the **New Revenue Standards** for the annual reporting period beginning on 1 January 2021, and modified the accounting policies accordingly. For details, please refer to Note 3.28 Revenue.

According to the **New Revenue Standards**, the cumulative impacts of initially applying this standard shall be recognized as an adjustment to the opening balance of retained earnings and other related accounts of the financial statements at the date of initial application (1 January 2021), not restating comparative information. When initially applied the **New Revenue Standards**, the **Company** only recognized the cumulative impact of the contracts that were in progress as of the date of initial application.

Due to adoption of the **New Revenue Standards**, the impacts on each item of the **Company's** statements of financial position at 1 January 2021 are as follows:

- Consolidated Statement of Financial Position:

Items	31 Dec. 2020	1 Jan. 2021	Adjustment
Current liabilities:			
Advances from customers	523,636,177.52		-523,636,177.52
Contract liabilities	Not applicable	480,771,225.36	480,771,225.36
Other current liabilities		42,864,952.16	42,864,952.16

- There is no impact on the parent company's balance sheet items as at 1 January 2021 due to adoption of the **New Revenue Standards**.

- On 7 December 2018, the Ministry of Finance released the "*Accounting Standards for Business Enterprises No.21 - Lease*" (hereinafter referred as to the "***New Lease Standards***"), which requires companies listed both inside and outside China and companies listed outside China and prepare financial statements in accordance with *International Financial Reporting Standards* or *Accounting Standards for Business Enterprises* to apply it for the annual reporting period beginning on 1 January 2019. Other companies that are required to implement the *Accounting Standards for Business Enterprises* shall implement the ***New Lease Standards*** since 1 January 2021. Among them, companies whose parent company or subsidiary is listed outside China and prepares financial statements in accordance with *International Financial Reporting Standards* or *Accounting Standards for Business Enterprises* are permitted to early adopt the standard. The **Company** applied the ***New Lease Standards*** for the annual reporting period beginning on 1 January 2021, and modified the accounting policies accordingly. For details, please refer to *Note 3.31 Leases*.

For a contract that has existed before the adoption of the *New Lease Standards*, the **Company** has elected not to reassess whether a contract is or contains a lease.

For a contract signed or modified after the adoption of the *New Lease Standards*, the **Company** assesses whether a contract is or contains a lease in accordance the definition of lease in the *New Lease Standards*.

The Company as a lessee

The **Company** recognised the impact of the adoption of the standard retrospectively as an adjustment to the opening balance of retained earnings and other related accounts of the financial statements of the reporting year (1 January 2021), without restating the comparatives.

For leases previously classified as finance leases, the right-of-use assets and the lease liability has been recognised according to the carrying amount of the lease asset and finance lease payable recognised previously on adoption.

For leases previously classified as operating leases, the **Company** has measured the lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application, and on a lease-by-lease basis. The right-of-use assets were measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments on adoption, or as if the new standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application.

On adoption, the **Company** has performed impairment review of the right-of-use assets and accounted for the impairment loss according to *Note 3.24 Impairment of Long-Term Assets*.

Except for operating lease of low value assets at initial application where no right-of-use assets or lease liability was recognised, the **Company** has used one or more of the following practical expedients for leases previously classified as operating leases:

- accounting for operating leases with a remaining lease term of less than 12 months as at the date of initial application as short-term leases.
- applying a single discount rate to a portfolio of leases with reasonably similar characteristics when measuring the lease liability.
- excluding initial direct costs for the measurement of the right-of-use assets.
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- relying on the assessment of whether leases are onerous applying "*Accounting Standards for Business Enterprises No.13 - Contingencies*" before the date of initial application as an alternative to performing an impairment review, and adjusting the right-of-use assets at the date of initial application by the provision of the onerous leases recognised previously.
- accounting for leases modified before the date of initial application based on the modified contract term.

The **Company** as a lessor

The **Company**, as the intermediate lessor, reassesses the classification of subleases previously classified as operating leases which are ongoing at the date of initial application at the date of initial application on the basis of the remaining contractual terms and the conditions of the head lease and sublease at that date. Except for the above-mentioned situation, the **Company**, as a lessor, does not adjust any lease for transition, but has accounted for those leases applying the new lease standard from the date of initial application.

Sale and leaseback transactions

The **Company** does not reassess sale and leaseback transactions entered into before the date of initial application to determine whether the transfer of the underlying asset satisfies the requirements in *Note 3.28 Revenue* as a sale. If a sale and leaseback transaction was accounted for as a sale and a finance lease before the date of initial application, the **Company**, as the seller (lessee), accounts for the leaseback as any other finance lease that exists at the date of initial application; and continues to amortise deferred gain or loss over the lease term. If the sale and leaseback transaction

was accounted for as a sale and operating lease before the date of initial application, the **Company**, as the seller (lessee), accounts for the leaseback as any other operating lease that exists at the date of initial application, and adjusts the right-of-use assets for any deferred gain or loss recognised in the statement of financial position before the date of initial application.

Due to the adoption of the *New Lease Standards*, the impacts on each item of the **Company's** statements of financial position at 1 January 2021 are as follows:

There is no such item.

- On 26 January 2021, the Ministry of Finance issued the "*Accounting Standards for Business Enterprises Interpretation No.14*", and the **Company** will implement the interpretation since 1 January 2021.

There is no impact of the above accounting policies on the **Company's** consolidated and parent company's financial statements.

- On 30 December 2021, the Ministry of Finance issued *Interpretation of Accounting Standards for Business Enterprises No.15 (Caikuai [2021] No.35)* (hereinafter referred to as "**Interpretation No.15**"), in which the provision of "Presentation related to Centralized Funds Management" shall be implemented as of the date of issuance. The **Company** applied **Interpretation No.15** from 30 December 2021. If the financial statements prior to 30 December 2021 of the **Company** are not presented in accordance with the provision of "Presentation Related to Centralized Funds Management", the **Company** adjusted the comparables accordingly.

There is no impact of the above accounting policies on the **Company's** consolidated and parent company's financial statements.

- On 30 December 2021, the Ministry of Finance issued the *Accounting Standards for Business Enterprises Interpretation No.15 (Cai Kuai [2021] No.35)* (hereinafter referred as to the "**Interpretation No.15**"), among them "*Accounting Treatment of Products or By-products Produced Before Fixed Assets Reach the Predetermined Usable State or in the Process of Research and Development*" (hereinafter referred as to the "**Provisions on Accounting Treatment of Trial Operation Sales**") and "*Judgment on Onerous Contract*" are implemented since from 1 January 2022.
- On 30 November 2022, the Ministry of Finance issued the *Accounting Standards for Business Enterprises Interpretation No.16 (Cai Kuai [2022] No.31)* (hereinafter referred as to the "**Interpretation No.16**"), the provisions of "*Deferred Income Taxes Related to Assets and Liabilities Arising from Individual Transactions do not Apply to the Accounting Treatment of the Initial Recognition Exemption*" are implemented since from 1 January 2023, and enterprises are allowed to implement the provisions in advance from the publication year. "*Accounting Treatment on the Income Tax Impact*

of Dividends Related to Financial Instruments Classified by the Issuer as Equity Instruments" and *"Accounting Treatment on the Modification of Cash Settlement Stock Payment to Equity Settlement Stock Payment"* are implemented since from the publication date.

● Note on the change of accounting policy for investment properties:

According to the approval of the board meeting, the Company changed the cost measurement model to the fair value model for the investment properties from 1 January 2022. This change of accounting policy requires retroactive adjustment of the consolidated statement of financial position as of 31 December 2021 and 2020, as well as the relevant figures of the consolidated statement of profit or loss and other comprehensive income for the years 2021 and 2020. The cumulative impact of retrospective adjustments are as follows:

- The affected items of the consolidated statement of financial position at 31 December 2020 and the consolidated statement of profit or loss and other comprehensive income for the year 2020:

Relevant items	31 Dec. 2020 / 2020		
	Before retroactive adjustment	After retroactive adjustment	Adjustment (increase+/decrease-)
Investment properties	3,417,309,720.23	3,473,646,500.00	56,336,779.77
Deferred tax liabilities	573,665,354.42	588,222,665.36	14,557,310.94
Gains/(losses) from changes in fair values	69,725,200.00	69,778,500.00	53,300.00
Income tax expenses	16,191,242.79	16,204,567.79	13,325.00
Retained earnings	1,741,360,116.74	1,783,099,610.57	41,739,493.83

- The affected items of the consolidated statement of financial position at 31 December 2021 and the consolidated statement of profit or loss and other comprehensive income for the year 2021:

Relevant items	31 Dec. 2021 / 2021		
	Before retroactive adjustment	After retroactive adjustment	Adjustment (increase+/decrease-)
Investment properties	4,428,916,304.75	4,495,647,984.52	66,731,679.77
Deferred tax liabilities	693,533,932.09	710,689,968.03	17,156,035.94
Gains/(losses) from changes in fair values	27,561,600.00	37,956,500.00	10,394,900.00
Income tax expenses	4,551,869.18	7,150,594.18	2,598,725.00
Retained earnings	1,946,051,422.71	1,987,830,891.54	41,779,468.83

(b) Changes in accounting estimates

Significant accounting estimates of the Company during the reporting period changed as follows:

Contents and reasons of changes in accounting estimates	Approval	Effective date	Impacted items	Impacted amount
The amortization of profit right of mining operation and management of Tongchuang Company was changed from the straight-line method to the production ratio method.	Board Resolution	1 Jan. 2022	Intangible assets	170,999,938.85
			General and administrative expenses	-170,999,938.85

4. TAXATION**4.1 Major Categories of Tax and Tax Rates Applicable to the Company**

Categories of tax	Basis of tax assessment	Tax rate
Value added tax (VAT)	The taxable added value	13.00%, 9.00%, 6.00%, 5.00%, 3.00%
Property tax	Residual taxable value of building, Lease income	1.20%, 12.00%
Urban land use tax	Actual land area occupied	CNY10.00 /m ² /year CNY8.00/m ² /year
Urban maintenance and construction tax	Turnover taxes payable	5.00%
Educational surcharge	Turnover taxes payable	3.00%
Local educational surcharge	Turnover taxes payable	2.00%
Enterprise income tax	Taxable income	25.00%

4.2 Tax Preference

According to the "Notice of the Ministry of Finance and the State Administration of Taxation on the Implementation of Inclusive Tax Reduction and Exemption Policies for Small and Micro Enterprises" (Cai Shui [2019] No.13), from 1 January 2019 to 31 December 2021, the annual taxable income of small and micro-profit enterprises not exceeding CNY1.00 million shall be reduced by 25.00% to the taxable income and shall be subject to enterprise income tax at a rate of 20.00%; the part of the annual taxable income exceeding CNY1.00 million but not exceeding CNY3.00 million shall be included in the taxable income at a reduced rate of 50.00% and shall be subject to the enterprise income tax at a rate of 20.00%. In which, from 1 January 2021 to 31 December 2022, the annual taxable income of small and micro-profit enterprises not exceeding CNY1.00 million shall be reduced by 12.50% to the taxable income and shall be subject to enterprise income tax at a rate of 20.00%. The subsidiary Liantuo Environmental Protection Company is applicable to the policy.

According to the *"Notice of the Ministry of Finance and the State Administration of Taxation on Tax Policies on the Reconstruction of Shanty Towns" (Cai Shui [2013] No.101)*, the construction land for resettlement housing shall be exempted from urban land use tax. The stamp duty related to the renovation and resettlement housing, the developer and the reconstruction and resettlement housing and the stamp duty involved in the purchase of the resettlement housing shall be exempted. The subsidiary Lianchuang Technology Company is applicable to the policy.

"The Decision of the State Council on Amending <the Interim Regulations of the People's Republic of China Urban Land Use Tax>" Article 7 of People's Republic of China Order No.483, enterprises undertaking the function of "living and working in peace and contentment" for recruiting talents can enjoy 100.00% preference on urban land use tax. The subsidiary Zhongchuang Industrial Park Company is applicable to the policy.

According to the *"Provisions of Notice of the Ministry of Finance, the State Administration of Taxation, the Ministry of Science and Technology, the Ministry of Education on Tax Policies for Science and Technology Business Incubators, University Science and Technology Parks and Maker Spaces" (Cai Shui [2018] No.120)*, and the No.4 *"Announcement of the Ministry of Finance and the State Administration of Taxation on Extending the Implementation Period of Some Preferential Tax Policies"* issued by the Ministry of Finance and the State Administration of Taxation in 2022, that from 1 January 2019 to 31 December 2023, the real estate tax and urban land use tax would be exempted for the self-use of national and provincial science and technology business incubators, university science parks and national archived mass innovation spaces, as well as for the use of real estates and land provided to incubators free of charge or through leasing. The income from providing incubation services to incubators should be exempt from value-added tax, which is applicable to the **Company**.

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.1 Cash and Cash Equivalents

Items	31 Mar. 2023	31 Dec. 2022
Cash on hand	2,927.07	2,927.07
Cash in bank	12,437,642,921.46	6,029,160,731.24
Other monetary funds	278,480,000.00	32,650,000.00
Total	12,716,125,848.53	6,061,813,658.31

Note: As at 31 March 2023, certificates of deposit of CNY880.00 million in bank deposits is used as pledge of loan; other monetary funds of CNY252,480,000.00 is used for bills margin pledge, CNY26.00 million for the bank guarantee. Except for that, no other monetary funds are restricted to use or in some potential risks of recovery due to the mortgage, pledge or freezing.

5.2 Accounts Receivable

(a) Accounts receivable by aging:

Aging	31 Mar. 2023	31 Dec. 2022
Within 1 year (including 1 year)	205,473,339.73	784,558,003.71
1 to 2 years	692,023,950.42	13,885,961.85
2 to 3 years	13,431,070.51	5,962,766.82
Over 3 years	5,893,160.42	
Sub-total	916,821,521.08	804,406,732.38
Less: Provision for bad debt	21,663,803.96	11,555,904.76
Total	895,157,717.12	792,850,827.62

(b) Accounts receivable by category based on provision method:

(b.1) Balance at 31 March 2023 (according to the simplified model)

Items	31 Mar. 2023				
	Accounts receivable		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Bad debt provision recognized individually					
Bad debt provision recognized collectively	916,821,521.08	100.00	21,663,803.96	2.36	895,157,717.12
Portfolio 1:					
Portfolio 2:	772,709,490.65	84.28	3,863,547.45	0.50	768,845,943.20
Portfolio 3:	144,112,030.43	15.72	17,800,256.51	12.35	126,311,773.92
Total	916,821,521.08	100.00	21,663,803.96	2.36	895,157,717.12

(b.1.1) At 31 March 2023, accounts receivable with bad debt provision recognized collectively by portfolio 2:

Items	31 Mar. 2023		
	Accounts receivable	Provision for bad debt	Provision ratio (%)
Receivables due from government customers, state-owned enterprise customers	772,709,490.65	3,863,547.45	0.50
Total	772,709,490.65	3,863,547.45	0.50

(b.1.2) At 31 March 2023, accounts receivable with bad debt provision recognized collectively by portfolio 3:

Aging	31 Mar. 2023		
	Accounts receivable	Provision for bad debt	Provision ratio (%)
Within 1 year (including 1 year)	90,550,347.07	4,527,517.37	5.00
1 to 2 years	46,172,502.05	9,234,500.41	20.00
2 to 3 years	6,701,885.17	3,350,942.59	50.00
Over 3 years	687,296.14	687,296.14	100.00
Total	144,112,030.43	17,800,256.51	12.35

(b.2) Balance at 31 December 2022 (according to the simplified model)

Items	31 Dec. 2022				
	Accounts receivable		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Bad debt provision recognized individually					
Bad debt provision recognized collectively	804,406,732.38	100.00	11,555,904.76	1.44	792,850,827.62
Portfolio 1:					
Portfolio 2:	668,412,321.81	83.09	3,342,061.60	0.50	665,070,260.21
Portfolio 3:	135,994,410.57	16.91	8,213,843.16	6.04	127,780,567.41
Total	804,406,732.38	100.00	11,555,904.76	1.44	792,850,827.62

(b.2.1) At 31 December 2022, accounts receivable with bad debt provision recognized collectively by portfolio 2:

Item	31 Dec. 2022		
	Accounts receivable	Provision for bad debt	Provision ratio (%)
Receivables due from government customers, state-owned enterprise customers	668,412,321.81	3,342,061.60	0.50
Total	668,412,321.81	3,342,061.60	0.50

(b.2.2) At 31 December 2022, accounts receivable with bad debt provision recognized collectively by portfolio 3:

Aging	31 Dec. 2022		
	Accounts receivable	Provision for bad debt	Provision ratio (%)
Within 1 year (including 1 year)	128,080,731.52	6,404,036.59	5.00
1 to 2 years	7,156,776.51	1,431,355.30	20.00

Aging	31 Dec. 2022		
	Accounts receivable	Provision for bad debt	Provision ratio (%)
2 to 3 years	756,902.54	378,451.27	50.00
Over 3 years			
Total	135,994,410.57	8,213,843.16	6.04

(c) Changes in the provision, recovery or reversal of bad debt

Items	Balance at 31 Dec. 2022	Changes in the current period				Balance at 31 Mar. 2023
		Provision	Recovery or reversal	Elimination or write-off	Other decreases	
Provision for bad debt	11,555,904.76	10,107,899.20				21,663,803.96
Total	11,555,904.76	10,107,899.20				21,663,803.96

(d) The details of accounts receivable actually written off in the current period

There is no such item.

(e) Top five balances on 31 March 2023 collected by entity

Entity name	Balance at 31 Mar. 2023	Proportion of the balance to the total accounts receivable (%)	Provision for bad debt
Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	266,607,589.87	29.08	1,333,037.95
Huzhou Zhili Children's Clothing Park Management Co., Ltd.	101,128,144.67	11.03	505,640.72
Huzhou Shentai Construction Development Co., Ltd.	101,128,144.67	11.03	505,640.72
Huzhou Nanxun Tourism Investment Development Group Co., Ltd.	101,045,597.49	11.02	505,227.99
Huzhou Wuxingcheng Investment Management Group Co., Ltd.	100,452,830.19	10.96	502,264.15
Total	670,362,306.89	73.12	3,351,811.53

5.3 Prepayments

(a) Prepayments by aging

Aging	31 Mar. 2023		31 Dec. 2022	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	49,134,142.79	51.12	29,691,784.32	43.67
1 to 2 years	16,766,216.16	17.45	38,125,135.60	56.08
2 to 3 years	30,064,688.45	31.29	39,077.31	0.06

Aging	31 Mar. 2023		31 Dec. 2022	
	Amount	Proportion (%)	Amount	Proportion (%)
Over 3 years	133,589.58	0.14	127,003.40	0.19
Total	96,098,636.98	100.00	67,983,000.63	100.00

(b) Top five balances on 31 March 2023 collected by entity

Entity name	Balance at 31 Mar. 2023	Proportion of the balance to the total prepayments (%)
Qianyuan Town People's Government of Deqing County	30,000,000.00	31.22
Shanghai Bestity Semiconductor Technology Co., Ltd.	21,210,000.00	22.07
Shanghai Lieth Precision Equipment Co., Ltd.	6,750,000.00	7.02
Shanghai Micro Electronics Equipment (Group) Co., Ltd.	6,699,712.50	6.97
Shanghai Jingmao Electronic Technology Co., Ltd.	5,029,400.00	5.23
Total	69,689,112.50	72.51

5.4 Other Receivables

(a) Other receivables by category

Items	31 Mar. 2023	31 Dec. 2022
Interest receivable		
Dividend receivable		1,672,047.20
Other receivables	10,317,706,844.91	9,962,664,703.13
Total	10,317,706,844.91	9,964,336,750.33

(b) Dividend receivable

Investees	31 Mar. 2023	31 Dec. 2022
Zhejiang Derui Property Service Co., Ltd.		1,672,047.20
Sub-total		1,672,047.20
Less: Provision of bad debt		
Total		1,672,047.20

(c) Other receivables

(c.1) Other receivables by aging

Aging	31 Mar. 2023	31 Dec. 2022
Within 1 year (including 1 year)	613,732,397.39	1,994,374,619.66
1 to 2 years	1,790,859,192.01	1,826,081,966.92
2 to 3 years	1,817,785,946.77	1,933,949,137.58

Aging	31 Mar. 2023	31 Dec. 2022
Over 3 years	6,162,594,985.55	4,272,466,336.69
Sub-total	10,384,972,521.72	10,026,872,060.85
Less: Provision for bad debt	67,265,676.81	64,207,357.72
Total	10,317,706,844.91	9,962,664,703.13

(c.2) Other receivables by category

(c.2.1) As at 31 March 2023, provision for bad debt recognized based on three stages model

Stages	31 Mar. 2023			31 Dec. 2022		
	Other receivables	Provision for bad debt	Carrying account	Other receivables	Provision for bad debt	Carrying account
Stage 1	10,384,972,521.72	67,265,676.81	10,317,706,844.91	10,026,872,060.85	64,207,357.72	9,962,664,703.13
Stage 2						
Stage 3						
Total	10,384,972,521.72	67,265,676.81	10,317,706,844.91	10,026,872,060.85	64,207,357.72	9,962,664,703.13

(c.2.1.1) At 31 March 2023, provision for bad debt at stage 1:

Items	31 Mar. 2023				
	Other receivables		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Bad debt provision recognized individually					
Bad debt provision recognized collectively	10,384,972,521.72	100.00	67,265,676.81	0.65	10,317,706,844.91
Portfolio 3:					
Portfolio 4:	10,367,492,049.30	99.83	51,837,460.29	0.50	10,315,654,589.01
Portfolio 5:	17,480,472.42	0.17	15,428,216.52	88.26	2,052,255.90
Total	10,384,972,521.72	100.00	67,265,676.81	0.65	10,317,706,844.91

(c.2.1.1.1) At 31 March 2023, other receivables with bad debt provision recognized collectively by portfolio 4:

Item	31 Mar. 2023		
	Other receivables	Provision for bad debt	Provision ratio (%)
Receivables due from government customers, state-owned enterprise customers	10,367,492,049.30	51,837,460.29	0.50
Total	10,367,492,049.30	51,837,460.29	0.50

(c.2.1.1.2) At 31 March 2023, other receivables with bad debt provision recognized collectively by portfolio 5:

Aging	31 Mar. 2023		
	Other receivables	Provision for bad debt	Provision ratio (%)
Within 1 year (including 1 year)	1,643,106.33	82,155.31	5.00
1 to 2 years	440,754.96	88,150.99	20.00
2 to 3 years	277,401.83	138,700.92	50.00
Over 3 years	15,119,209.30	15,119,209.30	100.00
Total	17,480,472.42	15,428,216.52	88.26

(c.2.2) At 31 December 2022, provision for bad debt at stage 1:

Items	31 Dec. 2022				
	Other receivables		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Proportion ratio (%)	
Bad debt provision recognized individually					
Bad debt provision recognized collectively	10,026,872,060.85	100.00	64,207,357.72	0.64	9,962,664,703.13
Portfolio 3:					
Portfolio 4:	10,006,600,882.07	99.80	50,033,004.42	0.50	9,956,567,877.65
Portfolio 5:	20,271,178.78	0.20	14,174,353.30	69.92	6,096,825.48
Total	10,026,872,060.85	100.00	64,207,357.72	0.64	9,962,664,703.13

(c.2.2.1) At 31 December 2022, other receivables with bad debt provision recognized collectively by portfolio 4:

Item	31 Dec. 2022		
	Other receivables	Provision for bad debt	Provision ratio (%)
Receivables due from government customers, state-owned enterprise customers	10,006,600,882.07	50,033,004.42	0.50
Total	10,006,600,882.07	50,033,004.42	0.50

(c.2.2.2) At 31 December 2022, other receivables with bad debt provision recognized collectively by portfolio 5:

Aging	31 Dec. 2022		
	Other receivables	Provision for bad debt	Provision ratio (%)
Within 1 year (including 1 year)	4,874,567.65	243,728.39	5.00
1 to 2 years	277,401.83	55,480.37	20.00
2 to 3 years	2,488,129.53	1,244,064.77	50.00
Over 3 years	12,631,079.77	12,631,079.77	100.00
Total	20,271,178.78	14,174,353.30	69.92

(c.3) Changes in the provision, recovery or reversal of bad debt

Items	Balance at 31 Dec. 2022	Changes in the current period				Balance at 31 Mar. 2023
		Provision	Recovery or reversal	Eliminate or write off	Other decreases	
Provision for bad debt	64,207,357.72	3,058,319.09				67,265,676.81
Total	64,207,357.72	3,058,319.09				67,265,676.81

(c.4) The details of accounts receivable actually written off in the current period

There is no such item.

(c.5) Larger other receivables by party owed at 31 March 2023

Entity name	Nature	Balance at 31 Mar. 2023	Aging	Proportion of the balance to the total other receivables (%)	Provision for bad debt
Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	Current payment	5,890,286,477.89	Within 1 year, 1 to 2 years, 2 to 3 years, over 3 years	56.72	29,451,432.39
Deqing New Rural Construction Investment Co., Ltd.	Current payment	1,461,138,021.64	Within 1 year, 1 to 2 years, 2 to 3 years, over 3 years	14.07	7,305,690.11
Deqing Qian yuan Urban Construction Development Co., Ltd.	Current payment	873,548,439.84	Within 1 year, 1 to 2 years, 2 to 3 years, over 3 years	8.41	4,367,742.20
Zhejiang Linhang Logistics Development Co., Ltd.	Current payment	715,249,305.19	Within 1 year, 1 to 2 years	6.89	3,576,246.53
Deqing Yungu Intelligent Eco-City Industry Development Co., Ltd.	Current payment	505,956,678.11	Within 1 year, 1 to 2 years	4.87	2,529,783.39

Entity name	Nature	Balance at 31 Mar. 2023	Aging	Proportion of the balance to the total other receivables (%)	Provision for bad debt
Total		9,446,178,922.67		90.96	47,230,894.62

5.5 Inventories

(a) Inventories by category

Items	31 Mar. 2023			31 Dec. 2022		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Development products	5,687,647,791.65		5,687,647,791.65	5,545,735,025.48		5,545,735,025.48
Development costs	40,569,331,275.97		40,569,331,275.97	5,980,402,513.60		5,980,402,513.60
Costs to fulfill a contract	64,582,610.85		64,582,610.85	33,101,896,383.55		33,101,896,383.55
Commodity stocks	5,058,907.57		5,058,907.57	616,568.44		616,568.44
Packaging materials and low-value consumables	21,440,119.95		21,440,119.95	20,954,155.51		20,954,155.51
Consumptive biological assets	3,130,986,673.60		3,130,986,673.60	3,130,986,673.60		3,130,986,673.60
Total	49,479,047,379.59		49,479,047,379.59	47,780,591,320.18		47,780,591,320.18

(b) Provision for impairment of inventories:

As at 31 March 2023, inventories were not impaired and no provision for decline in value of inventories has been made.

5.6 Contract Assets

(a) General information of contract assets

Items	31 Mar. 2023			31 Dec. 2022		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Work performed but not yet settled	42,126,297.12		42,126,297.12	38,919,760.23		38,919,760.23
Sub-total	42,126,297.12		42,126,297.12	38,919,760.23		38,919,760.23
Less: Contract assets presented in other non-current assets						

Items	31 Mar. 2023			31 Dec. 2022		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
and other non-current assets maturing within 1 year						
Total	42,126,297.12		42,126,297.12	38,919,760.23		38,919,760.23

(b) Amount and reasons of significant fluctuations in carrying amount of contract assets:
There is no such item.

5.7 Non-current Assets Maturing within One Year

Items	31 Mar. 2023	31 Dec. 2022
Trust industry guarantee fund	1,230,000.00	1,230,000.00
Financial lease margin	52,119,000.00	64,119,000.00
Total	53,349,000.00	65,349,000.00

5.8 Other Current Assets

Items	31 Mar. 2023	31 Dec. 2022
Advance tax payment	343,772.65	12,385.27
Reclassification from debit side balance of VAT payable	549,307,714.08	421,756,195.20
Total	549,651,486.73	421,768,580.47

5.9 Debt Investments

(a) General information of debt investments

Items	31 Mar. 2023			31 Dec. 2022		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Zhejiang Xinsheng Micro Electromechanical Manufacturing Co., Ltd.	7,503,716.88		7,503,716.88	7,412,814.23		7,412,814.23
Sub-total	7,503,716.88		7,503,716.88	7,412,814.23		7,412,814.23
Less: Debt investments maturing within one year						
Total	7,503,716.88		7,503,716.88	7,412,814.23		7,412,814.23

(b) Significant debt investments as at the end of reporting period:

There is no such item.

(c) Provision for loss allowance under three stages model

(c.1) As at 31 March 2023, provisions for loss allowance recognised based on three stages

model are as following:

Stage	Book balance	Provision for bad debts	Carrying amount
Stage 1	7,503,716.88		7,503,716.88
Stage 2			
Stage 3			
Total	7,503,716.88		7,503,716.88

(c.1.1) As at 31 March 2023, provision for loss allowance of debt investment at stage 1 is as below:

Stage	Book balance	Provision ratio (%)	Provision for bad debts	Carrying amount
Provision for loss allowance recognized individually				
Provision for loss allowance recognized collectively	7,503,716.88			7,503,716.88
Portfolio 1:	7,503,716.88			7,503,716.88
Portfolio 2:				
Total	7,503,716.88			7,503,716.88

5.10 Long-term Equity Investments

Investees	31 Dec. 2022	Changes during the reporting period				
		Increase during the reporting period	Decrease during the reporting period	Gains/(losses) on investments under the equity method	Adjustments of other comprehensive income	Changes in other equity
I. Associates						
Zhejiang Derui Property Service Co., Ltd.	3,600,674.96			-2,061,327.08		
Zhejiang Deqing Shengbang Supply Chain Management Co., Ltd.						
Deqing County Yungu Intelligent Eco-City Industry Development Co., Ltd.	51,790,087.14			19,795,848.60		
Deqing Taoyuan Memorial Park Development Co., Ltd.	20,356,419.92			43,622.74		

Investees	31 Dec. 2022	Changes during the reporting period				
		Increase during the reporting period	Decrease during the reporting period	Gains/(losses) on investments under the equity method	Adjustments of other comprehensive income	Changes in other equity
Zhejiang Deqing Port Logistics Development Co., Ltd.						
Deqing County Chengbei Farmers Market Management Co., Ltd.	5,814,726.63			-95,546.38		
Deqing Kechuang Testing R&D Service Co., Ltd.	48,448.14			-48,448.14		
Zhejiang Fengqi Lake Cultural Development Co., Ltd.	381,377,121.03			23,246.10		
Huzhou Qingchunyu Chinese Medicinal Materials Co., Ltd.	8,250,707.73			-194,239.40		
Zhejiang Linhang Logistics Development Co., Ltd.						
Total	471,238,185.55			17,463,156.44		

(Continued)

Investees	Changes during the reporting period			31 Mar. 2023	Provision for impairment at 31 Mar. 2023
	Declaration of cash dividends or distribution of profit	Provision for impairment	Others		
I. Associates					
Zhejiang Derui Property Service Co., Ltd.				1,539,347.88	
Zhejiang Deqing Shengbang Supply Chain Management Co., Ltd.					
Deqing County Yungu Intelligent Eco-City Industry Development Co., Ltd.				71,585,935.74	

Investees	Changes during the reporting period			31 Mar. 2023	Provision for impairment at 31 Mar. 2023
	Declaration of cash dividends or distribution of profit	Provision for impairment	Others		
Deqing Taoyuan Memorial Park Development Co., Ltd.				20,400,042.66	
Zhejiang Deqing Port Logistics Development Co., Ltd.					
Deqing County Chengbei Farmers Market Management Co., Ltd.				5,719,180.25	
Deqing Kechuang Testing R&D Service Co., Ltd.				-	
Zhejiang Fengqi Lake Cultural Development Co., Ltd.				381,400,367.13	
Huzhou Qingchunyu Chinese Medicinal Materials Co., Ltd.				8,056,468.33	
Zhejiang Linhang Logistics Development Co., Ltd.					
Total				488,701,341.99	

Notes: As Zhejiang Linhang Logistics Development Co., Ltd., Zhejiang Deqing Port Logistics Development Co., Ltd., Deqing Kechuang Testing R&D Service Co., Ltd. and Zhejiang Deqing Shengbang Supply Chain Management Co., Ltd. have suffered losses for consecutive years, the book value of the **Company's** long-term equity investments has been reduced to CNY0.00.

5.11 Other Equity Instrument Investments

(a) General information of other equity instrument investments

Item	31 Mar. 2023	31 Dec. 2022
Listed equity instruments investment		
Non-listed equity instruments investment	2,577,454,507.84	2,577,454,507.84
Total	2,577,454,507.84	2,577,454,507.84

(b) General information of non-trading equity instrument investment

Items	Non-listed equity instruments investment	Dividend income recognised during the reporting period	Cumulative gains	Cumulative losses	Amount of other comprehensive income transfer to retained earnings
Bank of Huzhou Co., Ltd.	159,250,000.00				
Huzhou Fuhu Industrial Investment Co., Ltd.	110,250,000.00				

Items	Non-listed equity instruments investment	Dividend income recognised during the reporting period	Cumulative gains	Cumulative losses	Amount of other comprehensive income transfer to retained earnings
Deqing China - Africa Economic and Trade Port Service Co., Ltd.	500,000.00				
Huzhou Bishuiyuan Environmental Technology Co., Ltd.	8,565,151.20				
Green Pulse Holdings Group Co., Ltd.	800,000,000.00				
CRRC Urban Transportation Co., Ltd.	1,400,000,000.00				
Deqing Chuanghuan Water Co., Ltd.	6,000,000.00				
Deqing Liangshan Rural Tourism Development Co., Ltd.	150,000.00				
Huzhou Zhengce Financing and Guarantee Co., Ltd.	60,000,000.00				
Zhejiang Feihang Intelligent Technology Co., Ltd.	10,000,000.00				
Deqing Small and Medium Sized Enterprise Financial Service Center Co., Ltd.	4,329,088.39	840,000.00			
Deqing Private Financing Standard Management Service Center Co., Ltd.	6,578,498.87				
Deqing Technology Financing Guarantee Co., Ltd.	11,831,769.38				
Total	2,577,454,507.84	840,000.00			

5.12 Other Non-current Financial Assets

Items	31 Mar. 2023	31 Dec. 2022
Deqing Qiyu Investment Management Partnership (Limited Partnership)	140,000,000.00	140,000,000.00
Aerospace Jingkai Venture Capital (Weifang) Partnership (Limited Partnership)	197,246,900.00	197,246,900.00
Deqing Chenxin Equity Investment Partnership (Limited Partnership)	24,500,000.00	24,500,000.00
Deqing Zifeng Zhiqing Equity Investment Partnership (Limited Partnership)	50,000,000.00	50,000,000.00
Trust industry guarantee fund	8,970,000.00	3,870,000.00

Items	31 Mar. 2023	31 Dec. 2022
Total	420,716,900.00	415,616,900.00

5.13 Investment Properties

(a) Investment properties accounted for using fair value model

Items	Buildings and constructions	Total
Balance as at 31 Dec. 2022	8,581,981,300.00	8,581,981,300.00
Increased during the reporting period		
(i) Acquisition		
(ii) Transferred from inventories, property, plant and equipment or construction in progress		
(iii) Changes in fair value		
Decreased during the reporting period		
(i) Disposal		
(ii) Others		
(iii) Changes in fair value		
Balance as at 31 Mar. 2023	8,581,981,300.00	8,581,981,300.00

(b) Investment properties without certificate of title

Items	Carrying amount	Reason
Buildings gratuitously transferred from Qianyuan Town People's Government of Deqing County	181,571,000.00	The ownership transfer procedures have not yet been completed.
Smart Eco-City Small Town Living Room	313,183,300.00	The certificate is being handled.
Deqing Bonded Logistics Center	297,491,700.00	The certificate is being handled.
Total	792,246,000.00	

5.14 Property, Plant and Equipment

(a) Property, plant and equipment by category

Items	31 Mar. 2023	31 Dec. 2022
Property, plant and equipment	3,227,581,915.02	3,249,259,578.81
Disposal of property, plant and equipment		
Total	3,227,581,915.02	3,249,259,578.81

(b) Property, plant and equipment

(b.1) General information of property, plant and equipment

Items	Buildings and constructions	Machinery equipment	Vehicle	Electrical and official equipment	Pipeline assets	Total
I. Initial cost:						
Balance at 31 Dec. 2022	324,961,276.25	32,244,389.61	16,926,266.68	178,423,033.70	2,914,005,600.00	3,466,560,566.24
Increased during the reporting period			281,716.81	7,593,644.24		7,875,361.05
(i) Acquisition			281,716.81	7,593,644.24		7,875,361.05
(ii) Transferred from construction in progress or inventories						
(iii) Business combination						
(iv) Gratuitous transferred						
(v) Others						
Decreased during the reporting period				561,070.78		561,070.78
(i) Disposal or scrap				561,070.78		561,070.78
(ii) Others						
Balance at 31 Mar. 2023	324,961,276.25	32,244,389.61	17,207,983.49	185,455,607.16	2,914,005,600.00	3,473,874,856.51
II. Accumulated depreciation:						
Balance at 31 Dec. 2022	69,674,876.13	17,652,245.76	10,704,902.38	84,665,146.66	34,603,816.50	217,300,987.43
Increased during the reporting period	2,903,168.65	1,353,596.88	757,482.58	6,828,892.56	17,301,424.64	29,144,565.31
(i) Provision	2,903,168.65	1,353,596.88	757,482.58	6,828,892.56	17,301,424.64	29,144,565.31
(ii) Business combination						
(iii) Others						
Decreased during the reporting period				152,611.25		152,611.25
(i) Disposal or scrap				152,611.25		152,611.25
(ii) Others						
Balance at 31 Mar. 2023	72,578,044.78	19,005,842.64	11,462,384.96	91,341,427.97	51,905,241.14	246,292,941.49
III. Provision for impairment						
Balance at 31 Dec. 2022						
Increased during the reporting period						
(i) Provision						
Decreased during the reporting period						
(i) Disposal or scrap						
Balance at 31 Mar. 2023						
IV. Carrying amount						

Items	Buildings and constructions	Machinery equipment	Vehicle	Electrical and official equipment	Pipeline assets	Total
Balance at 31 Mar. 2023	252,383,231.47	13,238,546.97	5,745,598.53	94,114,179.19	2,862,100,358.86	3,227,581,915.02
Balance at 31 Dec. 2022	255,286,400.12	14,592,143.85	6,221,364.30	93,757,887.04	2,879,401,783.50	3,249,259,578.81

(b.2) Property, plant and equipment acquired under operating leases

There is no such item.

(c) Disposal of property, plant and equipment

There is no such item.

5.15 Construction in Progress

(a) Construction in progress by category

Items	31 Mar. 2023	31 Dec. 2022
Construction in progress	865,848,573.19	792,905,681.89
Total	865,848,573.19	792,905,681.89

(b) Construction in progress

(b.1) General information of construction in progress

Items	31 Mar. 2023			31 Dec. 2022		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
General Aviation Airport Construction Project	687,874,806.56		687,874,806.56	636,994,099.69		636,994,099.69
Zhejiang Deqing Talent Pioneer Park	157,598,245.02		157,598,245.02	138,429,787.27		138,429,787.27
Other projects	20,375,521.61		20,375,521.61	17,481,794.93		17,481,794.93
Total	865,848,573.19		865,848,573.19	792,905,681.89		792,905,681.89

(b.2) Provision for impairment during the reporting period:

There is no such item.

5.16 Intangible Assets

(a) General information of intangible assets

Items	Land use right	Software use rights	Right to charge for road parking spaces	Mining operation and management usufruct	Franchise rights for advertising spaces	Others	Total
I. Initial cost:							
Balance at 31 Dec. 2022	219,815,538.55	10,300,907.41	2,187,940,000.00	5,443,000,000.00	1,149,914,700.00	142,852.17	9,011,113,998.13
Increased during the reporting period		316,746.90					316,746.90
(i) Acquisition		316,746.90					316,746.90

Items	Land use right	Software use rights	Right to charge for road parking spaces	Mining operation and management usufruct	Franchise rights for advertising spaces	Others	Total
(ii) Gratuitous transferred in							
Decreased during the reporting period							
(i) Disposal							
(ii) Others							
Balance at 31 Mar. 2023	219,815,538.55	10,617,654.31	2,187,940,000.00	5,443,000,000.00	1,149,914,700.00	142,852.17	9,011,430,745.03
II. Accumulated amortization:							
Balance at 31 Dec. 2022	30,275,134.30	5,384,927.45	128,831,513.89	126,958,394.44	19,165,245.00	36,136.56	310,651,351.64
Increased during the reporting period	2,541,251.91	682,407.54	15,628,140.57		5,749,573.50	269.43	24,601,642.95
(i) Provision	2,541,251.91	682,407.54	15,628,140.57		5,749,573.50	269.43	24,601,642.95
(ii) Others							
Decreased during the reporting period							
(i) Disposal							
(ii) Others							
Balance at 31 Mar. 2023	32,816,386.21	6,067,334.99	144,459,654.46	126,958,394.44	24,914,818.50	36,405.99	335,252,994.59
III. Provision for impairment							
Balance at 31 Dec. 2022							
Increase during the reporting period							
(i) Provision							
Decrease during the reporting period							
(i) Disposal							
Balance at 31 Mar. 2023							
IV. Carrying amount							
Balance at 31 Mar. 2023	186,999,152.34	4,550,319.32	2,043,480,345.54	5,316,041,605.56	1,124,999,881.50	106,446.18	8,676,177,750.44
Balance at 31 Dec. 2022	189,540,404.25	4,915,979.96	2,059,108,486.11	5,316,041,605.56	1,130,749,455.00	106,715.61	8,700,462,646.49

5.17 Long-term Defferred Expenses

Items	31 Dec. 2022	Increase during the reporting period	Amortisation during the reporting period	Other decrease during the reporting period	31 Mar. 2023
Decoration fund	68,768,340.89	9,644,194.63	6,552,850.56		71,859,684.96
Consulting service fee	64,158,415.66		6,244,595.13		57,913,820.53
Preliminary expenses of Tonghang Airport	717,614.25				717,614.25
Others	1,876,136.36		121,425.39		1,754,710.97

Items	31 Dec. 2022	Increase during the reporting period	Amortisation during the reporting period	Other decrease during the reporting period	31 Mar. 2023
Total	135,520,507.16	9,644,194.63	12,918,871.08		132,245,830.71

5.18 Deferred Tax Assets and Deferred Tax Liabilities

(a) Deferred tax assets before offsetting

Items	31 Mar. 2023		31 Dec. 2022	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for credit impairment	88,903,984.68	22,225,996.17	75,737,796.30	18,934,449.09
Total	88,903,984.68	22,225,996.17	75,737,796.30	18,934,449.09

(b) Deferred tax liabilities before offsetting

Items	31 Mar. 2023		31 Dec. 2022	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value of investment properties	3,825,645,683.97	956,411,421.00	3,825,645,683.97	956,411,421.00
Total	3,825,645,683.97	956,411,421.00	3,825,645,683.97	956,411,421.00

(c) Unrecognized deferred tax assets

Items	31 Mar. 2023	31 Dec. 2022
Deductible temporary differences	25,496.09	25,466.18
Total	25,496.09	25,466.18

5.19 Other Non-current Assets

Items	31 Mar. 2023	31 Dec. 2022
Prepayment for acquisition of long-term assets	532,936,660.84	259,164,474.84
Equity prepayments	420,000,000.00	
Financial lease margin	144,800,000.00	129,100,000.00
Total	1,097,736,660.84	388,264,474.84

5.20 Short-term Borrowings

(a) Disclosure of short-term borrowings by category

Items	31 Mar. 2023	31 Dec. 2022
Credit loans	243,000,000.00	93,000,000.00
Guarantee loans	3,178,837,465.21	2,653,414,727.84
Pledge loans	473,000,000.00	629,500,000.00

Items	31 Mar. 2023	31 Dec. 2022
Mortgage loans	200,000,000.00	164,700,000.00
Mortgage and guarantee loans	340,000,000.00	330,000,000.00
Pledge and guarantee loans	191,000,000.00	
Interest payable	6,580,230.48	7,494,160.16
Total	4,632,417,695.69	3,878,108,888.00

(b) Details of short-term borrowings by categories

(b.1) Credit loans

Borrowing unit	Loan bank	31 Mar. 2023
Huzhou Moganshan High-tech Group Co., Ltd.	Postal Savings Bank of China	93,000,000.00
Huzhou Moganshan High-tech Group Co., Ltd.	Ningbo Commerce Bank	150,000,000.00
Total		243,000,000.00

(b.2) Guarantee loans

Borrowing unit	Loan bank	Guarantor	31 Mar. 2023
Deqing Hengfeng Construction Development Co., Ltd.	China Everbright Bank Hangzhou Branch	Huzhou Moganshan High-tech Group Co., Ltd.	150,000,000.00
Deqing Hengfeng Construction Development Co., Ltd.	Huaxia Bank, Huzhou, Deqing Sub-branch	Deqing Cultural Tourism Development Group Co., Ltd.	20,000,000.00
Deqing Hengfeng Construction Development Co., Ltd.	Huaxia Bank, Huzhou, Deqing Sub-branch	Deqing Cultural Tourism Development Group Co., Ltd.	80,000,000.00
Deqing Hengfeng Construction Development Co., Ltd.	Huaxia Bank, Huzhou, Deqing Sub-branch	Deqing Cultural Tourism Development Group Co., Ltd.	50,000,000.00
Deqing Hengfeng Construction Development Co., Ltd.	Huzhou Branch of Hengfeng Bank	Huzhou Moganshan High-tech Group Co., Ltd.	68,500,000.00
Deqing Hengchuang Construction Development Co., Ltd.	Industrial Bank, Huzhou, Deqing Sub-branch	Huzhou Moganshan High-tech Group Co., Ltd.	80,000,000.00
Deqing Hengchuang Construction Development Co., Ltd.	Huaxia Bank, Huzhou, Deqing Sub-branch	Zhejiang Deqing Jingkai Investment Group Co., Ltd.	120,000,000.00
Deqing Hengchuang Construction Development Co., Ltd.	Zhejiang Deqing Rural Commercial Bank	Deqing Hengda Construction Development Co., Ltd.	15,000,000.00
Deqing Hengchuang Construction Development Co., Ltd.	Zhejiang Deqing Rural Commercial Bank	Deqing Hengda Construction Development Co., Ltd.	29,000,000.00

Borrowing unit	Loan bank	Guarantor	31 Mar. 2023
Deqing Hengchuang Construction Development Co., Ltd.	Guangfa Bank, Huzhou Branch	Deqing Cultural Tourism Development Group Co., Ltd.	80,000,000.00
Deqing Hengchuang Construction Development Co., Ltd.	Huzhou Branch of Bank of Ningbo	Huzhou Moganshan High-tech Group Co., Ltd.	50,000,000.00
Deqing Lianchuang Technology New City Construction Co., Ltd.	Agricultural Bank of China	Huzhou Moganshan High-tech Group Co., Ltd.	42,000,000.00
Deqing Lianchuang Technology New City Construction Co., Ltd.	Hengfeng Bank	Huzhou Moganshan High-tech Group Co., Ltd.	95,000,000.00
Deqing Lianchuang Technology New City Construction Co., Ltd.	Metropolitan Bank	Huzhou Moganshan High-tech Group Co., Ltd.	60,000,000.00
Deqing Lianchuang Technology New City Construction Co., Ltd.	Bank of Nanjing	Huzhou Moganshan High-tech Group Co., Ltd.	90,000,000.00
Deqing Technology New City Chip Technology Co., Ltd.	Bank of Jiaxing	Huzhou Moganshan High-tech Group Co., Ltd.	100,000,000.00
Deqing Technology New City Chip Technology Co., Ltd.	Rural Commercial Bank	Deqing Hengda Construction Development Co., Ltd.	49,000,000.00
Deqing Technology New City Chip Technology Co., Ltd.	Hua Xia Bank	Zhejiang Deqing Transportation Investment and Construction Co., Ltd.	50,000,000.00
Deqing Technology New City Chip Technology Co., Ltd.	Industrial Bank	Huzhou Moganshan High-tech Group Co., Ltd.	100,000,000.00
Deqing Technology New City Chip Technology Co., Ltd.	Bank of Nanjing	Huzhou Moganshan High-tech Group Co., Ltd.	25,000,000.00
Deqing Technology New City Chip Technology Co., Ltd.	Bank of Ningbo	Huzhou Moganshan High-tech Group Co., Ltd.	50,000,000.00
Deqing Kechuang Property Management Co., Ltd.	Industrial Bank	Huzhou Moganshan High-tech Group Co., Ltd.	90,000,000.00
Deqing Kechuang Property Management Co., Ltd.	Hua Xia Bank	Deqing Hengfeng Construction Development Co., Ltd.	20,000,000.00
Deqing Kechuang Property Management Co., Ltd.	Rural Commercial Bank	Deqing Hengda Construction Development Co., Ltd.	70,000,000.00
Deqing Linhang New Rural Construction Investment Co., Ltd.	Bank of Ningbo	Huzhou Moganshan High-tech Group Co., Ltd.	50,000,000.00
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Evergrowing Bank	Zhejiang Deqing Transportation Investment and Construction Co., Ltd.,	95,000,000.00

Borrowing unit	Loan bank	Guarantor	31 Mar. 2023
		Huzhou Moganshan High-tech Group Co., Ltd.	
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Hua Xia Bank	Zhejiang Deqing Transportation Investment and Construction Co., Ltd.	120,000,000.00
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Bank of Nanjing	Huzhou Moganshan High-tech Group Co., Ltd.	70,000,000.00
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Bank of Ningbo	Huzhou Moganshan High-tech Group Co., Ltd.	80,000,000.00
Zhejiang Zhongchuang Geographic Information Technology Co., Ltd.	Rural Commercial Bank	Deqing Hengda Construction Development Co., Ltd.	20,000,000.00
Zhejiang Zhongchuang Geographic Information Technology Co., Ltd.	Rural Commercial Bank	Deqing Hengda Construction Development Co., Ltd.	25,000,000.00
Deqing Economic Development Zone Municipal Services Co., Ltd.	Evergrowing Bank	Huzhou Moganshan High-tech Group Co., Ltd.	59,500,000.00
Deqing Economic Development Zone Municipal Services Co., Ltd.	Industrial Bank	Deqing Lianchuang Technology New City Construction Co., Ltd.	145,000,000.00
Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Hua Xia Bank	Zhejiang Deqing Transportation Investment and Construction Co., Ltd.	13,000,000.00
Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Hua Xia Bank	Zhejiang Deqing Transportation Investment and Construction Co., Ltd.	37,000,000.00
Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Rural Commercial Bank	Deqing Hengda Construction Development Co., Ltd.	80,000,000.00
Deqing Qianlong Construction Development Co., Ltd.	Maotai (Shanghai) Finance Leasing Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	65,499,144.84
Deqing Qianlong Construction Development Co., Ltd.	Far Eastern International Financial Leasing Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	141,338,320.37
Deqing Qianyuanyuan Tourism Development Co., Ltd.	Industrial Bank, Huzhou, Deqing Sub-branch	Huzhou Moganshan High-tech Group Co., Ltd.	55,000,000.00
Deqing Qianyuanyuan Tourism Development Co., Ltd.	Industrial Bank, Huzhou, Deqing Sub-branch	Huzhou Moganshan High-tech Group Co., Ltd.	120,000,000.00

Borrowing unit	Loan bank	Guarantor	31 Mar. 2023
Deqing Qitong Trade Development Co., Ltd.	Zhejiang Deqing Rural Commercial Bank Co., Ltd.	Deqing Hengda Construction Development Co., Ltd.	29,000,000.00
Huzhou Moganshan State-owned Capital Holding Group Co., Ltd.	Evergrowing Bank	Huzhou Moganshan High-tech Group Co., Ltd.	90,000,000.00
Huzhou Moganshan High Tech Tourism Development Co., Ltd.	China CITIC BANK	Huzhou Moganshan High-tech Group Co., Ltd.	100,000,000.00
Huzhou Moganshan High Tech Tourism Development Co., Ltd.	China CITIC BANK	Huzhou Moganshan High-tech Group Co., Ltd.	200,000,000.00
Total			3,178,837,465.21

(b.3) Pledge loans

Borrowing unit	Loan bank	Pledgor	Pledge	31 Mar. 2023
Deqing Lianchuang Technology New City Construction Co., Ltd.	Metropolitan Bank	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Time deposit	19,000,000.00
Deqing Technology New City Chip Technology Co., Ltd.	Zheshang BANK	Deqing Hengfeng Construction Development Co., Ltd.	Time deposit	49,000,000.00
Deqing Qianlong Construction Development Co., Ltd.	Business Department of Rural Commercial Bank	Deqing Qianlong Construction Development Co., Ltd.	Time deposit	90,000,000.00
Deqing Qianyu Tourism Development Co., Ltd.	Industrial Bank, Huzhou, Deqing Sub-branch	Deqing Qianlong Construction Development Co., Ltd.	Time deposit	49,000,000.00
Deqing Qianyu Tourism Development Co., Ltd.	Zhejiang Deqing Rural Commercial Bank	Deqing Qianyu Tourism Development Co., Ltd.	Time deposit	10,000,000.00
Huzhou Moganshan State-owned Capital Holding Group Co., Ltd.	Industrial Bank	Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Time deposit	196,000,000.00
Huzhou Moganshan State-owned Capital Holding Group Co., Ltd.	Industrial Bank	Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Time deposit	60,000,000.00
Total				629,500,000.00

(b.4) Mortgage loans

Borrowing unit	Loan bank	Mortgagor	Mortgage	31 Mar. 2023
Deqing Tongchuang Construction Development Co., Ltd.	Zhejiang Deqing Rural Commercial Bank	Deqing Tongchuang Construction Development Co., Ltd.	Investment properties	55,000,000.00

Borrowing unit	Loan bank	Mortgagor	Mortgage	31 Mar. 2023
Deqing Tongchuang Construction Development Co., Ltd.	Zhejiang Deqing Rural Commercial Bank	Deqing Tongchuang Construction Development Co., Ltd.	Investment properties	45,000,000.00
Deqing Lianchuang Technology New City Construction Co., Ltd.	Agricultural Bank of China	Deqing Hengfeng Construction Development Co., Ltd.	Inventories	35,000,000.00
Deqing International Conference Center Co., Ltd.	Industrial Bank	Deqing Lianchuang Technology New City Construction Co., Ltd.	Inventories	65,000,000.00
Total				200,000,000.00

(b.5) Mortgage and guarantee loans

Borrowing unit	Loan bank	Guarantor	Mortgagor	Mortgage	31 Mar. 2023
Deqing Technology New City Chip Technology Co., Ltd.	Zheshang Bank	Huzhou Moganshan High-tech Group Co., Ltd.	Deqing Lianchuang Technology New City Construction Co., Ltd.	Property, plant and equipment, intangible assets	200,000,000.00
Deqing Qitong Trade Development Co., Ltd.	Bank of Ningbo	Huzhou Moganshan High-tech Group Co., Ltd.	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Investment properties	140,000,000.00
Total					340,000,000.00

(b.6) Pledge and guarantee loans

Borrowing unit	Loan bank	Pledgor	Pledgee	Guarantor	31 Mar. 2023
Huzhou Moganshan High Tech Tourism Development Co., Ltd.	China CITIC BANK	Huzhou Moganshan High Tech Tourism Development Co., Ltd.	Deposit	Huzhou Moganshan High-tech Group Co., Ltd.	191,000,000.00
Total					191,000,000.00

5.21 Notes Payable

Categories	31 Mar. 2023	31 Dec. 2022
Bank acceptance bills	41,380,000.00	6,650,000.00
Commercial acceptance bills		
Total	41,380,000.00	6,650,000.00

5.22 Accounts Payable

(a) Accounts payables categorized by ages:

Aging	31 Mar. 2023	31 Dec. 2022
Within 1 year (including 1 year)	245,958,687.00	139,446,546.26
1 to 2 years	41,800,260.21	57,583,136.76
2 to 3 years	38,012,897.56	8,230,271.68
Over 3 years	26,468,339.71	27,556,088.65
Total	352,240,184.48	232,816,043.35

(b) Significant accounts payable with aging of over one year

There is no such item.

5.23 Advances from Customers

(a) Disclosure of advances from customers by aging:

Items	31 Mar. 2023	31 Dec. 2022
Within 1 year (including 1 year)	7,293,166.56	10,758,953.45
1 to 2 years	6,651,361.77	2,180,056.95
2 to 3 years	1,850,506.22	204,800.00
Over 3 years	83,671.88	
Total	15,878,706.43	13,143,810.40

(b) Significant advances from customers with aging of over one year

There is no such item.

5.24 Contract Liabilities

(a) General information of contract liabilities:

Items	31 Mar. 2023	31 Dec. 2022
Advance collection of goods	2,949,770.98	3,452,479.07
Advance collection of projects	59,794,228.39	44,748,356.83
Amount of constructions settled but not completed	115,794,178.90	115,566,805.56
Advance collection of houses	1,245,566,244.60	1,250,370,734.39
Total	1,424,104,422.87	1,414,138,375.85

(b) Significant fluctuation in balances as at the end of the reporting period and reason

There is no such item.

5.25 Employee Benefits Payable

(a) Details of employee benefits payable

Items	31 Dec. 2022	Increase during the reporting period	Decrease during the reporting period	31 Mar. 2023
I. Short-term employee benefits	534,859.78	46,531,045.11	46,711,144.43	354,760.46

Items	31 Dec. 2022	Increase during the reporting period	Decrease during the reporting period	31 Mar. 2023
II. Post-employment benefits-defined contribution plans	2,868.84	4,029,588.79	4,028,936.59	3,521.04
III. Termination benefits				
IV. Other benefits maturing within one year				
Total	537,728.62	50,560,633.90	50,740,081.02	358,281.50

(b) Short-term employee benefits

Items	31 Dec. 2022	Increase during the reporting period	Decrease during the reporting period	31 Mar. 2023
I. Salaries, bonuses, allowances and subsidies	234,609.66	39,854,194.13	39,824,015.39	264,788.40
II. Employee benefits		763,278.71	763,278.71	
III. Social insurance	37,567.80	2,437,860.25	2,473,242.58	2,185.47
Including: Health insurance	35,063.29	2,270,105.76	2,303,129.28	2,039.77
Injury insurance	2,504.51	167,754.49	170,113.30	145.70
Birth insurance				
IV. Housing accumulation fund	49,967.00	2,587,975.00	2,635,986.00	1,956.00
V. Labour union funds and employee education funds	212,715.32	887,737.02	1,014,621.75	85,830.59
VI. Short-term absence pay				
VII. Short-term profit-sharing plan				
Total	534,859.78	46,531,045.11	46,711,144.43	354,760.46

(c) Defined contribution plans

Items	31 Dec. 2022	Increase during the reporting period	Decrease during the reporting period	31 Mar. 2023
Basic endowment insurance	781.73	3,890,790.20	3,888,172.31	3,399.62
Unemployment insurance	2,087.11	138,798.59	140,764.28	121.42
Enterprise annuity				
Total	2,868.84	4,029,588.79	4,028,936.59	3,521.04

5.26 Taxes Payable

Items	31 Mar. 2023	31 Dec. 2022
Value added tax (VAT)	8,797,688.56	12,865,742.44
Enterprise income tax	6,087,605.94	10,793,769.24
Urban maintenance and construction tax	423,911.06	436,171.89
Property tax	2,853,575.83	10,710,325.20
Urban land usage tax	0.33	10,964,892.87
Individual income tax	214,320.83	78,513.67
Stamp duty	364,238.25	1,748,088.30
Education surcharge	405,002.72	261,717.92
Local educational surcharge	207,544.61	174,453.97
Total	19,353,888.13	48,033,675.50

5.27 Other Payables

(a) Other payables by category

Items	31 Mar. 2023	31 Dec. 2022
Interest payable		
Dividend payable		
Other payables	1,674,918,807.95	1,404,972,638.88
Total	1,674,918,807.95	1,404,972,638.88

(b) Other payables

(b.1) Disclosure of other payables by aging

Aging	31 Mar. 2023	31 Dec. 2022
Within 1 year (including 1 year)	336,919,165.85	490,666,246.50
1 to 2 years	483,543,798.28	435,162,839.03
2 to 3 years	430,718,742.16	132,400,634.46
Over 3 years	423,737,101.66	346,742,918.89
Total	1,674,918,807.95	1,404,972,638.88

(b.2) Other accounts payable with significant balances as at 31 March 2023, grouped by party in arrears

Entity name	Balance as at 31 Mar. 2023	Proportion of the balance to the total other payables (%)
Deqing County Finance Bureau	307,766,169.00	18.37
Zhejiang Fengqihu Culture Development Co., Ltd.	162,203,018.00	9.68
Management Committee of Huzhou Mogan Mountain High-	140,129,021.42	8.37

Entity name	Balance as at 31 Mar. 2023	Proportion of the balance to the total other payables (%)
tech Industrial Development Zone		
Fuxi Sub-district Office, People's Government of Deqing County	96,299,920.50	5.75
Zhejiang Deqing County Traffic Investment Group Co., Ltd.	80,000,000.00	4.78
Total	786,398,128.92	46.95

5.28 Non-current Liabilities Maturing within One Year

Items	31 Mar. 2023	31 Dec. 2022
Long-term borrowings maturing within one year	3,846,146,419.72	3,768,143,334.22
Bonds payable maturing within one year	3,387,253,090.79	3,668,238,334.27
Other non-current liabilities maturing within one year	2,270,030,000.00	2,723,250,000.00
Interest payable maturing within one year of long-term borrowings	82,382,603.12	78,754,850.69
Interest payable of other non-current liabilities maturing within one year	69,990,185.34	43,936,583.34
Interest payable of bonds payable maturing within one year	622,383,777.13	457,565,226.44
Total	10,278,186,076.10	10,739,888,328.96

5.29 Other Current Liabilities

Items	31 Mar. 2023	31 Dec. 2022
Other short-term bonds	1,000,000,000.00	600,000,000.00
Tax payable reclassification from credit balance of VAT Payable	110,710,418.53	110,187,648.57
Interest of other current liabilities	8,677,397.26	7,508,333.34
Total	1,119,387,815.79	717,695,981.91

5.30 Long-term Borrowings

(a) Long-term borrowings by category

Items	31 Mar. 2023	31 Dec. 2022
Credit loans	4,300,000.00	4,300,000.00
Guarantee loans	13,203,932,831.90	11,019,588,596.27
Pledge loans	140,000,000.00	140,000,000.00
Mortgage loans	1,414,186,000.00	880,159,000.00
Mortgage and guarantee loans	10,068,413,246.31	8,115,124,375.71
Pledge and guarantee loans	1,160,000,000.00	910,000,000.00
Mortgage, pledge and guarantee loans	255,505,000.00	256,000,000.00

Items	31 Mar. 2023	31 Dec. 2022
Sub-total	26,246,337,078.21	21,325,171,971.98
Less: Long-term borrowings maturing within one year	3,846,146,419.72	3,768,143,334.22
Total	22,400,190,658.49	17,557,028,637.76

(b) Details of long-term borrowings by category

(b.1) Credit loans

Borrowing unit	Loan bank / Financial institution	31 Mar. 2023	Including: long-term loan maturing within one year
Huzhou Moganshan High-Tech Energy Development Co., Ltd.	Industrial Bank	4,300,000.00	430,000.00
Total		4,300,000.00	430,000.00

(b.2) Guarantee loans

Borrowing unit	Loan bank	Guarantor	31 Mar. 2023	Including: Long-term loan maturing within one year
Deqing Hengchuang Construction Development Co., Ltd.	Huzhou Deqing Sub-branch of China CITIC Bank	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd., Zhejiang Deqing County Traffic Investment Group Co., Ltd.	150,000,000.00	150,000,000.00
Deqing Tongchuang Construction Development Co., Ltd.	AVIC International Financial Leasing Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	300,000,000.00	146,200,095.10
Deqing Tongchuang Construction Development Co., Ltd.	Zhejiang Zheshang Finance Leasing Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	114,000,000.00	30,000,000.00
Deqing Tongchuang Construction Development Co., Ltd.	Zhejiang Zheshang Finance Leasing Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	76,000,000.00	20,000,000.00
Deqing Tongchuang Construction Development Co., Ltd.	Shanghai Yuexiu Finance Leasing Co., Ltd.	Deqing Hengfeng Construction Development Co., Ltd.	100,000,000.00	31,380,055.51
Deqing Tongchuang Construction Development Co., Ltd.	Bank of Jiangsu, Hangzhou Branch	Huzhou Moganshan High-tech Group Co., Ltd.	272,861,412.00	6,598,038.00
Deqing Tongchuang Construction Development Co., Ltd.	Industrial and Commercial Bank of China, Deqing Sub-branch	Huzhou Moganshan High-tech Group Co., Ltd.	76,500,000.00	5,000,000.00
Deqing Hengfeng Construction Development Co., Ltd.	Bank of Nanjing, Hangzhou Branch	Huzhou Moganshan High-tech Group Co., Ltd.	400,000,000.00	150,000,000.00

Borrowing unit	Loan bank	Guarantor	31 Mar. 2023	Including: Long-term loan maturing within one year
Deqing Hengfeng Construction Development Co., Ltd.	China Minsheng Bank Hangzhou Branch	Huzhou Moganshan High-tech Group Co., Ltd.	200,000,000.00	
Deqing Hengfeng Construction Development Co., Ltd.	Jiangsu Financial Leasing Co., Ltd.	Zhejiang Deqing County Traffic Investment Group Co., Ltd., Deqing Lianchuang Technology New City Construction Co., Ltd.	16,935,263.00	16,935,263.00
Deqing Hengfeng Construction Development Co., Ltd.	Zhejiang Airport Finance Leasing Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	17,972,751.16	17,972,751.16
Deqing Hengfeng Construction Development Co., Ltd.	Huzhou Deqing Sub-branch of Bank of Hangzhou	Deqing Lianchuang Technology New City Construction Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd.	440,000,000.00	165,000,000.00
Deqing Hengfeng Construction Development Co., Ltd.	Huzhou Branch of Bank of Communications	Huzhou Moganshan High-tech Group Co., Ltd.	400,000,000.00	150,000,000.00
Deqing Hengfeng Construction Development Co., Ltd.	Huzhou Deqing Sub-branch of China CITIC Bank	Huzhou Moganshan High-tech Group Co., Ltd.	457,200,000.00	
Deqing Hengfeng Construction Development Co., Ltd.	China Minsheng Bank, Huzhou Branch	Huzhou Moganshan High-tech Group Co., Ltd.	250,000,000.00	
Deqing Hengfeng Construction Development Co., Ltd.	Macau International Bank	Huzhou Moganshan High-tech Group Co., Ltd.	57,600,000.00	57,600,000.00
Deqing Hengfeng Construction Development Co., Ltd.	Huzhou Branch of Postal Savings Bank	Huzhou Moganshan High-tech Group Co., Ltd.	190,000,000.00	
Deqing Hengfeng Construction Development Co., Ltd.	Maxwealth Financial Leasing Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	300,000,000.00	20,000,000.00
Deqing Hengmei Construction Co., Ltd.	Agricultural Development Bank of China, Huzhou, Deqing County Sub-branch	Huzhou Moganshan High-tech Group Co., Ltd.	810,000,000.00	15,000,000.00
Deqing Lianchuang Technology New City Construction Co., Ltd.	Shanghai Pudong Development Bank	Huzhou Moganshan High-tech Group Co., Ltd.	120,000,000.00	10,000,000.00
Deqing Lianchuang Technology New City Construction Co., Ltd.	Hua Xia Bank	Zhejiang Deqing County Traffic Investment Group Co., Ltd.	61,750,000.00	61,750,000.00
Deqing Lianchuang Technology New City Construction Co., Ltd.	Maxwealth Financial Leasing Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	206,250,000.00	37,500,000.00

Borrowing unit	Loan bank	Guarantor	31 Mar. 2023	Including: Long-term loan maturing within one year
Deqing Lianchuang Technology New City Construction Co., Ltd.	Guangzhou Yuexiu Financing Lease Co., Ltd.	Zhejiang Deqing County Traffic Investment Group Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd.	89,307,511.14	42,939,688.33
Deqing Lianchuang Technology New City Construction Co., Ltd.	Changjiang United Financial Leasing Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	24,990,532.29	19,900,628.05
Deqing Lianchuang Technology New City Construction Co., Ltd.	Maotai (Shanghai) Finance Leasing Co., Ltd.	Zhejiang Deqing County Traffic Investment Group Co., Ltd.	9,562,472.61	9,562,472.61
Deqing Lianchuang Technology New City Construction Co., Ltd.	Far East Hongxin Financial Leasing Co., Ltd.	Zhejiang Deqing County Traffic Investment Group Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd., Deqing Hengfeng Construction Development Co., Ltd.	27,212,346.40	27,212,346.40
Deqing Lianchuang Technology New City Construction Co., Ltd.	Postal Savings Bank of China	Huzhou Moganshan High-tech Group Co., Ltd.	430,000,000.00	
Deqing Kechuang Property Management Co., Ltd.	Industrial Bank	Huzhou Moganshan High-tech Group Co., Ltd.	360,000,000.00	
Deqing Kechuang Property Management Co., Ltd.	Bank of Wenzhou	Huzhou Moganshan High-tech Group Co., Ltd.	280,000,000.00	
Deqing Kechuang Property Management Co., Ltd.	Bank of Ningbo	Huzhou Moganshan High-tech Group Co., Ltd.	110,000,000.00	
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Bank of Hangzhou	Huzhou Moganshan High-tech Group Co., Ltd.	50,000,000.00	
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Maxwealth Financial Leasing Co., Ltd.	Zhejiang Deqing County Traffic Investment Group Co., Ltd., Deqing Lianchuang Technology New City Construction Co., Ltd.	120,000,000.00	60,000,000.00
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Guangzhou Yuexiu Financing Lease Co., Ltd.	Deqing Lianchuang Technology New City Construction Co., Ltd.	84,551,307.30	32,315,143.52
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Industrial Bank	Huzhou Moganshan High-tech Group Co., Ltd.	300,000,000.00	27,000,000.00
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Bank of Shaoxing	Huzhou Moganshan High-tech Group Co., Ltd.	280,000,000.00	30000000

Borrowing unit	Loan bank	Guarantor	31 Mar. 2023	Including: Long-term loan maturing within one year
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Agricultural Development Bank of China	Huzhou Moganshan High-tech Group Co., Ltd.	425,000,000.00	
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Industrial and Commercial Bank of China	Huzhou Moganshan High-tech Group Co., Ltd.	696,005,740.00	
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Huishang Bank Financial Leasing Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	190,000,000.00	33,803,242.23
Zhejiang Zhongchuang Geographic Information Technology Co., Ltd.	Industrial Bank	Huzhou Moganshan High-tech Group Co., Ltd.	245,000,000.00	
Deqing Qidian Intelligent Eco City Construction and Development Co., Ltd.	Agricultural Development Bank of China, Deqing County Sub-branch	Huzhou Moganshan High-tech Group Co., Ltd.	202,500,000.00	750,000.00
Deqing Qidian Intelligent Eco City Construction and Development Co., Ltd.	Ping An Trust Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	99,950,000.00	100,000.00
Deqing Qidian Intelligent Eco City Construction and Development Co., Ltd.	CITIC Financial Leasing Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	68,478,635.79	33,255,879.87
Deqing Qidian Intelligent Eco City Construction and Development Co., Ltd.	CITIC Financial Leasing Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	42,169,929.62	16,147,858.99
Deqing Qidian Intelligent Eco City Construction and Development Co., Ltd.	Maxwealth Financial Leasing Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	195,000,000.00	10,000,000.00
Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Industrial and Commercial Bank of China	Huzhou Moganshan High-tech Group Co., Ltd.	180,000,000.00	20,000,000.00
Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Agricultural Bank of China	Deqing Tongchuang Construction Development Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd.	100,000,000.00	100,000,000.00
Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Agricultural Bank of China	Zhejiang Linhang Logistics Development Co., Ltd.	600,000,000.00	100,000,000.00
Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Hangzhou Jintou Financial Leasing Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	17,861,798.96	17,861,798.96

Borrowing unit	Loan bank	Guarantor	31 Mar. 2023	Including: Long-term loan maturing within one year
Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Jiangsu Financial Leasing Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	135,000,000.00	30,000,000.00
Zhejiang Deqing Tonghang Airport Management Co., Ltd.	China Resources Finance Leasing Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	300,000,000.00	30,000,000.00
Zhejiang Deqing Tonghang Airport Management Co., Ltd.	SDIC Financial Leasing Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	200,000,000.00	66,666,666.64
Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Bank of Hangzhou	Huzhou Moganshan High-tech Group Co., Ltd.	790,000,000.00	
Deqing Qianlong Construction Development Co., Ltd.	Huzhou Deqing Sub-branch of China CITIC Bank Co., Ltd.	Zhejiang Deqing County Traffic Investment Group Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd.	105,000,000.00	105,000,000.00
Deqing Qianlong Construction Development Co., Ltd.	Huzhou Deqing Sub-branch of China CITIC Bank Co., Ltd.	Zhejiang Deqing County Traffic Investment Group Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd.	35,000,000.00	35,000,000.00
Deqing Qianlong Construction Development Co., Ltd.	Huishang Bank Financial Leasing Co., Ltd.	Zhejiang Deqing County Traffic Investment Group Co., Ltd.	53,688,139.36	20,582,371.07
Deqing Qianlong Construction Development Co., Ltd.	Huzhou Feiying Financial Leasing Co., Ltd.	Deqing Qidian Intelligent Eco City Construction and Development Co., Ltd.	113,000,000.00	113,000,000.00
Deqing Qianlong Construction Development Co., Ltd.	Xiamen Jinyuan Financial Leasing Co., Ltd.	Deqing Lianchuang Technology New City Construction Co., Ltd.	13,414,258.10	13,414,258.10
Deqing Qianlong Construction Development Co., Ltd.	Xiamen Jinyuan Financial Leasing Co., Ltd.	Deqing Lianchuang Technology New City Construction Co., Ltd.	13,251,292.03	13,251,292.03
Deqing Qianlong Construction Development Co., Ltd.	Shanghai Yuansheng Finance Leasing Co., Ltd.	Deqing Lianchuang Technology New City Construction Co., Ltd.	100,000,000.00	50,000,000.00
Deqing Qianlong Construction Development Co., Ltd.	Shanghai Yuansheng Finance Leasing Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	200,000,000.00	66,666,666.68
Deqing Qianlong Construction Development Co., Ltd.	Chongqing Xinyu Financial Leasing Co., Ltd.	Deqing Lianchuang Technology New City Construction Co., Ltd.	51,985,177.68	34,196,501.85
Deqing Qianlong Construction Development Co., Ltd.	CCCC Finance Leasing Co., Ltd.	Deqing Lianchuang Technology New City Construction Co., Ltd.	51,999,046.46	34,201,971.86
Deqing Qianlong Construction Development Co., Ltd.	Guangzhou Yuexiu Financing Lease Co., Ltd.	Deqing Lianchuang Technology New City Construction Co., Ltd.	50,000,001.00	33,333,334.00

Borrowing unit	Loan bank	Guarantor	31 Mar. 2023	Including: Long-term loan maturing within one year
Deqing Qianyuan Tourism Development Co., Ltd.	Zhejiang Deqing Lake Commercial Village Bank	Deqing Economic Development Zone Municipal Services Co., Ltd.	5,000,000.00	
Deqing Qianyuan Tourism Development Co., Ltd.	Su Yin Financial Leasing Co., Ltd.	Zhejiang Deqing County Traffic Investment Group Co., Ltd.	105,355,217.00	32,998,507.00
Deqing Qianyuan Tourism Development Co., Ltd.	Zhejiang Zheyin Financial Leasing Co., Ltd.	Deqing Lianchuang Technology New City Construction Co., Ltd.	146,000,000.00	72,000,000.00
Deqing Qianyuan Tourism Development Co., Ltd.	Huaxia Bank Co., Ltd. Huzhou Deqing Sub-branch	Deqing Qidian Intelligent Eco City Construction and Development Co., Ltd.	10,000,000.00	200,000.00
Deqing New Rural Investment Development Co., Ltd.	Bank of Hangzhou	Huzhou Moganshan High-tech Group Co., Ltd.	343,680,000.00	343,680,000.00
Huzhou Moganshan High Tech Tourism Development Co., Ltd.	Hua Xia Bank	Deqing Lianchuang Technology New City Construction Co., Ltd.	9,900,000.00	200,000.00
Huzhou Moganshan High Tech Tourism Development Co., Ltd.	Bank of Hangzhou	Huzhou Moganshan High-tech Group Co., Ltd.	10,000,000.00	
Huzhou Moganshan Hi Tech Industry Investment Development Group Co., Ltd.	Industrial Bank	Huzhou Moganshan High-tech Group Co., Ltd.	44,000,000.00	6,304,000.00
Huzhou Moganshan Hi Tech Industry Investment Development Group Co., Ltd.	China CITIC BANK	Huzhou Moganshan High-tech Group Co., Ltd.	73,000,000.00	
Total			13,203,932,831.90	2,772,480,830.96

(b.3) Pledge loans

Borrowing unit	Loan bank	Pledgor	Pledge	31 Mar. 2023	Including: Long-term loan within one year
Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Industrial and Commercial Bank of China	Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Right to future benefits of the project	140,000,000.00	40,000,000.00
Total				140,000,000.00	40,000,000.00

(b.4) Mortgage loans

Borrowing unit	Loan bank	Mortgager	Mortgage	31 Mar. 2023	Including: long-term loan maturing within one year
Deqing Dewei Construction Development Co., Ltd.	Zhejiang Deqing Rural Commercial Bank	Deqing Dewei Construction Development Co., Ltd.	Inventories	80,000,000.00	15,000,000.00
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	China Construction Bank	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Investment properties	1,106,387,000.00	5,148,000.00
Zhejiang Deqing Tonghang Airport Management Co., Ltd.	China Construction Bank	Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Inventories	227,799,000.00	804,000.00
Total				1,414,186,000.00	20,952,000.00

(b.5) Mortgage and guarantee loans

Borrowing unit	Loan bank	Mortgager	Mortgage	Guarantor	31 Mar. 2023	Including: long-term loan within one year
Deqing Tongchuang Construction Development Co., Ltd.	Industrial Bank, Huzhou, Deqing, Sub-branch	Deqing Tongchuang Construction Development Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	80,000,000.00	
Deqing Tongchuang Construction Development Co., Ltd.	Huzhou Branch of Bank of Communications	Deqing Tongchuang Construction Development Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	500,000,000.00	33,400,000.00
Deqing Hengfeng Construction Development Co., Ltd.	Industrial and Commercial Bank of China, Huzhou Branch	Deqing Hengfeng Construction Development Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd., Deqing Qianlong Construction Development Co., Ltd.	290,000,000.00	20,000,000.00
Deqing Hengfeng Construction Development Co., Ltd.	Agricultural Bank of China, Huzhou Branch	Deqing Hengfeng Construction Development Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd., Deqing Qianlong Construction Development Co., Ltd.	290,000,000.00	20,000,000.00
Deqing Hengfeng Construction Development Co., Ltd.	Industrial and Commercial Bank of China, Huzhou Branch	Deqing Hengfeng Construction Development Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	630,000,000.00	
Deqing Hengfeng Construction Development Co., Ltd.	Agricultural Bank of China, Huzhou Branch	Deqing Hengfeng Construction Development Co., Ltd.	Inventories	Deqing Tongchuang Construction Development Co., Ltd.	290,000,000.00	

Borrowing unit	Loan bank	Mortgager	Mortgage	Guarantor	31 Mar. 2023	Including: long-term loan within one year
Deqing Hengfeng Construction Development Co., Ltd.	Industrial Bank, Huzhou, Deqing, Sub-branch	Deqing Hengfeng Construction Development Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	245,000,000.00	
Deqing Lianchuang Technology New City Construction Co., Ltd.	China Construction Bank	Deqing Lianchuang Technology New City Construction Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	524,000,000.00	
Deqing Lianchuang Technology New City Construction Co., Ltd.	Zhejiang Fuzhe Financial Leasing Co., Ltd.	Deqing Lianchuang Technology New City Construction Co., Ltd.	Inventories	Deqing Hengfeng Construction Development Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd.	60,000,000.00	40,000,000.00
Deqing Lianchuang Technology New City Construction Co., Ltd.	Huaxia Financial Leasing Co., Ltd.	Deqing Lianchuang Technology New City Construction Co., Ltd.	Inventories	Zhejiang Deqing County Traffic Investment Group Co., Ltd.	30,000,000.00	30,000,000.00
Deqing Lianchuang Technology New City Construction Co., Ltd.	Chongqing Rural Commercial Financial Leasing Co., Ltd.	Deqing Lianchuang Technology New City Construction Co., Ltd.	Inventories	Zhejiang Deqing County Traffic Investment Group Co., Ltd.	50,000,000.00	50,000,000.00
Deqing Lianchuang Technology New City Construction Co., Ltd.	Huishang Bank Financial Leasing Co., Ltd.	Deqing Lianchuang Technology New City Construction Co., Ltd.	Inventories	Zhejiang Deqing County Traffic Investment Group Co., Ltd.	33,662,418.53	16,580,983.22
Deqing Lianchuang Technology New City Construction Co., Ltd.	Bonyin Financial Leasing Co., Ltd.	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Investment properties	Huzhou Moganshan High-tech Group Co., Ltd.	133,066,068.22	64,277,217.14
Deqing Lianchuang Technology New City Construction Co., Ltd.	Agricultural Bank of China	Deqing Lianchuang Technology New City Construction Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	318,620,000.00	11,380,000.00
Deqing Lianchuang Technology New City Construction Co., Ltd.	China CITIC BANK	Deqing Lianchuang Technology New City Construction Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	241,380,000.00	8,620,000.00

Borrowing unit	Loan bank	Mortgager	Mortgage	Guarantor	31 Mar. 2023	Including: long-term loan within one year
Deqing Lianchuang Technology New City Construction Co., Ltd.	Bank of Ningbo	Deqing Lianchuang Technology New City Construction Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	250,000,000.00	17,000,000.00
Deqing Technology New City Chip Technology Co., Ltd.	Bank of China	Deqing Technology New City Chip Technology Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	582,000,000.00	1,000,000.00
Deqing Linhang New Rural Construction Investment Co., Ltd.	Bank of Ningbo	Deqing Linhang New Rural Construction Investment Co., Ltd.	Inventories	Deqing Lianchuang Technology New City Construction Co., Ltd.	160,000,000.00	20,000,000.00
Deqing Linhang New Rural Construction Investment Co., Ltd.	Industrial Bank	Deqing Linhang New Rural Construction Investment Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	84,000,000.00	7,500,000.00
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Bank of Hangzhou	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	500,000,000.00	200,000,000.00
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Agricultural Bank of China	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Investment properties	Deqing Tongchuang Construction Development Co., Ltd.	177,000,000.00	19,000,000.00
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Agricultural Bank of China	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Inventories	Deqing Economic Development Zone Municipal Services Co., Ltd.	730,000,000.00	
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Bank of Huzhou	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Inventories	Deqing Hengfeng Construction Development Co., Ltd.	41,500,000.00	5,000,000.00
Deqing Zhongchuang Geographic Information	Bank of Shaoxing	Deqing Zhongchuang Geographic Information	Investment properties	Huzhou Moganshan High-tech Group Co., Ltd.	89,915,966.44	10,084,033.56

Borrowing unit	Loan bank	Mortgager	Mortgage	Guarantor	31 Mar. 2023	Including: long-term loan within one year
Industrial Park Construction Co., Ltd.		Industrial Park Construction Co., Ltd.				
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Bank of Ningbo	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	110,000,000.00	
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Huarong Financial Leasing Co., Ltd.	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	350,000,000.00	110,774,228.41
Zhejiang Zhongchuang Geographic Information Technology Co., Ltd.	Industrial and Commercial Bank of China	Zhejiang Zhongchuang Geographic Information Technology Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	310,000,000.00	
Zhejiang Zhongchuang Geographic Information Technology Co., Ltd.	Agricultural Bank of China	Zhejiang Zhongchuang Geographic Information Technology Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	310,000,000.00	
Deqing Qidian Intelligent Eco City Construction and Development Co., Ltd.	Agricultural Bank of China, Deqing Sub-branch	Deqing Qidian Intelligent Eco City Construction and Development Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	600,000,000.00	9,500,000.00
Deqing Qidian Intelligent Eco City Construction and Development Co., Ltd.	Industrial and Commercial Bank of China, Deqing Sub-branch	Deqing Qidian Intelligent Eco City Construction and Development Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	1,000,000,000.00	17,000,000.00
Deqing Qidian Intelligent Eco City Construction and Development Co., Ltd.	Huzhou Branch of Bank of Communications Co., Ltd.	Deqing Qidian Intelligent Eco City Construction and Development Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	500,000,000.00	8,500,000.00
Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Huarong Financial Leasing Co., Ltd.	Deqing Lianchuang Technology New City Construction Co., Ltd., Zhejiang Deqing Tonghang Airport	Inventories, investment properties	Deqing Lianchuang Technology New City Construction Co., Ltd., Zhejiang Deqing County Traffic Investment Group Co., Ltd.	114,935,459.77	114,935,459.77

Borrowing unit	Loan bank	Mortgager	Mortgage	Guarantor	31 Mar. 2023	Including: long-term loan within one year
		Management Co., Ltd.				
Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Bank of Ningbo	Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Construction in progress	Huzhou Moganshan High-tech Group Co., Ltd.	90,000,000.00	40,000,000.00
Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Shanghai Pudong Development Bank	Deqing Lianchuang Technology New City Construction Co., Ltd.	Investment properties	Deqing Lianchuang Technology New City Construction Co., Ltd., Zhejiang Deqing County Traffic Investment Group Co., Ltd.	120,000,000.00	20,000,000.00
Deqing International Conference Center Co., Ltd.	Huaxia Financial Leasing Co., Ltd.	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Inventories	Huzhou Moganshan High-tech Group Co., Ltd.	233,333,333.35	66,666,666.66
Total					10,068,413,246.31	961,218,588.76

(b.6) Pledge and guarantee loans

Borrowing unit	Loan bank	Pledgor	Pledge	Guarantor	31 Mar. 2023	Including: long-term loan within one year
Deqing Lianchuang Technology New City Construction Co., Ltd.	Industrial and Commercial Bank of China	Deqing Lianchuang Technology New City Construction Co., Ltd.	Right to future benefits of the project	Deqing Linhang New Rural Construction Investment Co., Ltd.	395,000,000.00	13,750,000.00
Deqing Lianchuang Technology New City Construction Co., Ltd.	China Minsheng Bank	Deqing Lianchuang Technology New City Construction Co., Ltd.	Right to future benefits of the project	Deqing Linhang New Rural Construction Investment Co., Ltd.	25,000,000.00	6,250,000.00
Deqing Kechuang Property Management Co., Ltd.	China Everbright Bank	Deqing Kechuang Property Management Co., Ltd.	Right to future benefits of the project	Huzhou Moganshan High- tech Group Co., Ltd.	150,000,000.00	5,000,000.00
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Industrial and Commercial Bank of China	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Right to future benefits of the project	Huzhou Moganshan High- tech Group Co., Ltd.	250,000,000.00	

Borrowing unit	Loan bank	Pledgor	Pledge	Guarantor	31 Mar. 2023	Including: long-term loan within one year
Deqing Qianlong Construction Development Co., Ltd.	China Development Bank	Deqing Qianlong Construction Development Co., Ltd.	Right to future benefits of the project	Zhejiang Deqing County Traffic Investment Group Co., Ltd.	340,000,000.00	20,000,000.00
Total					1,160,000,000.00	45,000,000.00

(b.7) Mortgage, pledge and guarantee loans

Borrowing unit	Loan bank	Mortgager	Mortgage	Pledgor	Pledge	Guarantor	31 Mar. 2023	Including: long-term loan maturing within one year
Huzhou Moganshan State-owned Capital Holding Group Co., Ltd.	China Citic Bank	Huzhou Moganshan State-owned Capital Holding Group Co., Ltd.	Investment properties	Huzhou Moganshan State-owned Capital Holding Group Co., Ltd.	Right to future benefits of the project	Huzhou Moganshan High-tech Group Co., Ltd.	85,505,000.00	2,970,000.00
Huzhou Moganshan State-owned Capital Holding Group Co., Ltd.	China Citic Bank	Huzhou Moganshan State-owned Capital Holding Group Co., Ltd.	Investment properties	Huzhou Moganshan State-owned Capital Holding Group Co., Ltd.	Right to future benefits of the project	Huzhou Moganshan High-tech Group Co., Ltd.	170,000,000.00	3,095,000.00
Total							255,505,000.00	6,065,000.00

5.31 Bonds Payable

(a) General information of bonds payable

Items	31 Mar. 2023	31 Dec. 2022
20 Deqing Lianchuang MTN001		198,614,224.36
20 Dechuang 01	994,387,008.07	994,040,368.60
20 Delian 01	468,351,347.91	468,271,033.95
21 Delian 01	847,494,532.92	847,303,056.53
20 Deheng 01		598,110,442.50
20 Deheng 02	398,736,562.07	398,590,497.58
20 Hi-Tech 02	1,992,469,772.88	1,991,286,291.93
20 Hi-Tech 03	766,229,191.27	765,773,978.27
20 Hi-Tech 01	599,163,073.70	598,727,691.67
20 Huzhou High-tech PPN001	546,530,058.77	546,231,372.26
21 Hi-Tech 01	699,103,922.02	698,815,870.30
21 Moganshan MTN001	499,415,519.52	499,217,368.79
21 Moganshan MTN002	697,590,389.99	697,351,927.75

Items	31 Mar. 2023	31 Dec. 2022
Moganshan High-tech 2024	1,438,309,801.59	1,457,309,078.94
21 Mogan High-tech PPN001	995,982,986.04	995,651,365.62
21 Hi-Tech 02	526,991,615.31	526,808,573.42
21 Moganshan MTN003	398,296,870.33	398,170,130.60
21 Mogan High-tech PPN002	447,728,386.06	447,578,988.29
21 Moganshan MTN004	397,988,603.78	397,854,792.46
22 Hi-Tech D1		1,262,162,615.36
Moganshan High-tech 2025	1,440,015,646.18	1,459,192,274.29
22 Hi-Tech D2	400,000,000.00	399,820,682.57
22 Hi-Tech D3	519,864,795.87	519,600,443.38
22 Hi-Tech 01	797,381,284.34	797,250,325.43
22 Hi-Tech 02	1,158,222,833.75	1,157,968,431.21
22 Hi-Tech 03	498,337,650.19	498,228,461.88
G22 Mogan High-tech 01	375,000,000.00	375,000,000.00
22 Hi-Tech 04	337,228,139.35	336,735,771.75
23 Moganshan SCP001	499,690,932.37	
23 Moganshan MTN001	996,355,277.91	
23 High-tech D1	975,182,837.07	
23 High-tech 01	951,554,000.20	
23 High-tech 02	797,018,926.21	
23 Moganshan SCP002	499,777,963.41	
23 Qidian Bonds	189,103,773.58	
Sub-total	23,149,503,702.66	20,331,666,059.69
Less: Bonds payable maturing within one year	3,387,253,090.79	3,668,238,334.27
Total	19,762,250,611.87	16,663,427,725.42

(b) Changes in bonds payable

Bonds	Par value	Issue date	Bonds duration	Amount issued	31 Dec. 2022	Including: Bonds payable maturing within one year at the beginning of the period
20 Deqing Lianchuang MTN001	100.00	30 Mar. 2020	5 years	200,000,000.00	198,614,224.36	198,614,224.36
20 Dechuang 01	100.00	28 Apr. 2020	7 years	1,000,000,000.00	994,040,368.60	994,040,368.60
20 Delian 01	100.00	9 Dec. 2020	7 years	470,000,000.00	468,271,033.95	94,000,000.00
21 Delian 01	100.00	7 Sept. 2021	7 years	850,000,000.00	847,303,056.53	

Bonds	Par value	Issue date	Bonds duration	Amount issued	31 Dec. 2022	Including: Bonds payable maturing within one year at the beginning of the period
20 Deheng 01	100.00	17 Mar. 2020	5 years	600,000,000.00	598,110,442.50	120,000,000.00
20 Deheng 02	100.00	17 Apr. 2020	5 years	400,000,000.00	398,590,497.58	80,000,000.00
20 Hi-Tech 02	100.00	19 Aug. 2020	5 years	2,000,000,000.00	1,991,286,291.93	
20 Hi-Tech 03	100.00	13 Nov. 2020	5 years	770,000,000.00	765,773,978.27	
20 Hi-Tech 01	100.00	15 Jul. 2020	5 years	600,000,000.00	598,727,691.67	
20 Huzhou High-tech PPN001	100.00	10 Aug. 2020	5 years	550,000,000.00	546,231,372.26	
21 Hi-Tech 01	100.00	28 Jan. 2021	5 years	700,000,000.00	698,815,870.30	
21 Moganshan MTN001	100.00	25 Jan. 2021	5 years	500,000,000.00	499,217,368.79	
21 Moganshan MTN002	100.00	28 Apr. 2021	5 years	700,000,000.00	697,351,927.75	
Moganshan High-tech 2024	100.00	23 Jul. 2021	3 years	1,338,897,000.00	1,457,309,078.94	
21 Mogan High-tech PPN001	100.00	7 Jul. 2021	5 years	1,000,000,000.00	995,651,365.62	
21 Hi-Tech 02	100.00	23 Jul. 2021	5 years	530,000,000.00	526,808,573.42	
21 Moganshan MTN003	100.00	9 Sept. 21	5 years	400,000,000.00	398,170,130.60	
21 Mogan High-tech PPN002	100.00	24 Nov. 2021	5 years	450,000,000.00	447,578,988.29	
21 Moganshan MTN004	100.00	22 Nov. 2021	5 years	400,000,000.00	397,854,792.46	
22 Hi-Tech D1	100.00	13 Jan. 2022	1 year	1,262,000,000.00	1,262,162,615.36	1,262,162,615.36
Moganshan High-tech 2025	100.00	24 Jan. 2022	3 years	1,409,394,000.00	1,459,192,274.29	
22 Hi-Tech D2	100.00	22 Apr. 2022	1 year	400,000,000.00	399,820,682.57	399,820,682.57
22 Hi-Tech D3	100.00	17 Jun. 2022	1 year	520,000,000.00	519,600,443.38	519,600,443.38
22 Hi-Tech 01	100.00	30 Jun. 2022	7 years	800,000,000.00	797,250,325.43	
22 Hi-Tech 02	100.00	29 Aug. 2022	5 years	1,162,000,000.00	1,157,968,431.21	
22 Hi-Tech 03	100.00	28 Sept. 2022	5 years	500,000,000.00	498,228,461.88	
G22 Mogan High-tech 01	100.00	8 Nov. 2022	3 years	375,000,000.00	375,000,000.00	
22 Hi-Tech 04	100.00	19 Dec. 2022	5 years	338,000,000.00	336,735,771.75	
23 Moganshan SCP001	100.00	6 Jan. 2023	0.71 years	500,000,000.00		
23 Moganshan MTN001	100.00	15 Mar. 2023	5 years	1,000,000,000.00		
23 High-tech D1	100.00	24 Mar. 2023	1 year	977,000,000.00		
23 High-tech 01	100.00	16 Feb. 2023	3 years	955,000,000.00		
23 High-tech 02	100.00	1 Mar. 2023	7 years	800,000,000.00		
23 Moganshan SCP002	100.00	19 Jan. 2023	0.49 years	500,000,000.00		
23 Qidian Bonds	100.00	21 Mar. 2023	7 years	190,000,000.00		
Total				25,147,291,000.00	20,331,666,059.69	3,668,238,334.27

(Continued)

Bonds	Issued amount during the reporting period	Issue fees	Amortization of issue fees	Exchange gains or losses	Repayment during the reporting period	31 Mar. 2023	Including: Bonds payable maturing within one year at the end of the period
20 Deqing Lianchuang MTN001			1,385,775.64		200,000,000.00		
20 Dechuang 01			346,639.47			994,387,008.07	
20 Delian 01			80,313.96			468,351,347.91	94,000,000.00
21 Delian 01			191,476.39			847,494,532.92	
20 Deheng 01			1,889,557.50		600,000,000.00		
20 Deheng 02			146,064.49			398,736,562.07	398,736,562.07
20 Hi-Tech 02			1,183,480.95			1,992,469,772.88	
20 Hi-Tech 03			455,213.00			766,229,191.27	
20 Hi-Tech 01			435,382.03			599,163,073.70	
20 Huzhou High-tech PPN001			298,686.51			546,530,058.77	
21 Hi-Tech 01			288,051.72			699,103,922.02	
21 Moganshan MTN001			198,150.73			499,415,519.52	
21 Moganshan MTN002			238,462.24			697,590,389.99	
Moganshan High-tech 2024			509,722.65	-19,509,000.00		1,438,309,801.59	
21 Mogan High-tech PPN001			331,620.42			995,982,986.04	
21 Hi-Tech 02			183,041.89			526,991,615.31	
21 Moganshan MTN003			126,739.73			398,296,870.33	
21 Mogan High-tech PPN002			149,397.77			447,728,386.06	
21 Moganshan MTN004			133,811.32			397,988,603.78	
22 Hi-Tech D1					1,262,162,615.36		
Moganshan High-tech 2025			332,371.89	-19,509,000.00		1,440,015,646.18	
22 Hi-Tech D2			179,317.43			400,000,000.00	400,000,000.00
22 Hi-Tech D3			264,352.49			519,864,795.87	519,864,795.87
22 Hi-Tech 01			130,958.91			797,381,284.34	
22 Hi-Tech 02			254,402.54			1,158,222,833.75	
22 Hi-Tech 03			109,188.31			498,337,650.19	
G22 Mogan High-tech 01						375,000,000.00	
22 Hi-Tech 04			492,367.60			337,228,139.35	
23 Moganshan SCP001	500,000,000.00	-403,204.96	94,137.33			499,690,932.37	499,690,932.37
23 Moganshan MTN001	1,000,000,000.00	-3,679,245.28	34,523.19			996,355,277.91	
23 High-tech D1	977,000,000.00	-1,843,396.23	26,233.30			975,182,837.07	975,182,837.07
23 High-tech 01	955,000,000.00	-3,603,773.58	157,773.78			951,554,000.20	
23 High-tech 02	800,000,000.00	-3,018,867.92	37,794.13			797,018,926.21	
23 Moganshan SCP002	500,000,000.00	-279,141.90	57,105.31			499,777,963.41	499,777,963.41
23 Qidian Bonds	190,000,000.00	-896,226.42				189,103,773.58	
Total	4,922,000,000.00	-13,723,856.29	10,742,114.62	-39,018,000.00	2,062,162,615.36	23,149,503,702.66	3,387,253,090.79

5.32 Long-term Payables

(a) Long-term payables by category

Items	31 Mar. 2023	31 Dec. 2022
Long-term payables	9,612,186.96	9,612,186.96
Specific items payable	102,496,762.39	173,940,778.51
Total	112,108,949.35	183,552,965.47

(b) Long-term payables

Items	31 Mar. 2023	31 Dec. 2022
China Development Fund Co., Ltd.	9,612,186.96	9,612,186.96
Total	9,612,186.96	9,612,186.96

(c) Specific items payable

Items	31 Dec. 2022	Increase during the reporting period	Decrease during the reporting period	31 Mar. 2023
Geographic information technology innovation and comprehensive service building renovation project	590,838.97	7,475,064.00	7,475,064.00	590,838.97
Zhejiang Deqing Bio-pharmaceutical Industry Innovation Service Complex project	10,000,000.00			10,000,000.00
Seed capital of small and medium sized science and technology enterprises	830,900.00			830,900.00
Public service platform of modern biotechnology	339,800.00			339,800.00
Infrastructure and Supporting Upgrading and Renovation Project of Chengbei High-tech Park (Shacun), Moganshan High-tech Zone, Huzhou (Phase I)	15,250,386.55	23,869,200.34	37,775,198.73	1,344,388.16
Qianyuan Town Millennia-Old City Revival All-Region Tourism Promotion Project (Phase I)	73,737,738.17	3,624,674.11	34,851,226.08	42,511,186.20
Qianyuan historic District upgrading project	8,571,390.40		8,246,469.00	324,921.40
Qianyuan Town Industrial Park infrastructure upgrading project	39,364,994.05	14,981,891.98	18,508,757.90	35,838,128.13
Central Urban parking lot Construction and Supporting Facilities Upgrading Project (Phase I) - Wuyang Street Community facilities renovation (Wuyang Community, Shangbai Community, Tashan Community, Xinsong Community - tentative name) Projects	7,221,047.49	26,679.01	2,446,162.51	4,801,563.99

Items	31 Dec. 2022	Increase during the reporting period	Decrease during the reporting period	31 Mar. 2023
Central Urban Parking Lot Construction and Supporting Facilities Upgrading Project (Phase I) - Wukang Street Community facilities renovation projects (Qianqiu, Yingxi, Chunhui, Xianghe, Qun 'an, Juren, Zhenxing, Fengqiao, Wulong, Jixiang, Yongxing Communities - tentative name)	17,003,682.88	48,994.88	12,167,642.22	4,885,035.54
Seed Funding Subsidy project	1,030,000.00			1,030,000.00
Total	173,940,778.51	50,026,504.32	121,470,520.44	102,496,762.39

5.33 Deferred Income

(a) General information of deferred income

Items	31 Dec. 2022	Increase during the reporting period	Decrease during the reporting period	31 Mar. 2023
Government grants	3,484,982.42		213,366.27	3,271,616.15
Total	3,484,982.42		213,366.27	3,271,616.15

(b) Items related to government grants

Items	31 Dec. 2022	Increase during the reporting period	Recognised in non-operating income during the reporting period	Recognised in other income during the reporting period	Other changes	31 Mar. 2023
Subsidy for testing equipment	3,484,982.42			213,366.27		3,271,616.15
Total	3,484,982.42			213,366.27		3,271,616.15

5.34 Other Non-current Liabilities

Items	31 Mar. 2023	31 Dec. 2022
Xiamen Trust - Moganshan High-tech No.1 Order - Fund Trust	200,000,000.00	200,000,000.00
22 Zhe Huzhou High-tech ZR004	420,000,000.00	420,000,000.00
Guangxin, Guangxin, Huiying No.129 Single Fund Trust	210,000,000.00	
Debt Financing Phase III	200,000,000.00	200,000,000.00
Debt Financing Phase IV	80,000,000.00	80,000,000.00
Bond fixed-income products (Bank of Nanjing)	120,000,000.00	120,000,000.00
Bond fixed-income products (Bank of Huzhou)	140,000,000.00	140,000,000.00
Perpetual debt investment		87,000,000.00

Items	31 Mar. 2023	31 Dec. 2022
Huzhou Moganshan High-Tech Group Limited's 2022 Second Tranche Debt Financing Plan		100,000,000.00
22 Zhejiang Huzhou High-Tech ZR0001	500,000,000.00	500,000,000.00
Huzhou Moganshan Hi-Tech Group Limited's 2022 First Tranche Wealth Management Direct Financing Instrument	475,000,000.00	475,000,000.00
Huzhou Moganshan High-Tech Group Limited's 2022 Second Tranche Wealth Management Direct Financing Instrument	100,000,000.00	100,000,000.00
Huzhou Moganshan High-Tech Group Limited's 2022 Third Tranche Wealth Management Direct Financing Instrument	213,000,000.00	213,000,000.00
20 ZR002 ZLT Technology	200,000,000.00	200,000,000.00
Qianlong Convertible Bonds	100,000,000.00	100,000,000.00
China Fortune International Trust Co., Ltd.	22,090,000.00	115,620,000.00
Deqing Zexin Investment Management Co., Ltd.	119,940,000.00	292,630,000.00
Sub-total	3,100,030,000.00	3,343,250,000.00
Less: Other non-current liabilities maturing within one year	2,270,030,000.00	2,723,250,000.00
Total	830,000,000.00	620,000,000.00

5.35 Paid-in Capital

Investment entity	31 Dec. 2022		Increase during this period	Decrease during this period	31 Mar. 2023	
	Shareholding ratio (%)	Amount			Shareholding ratio (%)	Amount
Deqing Lianchuang Technology New City Construction Co., Ltd.	100.00	120,000,000.00		120,000,000.00		
Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone			10,000,000,000.00		100.00	10,000,000,000.00
Total	100.00	120,000,000.00	10,000,000,000.00	120,000,000.00	100.00	10,000,000,000.00

(Continued)

Investment entity	31 Dec. 2021		Increase during this period	Decrease during this period	31 Dec. 2022	
	Shareholding ratio (%)	Amount			Shareholding ratio (%)	Amount
Deqing Lianchuang Technology New City Construction Co., Ltd.	100.00	120,000,000.00			100.00	120,000,000.00
Total	100.00	120,000,000.00			100.00	120,000,000.00

(Continued)

Investment entity	31 Dec. 2020		Increase during this period	Decrease during this period	31 Dec. 2021	
	Shareholding ratio (%)	Amount			Shareholding ratio (%)	Amount
Deqing Lianchuang Technology New City Construction Co., Ltd.	100.00	120,000,000.00			100.00	120,000,000.00
Total	100.00	120,000,000.00			100.00	120,000,000.00

(Continued)

Investment entity	31 Dec. 2019		Increase during this period	Decrease during this period	31 Dec. 2020	
	Shareholding ratio (%)	Amount			Shareholding ratio (%)	Amount
Deqing Lianchuang Technology New City Construction Co., Ltd.	100.00	120,000,000.00			100.00	120,000,000.00
Total	100.00	120,000,000.00			100.00	120,000,000.00

Reasons for changes in paid-in capital from 1 January 2023 to 31 March 2023:

- Pursuant to Mogaoguan [2023] No.6, the Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone was assigned a 100.00% equity interest of the Company.
- According to Document No.6 of Mogaoguan [2023], the Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone made a capital contribution to the Company with its 100.00% equity interest in Huzhou Moganshan High-tech Group Co., Ltd. and increased the paid-in capital by CNY9.88 billion.

5.36 Capital Reserves

Items	31 Dec. 2022	Increase during the reporting period	Decrease during the reporting period	31 Mar. 2023
Capital premium	14,208,988,736.23	26,200,906,413.01	35,960,596,413.01	4,449,298,736.23
Other capital reserves	16,931,202,972.07			16,931,202,972.07
Total	31,140,191,708.30	26,200,906,413.01	35,960,596,413.01	21,380,501,708.30

(Continued)

Items	31 Dec. 2021	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2022
Capital premium	14,208,988,736.23			14,208,988,736.23
Other capital reserves	9,503,749,095.76	7,427,453,876.31		16,931,202,972.07

Items	31 Dec. 2021	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2022
Total	23,712,737,831.99	7,427,453,876.31		31,140,191,708.30

(Continued)

Items	31 Dec. 2020	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2021
Capital premium	14,208,988,736.23			14,208,988,736.23
Other capital reserves	3,245,134,903.41	6,316,002,076.93	57,387,884.58	9,503,749,095.76
Total	17,454,123,639.64	6,316,002,076.93	57,387,884.58	23,712,737,831.99

(Continued)

Items	31 Dec. 2019	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2020
Capital premium		14,208,988,736.23		14,208,988,736.23
Other capital reserves	77,650,000.00	3,167,484,903.41		3,245,134,903.41
Total	77,650,000.00	17,376,473,639.64		17,454,123,639.64

5.37 Other Comprehensive Income

Items	31 Dec. 2022	Previous error correction	1 Jan. 2022	Changes during the reporting period					31 Mar. 2023
				Amount before tax	Less: Items previously recognized in other comprehensive income being reclassified to current profit or loss	Less: Income tax expenses	Attributable to owners of the Company	Attributable to non-controlling interest	
I. Items will be reclassified to profit or loss	2,440,392,997.70								2,440,392,997.70
Including: Gains/(losses) arising from changes in fair value of investment properties	2,440,392,997.70								2,440,392,997.70
Total	2,440,392,997.70								2,440,392,997.70

(Continued)

Items	31 Dec. 2021	Changes during the reporting period					31 Dec. 2022
		Amount before tax	Less: Items previously recognized in other comprehensive income being reclassified to current profit or loss	Less: Income tax expenses	Attributable to owners of the Company	Attributable to non-controlling interest	
I. Items will be reclassified to profit or loss	1,732,800,736.06	943,456,348.86		235,864,087.22	707,592,261.64		2,440,392,997.70
Including: Gains/(losses) arising from changes in fair value of investment properties	1,732,800,736.06	943,456,348.86		235,864,087.22	707,592,261.64		2,440,392,997.70
Total	1,732,800,736.06	943,456,348.86		235,864,087.22	707,592,261.64		2,440,392,997.70

(Continued)

Items	31 Dec. 2020	Changes during the reporting period					31 Dec. 2021
		Amount before tax	Less: Items previously recognized in other comprehensive income being reclassified to current profit or loss	Less: Income tax expenses	Attributable to owners of the Company	Attributable to non-controlling interest	
I. Items will be reclassified to profit or loss	1,391,158,367.41	455,523,158.20		113,880,789.55	341,642,368.65		1,732,800,736.06
Including: Gains/(losses) arising from changes in fair value of investment properties	1,391,158,367.41	455,523,158.20		113,880,789.55	341,642,368.65		1,732,800,736.06
Total	1,391,158,367.41	455,523,158.20		113,880,789.55	341,642,368.65		1,732,800,736.06

(Continued)

Items	31 Dec. 2019	Changes during the reporting period					31 Dec. 2020
		Amount before tax	Less: Items previously recognized in other comprehensive income being reclassified to current profit or loss	Less: Income tax expenses	Attributable to owners of the Company	Attributable to non-controlling interest	
I. Items will be reclassified to profit or loss	1,387,385,993.23	5,029,832.24		1,257,458.06	3,772,374.18		1,391,158,367.41

Items	31 Dec. 2019	Changes during the reporting period					31 Dec. 2020
		Amount before tax	Less: Items previously recognized in other comprehensive income being reclassified to current profit or loss	Less: Income tax expenses	Attributable to owners of the Company	Attributable to non-controlling interest	
Including: Gains /(losses) arising from changes in fair value of investment properties	1,387,385,993.23	5,029,832.24		1,257,458.06	3,772,374.18		1,391,158,367.41
Total	1,387,385,993.23	5,029,832.24		1,257,458.06	3,772,374.18		1,391,158,367.41

5.38 Surplus Reserves

Items	31 Dec. 2022	Increase during the reporting period	Decrease during the reporting period	31 Mar. 2023
Statutory surplus reserves	155,662,095.03			155,662,095.03
Total	155,662,095.03			155,662,095.03

(Continued)

Items	31 Dec. 2021	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2022
Statutory surplus reserves	155,662,095.03			155,662,095.03
Total	155,662,095.03			155,662,095.03

(Continued)

Items	31 Dec. 2020	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2021
Statutory surplus reserves	155,662,095.03			155,662,095.03
Total	155,662,095.03			155,662,095.03

(Continued)

Items	31 Dec. 2019	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2020
Statutory surplus reserves	155,662,095.03			155,662,095.03
Total	155,662,095.03			155,662,095.03

5.39 Retained Earnings

Items	For the three months ended 31 Mar. 2023	2022	2021	2020
Balance at the end of last period before adjustments	-27,202,036.90	-24,943,597.20	-43,283,509.96	-47,138,910.21
Adjustments for the opening balance (increase/(decrease))	2,175,398,996.10	1,971,122,227.95	1,745,385,022.54	1,571,031,171.99
Balance at the beginning of the reporting period after adjustments	2,148,196,959.20	1,946,178,630.75	1,702,101,512.58	1,523,892,261.78
Add: Net profit attributable to owners of the parent company for the reporting period	8,962,346.33	216,881,445.40	247,707,118.17	212,618,105.44
Less: Appropriation to statutory surplus reserves				
Appropriation to discretionary surplus reserves				
Provision for general risk reserves				
Payment of ordinary share dividends		3,700,000.00	3,630,000.00	3,300,000.00
Ordinary shares dividends converted into share capital				
Others		-11,163,116.95		
Balance at the end of the reporting period	2,157,159,305.53	2,148,196,959.20	1,946,178,630.75	1,733,210,367.22

5.40 Revenue and Cost of Sales

(a) Revenue and cost of sales

Items	For the three months ended 31 Mar. 2023		2022		2021		2020	
	Revenue	Costs of sales	Revenue	Costs of sales	Revenue	Costs of sales	Revenue	Costs of sales
Principal activities	479,425,313.57	443,370,275.76	2,235,440,563.25	2,092,666,961.44	2,053,802,574.46	1,925,953,681.36	1,948,676,453.64	1,838,767,718.00
Other activities	7,171,793.13	4,970,479.52	65,926,131.50	57,502,637.39	44,834,861.92	28,939,789.23	43,274,849.28	64,932,117.61
Total	486,597,106.70	448,340,755.28	2,301,366,694.75	2,150,169,598.83	2,098,637,436.38	1,954,893,470.59	1,991,951,302.92	1,903,699,835.61

(b) Revenue and cost of sales by categories

Items	For the three months ended 31 Mar. 2023		2022		2021		2020	
	Revenue	Cost of sales	Revenue	Cost of sales	Revenue	Cost of sales	Revenue	Cost of sales
Principal activities:								
Land development			244,143,237.25	192,458,950.34	343,130,078.12	270,035,571.15	360,560,173.15	284,677,577.90
Entrusted construction	14,480,065.86	14,311,013.95	325,494,852.98	319,707,319.30	225,946,131.85	222,923,121.15	309,072,933.93	295,691,259.97
Property sales					54,659,914.16	60,660,814.01	139,232,391.96	162,254,152.74
Goods sales	357,042,677.93	355,008,262.07	1,328,907,128.78	1,318,148,481.34	1,329,601,600.93	1,317,555,330.97	1,052,608,521.82	1,047,359,233.34
Finance lease income	23,655,754.80	15,450,802.37	101,423,620.61	81,878,127.50				
House rental	26,292,165.06	5,295,412.67	70,061,823.18	25,501,826.50	76,600,672.07	27,869,376.63	62,773,071.58	23,714,615.84
Property Management	139,817.98	892,157.47	355,594.40	5,449,426.01	1,851,514.69	10,442,426.71	2,832,021.95	10,103,664.32
Labor dispatch	44,789,946.18	44,891,803.26	126,838,379.84	121,671,798.49	7,260,737.77	4,992,593.71	1,770,986.36	
Others	13,024,885.76	7,520,823.97	38,215,926.21	27,851,031.96	14,751,924.87	11,474,447.03	19,826,352.89	14,967,213.89
Sub-total	479,425,313.57	443,370,275.76	2,235,440,563.25	2,092,666,961.44	2,053,802,574.46	1,925,953,681.36	1,948,676,453.64	1,838,767,718.00
Other activities:								
Rental	5,016,602.28	4,180,040.28	21,551,966.09	11,296,911.83	9,015,696.41	13,571,760.13	914,062.23	11,670,858.37
Others	2,155,190.85	790,439.24	44,374,165.41	46,205,725.56	35,819,165.51	15,368,029.10	42,360,787.05	53,261,259.24
Sub-total	7,171,793.13	4,970,479.52	65,926,131.50	57,502,637.39	44,834,861.92	28,939,789.23	43,274,849.28	64,932,117.61
Total	486,597,106.70	448,340,755.28	2,301,366,694.75	2,150,169,598.83	2,098,637,436.38	1,954,893,470.59	1,991,951,302.92	1,903,699,835.61

5.41 Taxes and Surcharges

Items	For the three months ended 31 Mar. 2023	2022	2021	2020
Urban maintenance and construction tax	180,914.32	257,864.23	2,229,446.82	728,480.91
Educational surcharge	259,086.16	139,758.73	1,338,938.70	424,799.70
Local educational surcharge	110,266.85	91,042.34	891,770.45	283,193.13
Property tax	9,238,930.48	26,415,227.25	12,018,621.72	11,448,942.29
Urban land use tax	2,221,036.93	15,607,221.47	8,056,208.44	8,236,505.98
Vehicle and vessel use tax	1,742.32	6,728.96	3,320.64	5,142.00
Stamp duty	1,110,074.04	5,805,783.41	5,191,144.94	4,135,872.03
Resource tax		667,100.74	196,398.06	215,520.93
Land appreciation tax	1,219,659.54	8,551,348.55	1,793,784.37	4,152,985.80
Mineral resources compensation fee			17,908,725.00	
Total	14,341,710.64	57,542,075.68	49,628,359.14	29,631,442.77

5.42 Finance Costs

Items	For the three months ended 31 Mar. 2023	2022	2021	2020
Interest expenses	81,857,529.97	317,365,773.92	245,752,727.41	419,337,226.25
Less: Interest income	35,661,028.02	182,752,324.83	119,327,240.95	85,630,786.50
Net interest expenses	46,196,501.95	134,613,449.09	126,425,486.46	333,706,439.75
Foreign exchange losses	12,585,322.54	172,276,538.98	1,717,017.36	
Less: Foreign exchange gains	18,722,334.75	102,823,089.61	23,397,081.89	
Net foreign exchange losses	-6,137,012.21	69,453,449.37	-21,680,064.53	
Bank charges	2,898,324.79	4,047,859.18	17,756,105.79	10,989,330.92
Total	42,957,814.53	208,114,757.64	122,501,527.72	344,695,770.67

5.43 Other Income

Items	For the three months ended 31 Mar. 2023	2022	2021	2020	Related to assets/income
Daily operation grants	110,651,690.05	573,631,264.91	605,202,632.96	415,283,366.68	Related to income
Government grant related to deferred income	213,366.27	782,342.99			Related to assets
Total	110,865,056.32	574,413,607.90	605,202,632.96	415,283,366.68	

5.44 Investment Income/(Losses)

Items	For the three months ended 31 Mar. 2023	2022	2021	2020
Investment income from long-term equity investments under equity method	17,463,156.44	31,196,875.39	-13,103,165.83	-5,628,195.69
Gains on disposal of long-term equity investments		-36,387.83	2,739,943.93	36,371,929.70
Investment income from available-for-sale financial assets during holding period				27,455,384.90
Gains on disposal of available-for-sale financial assets				120,000,000.00
Interest income from debt investments during holding period			712,500.00	
Investment income from other equity instrument investments during holding period	840,000.00	8,452,000.00	9,391,164.00	

Items	For the three months ended 31 Mar. 2023	2022	2021	2020
Investment income from other non-current financial assets during holding period	2,578,294.57	191,868.12	3,823,952.85	
Investment income from disposal of other non-current financial assets		3,030.24		
Investment income from disposal of other equity instrument investments		-2,960,837.19		
Investment income from debt investments during holding period		18,514,633.87		
Total	20,881,451.01	55,361,182.60	3,564,394.95	178,199,118.91

5.45 Gains/(Losses) from Changes in Fair Values

Sources of gains on changes in fair value	For the three months ended 31 Mar. 2023	2022	2021	2020
Investment properties measured at fair value		35,819,015.48	37,956,500.00	69,778,500.00
Total		35,819,015.48	37,956,500.00	69,778,500.00

5.46 Credit Impairment Losses

Items	For the three months ended 31 Mar. 2023	2022	2021	2020
Bad debt for accounts receivable	-10,107,899.20	-7,066,432.49	-2,591,011.66	
Bad debt for other receivables	-3,058,319.09	1,648,906.66	-7,104,445.85	
Risk reserves	-900,000.00	-4,600,000.00		
Total	-14,066,218.29	-10,017,525.83	-9,695,457.51	

5.47 Non-operating Income

Items	For the three months ended 31 Mar. 2023	2022	2021	2020
Gains from business combination not under common control				21,318,841.57
Government grants unrelated to daily activities			3,700,000.00	
Gains from donation			320,754.72	
Others	8,966,264.43	5,197,877.99	6,512,638.12	1,986,718.42
Total	8,966,264.43	5,197,877.99	10,533,392.84	23,305,559.99

5.48 Non-operating Expenses

Items	For the three months ended 31 Mar. 2023	2022	2021	2020
Loss from damage or scrapping of non-current assets		39,198.19	65,773.93	
Public welfare donations			48,400.00	
Others		11,289.76	37,689,622.12	5,091.25
Total		50,487.95	37,803,796.05	5,091.25

5.49 Income Tax Expenses

Items	For the three months ended 31 Mar. 2023	2022	2021	2020
Current tax expenses	38,285.68	11,335,774.38	94,318.79	17,471.75
Deferred tax expenses	-3,291,547.08	7,600,372.40	7,065,260.60	16,187,096.04
Total	-3,253,261.40	18,936,146.78	7,159,579.39	16,204,567.79

5.50 Supplementary Information to the Statement of Cash Flows**(a) Supplementary information to the statement of cash flows**

Supplementary information	For the three months ended 31 Mar. 2023	2022	2021	2020
(i) Adjustments of net profit to cash flows from operating activities:				
Net profit	9,746,244.73	218,103,472.40	248,164,892.03	210,976,798.02
Add: Provisions for impairment of assets				979,221.02
Impairment loss of credit	14,066,218.29	10,017,525.83	9,695,457.51	
Depreciation of property, plant and equipment, investment properties, oil and gas asset and productive biological assets	29,144,565.31	86,620,442.49	42,642,916.84	31,839,113.40
Amortization of intangible assets	24,601,642.95	105,327,245.22	147,316,052.14	55,371,177.17
Amortization of long-term deferred expenses	12,918,871.08	72,372,102.43	76,083,181.45	64,127,540.05
Losses/(gains) on disposal of property, plant and equipment, intangible assets	32,325.02	-130,542.32	-103,296.93	-20,985.47

Supplementary information	For the three months ended 31 Mar. 2023	2022	2021	2020
and other long-term assets				
Losses /(gains) on scrapping of property, plant and equipment		39,198.19	65,773.93	
Losses /(gains) on changes in fair value		-35,819,015.48	-37,956,500.00	-69,778,500.00
Finance costs /(income) recognized in profit or loss	75,720,517.76	386,819,223.29	224,072,662.88	419,337,226.25
Investment losses /(income) recognized in profit or loss	-20,881,451.00	-55,361,182.60	-3,564,394.95	-178,199,118.91
Decreases /(increases) in deferred tax assets	-3,291,547.08	-1,354,381.47	-5,801,156.94	-1,257,528.96
Increases /(decreases) in deferred tax liabilities		8,954,753.87	9,489,125.00	17,444,625.00
Decreases /(increases) in inventories	-1,406,908,926.61	-7,642,102,850.30	-6,086,000,325.80	-2,132,326,985.54
Decreases /(increases) in operating receivables	-5,698,472,888.96	-1,561,082,759.00	1,155,626,690.03	-2,488,948,563.73
Increases /(decreases) in operating payables	5,602,732,667.87	715,125,220.80	1,231,700,122.88	1,154,950,900.53
Others	-213,366.27	-782,342.99		-21,318,841.57
Net cash flows from operating activities	-1,360,805,126.91	-7,693,253,889.64	-2,988,568,799.93	-2,936,823,922.74
(ii) Significant investing and financing activities not involving cash receipts and payments:				
Conversion of debt into capital				
Convertible corporate bonds maturing within one year				
Property, plant and equipment acquired under finance leases				
(iii) Net increases in cash and cash equivalents:				
Cash at the end of the reporting period	11,557,645,848.53	5,279,163,658.31	4,910,326,262.90	2,260,624,158.20
Less: Cash at the beginning of the reporting period	5,279,163,658.31	4,910,326,262.90	2,260,624,158.20	1,253,866,511.75

Supplementary information	For the three months ended 31 Mar. 2023	2022	2021	2020
Add: Cash equivalents at the end of the reporting period				
Less: Cash equivalents at the beginning of the reporting period				
Net increase in cash and cash equivalents	6,278,482,190.22	368,837,395.41	2,649,702,104.70	1,006,757,646.45

(b) The components of cash and cash equivalents

Items	31 Mar. 2023	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020
(i) Cash	11,557,645,848.53	5,279,163,658.31	4,910,326,262.90	2,260,624,158.20
Including: Cash on hand	2,927.07	2,927.07	3,092.01	9,703.63
Cash in bank available for immediate use	11,557,642,921.46	5,279,160,731.24	4,910,323,170.89	2,260,614,454.57
Other monetary funds available for immediate use				
Deposit of central bank funds available for payment				
(ii) Cash equivalents				
Including: Bond investments maturing within three months				
(iii) Cash and cash equivalents at the end of the reporting period	11,557,645,848.53	5,279,163,658.31	4,910,326,262.90	2,260,624,158.20

5.51 Restricted Assets

Items	Carrying amount at 31 Mar. 2023	Reason
Cash and cash equivalents	1,158,480,000.00	Loan pledge, deposit pledge, bank guarantee letter
Inventories	2,897,057,689.32	Mortgage for loans
Property, plant and equipment	30,033,511.28	Mortgage for loans
Construction in progress	54,434,453.56	Mortgage for loans
Investment properties	4,851,763,300.00	Mortgage for loans
Intangible assets	7,819,590.28	Mortgage for loans
Total	8,999,588,544.44	

5.52 Foreign Currency Monetary

Items	Carrying amount at foreign currency	Exchange rate	Carrying amount at CNY
Cash and cash equivalents			
Including: USD	24,908.32	6.8717	171,162.50
Bonds payable			
Including: USD	420,000,000.00	6.8717	2,886,114,000.00

5.53 Government Grants

(a) Government grants related to assets:

Items	For the three months ended 31 Mar. 2023	2022	2021	2020	Items presented in the statement of financial position	Amount included in current profit and loss	Reporting items
Subsidy for testing equipment		4,267,325.41			Deferred income	213,366.27	Other income

(b) Government grants related to income

Categories	For the three months ended 31 Mar. 2023	2022	2021	2020	Reporting items
Daily operating grants	110,651,690.05	573,631,264.91	605,202,632.96	415,283,366.68	Other income
Government grants unrelated to daily activities			3,700,000.00		Non-operating income
Total	110,651,690.05	573,631,264.91	608,902,632.96	415,283,366.68	

(c) Return of government grants

There is no such item.

6. CHANGES IN THE SCOPE OF CONSOLIDATION

6.1 Business Combination not under Common control

There is no such item.

6.2 Business Combination under Common Control

(a) Business combination under common control during the period from 1 January 2023 to 31 March 2023

Name of the combined party	Percentage of equity interest acquired during the combination (%)	Basis for the determination of business combination under common control	Combination date	Basis for the determination of the combination date
Huzhou Moganshan High-tech Group Co., Ltd.	100.00	Controlled by the same party	31 Mar. 2023	Transfer of control

(Continued)

Name of the combined party	Revenue of the combined entity from the beginning of the reporting period to the combination date	Net profits of the combined entity from the beginning of the reporting period to the combination date	2022		2021		2020	
			Revenue of the combined entity during the comparison reporting period	Net profits of the combined entity during the comparison reporting period	Revenue of the combined entity during the comparison reporting period	Net profits of the combined entity during the comparison reporting period	Revenue of the combined entity during the comparison reporting period	Net profits of the combined entity during the comparison reporting period
Huzhou Moganshan High-tech Group Co., Ltd.	486,246,700.64	9,023,170.57	2,293,019,849.34	219,139,885.10	2,093,009,332.78	227,998,281.92	1,988,453,380.86	208,762,705.19

Note: The data for Huzhou Moganshan Hi-Tech Group Co. Ltd. includes data for its subsidiaries.

(b) Business combination under common control in 2022:

There is no such item.

(c) Business combination under common control in 2021:

There is no such item.

(d) Business combination under common control in 2020:

There is no such item.

6.3 Reverse Purchase

There is no such item.

6.4 Disposal of Subsidiaries

There is no such item.

6.5 Other Situations Leading to Changes in the Scope of Consolidation

There is no such item.

7. INTERESTS IN OTHER ENTITIES

7.1 Interests in Subsidiaries

(a) Constitution of enterprise group

Name of subsidiary	Principal place of business	Registered address	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
			Direct	Indirect	
Huzhou Moganshan High Tech Tourism Development Co., Ltd.	Deqing	Deqing	100.00		Business combination under common control
Deqing International Conference Center Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Huzhou Moganshan High Tech Talent Development Group Co., Ltd.	Deqing	Deqing	100.00		Business combination under common control

Name of subsidiary	Principal place of business	Registered address	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
			Direct	Indirect	
Deqing Qisheng Labor Service Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing Leibo Human Resources Service Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Huzhou Moganshan High-tech Group Co., Ltd.	Deqing	Deqing	100.00		Business combination under common control
Deqing Hengfeng Construction Development Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing Tongchuang Construction Development Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing Hengchuang Construction Development Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing Economic Development Zone Construction Development Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing Technology Entrepreneurship Service Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing Dewei Construction Development Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing Hengmei Construction Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing Dongfanghong Culture Media Co., Ltd.	Deqing	Deqing		60.00	Business combination under common control
Deqing Hongchuang Construction Development Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing Yunchuang Real Estate Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Zhejiang Lixin Yuan'ao Microelectronics Technology Co., Ltd.	Deqing	Deqing		99.00	Business combination under common control
Deqing Chebai High Tech Intelligent Vehicle Demonstration Zone Operation Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing Tongfu Construction Development Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing Technology New City Chip Technology Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing Zhongchuang Geographic	Deqing	Deqing		100.00	Business combination

Name of subsidiary	Principal place of business	Registered address	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
			Direct	Indirect	
Information Industrial Park Construction Co., Ltd.					under common control
Deqing Linhang New Rural Construction Investment Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Zhejiang Zhongchuang Geographic Information Technology Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing Kechuang Property Management Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing Liantuo Environmental Protection Technology Co., Ltd.	Deqing	Deqing		51.00	Business combination under common control
Deqing Economic Development Zone Municipal Services Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Huzhou Moganshan High Tech Energy Development Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing Qidian Intelligent Eco City Construction and Development Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Zhejiang Deqing Tonghang Airport Management Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing Moganshan Airport Management Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing Qianlong Construction Development Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing Qianyuan Tourism Development Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing Lianchuang Modern Agricultural Technology Development Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing New Rural Investment Development Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Zhejiang Huiyan Artificial Intelligence Technology Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing Kangchuang City Technology Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Deqing Qitong Trade Development Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Qicheng (Huzhou) Real Estate Co., Ltd.	Deqing	Deqing		51.00	Business combination under common control
Deqing Qihang Construction Development Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control

Name of subsidiary	Principal place of business	Registered address	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
			Direct	Indirect	
Huzhou Moganshan Hi Tech Private Equity Fund Management Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Huzhou Moganshan Hi Tech Industry Investment Development Group Co., Ltd.	Deqing	Deqing	100.00		Business combination under common control
Moganshan Finance Leasing (Tianjin) Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Huzhou Moganshan High Tech Construction Development Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Moganshan Commercial Factoring (Tianjin) Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Huzhou Moganshan High Tech Trading Co., Ltd.	Deqing	Deqing		100.00	Business combination under common control
Huzhou Moganshan Hi-Tech Qikai Equity Investment Partnership (Limited Partnership)	Deqing	Deqing		100.00	Business combination under common control
Huzhou Moganshan Gaoxin Qitian Equity Investment Partnership (Limited Partnership)	Deqing	Deqing		100.00	Business combination under common control
Deqing County Industrial Development Investment Fund Co., Ltd.	Deqing	Deqing		40.00	Business combination under common control
Huzhou Zhiq Technology Industry Development Co., Ltd.	Deqing	Deqing		39.08	Business combination under common control
Huzhou Moganshan Hi Tech Zone Dixin Smart City Industrial Fund Co., Ltd.	Deqing	Deqing		40.00	Business combination under common control
Deqing Xingzheng Equity Investment Partnership (Limited Partnership)	Deqing	Deqing		37.07	Business combination under common control

(a.1) Illustration for the difference between percentage of equity interests and percentage of voting rights:

- Huzhou Moganshan Hi-tech Industry Investment Development Group Co., Ltd., a subsidiary of the Company, held 40.00% of the equity of Deqing County Industrial Development Investment Fund Co., Ltd., and the remaining 60.00% of the equity was held by Zhejiang Deqing County Traffic Investment Group Co., Ltd., Deqing County Finance Bureau, Deqing County Construction Investment Co., Ltd. and Deqing Cultural Tourism Development Group Co., Ltd. According to the shareholder voting rights entrusting agreement signed by the three parties in September 2022, Deqing County Finance Bureau entrusted all voting rights corresponding to 20.00% of the company's equity held by it to Huzhou Moganshan Hi-tech Industry Investment

Development Group Co., Ltd., which in total holds 60.00% of the voting rights corresponding to the company's equity.

(a.2) Basis for control exists when voting rights in the investees is 50.00% or lower, and no control exists when voting rights in the investees is above 50.00%: There is no such item.

(a.3) Basis for control of those significant structured entities within the scope of consolidation: The Company's equity of voting rights in a structured entity is sufficient to provide it with the ability to dominate the relevant activities of the structured entity and to influence the amount of its variable returns, and it is therefore included in the scope of consolidation.

(a.4) Basis for defining the **Company** as an agent or a principal: There is no such item.

(b) Significant non-wholly owned subsidiaries

There is no such item.

(c) Main financial information of significant non-wholly owned subsidiaries

There is no such item.

(d) Material restrictions to using the assets and settling the liabilities of the group

There is no such item.

(e) The financial support or other support to consolidated structured entities

There is no such item.

7.2 Transactions which Resulted in Change of Equity Interests in a Subsidiary without Loss of Control

There is no such item.

7.3 Interests in Joint Arrangements or Associates

(a) Material joint ventures or associates

Company name	Principal place of business	Registered address	Nature of business	Percentage of equity interests by the Company (%)		Measurement methods
				Direct	Indirect	
Joint venture						
None						
Associates:						
Zhejiag Derui Property Service Co., Ltd.	Deqing	Deqing	Property management		49.00	Equity method
Zhejiang Deqing Shengbang Supply Chain	Deqing	Deqing	Supply chain management		25.00	Equity method

Company name	Principal place of business	Registered address	Nature of business	Percentage of equity interests by the Company (%)		Measurement methods
				Direct	Indirect	
Management Co., Ltd.						
Deqing County Yungu Intelligent Eco-City Industry Development Co., Ltd.	Deqing	Deqing	Development construction of Technology Park		40.00	Equity method
Deqing Taoyuan Memorial Park Development Co., Ltd.	Deqing	Deqing	Landscape design and construction of Memorial Park		20.00	Equity method
Deqing County Chengbei Farmers Market Management Co., Ltd.	Deqing	Deqing	Marker management		29.00	Equity method
Zhejiang Deqing Port Logistics Development Co., Ltd.	Deqing	Deqing	Transportation; warehousing		30.00	Equity method
Deqing Kechuang Testing R&D Service Co., Ltd.	Deqing	Deqing	Testing and consulting services		20.00	Equity method
Zhejiang Fengqi Lake Cultural Development Co., Ltd.	Deqing	Deqing	Cultural creative design		30.00	Equity method
Zhejiang Linhang Logistics Development Co., Ltd.	Deqing	Deqing	Development of Logistics Park		34.00	Equity method
Huzhou Qingchunyu Chinese Medicinal Materials Co., Ltd.	Deqing	Deqing	Chinese herbal medicine planting		30.00	Equity method

(a.1) Note to the differences between the proportion of equity interests and the voting rights in joint ventures or associates: There is no such item.

(a.2) Basis for having significant influence over the investees with voting rights of less than 20.00%, and having no significant influence over the investee with voting rights of 20.00% or above: There is no such item.

8. FAIR VALUE DISCLOSURES

The inputs used in the fair value measurement in its entirety are to be classified in the level of the hierarchy in which the lowest level input that is significant to the measurement is classified:

Level 1: Inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs for the assets or liabilities (other than those included in Level 1) that are either directly or indirectly observable.

Level 3: Inputs are unobservable inputs for the assets or liabilities.

8.1 Assets and Liabilities Measured at Fair Value at 31 March 2023

Items	Fair value at the end of the reporting period using			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
(i) Other equity instrument investments			2,577,454,507.84	2,577,454,507.84
(ii) Other non-current financial assets			420,716,900.00	420,716,900.00
(iii) Other non-current financial assets maturing within one year			1,230,000.00	1,230,000.00
Including: Trust industry guarantee fund			1,230,000.00	1,230,000.00
(iv) Investment properties			8,581,981,300.00	8,581,981,300.00
Including: Buildings held to earn rentals			8,581,981,300.00	8,581,981,300.00
Total assets measured at fair value on a recurring basis			11,581,382,707.84	11,581,382,707.84

8.2 For Continuous and Non-continuous Level 3 Fair Value Measurement Project, Using Valuation Technology and Important Parameters of Qualitative and Quantitative Information

For financial instruments traded in an active market, the **Company** determines its fair value by its active market quotation; for equity investments of non-listed entities, financial instruments not traded in an active market, the equity itself has no fair value in the open market, and no significant events affect the fair value measurement after the trading date to the valuation date. The operating environment and financial situation of the invested enterprise do not change significantly, in limited circumstances, the **Company** adopts the investment cost of the invested unit as the best estimate of the fair value.

For investment properties, the property can obtain comparable to the appraisal object from the real estate market, so the market comparison method, market method and income method are used for valuation. The appraisal report is used to determine the fair value of the investment properties in this period.

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

9.1 Basic Information of Parent Company

Name of the parent	Registered address	Nature of the business	Registered capital (in million)	Percentage of equity interests in the Company (%)	Voting rights in the Company (%)
Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	Deqing County			100.00	100.00

Ultimate controlling party of the **Company**: Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone

9.2 Basic Information of Subsidiaries

Details of the subsidiaries please refer to *Note 7 INTERESTS IN OTHER ENTITIES*.

9.3 Joint Ventures and Associates of the Company

(a) General information of significant joint ventures and associates

Details of significant joint ventures and associates please refer to *Note 7 INTERESTS IN OTHER ENTITIES*.

(b) Details of other joint ventures or associates trading with or with outstanding to the **Company** during the reporting period

There is no such item.

9.4 Other Related Parties of the Company

Name	Relationship with the Company
Deqing Linhang Investment Development Co., Ltd.	Subsidiary of association
Zhejiang Deqing Shengbang Enterprise Management Co., Ltd.	Subsidiary of association

9.5 Related Party Transactions

(a) Purchases or sales of goods, rendering or receiving of services

(a.1) Purchases of goods, receiving of services: There is no such item.

(a.2) Sales of goods and rendering of services:

Related parties	Nature of the transaction(s)	For the three months ended 31 Mar. 2023	2022	2021	2020
Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	Entrusted construction		79,689,174.36		180,668,416.08
Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	Land development		244,143,237.25	343,130,078.12	360,560,173.15

Related parties	Nature of the transaction(s)	For the three months ended 31 Mar. 2023	2022	2021	2020
Zhejiang Deqing Shengbang Enterprise Management Co., Ltd.	House rental		4,423,164.39		

(b) Entrustment/Contracting

There is no such item.

(c) Leases

There is no such item.

(d) Guarantees

The **Company** as guarantor:

Guarantor	Guarantee	Creditor	Amount ('000)	Expiry date
Huzhou Moganshan High-tech Group Co., Ltd.	Deqing Linhang Investment Development Co., Ltd.	Huzhou Deqing Sub-branch of China CITIC Bank	175,000.00	7 Nov. 2023
Deqing Hengfeng Construction Development Co., Ltd.	Zhejiang Linhang Logistics Development Co., Ltd.	Hangzhou Branch of Industrial Bank	100,000.00	5 Jan. 2024
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Yungu Intelligent Eco City Industry Development Co., Ltd.	Hengfeng Bank, Hangzhou Branch	60,000.00	29 Mar. 2024
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Yungu Intelligent Eco City Industry Development Co., Ltd.	Bank of China, Deqing Sub-branch	270,000.00	25 Dec. 2027
Deqing Hengfeng Construction Development Co., Ltd.	Zhejiang Linhang Logistics Development Co., Ltd.	Industrial Bank, Deqing Sub-branch	100,000.00	26 Dec. 2023
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Taoyuan Memorial Park Development Co., Ltd.	Hua Xia Bank, Huzhou Branch	19,030.00	8 Aug. 2026
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Taoyuan Memorial Park Development Co., Ltd.	Hua Xia Bank, Huzhou Branch	8,060.00	8 Aug. 2025
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Taoyuan Memorial Park Development Co., Ltd.	Hua Xia Bank, Huzhou Branch	17,120.00	27 Nov. 2026

Guarantor	Guarantee	Creditor	Amount ('000)	Expiry date
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Taoyuan Memorial Park Development Co., Ltd.	Hua Xia Bank, Huzhou Branch	4,700.00	31 Jan. 2025
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Taoyuan Memorial Park Development Co., Ltd.	Hua Xia Bank, Huzhou Branch	700.00	10 Aug. 2024
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing Linhang Investment Development Co., Ltd.	Guangzhou Yuexiu Financing Lease Co., Ltd.	53,247.20	23 Nov. 2024
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing Linhang Investment Development Co., Ltd.	Bank of Jiaxing	80,000.00	15 Dec. 2023
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing Linhang Investment Development Co., Ltd.	Changjiang United Financial Leasing Co., Ltd.	110,198.50	20 Apr. 2026
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing Linhang Investment Development Co., Ltd.	Su Yin Financial Leasing Co., Ltd.	127,810.20	29 Jun. 2026
Total			1,125,865.90	

The **Company** as guarantee: There is no such item.

9.6 Receivables and Payables with Related Parties

(a) Receivables

Items	Related parties	31 Mar. 2023		31 Dec. 2022		31 Dec. 2021		31 Dec. 2020	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt	Book balance	Provision for bad debt	Book balance	Provision for bad debt
Accounts receivable	Deqing Chebai High-tech Intelligent Automobile Demonstration Zone Operation Co., Ltd.					10,000,000.00	50,000.00		
Accounts receivable	Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	266,607,589.87	1,333,037.95	260,381,595.57	1,301,907.98	14,933,460.20	74,667.30	20,316,831.76	
Other receivables	Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	5,890,286,477.89	29,451,432.39	5,433,855,934.34	27,169,279.67	4,928,900,294.41	24,644,501.47	4,605,249,868.13	
Other receivables	Deqing County Yungu Intelligent Eco-City Industrial Development Co.,	505,956,678.11	2,529,783.39	497,509,213.31	2,487,546.07	461,868,100.69	2,309,340.50		

Items	Related parties	31 Mar. 2023		31 Dec. 2022		31 Dec. 2021		31 Dec. 2020	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt	Book balance	Provision for bad debt	Book balance	Provision for bad debt
	Ltd.								
Other receivables	Zhejiang Linhang Logistics Development Co., Ltd.	715,249,305.19	3,576,246.53	818,067,427.89	4,090,337.14	272,259,971.81	1,361,299.86		

(b) Payables

Items	Related parties	31 Mar. 2023	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020
Other payables	Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	83,749,921.42	140,232,427.84	140,129,021.42	140,129,021.42
Other payables	Zhejiang Fengqi Lake Cultural Development Co., Ltd.	162,203,018.00	212,251,145.00	212,251,145.00	227,259,818.00
Other payables	Deqing Taoyuan Memorial Park Development Co., Ltd.	627,694.10			

9.7 Commitments with Related Parties

There is no such item.

9.8 Others

There is no such item.

10. COMMITMENTS AND CONTINGENCIES**10.1 Significant Commitments**

According to the document NO.194 of the Meeting Minutes of the Working Committee of Huzhou Moganshan High-Tech Zone of the Communist Party of China: the Company invest a total of CNY200.00 million (including the registered capital of CNY10.00 million and the additional capital of CNY190.00 million) to Zhejiang Feihang Intelligent Technology Co., Ltd. within 5 years after the signed of the cooperation agreement of Feihang Intelligent Technology Project on 18 January 2022, holding 20.00% of the equity of Zhejiang Feihang Intelligent Technology Co., Ltd. According to document No.202 of the meeting minutes of the Working Committee of Huzhou Moganshan High-tech Zone of the Communist Party of China: It was proposed that Deqing Qidian Intelligent Eco City Construction Development Co., Ltd. designated by the **Company** would invest CNY200.00 million in Zhejiang Feihang Intelligent Technology Co., Ltd.

10.2 Contingencies

- (a) Contingent liabilities resulting from debt guarantees to other entities and the corresponding financial effects as at 31 March 2023

Guarantor	Guarantee	Creditor	Amount ('000)	Expiry date
Huzhou Moganshan High-tech Group Co., Ltd.	Deqing Cultural Tourism Development Group Co., Ltd.	Bank of Shanghai, Hangzhou Branch	353,375.00	8 Apr. 2025
Deqing Tongchuang Construction Development Co., Ltd.	Deqing County Water Conservancy Construction Development Co., Ltd.	Agricultural Bank of China, Huzhou Branch	96,000.00	18 Dec. 2024
Deqing Hengfeng Construction Development Co., Ltd.	Zhejiang Deqing Jingkai Investment Group Co., Ltd.	Hua Xia Bank, Huzhou Branch	180,000.00	1 Dec. 2023
Deqing Hengfeng Construction Development Co., Ltd.	Zhejiang Deqing Jinkai Water Co., Ltd.	Maxwealth Financial Leasing Co., Ltd.	50,000.00	30 Apr. 2025
Deqing Hengfeng Construction Development Co., Ltd.	Zhejiang Deqing Jinkai Water Co., Ltd.	Maxwealth Financial Leasing Co., Ltd.	50,000.00	18 May 2025
Deqing Hengfeng Construction Development Co., Ltd.	Zhejiang Deqing Shengyuan Environmental Technology Co., Ltd.	Hengfeng Bank, Huzhou Branch	50,000.00	19 Jun. 2023
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Traffic Engineering Construction Co., Ltd.	Hua Xia Bank	100,000.00	9 Mar. 2024
Deqing Hengfeng Construction Development Co., Ltd.	Deqing County Water Conservancy Construction Development Co., Ltd.	Bank of Hangzhou, Deqing Sub-branch	148,000.00	14 Dec. 2023
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Xiazhu Lake Wetland Tourism Development Co., Ltd.	Industrial Bank, Hangzhou Branch	40,000.00	15 Sept. 2023
Deqing Hengfeng Construction Development Co., Ltd.	Deqing County Water Conservancy Construction Development Co., Ltd.	Bank of Hangzhou, Deqing Sub-branch	52,500.00	23 Apr. 2023
Deqing Hengfeng Construction Development Co., Ltd.	Deqing County Water Conservancy Construction Development Co., Ltd.	Bank of Hangzhou, Deqing Sub-branch	70,000.00	23 Apr. 2024
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Xiazhu Lake Wetland Tourism Development Co., Ltd.	Business department of Zhejiang Deqing Rural Commercial Bank	40,000.00	20 May 2024
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Deyun Greening Engineering Co., Ltd.	Business Department of Deqing Rural Commercial Bank	39,000.00	31 Dec. 2023
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Traffic Engineering Construction Co., Ltd.	Business Department of Deqing Rural Commercial Bank	42,000.00	31 Dec. 2023

Guarantor	Guarantee	Creditor	Amount ('000)	Expiry date
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Mojiang Cultural and Creative Development Co., Ltd.	Business Department of Deqing Rural Commercial Bank	14,000.00	21 Dec. 2023
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Xinshi Ancient Town Tourism Development Co., Ltd.	Zhejiang Deqing Rural Commercial Bank, Xinshi Sub-branch	9,898.00	20 Dec. 2024
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Shilin Yikang Water Co., Ltd.	Zhejiang Deqing Rural Commercial Bank, Xinshi Sub-branch	4,980.00	29 Sept. 2025
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Decheng Landscape Engineering Service Co., Ltd.	Huaxia Bank, Huzhou Branch	121,000.00	12 Apr. 2023
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Xiazhu Lake Wetland Tourism Development Co., Ltd.	Huaxia Bank, Huzhou Branch	200,000.00	3 Mar. 2024
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Zhushanghu Ecological Agriculture Co., Ltd.	Huaxia Bank, Huzhou Branch	50,000.00	9 Dec. 2023
Deqing Hengfeng Construction Development Co., Ltd.	Deqing County Construction Investment Co., Ltd.	Huaxia Bank, Huzhou Branch	100,000.00	5 Jan. 2024
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing Xiazhu Lake Wetland Tourism Development Co., Ltd.	Zhejiang Zheshang Finance Leasing Co., Ltd.	80,444.60	24 Sept. 2024
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing Fangfeng Cultural Tourism Development Co., Ltd.	Huaxia Bank, Huzhou Branch	24,160.00	23 Apr. 2027
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing Duihekou Water Resources Development Co., Ltd.	Agricultural Bank of China, Huzhou Branch	215,000.00	25 Dec. 2036
Deqing Lianchuang Technology New City Construction Co., Ltd.	Zhejiang Deqing Transportation Investment and Construction Co., Ltd.	Maxwealth Financial Leasing Co., Ltd.	90,000.00	31 Jul. 2024
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing Moganshan Tourism Development Co., Ltd.	Shanghai Pudong Development Bank, Deqing Sub-branch	42,000.00	21 Dec. 2029
Deqing Lianchuang Technology New City Construction Co., Ltd.	Zhejiang Deqing Transportation Investment and Construction Co., Ltd.	China Everbright Bank Hangzhou Branch	99,000.00	25 Aug. 2024
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing Fangfeng Cultural Tourism Development Co., Ltd.	Huzhou Branch of Hengfeng Bank	70,000.00	28 Mar. 2024

Guarantor	Guarantee	Creditor	Amount ('000)	Expiry date
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing County Luoshe Town Yangshuwan Sewage Treatment Co., Ltd.	Agricultural Bank of China, Huzhou Branch	29,970.00	17 Nov. 2023
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing Zhentong Asset Management Co., Ltd.	Business Department of Deqing Rural Commercial Bank	49,000.00	31 Dec. 2023
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing County Luoshe Town Yangshuwan Sewage Treatment Co., Ltd.	Agricultural Bank of China, Huzhou Branch	26,000.00	7 Jun. 2023
Deqing Lianchuang Technology New City Construction Co., Ltd.	Deqing Luoshe New Rural Construction Co., Ltd.	Agricultural Bank of China, Huzhou Branch	19,000.00	23 Apr. 2023
Deqing Lianchuang Technology New City Construction Co., Ltd.	Zhejiang Deqing Transportation Investment and Construction Co., Ltd.	Caitong Securities Co., Ltd.	1,250,000.00	14 Nov. 2029
Deqing Qidian Intelligent Eco City Construction and Development Co., Ltd.	Deqing Dongxinzhigu Construction and Development Co., Ltd.	Huzhou Branch of Hengfeng Bank	42,500.00	21 Jun. 2023
Deqing Qidian Intelligent Eco City Construction and Development Co., Ltd.	Deqing Zhongguan Huishan Water Co., Ltd.	Huzhou Branch of Hengfeng Bank	42,500.00	12 Jun. 2023
Deqing Qidian Intelligent Eco City Construction and Development Co., Ltd.	Deqing County Hengfeng Sewage Treatment Co., Ltd.	Huaxia Bank, Huzhou Branch	5,000.00	1 Aug. 2023
Deqing Qidian Intelligent Eco City Construction and Development Co., Ltd.	Deqing Dongxinzhigu Construction and Development Co., Ltd.	Deqing Sub-branch of Huzhou Bank	45,000.00	20 Nov. 2024
Deqing Qidian Intelligent Eco City Construction and Development Co., Ltd.	Deqing County Water Affairs Co., Ltd.	Huaxia Bank, Huzhou Branch	80,000.00	10 Mar. 2024
Deqing Qidian Intelligent Eco City Construction and Development Co., Ltd.	Deqing County Municipal Engineering Co., Ltd.	Huaxia Bank, Huzhou Branch	30,000.00	16 Feb. 2024
Total			4,050,327.60	

For details of the related-party guarantee, please refer to *Note 9.5 Related Party Transactions*.

11. EVENTS AFTER THE REPORTING PERIOD

On 10 April 2023, Huzhou Moganshan High-tech Group Co., Ltd. successfully issued the 2023 Non-public issuance of corporate bonds (Phase II), with an issue amount of CNY468.00 million.

On 26 April 2023, Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd. successfully issued the first phase of 2023 Green targeted debt financing instruments (project income), with an issue amount of CNY640.00 million.

On 2 June 2023, Huzhou Moganshan High-tech Group Co., Ltd. successfully issued the 2023 non-public offering of corporate bonds for professional investors (Phase II), with an issue amount of CNY450.00 million.

On 7 June 2023, Huzhou Moganshan High-tech Group Co., Ltd. successfully issued the second period of 2023 medium-term notes, with an issue amount of CNY500.00 million.

On 16 June 2023, Huzhou Moganshan High-tech Group Co., Ltd. successfully issued the 2023 non-public offering of corporate bonds for professional investors (Phase III), with an issue amount of CNY670.00 million.

On 20 June 2023, Huzhou Moganshan High-tech Group Co., Ltd. successfully issued the third phase of 2023 Ultra-short-term Financing Bond, with an issue amount of CNY500.00 million.

12. OTHER SIGNIFICANT MATTERS

There is no such item.

13. NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

13.1 Other Receivables

(a) Other receivables by category

Items	31 Mar. 2023	31 Dec. 2022
Interest receivable		
Dividend receivable		
Other receivables	453,221,083.50	363,221,113.50
Total	453,221,083.50	363,221,113.50

(b) Dividend receivable

There is no such item.

(c) Other receivables

(c.1) Other receivables by aging

Aging	31 Mar. 2023	31 Dec. 2022
Within 1 year (including 1 year)	90,000,000.00	

Aging	31 Mar. 2023	31 Dec. 2022
1 to 2 years		100.00
2 to 3 years	100.00	
Over 3 years	365,046,336.78	365,046,336.78
Sub-total	455,046,436.78	365,046,436.78
Less: Provision for bad debt	1,825,353.28	1,825,323.28
Total	453,221,083.50	363,221,113.50

(c.2) Other receivables by classification method of bad debt accrual

(c.2.1) As at 31 March 2023, provision for bad debt recognized based on three stages model

Stages	31 Mar. 2023			31 Dec. 2022		
	Other receivables	Provision for bad debt	Carrying account	Other receivables	Provision for bad debt	Carrying account
Stage 1	455,046,436.78	1,825,353.28	453,221,083.50	365,046,436.78	1,825,323.28	363,221,113.50
Stage 2						
Stage 3						
Total	455,046,436.78	1,825,353.28	453,221,083.50	365,046,436.78	1,825,323.28	363,221,113.50

(c.2.1.1) At 31 March 2023, provision for bad debt at stage 1:

Items	31 Mar. 2023				
	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Bad debt provision recognized individually					
Bad debt provision recognized collectively	455,046,436.78	100.00	1,825,353.28	0.40	453,221,083.50
Portfolio 3:	90,000,000.00	19.78			90,000,000.00
Portfolio 4:	365,046,264.82	80.22	1,825,231.32	0.50	363,221,033.50
Portfolio 5:	171.96		121.96	70.92	50.00
Total	455,046,436.78	100.00	1,825,353.28	0.40	453,221,083.50

(c.2.1.1.1) At 31 March 2023, other receivables with bad debt provision recognized collectively by portfolio 3:

Entity name	31 Mar. 2023		
	Other receivables	Provision for bad debt	Provision ratio (%)
Deqing Qianyuan Tourism Development Co., Ltd.	90,000,000.00		

Entity name	31 Mar. 2023		
	Other receivables	Provision for bad debt	Provision ratio (%)
Total	90,000,000.00		

(c.2.1.1.2) At 31 March 2023, other receivables with bad debt provision recognized collectively by portfolio 4:

Item	31 Mar. 2023		
	Other receivables	Provision for bad debt	Provision ratio (%)
Receivables due from government customers, state-owned enterprise customers	365,046,264.82	1,825,231.32	0.50
Total	365,046,264.82	1,825,231.32	0.50

(c.2.1.1.3) At 31 March 2023, other receivables with bad debt provision recognized collectively by portfolio 5:

Aging	31 Mar. 2023		
	Other receivables	Provision for bad debt	Provision ratio (%)
Within 1 year (including 1 year)			
1 to 2 years			
2 to 3 years	100.00	50.00	50.00
Over 3 years	71.96	71.96	100.00
Total	171.96	121.96	70.92

(c.2.2) As at 31 December 2022, the provision for bad debts is accrued based on the incurred loss model as follows:

Items	31 Dec. 2022				
	Other receivables		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Bad debt provision recognized individually					
Bad debt provision recognized collectively	365,046,436.78	100.00	1,825,323.28	0.50	363,221,113.50
Portfolio 3:					
Portfolio 4:	365,046,264.82	100.00	1,825,231.32	0.50	363,221,033.50
Portfolio 5:	171.96		91.96	53.48	80.00

Items	31 Dec. 2022				
	Other receivables		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Total	365,046,436.78	100.00	1,825,323.28	0.50	363,221,113.50

(c.2.2.1) At 31 December 2022, other receivables with bad debt provision recognized collectively by portfolio 3: There is no such item.

(c.2.2.2) At 31 December 2022, other receivables with bad debt provision recognized collectively by portfolio 4:

Items	31 Dec. 2022		
	Other receivables	Provision for bad debt	Provision ratio (%)
Receivables due from government customers, state-owned enterprise customers	365,046,264.82	1,825,231.32	0.50
Total	365,046,264.82	1,825,231.32	0.50

(c.2.2.3) At 31 December 2022, other receivables with bad debt provision recognized collectively by portfolio 5:

Aging	31 Dec. 2022		
	Other receivables	Provision for bad debt	Provision ratio (%)
Within 1 year (including 1 year)			
1 to 2 years	100.00	20.00	20.00
2 to 3 years			
Over 3 years	71.96	71.96	100.00
Total	171.96	91.96	53.48

(c.3) Changes in the provision, recovery or reversal of bad debt

Items	Balance at 31 Dec. 2022	Changes in the current period			Balance at 31 Mar. 2023
		Provision for bad debt	Recovery or reversal	Eliminate or write off	
Provision for bad debt	1,825,323.28	30.00			1,825,353.28
Total	1,825,323.28	30.00			1,825,353.28

(c.4) Other receivables written off during the reporting period

There is no such item.

(c.5) The larger closing balances by entity

Entity name	Nature	Balance at 31 Mar. 2023	Aging	Proportion of the balance to the total other receivables (%)	Provision for bad debt
Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	Current payment	365,046,264.82	Over 3 years	80.22	1,825,231.32
Deqing Qianyuan Tourism Development Co., Ltd.	Current payment	90,000,000.00	Within 1 year	19.78	
Total		455,046,264.82		100.00	1,825,231.32

(c.6) Other receivables relating to government grants

There is no such item.

(c.7) Derecognition of other receivables for transfer of financial assets

There is no such item.

(c.8) Assets or liabilities arising from continuing involvement in transferred other receivables

There is no such item.

13.2 Long-term Equity Investments

Items	31 Mar. 2023			31 Dec. 2022		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Subsidiaries	37,429,807,817.09		37,429,807,817.09			
Joint ventures and associates						
Total	37,429,807,817.09		37,429,807,817.09			

(a) Investments in subsidiaries

Investees	31 Dec. 2022	Increase	Decrease	31 Mar. 2023	Provision for impairment during the reporting period	Provision for impairment at 31 Mar. 2023
Huzhou Moganshan High Tech Tourism Development Co., Ltd.		1,205,261,479.59		1,205,261,479.59		

Investees	31 Dec. 2022	Increase	Decrease	31 Mar. 2023	Provision for impairment during the reporting period	Provision for impairment at 31 Mar. 2023
Huzhou Moganshan High Tech Talent Development Group Co., Ltd.		9,438,389.40		9,438,389.40		
Huzhou Moganshan Hi Tech Industry Investment Development Group Co., Ltd.		1,757,763,935.27		1,757,763,935.27		
Huzhou Moganshan High-tech Group Co., Ltd.		34,457,344,012.83		34,457,344,012.83		
Total		37,429,807,817.09		37,429,807,817.09		

(b) Investments in joint ventures and associates

There is no such item.

13.3 Revenue and Cost of Sales

(a) Revenue and cost of sales

Items	For the three months ended 31 Mar. 2023		2022		2021		2020	
	Revenue	Costs of sales	Revenue	Costs of sales	Revenue	Costs of sales	Revenue	Costs of sales
Principal activities								
Other activities	350,406.06	161,103.84	8,346,845.41	8,830,809.44	5,628,103.60	8,519,908.59	3,497,922.06	9,836,888.52
Total	350,406.06	161,103.84	8,346,845.41	8,830,809.44	5,628,103.60	8,519,908.59	3,497,922.06	9,836,888.52

(b) Revenue and cost of sales by categories

Items	For the three months ended 31 Mar. 2023		2022		2021		2020	
	Revenue	Cost of sales	Revenue	Cost of sales	Revenue	Cost of sales	Revenue	Cost of sales
Other activities:								
Rental	120,366.74	152,861.46	6,227,132.96	2,430,861.18	3,470,002.43	4,744,052.60	1,925,129.65	7,459,046.99
Others	230,039.32	8,242.38	2,119,712.45	6,399,948.26	2,158,101.17	3,775,855.99	1,572,792.41	2,377,841.53
Sub-total	350,406.06	161,103.84	8,346,845.41	8,830,809.44	5,628,103.60	8,519,908.59	3,497,922.06	9,836,888.52
Total	350,406.06	161,103.84	8,346,845.41	8,830,809.44	5,628,103.60	8,519,908.59	3,497,922.06	9,836,888.52

14. SUPPLEMENTARY INFORMATION

There is no such item.

Name of the Company: Huzhou Moganshan State-owned Capital Holding Group Co., Ltd.

Legal Representative:

Chief Financial Officer:

Finance Manager:

Date: 3 July 2023



营业执照

(副本)(5-1)

统一社会信用代码

911101020854927874

扫描市场主体身份码了解更多登记、备案、许可、监管信息、体验更多应用服务。



名称 容诚会计师事务所(特殊普通合伙)
类型 特殊普通合伙企业
经营范围 审查企业会计报表、出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、变更、清算等事宜中的审计业务，出具相关审计报告；税务咨询、税务代理；企业管理咨询、销售计算机、软件及辅助设备；市场调查；其他市场主体依法自主选择的经营项目；法律法规规定须经批准的项目，经相关部门批准后方可开展经营活动；不得从事国家和本市产业政策禁止和限制类项目的经营活动。

出资额 7500万元

成立日期 2013年12月10日

主要经营场所 北京市西城区阜成门外大街22号1幢外经贸大厦901-22至901-26



登记机关

2023 年04 月03 日

市场主体应当于每年1月1日至6月30日通过
国家企业信用信息公示系统报送公示年度报告。

国家企业信用信息公示系统网址 <http://www.gsxt.gov.cn>

国家市场监督管理总局监制



证书序号: 0011869

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会计师事务所

执业证书

容诚会计师事务所(特殊普通合伙)

名称:

首席合伙人: 肖厚发

主任会计师:

经营场所 北京市西城区阜成门外大街22号1幢外经贸大厦901-22至901-26

组织形式 特殊普通合伙

执业证书编号 11010032

批准执业文号 京财会许可[2013]0067号

批准执业日期 2013年10月25日

容诚会计师事务所(特殊普通合伙)
业务报告附件专用

发证机关:

北京市财政局

二〇一三年六月八日

中华人民共和国财政部制



会计师事务所(特殊普通合伙)
业务报告附件专用



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2

ly /m /d

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Sex 女
出生日期 1972-05-08
Date of birth 1972-05-08
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Working unit 利安达会计师事务所(普通合伙)浙江江南分所
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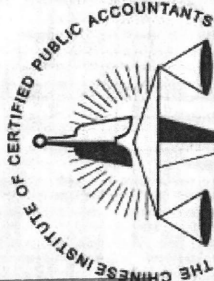
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出生日期	1982-10-16
工作单位	中融会计师事务所有限责任公司
身份证号	330411198210163830



续有效一年。
other year after



月 /m 日 /d

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